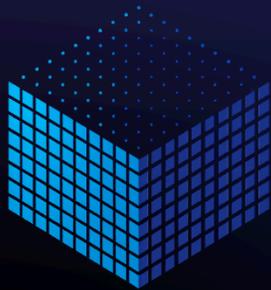




The RBI-recognized Self-Regulatory Organization in the FinTech Sector (SRO-FT)



CU BE

Issue 17 – Sep 2025

CUBE: Your Insight into FinTech Ecosystem

Hello from FACE, the RBI-recognised Self-Regulatory Organisation in the FinTech sector (SRO-FT). We present the seventeenth edition of Cube – your go-to source for the latest and most relevant happenings in India's FinTech ecosystem and beyond.

Got thoughts or ideas? We would love to hear from you at communications@faceofindia.org.

Rulemaking

Reserve Bank of India (RBI)

- [Co-Lending Arrangements Directions, 2025 \(6 Aug 2025\)](#): RBI released comprehensive directions governing co-lending arrangements (CLAs) between banks, NBFCs (including HFCs), and All-India Financial Institutions. Effective from January 1, 2026, the framework provides regulatory clarity on scope, interest rate/fee structures, operational arrangements, reporting to CICs, default loss guarantees, asset classification, and disclosures.
- [Non-Fund Based Credit Facilities Directions, 2025 \(6 Aug 2025\)](#): RBI released consolidated directions on guarantees, letters of credit, co-acceptances, and Partial Credit Enhancement (PCE), harmonising rules across banks, cooperative banks, AIFIs, and NBFCs (middle layer & above, only for PCE). The framework standardises prudential, conduct, and disclosure requirements, while repealing earlier circulars.
- [RBI Releases Forward-Looking Survey Results \(6 Aug 2025\)](#): RBI published the latest results of multiple surveys capturing sentiment and expectations across urban and rural households, the manufacturing and services sectors, and financial markets. Surveys released include: Urban Consumer Confidence Survey (UCCS – July 2025), Inflation Expectations Survey of Households (IESH – July 2025), Rural Consumer Confidence Survey (RCCS – July 2025), OBICUS Q4 2024-25, Industrial and Services/Infrastructure Outlook Surveys for Q1 2025-26, Survey of Professional Forecasters (Round 1, 95th), and the Bank Lending Survey for Q1 2025-26.
- [Compliance with Supreme Court Order on Accessibility \(14 Aug 2025\)](#): RBI directed all banks, NBFCs (including HFCs), All-India Financial Institutions, Credit Information Companies, Payment System Providers, and Authorised Persons in foreign exchange to comply with the Hon'ble Supreme Court's April 30, 2025 order in Pragma Prasun & Ors. vs Union of India and Amar Jain vs Union of India & Ors.
- [Know Your Customer \(KYC\) \(2nd Amendment\) Directions, 2025 \(14 Aug 2025\)](#): RBI amended the 2016 KYC Master Directions to include PwDs under disadvantaged categories, mandate recording reasons for KYC rejection, extend KYC checks to transactions \geq ₹50,000 and international transfers, allow Aadhaar face authentication, and update FAQs and circular references.
- [Regulatory Sandbox – Fifth Cohort \(Neutral Theme\) Exit \(14 Aug 2025\)](#): RBI announced the exit of the fifth cohort of its Regulatory Sandbox under the “Neutral” theme. Indian Banks' Digital Infrastructure Company (IBDIC), in partnership with ICICI Bank, HDFC Bank, Yes Bank, and Aditya Birla Capital, successfully tested a blockchain-based deep-tier financing solution.
- [RBI Invites Public Comments – Draft on Counterparty Credit Risk Add-on Factors \(20 Aug 2025\)](#): RBI issued a draft circular revising instructions on computation of Potential Future Exposure (PFE) under the Current Exposure Method for Counterparty Credit

Risk (CCR). Public comments are invited until September 10, 2025 via the “Connect 2 Regulate” portal or email.

- [Implementation of Section 51A of UAPA, 1967 – Updates to UNSC Sanctions List \(25 Aug 2025\)](#): RBI instructed REs to implement UNSC amendments (22 Aug 2025) to five entries on the ISIL & Al-Qaida sanctions list under Section 51A of UAPA. REs must freeze accounts of listed entities and comply with updated KYC Master Direction and UAPA Order procedures.

National Payments Corporation of India (NPCI)

- [Circular on Bulk Dispute Evidence Upload/Download in NETC NRCS Portal \(19 Aug 2025\)](#): NPCI announced the rollout of a bulk upload and download functionality for dispute management in the NETC NRCS back-office portal, effective September 1, 2025. The feature will allow member banks to process multiple disputes with supporting evidence in a single batch and download multiple incoming evidence files.
- [UPI Transaction Limit Enhancement \(24 Aug 2024\)](#): NPCI raised the per transaction limit to ₹5 lakh for verified merchants in categories such as capital markets, insurance, government e-marketplace, travel, credit card bill payments, collections, FX retail via BBPS, and digital account opening. Cumulative daily caps (up to ₹10 lakh) continue to apply, with classification and due diligence requirements for merchants.

Ministry of Electronics and Information Technology (MeitY) & Ministry of Road Transport & Highways

- [Promotion and Regulation of Online Gaming Bill, 2025](#): This Bill established a dedicated authority to oversee India’s online gaming sector—including e-sports, educational, and social games—while prohibiting online money games that pose social, financial, and psychological risks.
- [Ministry of Road Transport & Highways – Policy for Data Sharing from the National Transport Repository \(NTR\)](#): This policy provides a legal and uniform framework for sharing sensitive transport data from NTR, including Vahan, Sarathi, eChallan, eDAR, and FASTag.

Must-Reads

FinTech, Banking, and Credit

- [ORF – Charting the Growth and Aspirations of India’s Fintech Regulatory Sandboxes](#): This brief examines India’s fintech regulatory sandbox ecosystem, highlighting initiatives that enable controlled testing of innovations. It identifies challenges like data localisation, limited technical support, and fragmented frameworks, compares

them with global best practices, and recommends reforms such as a unified framework, temporary data localisation exemptions, and enhanced inter-regulatory coordination to foster responsible innovation and global competitiveness.

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

- [RBI – Framework for Responsible and Ethical Enablement of Artificial Intelligence \(FREE-AI\) Committee Report](#): The report formulates 7 Sutras that represent core principles to guide AI adoption, and 6 strategic Pillars that address dimensions of innovation enablement and risk mitigation. Under these pillars, the report outlines 26 recommendations for adoption of AI in the financial sector.
- [CFA Institute – Explainable AI in Finance: Addressing the Needs of Diverse Stakeholders](#): This report examines the role of explainable AI (XAI) in modern finance, focusing on meeting the needs of six stakeholder groups, mostly non-technical users. It analyzes how XAI methods align with job responsibilities, explores benefits and challenges, and reviews alternative approaches such as evaluative AI and neurosymbolic AI.
- [RIS – DPI Handbook: Foundations of Digital Public Infrastructure](#): This handbook showcases India’s experience in building inclusive, interoperable, and scalable DPI through initiatives like Aadhaar, UPI, Account Aggregator, OCEN, and ONDC.

The World Around

- [Bank Negara Malaysia – AI in the Malaysian Financial Sector](#): This discussion paper outlines BNM’s proposed approach to AI adoption in Malaysia’s financial sector, aiming to foster responsible use of AI that improves consumer outcomes and supports broader policy objectives. Feedback from stakeholders will inform BNM’s regulatory and development strategy for AI in finance.
- [UK FCA – Design of the Future Entity for Open Banking](#): The FCA shared feedback on a proposed not-for-profit standards body, the Future Entity, to oversee UK open banking. It will set common standards, monitor API performance, ensure compliance, provide directory/certification services, and collaborate with commercial schemes, though it will have no enforcement powers.
- [BCG – The Cost of Electronic Payments and Cash](#): This whitepaper examines payment costs in the Middle East and Africa, revealing that cash, while still widely used, incurs hidden expenses (up to 3% of transaction value when indirect and back-office costs are included). Merchants weigh multiple factors beyond cost, and large merchants benefit from discounts unavailable to smaller ones, while alternative electronic payment methods are similarly priced once scaled.

Innovation Tracker:

- [CBDC Offline Solutions \(IMF Fintech Note\)](#): IMF reviewed pilots for CBDCs in low-connectivity settings, highlighting innovations like stored-value cards, NFC/Bluetooth/QR device-to-device payments, and SMS/USSD wallets. Policy takeaways stress that no fully secure offline model exists, but combining transaction limits, reconciliation models, and quantum-resistant cryptography can balance resilience, inclusion, and trust.
- [CommBank Scam-Fighting Innovations](#): CommBank achieved a 76% reduction in customer scam losses. The bank launched two key tools to enhance security: a Gen AI-powered Scam Checker in the Truyu app—allowing users to upload suspicious SMS for instant scam analysis—and an in-app verification feature that replaces one-time passcodes, enabling direct approval of online card transactions within the app to thwart fraud
- [Decade of Digital Dollars \(BVNK & Cebr Report\)](#): Marking 10 years of stablecoins, the report highlights their role as a global monetary layer—reducing currency volatility costs, bridging dollar access gaps in emerging markets, and freeing up capital trapped in slow cross-border systems. It points to innovation levers like programmable payments, borderless liquidity, and inclusion through digital dollar access as key drivers of the next phase of growth.
- [Geopolitical Risk & Supervisory Objectives](#): The report underscores that geopolitical events can compromise supervisory goals (such as stability, capital adequacy, and risk management) via credit, liquidity, and operational disruptions. It advocates for proactive, integrated supervisory strategies—combining stress testing, scenario analyses, robust buffers, and coordinated oversight—to strengthen financial resilience and safeguard institutional soundness.
- [Thailand Climate Finance Landscape \(ADB\)](#): ADB highlights Thailand’s climate finance gap of USD 11–17 billion annually and recommends innovative solutions to bridge it. Key measures include expanding green capital markets, deploying catalytic blended finance, scaling public–private partnerships, establishing a national climate finance repository, and strengthening institutions to channel funds into energy, transport, and adaptation projects.

