



Issue 1, May 2024

CUBE: Your Insight into Fintech Lending

Welcome to the inaugural issue of Cube. In the fast-paced world of digital lending, Cube is an essential read, piecing together the latest developments to keep you ahead of the curve. Dive in and stay informed as we work towards a sustainable, customer-centric fintech future. Share your thoughts with us at teamface@faceofindia.org.

Rulemaking

[Anticipating the SRO-FT Framework:](#) The fintech world is on the edge of its seat for the RBI's final SRO-FT framework. This blueprint promises to sculpt a trustworthy, innovative ecosystem with a consumer-first approach.

Customer Protection Gets a Boost: The new fiscal year brings stringent measures for customer protection, highlighted by three key moves:

- [Key Facts Statement \(KFS\) for Loans & Advances:](#) Starting 1 Oct 2024, KFS will be mandatory for all retail and MSME term loans, ensuring consumers get clear, standardized loan information for smarter decisions.
- [Fair Practice Code for Lenders:](#) RBI's directive pushes for fairness in interest rates, demanding a review and correction of unfair practices.
- [Transparency in Digital Lending:](#) New draft guidelines aim to make digital lending crystal clear, empowering borrowers with detailed information and safeguarding them from biased tactics.
- [RBI's FAQ:](#) An FAQ by RBI on default loan guarantees for digital lending provides much-needed clarity, strengthening fintech-regulated entity partnerships.

[Payment Aggregators Regulation:](#) Draft guidelines seek to tighten the reins on payment aggregators, with a focus on safety, efficiency, and integrity. Feedback is open until 31 May 2024.

Must-Reads

- [Open Finance Adoption:](#) CGAP's report underscores trust and awareness as the keystones for open finance in India. Building user confidence in data security and privacy is crucial for its success.'

- [Mobile Instant Credit](#): IPA & CEGA's study reveals the dual nature of mobile instant credit—while it boosts financial inclusion, it also brings risks like over-indebtedness. The report calls for transparent terms and strong consumer protections.
- [Global Credit Trends](#): Equifax's overview of global credit trends offers critical insights for navigating the shifting credit landscape.
- [Debt Growth in India](#): Motilal Oswal's report highlights a worrying rise in household debt, signaling the need for cautious lending practices.

The World Around

- [Bangladesh](#): The Bangladesh Bank approves new digital bank guidelines, aiming to bridge the financing gap for underserved populations through small digital loans. Bangladesh Bank also issued a [circular to encourage small digital loans to reduce the financing gap](#)
 - [Uganda](#): New guidelines in Uganda tackle high interest rates and aggressive debt recovery, promoting fair digital lending practices.
 - [Brazil](#): Digital payments are booming, but a spike in loan defaults challenges fintech stability.
 - [Kenya](#): With fintech penetration soaring to 13%, Kenya is poised for significant fintech growth, driven by a robust developer community.
- [Singapore](#): Predicted to lead Southeast Asia in digital lending, Singapore's market is set to skyrocket from US\$26 billion in 2023 to US\$150 billion by 2030.

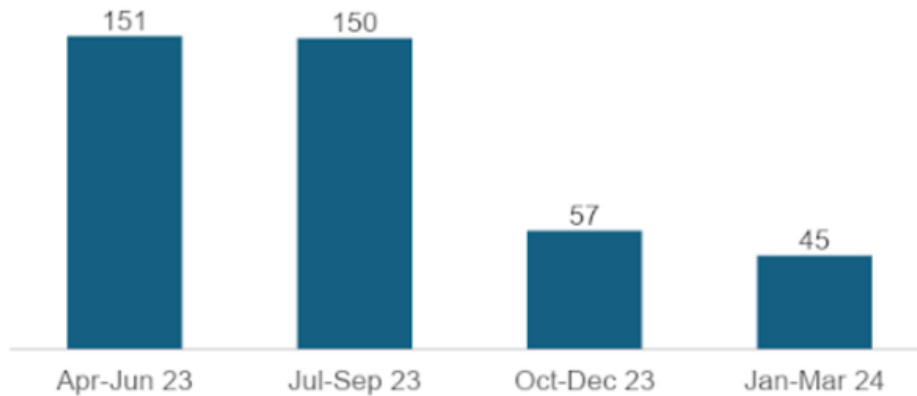
FACE Forward

We began the new year by releasing our customer survey report, [Understanding Users' Experience with Digital Lending Applications \(DLAs\) in India](#). The report, in collaboration with [Microsave Consulting \(MSC\)](#), systematically understands gaps in users' knowledge and behavior in verifying and understanding DLAs and digital loans. FACE will use the survey findings to finetune our customer education initiatives.



We continued our efforts to monitor and flag dubious loan apps to the Google Play Store [under our partnership](#). In Apr 2024, we reported 14 loan apps. Based on over 400 loan apps reported by FACE in FY 23-24, the number of fraudulent apps on the Google Play Store continues to reduce. We also observe loan apps coming as credit-line apps to evade due diligence applicable to personal loan apps.

Leads on dubious loan apps reported by FACE



Some loan apps impersonate the logo/brand of LSPs and use their mention on the REs website and give it as evidence of partnership while listing on the Google Play Store. In addition, we continue to share details of dubious loan apps removed from the Play Store with I-CAMPs who use the list to trigger users if they have the same APK packages on their phones or are trying to download them.

The Department of Financial Services, Ministry of Finance and Indian Cyber Crime Coordination Centre (I4C) at Ministry of Home Affairs jointly organised a [half-day workshop](#) with Law Enforcement Agencies LEAs, Startups, and Fintech ecosystem partners in New Delhi. The workshop was an effort to build confidence and trust among the ecosystem partners by sharing best practices and addressing key challenges in dealing with cybersecurity.

For more information about our work, please refer to our [FY 23-24 annual work report](#).

Members' Miles

- [Fi](#): Secured an NBFC license to offer direct loans, backed by Peak XV and Temasek.
- [Groww](#): Now an RBI-approved online payment aggregator, expanding its financial services reach.
- [KreditBee](#): Raised \$9.4 million, closing its Series D round at \$209 million.
- [LoanTap](#): Launched a campaign against fake loan apps, promoting consumer awareness.
- [mPokket](#): Crossed \$1 billion in annual disbursements, focusing on financial empowerment and skill development for youth, with a recent \$61 million debt raise.
- [PayNearby & MySubhLife](#): Partnered to provide revolving credit lines to MSMEs, boosting financial agility.
- [PayU](#): Received in-principle authorization to operate as a Payments Aggregator.
- [U GRO Capital](#): Raised Rs 1,322 crore and acquired MyShubhLife, partnering with Klub to disburse Rs 150 crore to MSMEs.

Upcoming Events

Here are some upcoming events to converse about fintech and the financial sector.

- **30 May 2024**, New Delhi: FACE Workshop, Fence & Fight against Fraud. Register [here](#).
- **31 May 2024**, Mumbai, [9th BFSI Leadership Summit](#), ELETS
- **6-7 Jun 2024**, Mumbai, [8th IBS India Banking Summit & Awards 2024](#), Synnex Group
- **13 Jun 2024**, Mumbai, [India Financial Services Summit, Embracing Emerging Technologies for Financial Services Growth](#), IDC
- **14 Jun 2024**, Bengaluru, [FINEXT Summit](#), ET BFSI
- **20 Jun 2024**, Mumbai, [BFSI AI & Analytics Summit](#), ELETS
- **21 Jun 2024**, Mumbai, [10th National Summit, Non-Banking Financial Companies & Infrastructure Financing](#), ASSOCHAM. FACE is an industry partner.