



PHD Research Bureau
PHD Chamber of Commerce and Industry



RBI releases the Report of the Working Group on digital lending including lending through online platforms and mobile apps

The Reserve Bank of India had constituted a Working Group (WG) on digital lending including lending through online platforms and mobile apps on January 13, 2021, with Shri Jayant Kumar Dash, Executive Director, RBI as the Chairman. The WG was set up in the backdrop of business conduct and customer protection concerns arising out of the spurt in digital lending activities. The WG has since submitted its report. The thrust of the report has been on enhancing customer protection and making the digital lending ecosystem safe and sound while encouraging innovation. The following are a gist of the key recommendations:

- i. Subjecting the Digital Lending Apps to a verification process by a nodal agency to be setup in consultation with stakeholders.
- ii. Setting up of a Self-Regulatory Organisation (SRO) covering the participants in the digital lending ecosystem.
- iii. A separate legislation to prevent illegal digital lending activities.
- iv. Development of certain baseline technology standards and compliance with those standards as a pre-condition for offering digital lending solutions.
- v. Disbursement of loans directly into the bank accounts of borrowers; disbursement and servicing of loans only through bank accounts of the digital lenders.
- vi. Data collection with prior and explicit consent of borrowers with verifiable audit trails.
- vii. All data to be stored in servers located in India.
- viii. Algorithmic features used in digital lending to be documented to ensure necessary transparency.
- ix. Each digital lender to provide a key fact statement in a standardised format including the Annual Percentage Rate.
- x. Use of unsolicited commercial communications for digital loans to be governed by a Code of Conduct to be put in place by the proposed SRO.
- xi. Maintenance of a 'negative list' of Lending Service Providers by the proposed SRO.
- xii. Standardised code of conduct for recovery to be framed by the proposed SRO in consultation with RBI.

Please find appended the link to access the detailed report on the same.

<https://rbidocs.rbi.org.in/rdocs//PublicationReport/Pdfs/DIGITALLENDINGF6A90CA76A9B4B3E84AA0EBD24B307F1.PDF>

Members are requested to provide their valuable inputs on the same by 24th December 2021, Friday at research@phdcci.in

Please contact for any query related to this mail to Ms Shivani Mehrotra, Research Officer at shivani.mehrotra@phdcci.in, with a cc to Dr S P Sharma, Chief Economist | DSG at spsharma@phdcci.in and Ms Kritika Bhasin, Senior Research Officer at kritika.bhasin@phdcci.in, PHD Chamber of Commerce & Industry.

Warm Regards,

Dr S P Sharma

Chief Economist | DSG

PHD Chamber of Commerce and Industry

PHD House, 4/2 Siri Institutional Area

August Kranti Marg, New Delhi-110016, India

Tel: +91 49545454

Fax: +91 11 26855450

Email: spsharma@phdcci.in

Website: www.phdcci.in

Follow us on



"Voice of Industry & Trade"



PHD House, 4/2 Siri Institutional Area, August Kranti Marg, New Delhi - 110 016 (India) • Tel. : +91-11-2686 3801-04, 49545454, 49545400
Fax : +91-11-2685 5450, 49545451 • E-mail : phdcci@phdcci.in • Website : www.phdcci.in, CIN: U74899DL1951GAP001947

Connect with us:

