

FACE checklist¹ for public disclosure² on the DLAs and websites of LSPs and REs

Context

Accurate and accessible disclosures are essential to customer trust in digital lending. The Digital Lending Apps (DLAs) and the websites of Loan Service Providers (LSP) and Regulated Entities (REs) are the first interface customers use to get information about loan processes and products before application and during loan tenure. In our review of DLAs and websites, we observe various market practices. We have also seen several unauthorised players exploiting legitimate players' brands, names, logos and DLAs/websites. From a customer perspective, it isn't easy to triangulate the information from DLA and the websites of LSP and RE to establish the credentials and relationship between multiple entities and brand/trade names involved in digital lending.

The customer's ability to distinguish and understand DLA, LSP, and RE and the main features of loan products/processes builds their confidence and ability to make informed decisions. It also protects them from falling prey to unauthorised lenders.

Given this background, we have prepared the **customer-focused public disclosure checklist** below for members' consideration. It aligns with regulatory directions and the FACE Code of Conduct provided in the reference. This document does not include public disclosure requirements of companies from other perspectives/laws/regulations, and members must follow them as relevant and applicable to them.

Standards

a. Overall

- Disclosure should be simple, legible, and clear.
- Important information should be displayed prominently.
- Website design should prioritise that customers can find relevant information quickly, ideally from the home page and reach the relevant page within two clicks from the home page.
- Any changes in partnerships (discontinuation/suspension, new partnerships, changes in service allocation, name change, grievance redressal, termination/suspension of recovery agency, etc.) should be promptly updated on DLAs and websites.
- Content format may be adapted to multiple languages and creative formats like videos, keeping in mind customer preference.

¹ Released on 12 Sep 2024

² Disclosure available to customers and the public without any login or sign-up

b. Digital Lending Apps³

Any DLA should first contain the app logo, name, and company name, which is the developer/owner of the app. The DLA must also provide the company's full legal name in the app store description.⁴ App stores have three broad sections⁵ where a company can disclose critical information. These should include the following:

1. About the app

This key section allows customers and other stakeholders to learn about the app features without downloading the app. It should include the following:

i. Key information about app, company that owns the app, and partnership with NBFCs

- Clearly mention the brand name, app name and the full legal name of the company behind the app, not just the brand name.
- Specify if the RBI regulates the company as an NBFC or if the company functions as a Loan Service Provider (LSP) and partners with RBI-regulated in-house or other NBFCs to provide the loan⁶.
- Provide the company's website, email, phone, and physical address or provide a website link disclosing the same.
- Provide contact details (email, phone) for the company's grievance redressal or a website link disclosing the same.
- If the DLA is owned by an LSP that partners with NBFCs, provide the full names of all NBFCs providing loans through the app and give links to the websites of each NBFC where the partnership is mentioned⁷. This is important to ensure that customers can verify the partnership between DLA, LSP, and NBFC.⁸

ii. Loan process

- How to download the app
- Sign-up and documentation requirements (e.g, mobile, PAN, salary slips, KYC, bank account details)
- Eligibility criterion (e.g. age, income, location, occupation, credit score)
- Other key features and conditions

iii. Loan products

- Loan types/names
- Loan amount range
- Tenure range
- Repayment/instalment frequency

³ Besides the specific requirements stipulated by RBI, DLA may be required to follow the app hosting platforms' specific policies for [financial services](#), [user data](#) and [other relevant policies](#).

⁴ Otherwise, it is hard for customers and other stakeholders, such as Law Enforcement Agencies, to know the company behind the logo/brand/trade name, which often differs from the company name.

⁵ In addition, there are ratings, downloads, and reviews, date stamp that are system generated.

⁶ Clause 51.3.i of [Non-Banking Financial Company – Scale Based Regulation Directions, 2023](#) and DLG

⁷ Clause 51.3.ii of [Non-Banking Financial Company – Scale Based Regulation Directions, 2023](#).

