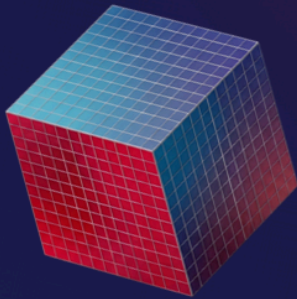




The RBI-recognised Self-Regulatory Organisation
in the FinTech Sector (SRO-FT)



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Issue 25
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Issue 25 CUBE: Your Insight into FinTech Ecosystem

Hello from FACE, the RBI-recognised Self-Regulatory Organisation in the FinTech sector (SRO-FT) and India's largest FinTech association. We present the twenty-fifth edition of Cube, our continuing effort to curate and contextualise the most relevant developments shaping India's FinTech ecosystem, alongside key global regulatory, policy, and industry trends.

As always, we value your perspectives and invite you to share your inputs and feedback on Cube at communications@faceofindia.org.

Rulemaking

Reserve Bank of India (RBI)

- [Draft Amendment Directions – Branch Authorisation \(6 Apr 2026\)](#): The RBI proposed to revise the guidelines related to Business Correspondents (BCs); the Business Facilitator (BF) category is removed, and a two-tier system is introduced, i.e. BC-BO (full-service outlets) and BC-BT (limited touchpoints).
- [Consolidation of Supervisory Instructions – Drafts for Comments \(8 Apr 2026\)](#): The RBI consolidated supervisory instructions into 64 Master Directions across REs, repealing 626 existing circulars; the exercise is similar to the previous consolidation of more than 9,000 circulars in Nov 2025.
- [Draft Directions – Trade Receivables Discounting System \(TReDS\) \(8 Apr 2026\)](#): The RBI proposed enabling credit guarantee cover for financiers on TReDS exposures, marking the key change to de-risk receivables financing.
- [Guidelines – Faster Cross-Border Inward Payments \(9 Apr 2026\)](#): The RBI mandated near real-time reconciliation of nostro accounts and same-day credit to beneficiary accounts (within FX hours) to significantly reduce delays in inward remittances.

- [Discussion Paper – Safeguards in Digital Payments to Curb Frauds \(9 Apr 2026\)](#): The RBI proposed multiple measures to curb digital payment frauds: 1-hour delay for high-value transfers, trusted-person approval for vulnerable users, limits on incoming credits to accounts, and customer-controlled payment controls (including a kill switch).
- [Draft Amendment Directions – NBFC-UL Identification & Framework \(10 Apr 2026\)](#): The RBI proposed shifting to a simple asset-size based criteria (INR 1 lakh crore+) to identify NBFC-ULs and including government-owned NBFCs in the Upper Layer, along with allowing use of state guarantees for credit risk transfer.
- [Amendment Directions – NBFC Branch Authorisation \(15 Apr 2026\)](#): The RBI relaxed branch opening norms for NBFCs to enable easier expansion and improve ease of doing business.
- [Master Direction – Digital Payments E-mandate Framework \(21 Apr 2026\)](#): The RBI consolidated all e-mandate rules and increased limits for auto-debits (INR 15,000 general, INR 1 lakh for select categories) with mandatory pre-debit alerts and easy opt-out controls for users.
- [Draft Master Direction – Prepaid Payment Instruments \(PPIs\)\(22 Apr 2026\)](#): The RBI proposed a clearer classification of PPIs into General Purpose (Full-KYC and Small PPIs) and Special Purpose PPIs (gift, transit, and wallets for foreign visitors). It also overhauled the PPI framework by tightening KYC and usage norms, capping wallet balances and transactions (INR 2 lakh for full-KYC, INR 10K for small PPIs), disallowing cross-border usage, and mandating full escrow backing of customer funds.

