

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

RAJYA SABHA
UNSTARRED QUESTION NO: 2462

ANSWERED ON THE TUESDAY, 17 DECEMBER, 2024/26 AGRAHAYANA, 1946 (SAKA)

FRAUDULENT LOAN APPS

2462 SHRI SANJAY SETH:

Will the Minister of FINANCE be pleased to state:

- (a) whether Government is taking steps to address the increasing risks associated with fraudulent loan apps;
- (b) if so, the details thereof, if not, the reasons therefor;
- (c) whether steps have been taken to address the concerns raised about the limited applicability of RBI guidelines;
- (d) if so, the details thereof and if not, the reasons therefor;
- (e) whether Government has prepared any strategy to increase consumer awareness about the risks associated with fraudulent loan apps; and
- (f) if so, the details thereof and if not, the reasons therefor?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI PANKAJ CHAUDHARY)

(a) and (b): The Government is constantly engaged with Reserve Bank of India (RBI) and other concerned Regulators/stakeholders with the objective to control the unauthorized loan apps. RBI issued regulatory guidelines on digital lending vide circular dated 02.09.2022, which aims at enhancing customer protection and making digital lending ecosystem safe and sound. These guidelines also have detailed provision regarding recovery, data privacy, and customer grievance redressal measures for Regulated Entities (REs) and their agents, who are operating under an outsourcing arrangement with the RE. The Guidelines mandate REs i.e. Banks/NBFCs to ensure that the Lending Service Providers (LSPs) engaged by them and the Digital Lending Apps (DLAs) shall comply with the guidelines contained therein.

Further, Ministry of Electronics and Information Technology (MeitY) issues directions for blocking of information, including fraudulent loan apps under Section 69A of Information Technology (IT) Act, 2000 after following the due process as provided in the Information Technology (Procedure and Safeguards for Blocking for Access of Information by Public) Rules, 2009.

(c) and (d): To encourage self-regulation in the FinTech sector, including lending segment, RBI issued the "Framework for Self-Regulatory Organisation(s) in the FinTech Sector" (SRO-FT framework) on 30.05.2024 and invited applications for recognition as SRO-FT. The Fintech Association for Consumer Empowerment (FACE) is the first SRO-FT recognised by RBI on 28.10.2024.

(e) and (f): The Government and RBI have been taking various initiatives from time to time to protect citizens from exploitation by unauthorized loan apps. This inter-alia, includes:

(i) Proactively engaging with the major internet intermediaries and messaging platforms to review the operations of unauthorised loan apps.

(ii) Indian Cyber Crime Coordination Centre (I4C), Ministry of Home Affairs (MHA) has been proactively analysing the digital lending apps. In order to facilitate the citizens to report cyber incidents including illegal loan apps, MHA has launched a National Cybercrime Reporting Portal (www.cybercrime.gov.in) as well as a National Cybercrime Helpline number “1930”.

(iii) RBI and Banks have been taking up awareness campaigns through short SMS, radio campaign, publicity on prevention of ‘cyber-crime’. Further, RBI has been conducting electronic-banking awareness and training (e-BAAT) programmes which focuses on awareness about frauds and risk mitigation.
