



CUBE: Your Insight into Fintech Lending

Welcome to the fourth edition of Cube, your go-to source for the latest and relevant happenings in the fintech sector in India and beyond. We are happy to share with you what we know and do. Got thoughts or ideas? We'd love to hear from you at teamface@faceofindia.org.

Rulemaking

- The RBI has introduced a new [Master Direction on Fraud Risk Management](#), emphasising the need for a comprehensive internal audit and control framework within regulated entities.
- Recent updates from the RBI on KYC requirements and record-processing for [domestic money transfers](#) aim to facilitate smoother and more secure transactions.
- The RBI has released a draft "[Framework on Alternative Authentication Mechanisms for Digital Payment Transactions](#)," broadening the options available for Payment System Operators and users.
- Draft directions issued by the RBI seek to strengthen the [Aadhaar Enabled Payment System \(AePS\) by enhancing due diligence](#) measures for Touchpoint Operators.
- The RBI's new [Master Direction on the Treatment of Wilful Defaulters](#) provides a detailed regulatory framework and procedures for classifying borrowers as wilful defaulters.

- The RBI has released [Master Directions on Cyber Resilience and Digital Payment Security Controls for non-bank Payment System Operators](#), outlining essential governance mechanisms for managing risks and ensuring system resilience.
- The recent [Union Budget 2024](#) has eliminated the angel tax, marking a significant boost for the startup sector.
- Amendments to the [Prevention of Money-laundering \(Maintenance of Records\) Rules, 2005](#) include updates on retrieving customer KYC from the CKYC and the conditions under which customers may need to resubmit their KYC information to prevent data duplication and misuse.
- The RBI has cancelled the licences of [Polytex India Ltd](#) and [Star Finserv India Ltd](#) for non-compliance with outsourcing guidelines including issues such as sharing complete customer data and not providing loan documents in the vernacular.

Must-Reads

- The Ministry of Finance has released a report on [India's G20 task force concerning Digital Public Infrastructure \(DPI\)](#). This report highlights India's commitment to enhancing DPIS to foster innovation and economic growth, with a particular focus on benefiting the Global South.
- The Government's [Economic Survey for 2023-24](#) accentuates the significant role of the fintech ecosystem in driving economic activity. It further highlights how digital credit can act as a catalyst for sustainable and inclusive growth by enabling individuals and businesses to unlock economic opportunities.
- The RBI has published its [Report on Currency and Finance for 2023-24](#), themed "India's Digital Revolution." This report provides an in-depth analysis of progress, opportunities, and associated risks within the digital revolution.
- The RBI has released the [Financial Inclusion](#) and [Digital Payment Index](#) for March 2024, reflecting significant advancements in financial inclusion and digital payment systems.
- Alliance for Digital Finance and Fintech Associations (AllianceDFA) has issued a [Whitepaper discussing the role of digital finance and fintech associations as Self-Regulatory Organizations \(SROs\)](#). The paper acknowledges the RBI's SRO-fintech framework guidelines as globally relevant and discusses how SROs can help balance the risks associated with fintech to promote financial inclusion.
- The BCG report on [India NBFC Round up for FY24](#) highlights growth trends and key performance indicators such as advances, profitability, and operational efficiency, and provides a comparative analysis with the banking sector.
- The [OECD's Consumer Finance Risk Monitor](#) evaluates the evolving challenges and risks faced by consumers of financial products and services. It reviews consumer harm and

complaints across five product markets (banking and payments, credit, insurance, investments, and pensions) and outlines regulatory and supervisory responses to market conduct risks.

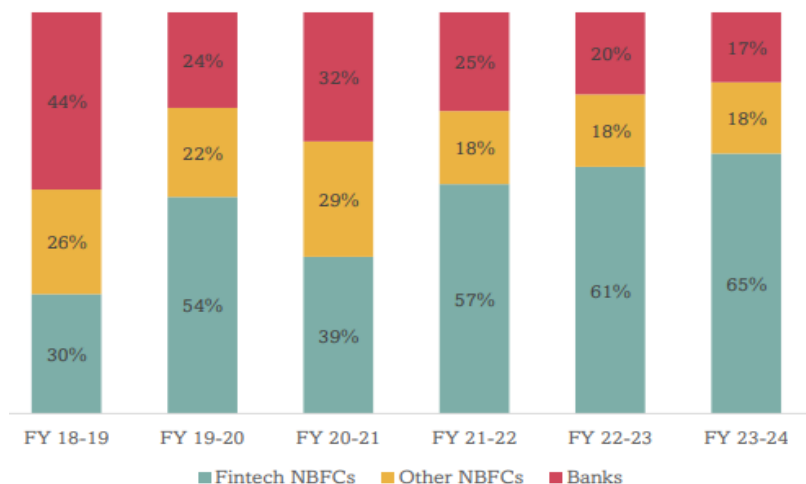
The World Around

- The Association of Banks in Singapore and the Monetary Authority of Singapore (MAS) [announced](#) plans to phase out one-time passwords (OTPs) sent via text message for two-factor authentication to combat phishing.
- MAS is adding [an extra S\\$100 million](#) to its Financial Sector Technology and Innovation Grant Scheme. This funding is set to support financial institutions in advancing and adapting to cutting-edge technologies, including quantum computing and artificial intelligence.
- [Revolut has officially received its banking licence](#) marking a major milestone in its expansion and service offerings.
- [FIS is making waves with the launch of its SMB Digital Lending solution](#), developed in partnership with Lendio. This new service aims to streamline the loan application process for small and medium-sized businesses and is the first in a series of digital banking solutions focused on this sector.
- The Consumer Financial Protection Bureau (CFPB) has taken a [stand against Chime Financial](#) for unlawfully delaying consumer refunds.
- The UK’s Financial Conduct Authority (FCA) has [imposed a £6.2 million fine on HSBC](#) for its handling of customers facing financial difficulties.

FACE Forward

Volume share in personal loan sanction value

- FACE has released a [Fintech Personal Loan Report](#), showcasing trends in personal loan disbursement from April 2018 to March 2024, based on data from 71 fintech NBFCs. The report measures the growth of



fintech loans in terms of scale, reach, and borrower

- Survey for the second edition of the [Fintech Lending Risk Barometer](#) is underway. For context, preview, and details, check the Note [here](#). Your insights are valuable—please complete the survey available [here](#).

Members' Miles

- [Signzy](#) and [Epifi](#) are among the five selected participants for the RBI Regulatory Sandbox Fifth Cohort (Theme Neutral), set to begin testing.
- Bureau has released a [report on the fraud landscape in digital banking and lending, focusing on the Philippines market](#).
- CASHe [has earned ISO 27001 and 27701 certifications, underscoring its commitment to information security and data privacy](#).
- CRED [has launched a unified financial data platform to help users track their finances more effectively](#).
- Groww [introduces the Auto EV Index NFO, adding a new dimension to investment opportunities](#).
- Olyv [reports a revenue of Rs 250 Cr for FY24](#).
- Slice [has raised Rs 65 Cr in debt funding from Neo Markets](#).
- UGRO Capital [announces a co-lending partnership with SIDBI to enhance credit access for MSMEs](#).

[Join FACE to become part of the community and amplify your impact.](#)

Upcoming Events

- **1 August 2024:** Mumbai, [BFSI Innovation and Technology Summit](#)
- **8-10 August 2024:** Mumbai, [Global Economic Summit, Mumbai](#) (FACE is an Outreach Partner).
- **9 August 2024:** Mumbai, [NBFC and Fintech Leadership Awards, Mumbai](#)
- **28-30 August 2024:** Mumbai, [Global Fintech Fest, Mumbai](#)
- **2-3 September 2024:** Mumbai, [Financing 3.0 Summit, CII](#) (FACE is an Institutional Partner).