National Payments Corporation of India (NPCI)

- [System Controls for Chargebacks \(8 Apr 2026\)](#): NPCI will implement automated validation controls in NRCS to reject invalid chargebacks under reason codes 3004 and 3005 (blacklisted vehicle/low balance).
- [MCC Classification for Gift Cards/Vouchers \(17 Apr 2026\)](#): NPCI introduced a new MCC 7016 specifically for gift card/voucher purchases via UPI, separating them from MCC 6540 (used for PPI wallet loading).
- [Addendum to OC 208/208A/208B \(23 Apr 2026\)](#): NPCI introduced bulk upload/download of dispute evidence in URCS and enabled evidence submission across key dispute stages (chargeback, pre-arbitration, etc.), while mandating that all evidence must be submitted before the pre-arbitration stage

Indian Computer Emergency Response Team (CERT-In)

- [Advisory for Defending Against Frontier AI Driven Cyber Risks \(26 Apr 2026\)](#): CERT-In emphasised that organisations must adopt zero-trust architectures, enforce rapid patching cycles (within 24 hours), and deploy AI-enabled defence mechanisms to keep pace with accelerated, AI-driven threat environments. It suggested that frontier AI is significantly enhancing cyberattack capabilities.

Must-Reads

FinTech, Banking, and Credit

- [IMF – Global Financial Stability Report \(Apr 2026\)](#): The report highlights elevated global financial stability risks driven by the Middle East conflict, inflation pressures, and tightening financial conditions, with markets already reacting (equities down ~8%, bond yields rising).

- [CGAP – Open Finance Oversight and Supervision](#): The paper finds that effective supervision must be embedded from the outset for open finance. It highlights a shift toward outcomes-based supervision, with early priorities including API performance monitoring, transparent and fair consent frameworks, fraud and data misuse prevention.
- [BIS – Tap a card, pay by phone, but cash still holds its own](#): The brief finds that cashless payments continue to grow globally, driven by credit transfers in emerging markets and card payments in advanced economies.
- [BIS – Digitalisation and Innovation: Opportunities and Risks for Financial Health](#): Digital finance is expanding access to payments, credit, savings and insurance, but is simultaneously driving new risks, especially rising fraud/scams and over-indebtedness among digital users, resulting in mixed financial health outcomes despite higher adoption.

Artificial Intelligence, Digital Public Infrastructure (DPI), and New Technologies

- [PwC, Dvara Research & FACE – Principles of Responsible and Trustworthy AI in Digital Lending](#): The paper highlights that AI is increasingly being used across the digital lending lifecycle, from customer acquisition and onboarding to credit scoring, pricing, servicing, monitoring, and collections. It sets out a responsible and trustworthy AI framework anchored in transparency, fairness, dependability, privacy, human oversight, and accountability, and introduces a 37-question self-assessment toolkit to help digital lenders operationalise these principles in line with RBI's FREE-AI report.
- [OECD – Empowering SMEs in the Age of AI \(D4SME Survey, 2025\)](#): While 61% of SMEs report using AI, a large majority (76%) remain “AI novices” relying on basic, off-the-shelf tools, with only a small share adopting advanced or organisation-wide AI (≈9%). The report also flags low uptake of government support, primarily due to lack of awareness and complexity.
- [Financial Conduct Authority – Synthetic Data and Anti-Money Laundering](#): Well-designed synthetic data can safely enable AML innovation by replicating real transaction patterns. Crucially, datasets embed realistic money-laundering typologies (e.g., structuring, layering, circular flows) with varying detectability but require continuous updates as criminal behaviour evolves.
- [Stanford Institute for Human-Centered Artificial Intelligence \(HAI\) – AI Index Report 2026](#): AI capability and adoption are accelerating rapidly, with models reaching or surpassing human-level performance in complex tasks and 88% of organisations now using AI, while GenAI adoption has scaled faster than the internet. However, responsible AI is lagging behind capability gains.
- [Stanford Institute for HAI – Data Privacy and Foundation Models](#): The paper highlights that foundation models introduce unprecedented, system-wide privacy risks across their lifecycle, including data scraping and memorisation to sensitive user disclosures and adversarial attacks (e.g., prompt injection, model inversion). It finds that existing frameworks like GDPR are fundamentally misaligned with how these models are built.
- [BIS – The Geography of AI Firms](#): The paper finds that AI production is highly concentrated, with the U.S. (~700 firms) and China (~250 firms) dominating globally, while most other

economies specialise in only a few layers of the AI supply chain. It highlights that AI firms show strong home bias in investment and focus largely on downstream applications.

