

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



Issue 16, August 2025

Issue 16

CUBE: Your Insight into FinTech Ecosystem

Hello from FACE, the RBI-recognised Self-Regulatory Organisation in the FinTech Sector (SRO-FT). We present the sixteenth edition of Cube, your go-to source for the latest and most relevant happenings in India's FinTech ecosystem and beyond. Hope you find it useful, and we look forward to hearing from you at communications@faceofindia.org.

Rulemaking

Issue 16 – Aug 2025

Reserve Bank of India (RBI)

- [Pre-payment Charges on Loans – Directions, 2025 \(2 Jul 2025\)](#): The RBI issued new directions prohibiting Regulated Entities (REs) from levying pre-payment charges on loans and advances to Micro and Small Enterprises (MSEs) sanctioned or renewed on or after 1 Jan 2026.
- [FATF Update on High-Risk and Monitored Jurisdictions \(10 Jul 2025\)](#): RBI notified REs of FATF's June 12–13, 2025 updates. DPRK, Iran, and Myanmar remained under the "Call for Action" list, requiring enhanced due diligence. Bolivia and UK Virgin Islands were newly added to the "Increased Monitoring" list, while Croatia, Mali, and Tanzania were removed.
- [Lending Against Gold and Silver Collateral - Voluntary Pledge of Gold and Silver as Collateral for Agriculture and MSME Loans \(11 Jul 2025\)](#): RBI clarified that banks can accept voluntary pledges of gold and silver as collateral from borrowers under agriculture and MSME loans, even within the collateral-free loan limits. Such pledges will not be treated as violations of existing collateral-free lending guidelines.
- [Draft Digital Banking Channels Authorisation Directions, 2025 \(21 Jul 2025\)](#): The draft directions open for feedback until 11 Aug 2025 noted eligibility criteria and mandated prior approval for banks

seeking to offer internet, mobile, or other digital banking services. It covered technological guidelines, compliance requirements and reporting norms, customer conduct standards, etc.

- [Reserve Bank of India \(Investment in AIF\) Directions, 2025 \(29 Jul 2025\)](#): The RBI issued revised directions governing investments by regulated entities (REs) in Alternative Investment Funds (AIFs), effective 1 Jan 2026. The rules set limits on individual (10%) and collective (20%) RE contributions to AIF schemes, mandate strict provisioning when AIFs invest in debtor companies of REs, and require capital deduction for subordinated units.
- [Digital Payments Index, March 2025 \(28 Jul 2025\)](#): The Reserve Bank of India's Digital Payments Index (RBI-DPI), designed to track the digitisation of payments nationwide, rose to 493.22 in March 2025 from 465.33 in September 2024. The steady increase reflects strong growth in payment infrastructure and payment performance, highlighting expanding digital payment adoption across India

Securities and Exchange Board of India (SEBI)

- [SEBI – Rights of Persons with Disabilities Act, 2016](#): This circular requires all SEBI-regulated entities to ensure their digital platforms are accessible to persons with disabilities, following the RPwD Act and relevant standards. Entities must audit, remediate, appoint accessibility professionals, and report compliance annually to promote inclusive digital access across the securities market.

National Payments Corporation of India (NPCI)

- [Circular on Standardised UPI IDs for SEBI-Registered Intermediaries](#): NPCI mandated the use of standardized UPI handles ending with @validbankpsp for SEBI-registered intermediaries. The move aims to simplify payment flows and enhance investor trust.
- [Addendum to Implementation of NRP & PRD Process](#): NPCI issued an addendum to automate the NRP and PRD arbitration processes via URCS from August 1, 2025.
- [Addendum to OC for Pre-Sanctioned Credit Lines at Banks through UPI](#): The addendum clarified and expanded the guidelines for linking various types of bank-approved credit to UPI for seamless digital payments.
- [Circular on Auto Acceptance & Rejection of Chargeback basis the TCC and Returns](#): NPCI updated the process for auto acceptance or rejection of chargebacks based on TCC/RET raised by the beneficiary bank in the next settlement cycle.

Unique Identification Authority of India (UIDAI)

- [Aadhaar \(Enrolment and Update\) First Amendment Regulations, 2025](#): The amendment to the 2016 Aadhaar Regulations included a revision for cases where an individual has been issued multiple Aadhaar numbers; here, the earliest assigned number containing biometric data will be retained and others omitted. If none have biometric data, the earliest number is retained.

Central KYC Records Registry (CKYCRR)

- [Advisory on Usage of CKYC Services via Third-Party Vendors](#): The advisory followed customer complaints about unauthorised downloads of CKYC records and repeated updates to the same record. REs have been directed to carry out stricter due diligence of third-party vendors, tighten internal access controls for CKYC data, and ensure adherence to information security and data access guidelines.

