Issue 26 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-sixth 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. This edition brings together updates, insights, and reference materials that matter to the ecosystem, with direct links to source documents to enable deeper engagement. 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)

- Payment System Report, December 2025 (18 May 2026): The RBI released its payment system report highlighting trends in digital payments, transaction volumes, and ecosystem developments relevant to the fintech and payments sector.
- Revised Draft Amendment Directions on 'Conduct of Regulated Entities in Recovery of Loans and Engagement of Recovery Agents' (20 May 2026): The RBI proposed stricter norms for loan recovery practices, including recovery agent conduct, grievance redressal, and customer protection.

- Quantum Secure and Adaptive Financial Ecosystem (Q-SAFE) – Setting up of an Expert Committee (25 May 2026): The RBI constituted an expert committee on quantum-resilient cybersecurity frameworks.
- RBI Annual Report 2025–26 (29 May 2026): The RBI's Annual Report reviews the Indian economy, monetary policy, financial sector developments, and regulatory initiatives undertaken during the year while outlining key challenges and priorities ahead.

Ministry of Finance (MoF)

- Launch of Common Landing Portal for Unclaimed Financial Assets (29 May 2026): The DFS launched a unified online portal to help citizens search and trace unclaimed bank deposits, insurance claims, shares, dividends, and mutual funds through a single platform.

National Payments Corporation of India (NPCI)

- Introduction of ACH Debit Settlement on Realization under NACH (15 May 2026): NPCI introduced settlement-on-realization for NACH ACH Debit transactions from 1 July 2026, discontinuing financial settlement at the presentation stage. Settlement will occur only after positive confirmation or deemed acceptance by the destination bank
- Simplified Mandates- Extension of Limits (22 May 2026): Expanded transaction limits under the e-mandate framework, allowing higher-value recurring payments with simplified authentication to improve convenience and support digital payment adoption.

Indian Computer Emergency Response Team (CERT-In)

- Blueprint for Reducing Exposure and Defending against AI-Assisted Vulnerabilities Exploitation in Digital Infrastructure (26 May 2026): CERT-In released an implementation-oriented blueprint for organisations to strengthen resilience against AI-enabled cyber threats. The blueprint covers cybersecurity governance, exposure reduction, technical defensive controls, AI-aware security operations, vulnerability and patch management, incident response, security validation, and secure adoption of AI systems.

Must-Reads

FinTech, Banking, and Credit

- CRIF – How India Lends (Mar 2026): The report finds that India's retail lending market grew 16.6% YoY to ₹170.2 lakh crore in March 2026, driven by strong expansion in gold loans, consumer durable loans, and vehicle finance. Gold loans emerged as the fastest-growing segment with 50.4% YoY growth.
- Economic Advisory Council to the Prime Minister (EAC-PM) – Economic Impact Analysis of Priority Sector Lending: The working paper finds that increased PSL between 2020-25 did not significantly

influence district-level output growth in the medium term, suggesting that access to credit may no longer be a binding growth constraint in many areas.

- World Bank – Public Institutions in the Age of AI: Emerging Practices: The report finds that successful public-sector AI adoption depends on deliberate governance, strong data-sharing frameworks, AI-specific guidance for civil servants, and investment in skills and infrastructure.
- AMRO – ASEAN+3 Cross-Border Payments, Regional Connectivity, and Way Forward: The paper highlights the need for greater cross-border payment connectivity in the ASEAN+3 region to improve efficiency and support regional integration.
- CGAP – Open Finance Oversight and Supervision: The report recommends that financial sector authorities adopt a risk-based approach to open finance oversight, with early planning, strong inter-agency coordination, and robust data infrastructure.
- FCA – Payment Services and Electronic Money : The guidance outlines the FCA's regulatory approach to payment institutions, e-money institutions, account information service providers, and other firms operating under the UK's payment services.
- World Bank – The Gig Economy and Digital Fast Payments: The note highlights that the growing gig economy is increasing demand for faster, lower-cost, and more reliable payment mechanisms, particularly in emerging markets.
- CGAP – Innovation for Inclusion: A Roadmap for Inclusive Finance Policy: CGAP's report outlines six policy priorities to help regulators harness emerging technologies like AI, open data, tokenization, and embedded finance to expand financial inclusion while managing risks and preventing new forms of exclusion.

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

- Centre for Alternative Finance – 2026 Global AI in Financial Services Report: The report finds that financial institutions are adopting AI faster than regulators, with fintechs leading incumbents and generative AI and agentic AI emerging as key areas of deployment. **FACE supported this study and was listed as an Association Partner**.
- BCG – The Future of Digital Assets: The report argues that the future financial system will likely be built on a mix of stablecoins, tokenized deposits, and CBDCs rather than a single form of digital money. It highlights interoperability and settlement infrastructure as the key battlegrounds, warning that tokenized deposits could become fragmented without common standards.
- WEF – AI Infrastructure in the Age of Sovereignty: The report outlines two approaches to AI sovereignty: trusted international partnerships and extensive domestic ownership. It highlights the importance of energy, talent, capital, cybersecurity, and cross-border governance frameworks such as digital embassies.
- Rest of World – The Agentic Divide: The article argues that unequal access to high-quality AI agents could create a new form of economic inequality, with well-resourced firms and individuals gaining disproportionate advantages through automation, scale, and better decision-making.
- Nydia Remolina – Agentic Payments: When is a Payment (Un)Authorised?: The paper proposes a "bounded delegated authorisation" framework and a new category of Digital Assistant Payment Services (DAPS) to ensure accountability when AI agents exceed their authorized scope.