⁸ Many apps mention the name of REs, and further details are available only with an app login.

- APR range
- Link to LSP/RE website, which has more details and a comparison⁹ of loan products
- Example of a typical loan product for customers to understand the different pricing components (processing/others fee, GST, interest, etc) of a loan and the total cost of a loan

2. App support

Ensure that correct information about the company which owns the app, i.e., website, email, and privacy policy, is available in the App support section and promptly updated for any changes.

3. Data privacy & safety

Provide information on data collected and shared, security practices, data deletion, and a website link to the privacy policy in line with app store requirements.

c. LSP Website

- Web-link to all app stores wherever DLA is hosted for customers to download. This will ensure the customer downloads the app from safe sources and verifies the link reaching them from multiple channels (social media, sms, email, etc).
- Full legal name of REs partnering with LSP with links to the RE websites where RE mentions the partnership with LSP¹⁰.
- Details of grievance redressal officer (email, phone, working hours) at LSP and RE.
- Details of customer-facing agencies (logo, name, function assigned, website, app link, email/phone/address, as applicable) used.
- Recovery agencies (name, CIN, website, email, phone, address, location, i.e. districts/states assigned, contact details i.e. email/phone number to raise a query or complaint, status of partnership) if LSP is providing these details as website link at the time of sanction letter and when assigning the recovery responsibility to agency. This is necessary to ensure that customers can verify the legitimacy of the recovery agency approaching them and contact them for queries/complaints if necessary.
- Privacy policy with explanation on what, why and how of data collected, used, processed, stored, shared with third parties and protected¹¹
- FACE code of conduct for digital lending¹²
- FAQs for the customers to understand various terms used in digital lending, such as LSP, DLA, account aggregator, APR, KFS, loan sanction terms, penal charges, grievance redressal.
- Provide practical and most important information through FAQs or other user-friendly ways to customers to explain products, benefits, risks, and costs of digital loans, how to safeguard account and personal information, and how to mitigate against cyber fraud, illegal lending apps, etc.
- Detail of loan default guarantee (total number of portfolios and the respective amount of each portfolio) on which DLG has been offered. If there is no FLDG, then clearly state so.

⁹ If company offers different kinds of loan products.

¹⁰ Such disclosure is beneficial to customers as otherwise, they would have to search RE's website to establish the relationship, which is not very easy for customers.

¹¹ Please refer to the FACE Code of Conduct section on Privacy, clauses 41-49.

¹² Applicable to members in the digital lending business.

- Details of nodal/officer (name, email, phone number) for proper coordination to meet the requirements of the Law Enforcement Agencies (LEAs)¹³.

d. RE Website

- Details of the NBFC (name, registration type with RBI, website, email, phone, address, CIN)
- Web link to all app stores where RE's own DLAs are hosted for customers to download
- Details of all the customer-facing DLAs and LSPs which are partnering with REs under:

Sl no	Details	
1	The brand logo of DLA/LSP (often LSP and DLA operate with the same brand name. But if different, then both must be provided)	
2	Brand name of DLA/LSP	
3	Name of the company acting as LSP and is developer/owner DLA	
5	Web-link to all app stores wherever DLA is hosted for customers to download	
6	Functions that LSP is performing	
7	Loan types/products (details or link to RE website where key features of loan products ¹⁴ are mentioned) provided by LSP	
8	Contact details/customer support of LSP (email, phone, website, address)	
9	Grievance redressal officer of LSP (name, email, phone, website link of LSP giving details of grievance redressal mechanism)	
10	RE grievance redressal (email, phone, working hours, website link to RE grievance redressal mechanism) for customers to raise complaints/issues with LSP.	
11	Privacy policy of LSP	
12	Status of relationship with LSP (active/inactive/terminated)	
13	Information last updated on (dd/mm/yyyy)	

- Code of conduct for partners (customer-facing LSPs and recovery agents), if available.
- List of Recovery agents/agencies with details¹⁵ such as company name, state/district allocated, contact details (email, phone, website, address, contact/grievance redressal officer) and the arrangement's status/start/end date.