- [IMF – How Agentic AI Will Reshape Payments](#): The note highlights that agentic AI could fundamentally shift payments from human-initiated actions to autonomous, agent-driven decision-making. It identifies a key tension between probabilistic AI decision-making and the deterministic requirements of payment systems, and introduces a three-layer framework (intent/orchestration, authorization/control, settlement).
- [McKinsey & Co. – The Next Age of Fintech: AI, Digital Assets, and New Paths to Success](#): The report highlights that AI is the primary accelerant reshaping competition (faster product builds, lower costs, new entrants), alongside the rise of digital assets (e.g., stablecoins) and increasing strategic use of banking licenses, while success is increasingly defined by trusted distribution, strong unit economics, and regulatory credibility rather than product features alone.
- [Cambridge Centre for Alternative Finance – 2026 Global AI in Financial Services Report](#): AI adoption in financial services is outpacing regulators, with fintechs leading incumbents and use cases concentrated in internal operations rather than business model transformation, while GenAI and agentic AI emerge as the most accessible frontiers

FACE Forward

Research/Reports

- FACE released its [Compilation of RBI penalties & enforcement actions in FY 25-26](#). The report compiles enforcement actions taken by the RBI against Banks and NBFCs in FY 25-26, with the objective of understanding compliance gaps and the direction of supervisory scrutiny.
- FACE released an industry survey on the use of AI in digital lending for financial inclusion. This is in collaboration with the [University of Bern](#), with support from Microsoft and the International Telecommunication Union (ITU). **If you are a digital lending ecosystem participant, you can fill the survey [here](#).**

Membership

- FACE has over 385 members as of Apr 2026, making us **the Largest FinTech Association in the country**. We're grateful to our members for their ongoing trust and support.
- You can learn more about FACE's membership, its eligibility, privileges, and fees [here](#).
- **To submit your interest in becoming a member of FACE, kindly fill in the form [here](#).**

Webinars

- FACE hosted a webinar with Think360.ai on [ConsenPro, its enterprise-grade consent management platform](#), 8 Apr 2026.
- FACE hosted a member-only webinar with AWS on Responding to Emerging Cyber Threats: Understanding Claude Mythos and What FinTechs Should Do, 17 Apr 2026.
- FACE hosted a webinar with Presolv360 on its [Online Dispute Resolution solutions for Banks and NBFCs](#), 22 Apr 2026.
- FACE hosted a webinar with PwC on [Draft Master Directions on Prepaid Payment Instruments](#), 28 Apr 2026.
- FACE hosted a webinar with Perfios on [Perfios' Consent Manager](#), 29 Apr 2026.

Members' Miles

- [Angel One Q4 profit jumps 84% to INR 320 crore; margins expand, board clears INR 1,500 crore fundraise](#)
- [AU Small Finance Bank, Cheq launch LED credit card that lights up during tap-to-pay transactions](#)
- [FinBox Launches MCP support for Sentinel AI; Enables complete Credit decisions within AI conversations](#)
- [Flipkart, Axis Bank, PayU launch biometric authentication for card payments](#)
- [Gnani.ai raises USD 10 million in first tranche of funding round led by Aavishkaar Capital](#)
- [Kreditbee in unicorn club with USD 280 million at USD 1.5 billion valuation](#)
- [Navanc Strengthens Pre-Series A Round to INR 10.5 Cr led by Equentis and GrowthCap Ventures to Back India's First AI-Native Banking Infrastructure](#)
- [Paytm enables biometric UPI payments and cardless ATM withdrawals amid RBI authentication updates](#)
- [Paytm Foundation launches second 'Wisdom on Wheels' mobile learning bus to expand digital and computer education across Odisha](#)
- [PayU introduces AI-Powered Outbound Voice Call Assistant, bringing Voice Intelligence to Merchant Onboarding Journey](#)
- [PhonePe crosses 10 billion UPI transactions for the first time in March and crosses 50 million merchants, expands digital payments and financial services footprint across India](#)
- [Pine Labs acquires Shopflo in INR 88 Cr deal to expand D2C ecosystem](#)
- [Razorpay integrates Google Pay for cross-border payments by exporters](#)
- [Razorpay partners OpenAI to enable instant payments in AI-built apps](#)

For event details or partnership queries, connect with communications@faceofindia.org.