Others

- [Draft National Telecom Policy, 2025](#): Building on the 2018 National Digital Communications Policy, DoT released the draft 2025 Policy to address the transformative potential of next-gen technologies like 5G/6G, AI, IoT, quantum communications, satellite networks, and blockchain. Stakeholders can share input by Aug 11, 2025.
- [CERT-In – Cyber Security Audit Policy Guidelines](#): These guidelines provide a standardised framework for conducting cyber security audits in India. Aimed at both auditors and auditees, the document sets uniform standards, clarifies roles and responsibilities, and promotes continuous improvement.
- [IFSCA – TechFin and Ancillary Services Regulations 2025](#): Notified in the official gazette, this regulation allows IFSC units to offer up to 50 services—27 professional and 23 technology—under a single registration. Open to new and existing entities, the move supports the Viksit Bharat 2047 vision by streamlining access to TechFin and ancillary services within India's financial hubs.
- [Ministry of Cooperation \(GoI\) – National Cooperative Policy 2025](#): The NCP 2025 outlines a forward-looking agenda for FinTechs, focusing on digital transformation in cooperative banking, financial inclusion

Must-Reads

Financial Inclusion

- [World Bank – Global Findex 2025](#): The Global Findex 2025 expands its financial inclusion insights with a new Digital Connectivity Tracker, linking mobile technology use to access and resilience. Launched in 2011, Findex remains the leading global survey on how adults save, borrow, and transact.
- [AFI – Digital Financial Transformation in South Asia](#): This report charts a path for inclusive digital growth in South Asia, highlighting gains in mobile payments and services while addressing gaps in literacy, gender equity, and rural access. It proposes an action plan focused on interoperability, digital ID, cybersecurity, and smarter regulation to deepen financial inclusion and sustainable development.

Customer protection

- [CGAP – Responsible Digital Credit: Frontier Solutions for Authorities and Providers](#): This technical guide maps global solutions to digital credit risks across four risk management phases. Drawing from over 40 countries, it offers actionable strategies for authorities and providers, with clear roles for funders, researchers, and consumer advocates.

- [FCA – Digital Design for Financial Products and Services](#): This research note investigates how digital design in financial services can influence consumer decisions. It focuses on two problematic design elements: sludge and deceptive design.

FinTech, Banking, and Credit

- [GFTN – FinTech Investments Report 1H 2025](#): This report analyses FinTech investment trends across Singapore and global peers for the first half of 2025, with a focus on quarterly activity. Payments, Wealthtech, and Digital Assets led sectoral activity.
- [Sahamati – Credit Reimagined \(AA Impact Report\) H2 FY25](#): This report explores the evolution of lending in India’s Account Aggregator (AA) ecosystem, highlighting AA’s growing role as a core layer of Digital Public Infrastructure.
- [Grant Thornton Bharat and NPCI Bharat BillPay – Reimagining Bill Payments: Global Trends, Digital Platforms and Innovations](#): A joint report that explores global developments in bill payment systems, using India’s Bharat Connect (BBPS) as a reference model.
- [McKinsey & Co. – Banking on Gen AI in the Credit Business](#): McKinsey surveyed and interviewed decision-makers from 44 financial institutions globally to understand how generative AI is being adopted in credit.

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

- [FinRegLab – Advancing the Credit Ecosystem: Machine Learning & Cash Flow Data in Consumer Underwriting](#): This empirical white paper evaluates how machine learning and electronic bank account data (cash flow data) enhance consumer credit underwriting.
- [appliedAI – AI Act Governance](#): This whitepaper identifies key challenges in implementing the EU AI Act and proposes a practitioner-driven framework (AI Act Governance Pyramid) with best practices, updated skill profiles, and actionable steps to support compliance with high-risk AI system requirements.
- [CCAF – Global Regulatory Trends for Digital Public Infrastructure](#): This report explores how foundational DPI systems are reshaping financial services. Drawing on case studies and regulator insights, it highlights regulatory considerations and governance strategies for scaling DPI to enhance efficiency, inclusion, and cost reduction.
- [Evalueserve – Next-Gen Banking: Powered by AI, Super Apps, and Digital Innovation](#): This white paper explores how AI—especially Generative and Agentic AI—and Super Apps are transforming banking. It also examines how collaborations between banks and Super App FinTechs are driving innovation and financial inclusion.
- [Bank for International Settlements \(BIS\) – Quantum-readiness for the Financial System](#): A Roadmap (July 2025): This report outlines the imminent threat posed by quantum computers to existing cryptographic systems in financial infrastructures. It emphasizes the need for urgent and coordinated migration to quantum-safe technologies. It provides a roadmap for financial institutions and regulators, detailing the phased approach to awareness, planning, and

implementation of quantum-resistant technologies, as well as the critical role of central banks and international cooperation in securing global financial stability against quantum risks.

