



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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Reserve Bank constitutes a Working Group on digital lending including lending through online platforms and mobile apps

Digital lending has the potential to make access to financial products and services more fair, efficient and inclusive. From a peripheral supporting role a few years ago, FinTech led innovation is now at the core of the design, pricing and delivery of financial products and services. While penetration of digital methods in the financial sector is a welcome development, the benefits and certain downside risks are often interwoven in such endeavours. A balanced approach needs to be followed so that the regulatory framework supports innovation while ensuring data security, privacy, confidentiality and consumer protection.

2. Recent spurt and popularity of online lending platforms/ mobile lending apps ('digital lending') has raised certain serious concerns which have wider systemic implications. Against this backdrop, a Working Group (WG) is being set up to study all aspects of digital lending activities in the regulated financial sector as well as by unregulated players so that an appropriate regulatory approach can be put in place.

Composition of the Working Group (WG)

The WG will consist of both internal and external members.

Internal Members

- (i) Shri Jayant Kumar Dash, Executive Director, RBI (Chairman)
- (ii) Shri Ajay Kumar Choudhary, Chief General Manager-in-Charge, Department of Supervision, RBI
- (iii) Shri P. Vasudevan, Chief General Manager, Department of Payment and Settlement Systems, RBI
- (iv) Shri Manoranjan Mishra, Chief General Manager, Department of Regulation, RBI (Member Secretary)

External members

- (v) Shri Vikram Mehta, Co-founder, Monexo Fintech
- (vi) Shri Rahul Sasi, Cyber Security Expert & Founder of CloudSEK

Terms of Reference

The Terms of Reference (ToR) for the WG would be as follows:

- Evaluate digital lending activities and assess the penetration and standards of outsourced digital lending activities in RBI regulated entities;
- Identify risks posed by unregulated digital lending to financial stability, regulated entities and consumers;
- Suggest regulatory changes, if any, to promote orderly growth of digital lending;

- Recommend measures, if any, for expansion of specific regulatory or statutory perimeter and suggest the role of various regulatory and government agencies;
- Recommend a robust Fair Practices Code for digital lending players, insourced or outsourced;
- Suggest measures for enhanced Consumer Protection; and
- Recommend measures for robust data governance, data privacy and data security standards for deployment of digital lending services.

Time Line

The Group has been advised to submit its report within three months.

Press Release: 2020-2021/934

(Yogesh Dayal)
Chief General Manager