- BIS – The Impact of Stablecoins on the International Monetary and Financial System: The paper finds that widespread stablecoin adoption could significantly reshape the international monetary system, particularly in emerging market and developing economies, by strengthening their role as private-sector stores of value and means of payment.
- WEF – Empowering Defenders: AI for Cybersecurity: The report recommends aligning AI adoption with strategic priorities, ensuring organizational readiness, and validating solutions through pilots before scaling deployment.
- EBA – AI in the Era of Open Banking: The paper highlights how combining AI with open banking data can improve operational efficiency, customer services, fraud prevention, cybersecurity, and compliance.
- WEF – AI Agents in Action: The playbook introduces the Agent Capability and Authorization Profile (ACAP), a framework for defining, enforcing, and monitoring the authority delegated to AI agents.
- Centre on Regulation in Europe – AI Governance and Geopolitics: The paper examines how global AI governance is increasingly shaped by geopolitical competition, arguing that the EU should pursue a distinct approach rather than replicate the state-driven models emerging in the US and China. It recommends combining the EU AI Act, competition policy, and Digital Markets Act into a coherent governance framework.

Consumer Protection

- CGAP – Solutions to Protect Consumers from Fraud in Digital Finance: The paper identifies financial fraud and scams as a major threat to digital finance and highlights over 50 solutions, including AI-enabled tools, across consumer education, fraud prevention, detection, disruption, and recovery. It **features FACE as a case study**, highlighting our role in coordinating action against fraudulent lending apps and supporting the removal of over 4,700 non-compliant apps from the Google Play Store.

FACE Forward

Research/Reports

- FACE released the **Digital Personal Loans – Mar 2026 report,** capturing trends in the personal loan market from Apr 2022 to Mar 2026, including scale, reach, borrower segments, portfolio quality, and a comparative analysis of Digital NBFCs with other NBFCs and Banks. The report highlights that Digital NBFCs sanctioned 13.2 Cr personal loans worth Rs 2,14,873 Cr in FY 25-26, accounting for 77% of personal loan sanction volume and 19% of sanction value, with digital personal loans outstanding at 5.5 Cr loans worth Rs 1.43 Lakh Cr as of Mar 2026. It also notes improving portfolio quality, wider regional and demographic reach, increasing female participation, and a rise in average ticket size to Rs 16,238 in FY 25-26. You can access the report here.
- FACE launched a **Digital Lending App (DLA) Validator** on its website using the RBI's list of DLAs deployed by regulated entities as base. The tool enables consumers to verify whether a lending app appears on the RBI list, access a dashboard of registered apps, and download the underlying data, which is refreshed daily. You can access the tool here.
- 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 392 members as of May 2026, making it 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 conducted a session with Awaaz.AI on its Voice AI platform for multilingual customer engagement across sales, collections, reactivations, and support, 13 May 2026
- FACE conducted a webinar with Perfios on "The Collections Org Chart of 2026 in the Age of Agentic AI: What Disappears, What Emerges," 20 May 2026.
- FACE hosted a members-only webinar with GIFT City on "Opportunities for FinTechs in GIFT City and Gujarat GCC Policy", 29 May 2026.

Members' Miles

- Assam CM inaugurates India's first AI-powered bank branch of Slice Small Finance Bank in Guwahati
- Bajaj Finserv lines up INR 2,000 Cr. for AI, cybersecurity and quantum technologies
- Credit Saison India ties up USD 500 Mn. external financing
- Ecofy secures USD 15 Mn, debt from Mirova
- FinBox launches AI tools for digital lending
- InCred Capital acquires Singapore-based S Cube Capital
- InCred Holdings files updated DRHP with SEBI for INR 1,250 Cr. IPO
- Kissht Q4: Profit Zooms 52% YoY To INR 82 Cr., Revenue Up 68%
- MAS Financial targets 20–25% growth in asset base in FY27 - CNBC TV18
- Mobikwik reports INR 4.4 Cr. net profit, revenue from ops up 7.8% in Q4
- Northern Arc Capital records a 50% QoQ increase in its net profit in Q4FY26
- PhonePe now offers AI-powered integration to cut merchant onboarding time
- Pine Labs expands Philippines footprint through GCash partnership
- Piramal Finance planning to raise USD 1 Bn. via foreign currency loans
- Slice joins wealth race with AI-powered 'personal CFO'
- True Balance partners with IndusInd General Insurance to distribute accident insurance

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