The World Around

- [EBA \(EU\) – Draft Guidelines on the Sound Management of Third-Party Risk Management](#): This consultation paper expands the scope of third-party risk rules beyond outsourcing to all supplier arrangements, reinforcing management body accountability and emphasizing critical function oversight, operational resilience, and a mandatory register of third-party relationships.
- [HKMA \(Hong Kong\) – Fintech Adoption: Progress and Future Directions](#): This report reviews significant growth in fintech adoption across Hong Kong’s banking sector under the “All Banks Go Fintech” initiative. Key areas such as Regtech, Insurtech, Wealthtech, Greentech, AI, and DLT have seen notable increases, with AI and DLT driving future innovation. Challenges include high costs, technology risks, integration, data privacy, talent shortages, and regulatory issues.

FACE Forward

- FACE was recognised in [CGAP’s Technical guide on Responsible Digital Credit: Frontier Solutions for Authorities and Providers](#). The report highlighted FACE’s role in strengthening responsible digital lending in India through its Code of Conduct for digital lenders, and our ongoing efforts in market monitoring.



India: The Fintech Association of Consumer Empowerment (FACE) issued a code of conduct for digital lenders, covering areas such as transparency, pricing, collections, data usage and sharing, and grievance redressal. Members are required to endorse the code and may be sanctioned for noncompliance. FACE also monitors the market and flags illegal loan apps to Google for removal from their Play Store (FACE n.d.).

- FACE CEO Sugandh Saxena featured on [Doordarshan News’s Cyber Alert](#) program, sponsored by I4C-MHA, sharing practical insights on fake loan apps.



Webinars

- FACE hosted a webinar with SIDBI on the [Evolving Landscapes in MSME Financing](#), 8 Jul 2025.
- FACE hosted a webinar with Experian on [Credit Insights: Key Trends & Forecast](#), 22 Jul 2025.
- FACE hosted a webinar with Shardul Amarchand Mangaldas & Co on [Decoding RBI’s Draft Digital Banking Channels Authorisation](#), 31 Jul 2025.

Membership

- FACE with its membership nearing 250 companies is the largest FinTech association in India. Not yet a member? Learn about FACE's membership, eligibility, privileges, fees and application [here](#).

Events

- FACE co-hosted an invite-only event on [Unlocking the Future of Finance with Agentic AI](#) with gnani.ai, E2E Cloud and Nvidia as knowledge partner, 11 Jul 2025, Bengaluru.



- FACE participated as Institutional Partner at the [CII Financial Inclusion and FinTech Summit](#), 7 Jul 2025, New Delhi.
- FACE participated as FinTech SRO Partner at the [2nd Bharat NBFC & FinTech Summit & Awards](#), 24 Jul 2025, Mumbai.
- FACE is participating as FinTech SRO Partner at the [FinVision AI Summit](#), 8 Aug 2025, Jio World Convention Centre, Mumbai.
- FACE is participating as Industry Partner at the [4th MENA FinTech Festival](#), 2–3 Dec 2025, Doha.

Members' Miles

- [70% of CRED Money users invest; bounce charges drop 32%](#)
- [Angel One to invest Rs 400 Cr in life insurance JV with Singapore's Livwell](#)
- [BharatPe firmly on profitability track, eyes \\$100 million round](#)
- [CarePay launches AI-enabled platform for instant healthcare EMIs](#)
- [InCred Finance Bags Rs 400 Cr Debt Funding from Morgan Stanley, Others](#)
- [MAS Financial Services Allots Rs 200 Cr NCDs on Private Placement Basis](#)
- [MobiKwik arm secures SEBI licence to operate as stockbroker, clearing member](#)
- [Navi secures Rs 170 Cr from institutional investors](#)
- [Paisabazaar Launches Credit Premier League to Find India's Most Credit-Healthy Consumers](#)
- [Paytm swings to Rs 123 Cr Q1 profit, aided by AI-led cost efficiency; rejigs board](#)
- [PayU India Bags Rs 302 Cr From Prosus To Grow Credit Business](#)
- [Perfios launches GenAI platform for banking and insurance operations](#)
- [PhonePe logs highest UPI transactions volume in June; GPay, Paytm follow](#)
- [PhonePe's Pincode Empowers 1,000+ Offline Stores with Smart Digital Commerce Tools](#)
- [PhonePe, SBI Card launch co-branded credit cards as fintech expands into formal credit](#)
- [Razorpay Named Among World's Top Fintech Innovators 2025 by CNBC and Statista](#)
- [Razorpay Unveils India's First AI-Powered Self-Healing POS Devices](#)

