

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA
UNSTARRED QUESTION NO: 2248

ANSWERED ON THE MONDAY, 9 DECEMBER, 2024/18 AGRAHAYANA, 1946 (SAKA)

EXPLOITATION BY UNAUTHORISED LOAN APPS

2248. SMT. SAJDA AHMED:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is aware of the increasing presence of digital lending platforms and the exploitation of individuals through these platforms;
- (b) the steps taken by the Government to regulate digital lending platforms and prevent operating of unauthorised loan apps;
- (c) whether the Government has any plans to establish a comprehensive regulatory framework to oversee digital lending platforms; and
- (d) the measures implemented by the Government to protect citizens from exploitation by unauthorised loan apps?

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 REs and their agents, who are operating under an outsourcing arrangement with the RE. The Guidelines mandate Regulated Entities (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.

(c) 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.

(d) The Government and RBI have been taking various initiatives from time to time to protect citizens from exploitation by unauthorized loan apps. These 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.