¹³ Recommended considering the fraud landscape and customers reporting issues directly to LEA for grievances. [RBI Master Direction on Fraud Risk Management in Non-Banking Financial Companies \(NBFCs\) \(including Housing Finance Companies\)](#), clause 5.2.

¹⁴ details of loan type, amounts, tenure, pricing, cooling-off period, instalment frequency, eligibility etc.

¹⁵ Provide as many details as possible so that the customer can verify the credentials of the recovery agency in case of doubt.

- In the event of termination of the outsourcing agreement for any reason in cases where the service provider deals with the customers, the same shall be publicised by displaying at a prominent place in the branch, posting it on the website, and informing the customers to ensure that the customers do not continue to deal with the service provider¹⁶.
- The grievance redressal procedure of the NBFC and the time frame fixed for responding to the complaints shall be placed on the NBFC's website¹⁷.
- Weblink to Sachet portal.
- Weblink to RBI ombudsmen scheme.
- Privacy policy with explanation on what, why and how of data collected, used, processed, stored, shared with third parties and protected¹⁸.
- Pricing including interest rates, gradation of risks¹⁹, quantum and reasons for the penal charges²⁰.
- Fair Practice Code²¹.
- FACE Code of Conduct²².
- FAQs for the customers to understand various terms involved in digital lending, such as LSP, DLA, account aggregator, APR, KFS, loan sanction terms, penal charges, grievance redressal.
- Consumer Education on SMA/NPA: With a view to increasing awareness among the borrowers, NBFCs should place consumer education literature on their websites, explaining with examples, the concepts of date of overdue, SMA and NPA classification and upgradation, with specific reference to day-end process²³.
- Details of nodal/officer (name, email, phone number) for proper coordination to meet the requirements of the Law Enforcement Agencies (LEAs)²⁴.

References

- [Guidelines on Digital Lending](#)²⁵, Clauses 5.4, 5.5, 5.6, 5.7 and 6.1
- [Guidelines on Default Loss Guarantee \(DLG\) in Digital Lending](#)²⁶, Clause 11.2
- [FACE Code of Conduct](#)²⁷, Clauses 27-33
- [Master Direction – Reserve Bank of India \(Non-Banking Financial Company – Scale Based Regulation\) Directions, 2023](#)²⁸

¹⁶ Clause 5.9.5, [Non-Banking Financial Company – Scale Based Regulation Directions, 2023](#)

¹⁷ Clause 5.10.2, [Non-Banking Financial Company – Scale Based Regulation Directions, 2023](#)

¹⁸ Please refer to the FACE Code of Conduct section on Privacy, clauses 41-49.

¹⁹ Clause 45.11.2, [Non-Banking Financial Company – Scale Based Regulation Directions, 2023](#)

²⁰ Clause 45.3.6, [Non-Banking Financial Company – Scale Based Regulation Directions, 2023](#)

²¹ Clause 45.10, [Non-Banking Financial Company – Scale Based Regulation Directions, 2023](#)

²² Applicable to members in digital lending

²³ Clause 14.4.6, [Non-Banking Financial Company – Scale Based Regulation Directions, 2023](#)

²⁴ Recommended considering the fraud landscape and customers reporting issues directly to LEA for grievances. [RBI Master Direction on Fraud Risk Management in Non-Banking Financial Companies \(NBFCs\) \(including Housing Finance Companies\)](#), clause 5.2.

²⁵ <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12382&Mode=0>

²⁶ <https://www.rbi.org.in/scripts/NotificationUser.aspx?Id=12514&Mode=0>

²⁷ https://faceofindia.org/wp-content/uploads/2023/12/FACE-Code-of-Conduct_Sep-2023.pdf

²⁸ <https://rbidocs.rbi.org.in/rdocs/notification/PDFs/106MDNBFCs1910202343073E3EF57A4916AA5042911CD8D562.PDF>