FACE Forward

Standards and Reports

- [Oversight & Enforcement Policy \(18 Aug 2025\)](#): FACE published its Oversight & Enforcement Policy to promote responsible conduct, ethical standards, and operational discipline. The primary objective shall be to provide independent oversight

of members/industry conduct, enforce adherence to the FACE's codes of conduct and operational standards.

- [Guidelines on Debt Recovery \(29 Aug 2025\)](#): FACE published its Guidelines for Debt Recovery to integrate regulatory standards with the FACE code of conduct, covering AI-powered recovery, communication norms, data privacy, and fiduciary responsibilities. The framework is intended for internal teams and external agents handling debt recovery.

Webinars

- FACE Hosted a webinar led by KPMG India on Co-lending and Recent GST Updates, 8 Aug 2025.
- FACE hosted a webinar led by RBIH on the [RBIH Fintech Repository – Familiarization & Feedback](#), 12 Aug 2025.
- FACE hosted a webinar with GT Bharat on [Reimagining Bill Payments – Global Insights and Innovations](#), 22 Aug 2025.

Membership

- FACE has reached ~260 members by the end of Q1 25-26. We're grateful to our members for their ongoing trust and support.
- Members onboarded in Aug 2025



- We have started a limited time program for FinTechs wanting to become FACE members, wherein we are giving them FACE membership for 3 months on a complimentary basis for them to be able to assess the benefits of associating with FACE. 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](#).

Events

- FACE and Spocto X co-hosted the [sixth edition of Collect CoLabs](#), an exclusive forum dedicated to the future of collections, 21 Aug 2025, Gurugram.



- FACE and Privy [by IDfy](#), with the support of [Khaitan & Co](#), are hosting an exclusive event on [DPDPA: From Policy to Practice – The Future of Data Privacy in India](#), 17 Sep 2025, Mumbai. Register here to attend: <https://lu.ma/6o0imcet>.

Supported By
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FACE & Privy™ by IDfy

DPDPA: FROM POLICY TO PRACTICE

The Future of Data Privacy in India

- Learn how enterprises are implementing DPDPA at scale
- Hear live case studies from BFSI leaders
- Engage in interactive workshops on data discovery, consent, third-party risk management & ensuring continuous compliance
- Network with senior decision-makers

REGISTER

17 Sep 2025

2PM to 6PM

One World Center, Prabhadevi, Mumbai

- FACE is participating as Industry Partner at the [4th MENA FinTech Festival](#), 2–3 Dec 2025, Doha, Qatar.
- FACE is participating as Fintech SRO partner with [LendtechX](#), 19 Sep 2025, Mumbai.
- FACE is participating as Community Partner at [Money20/20 USA](#), 26–29 Oct 2025, Las Vegas, US.

Members' Miles

- [Balancehero India Appoints Soumyajit Ghosh as COO](#)
- [BharatPe turns pre-tax profitable in FY25, revenue up 17%](#)
- [Credgenics acquires Arrise to reshape field collections with tech enablement](#)
- [DPDzero raises USD 7 mn Series A to scale AI-powered debt collections](#)

- [Fi Money Launches "Magic Lens" to Revolutionise How Users Track Their Full Net Worth](#)
- [Fibe raises INR 225 crore through NCD issuance to fund growth](#)
- [Fintech startup Kiwi secures USD 24 million from Vertex Ventures and existing investors](#)
- [Groww gets Sebi nod for up to USD 1 billion IPO](#)
- [India's PayNearby plans to go public next year, CEO says](#)
- [Intelekt AI gets selected for INSEAD's AI Founder Sprint 2025](#)
- [IPO-bound Pine Labs names Sameer Kamath as CFO](#)
- [Kisht operator OnEMI Technology Solutions files IPO papers with Sebi to raise INR 1,000 crore from fresh issue](#)
- [MeitY Selected IDfy Explains What a Consent Management System Would Look Like Under DPDPA](#)
- [One97 Communications to invest INR 300 crore in broking entity Paytm Money](#)
- [Over a quarter of personal loan borrowers used funds for travel in first half of 2025: Paisabazaar](#)
- [Paytm is 100% Indian after Jack Ma's Ant Fin exits fintech](#)
- [Perfios launches CAM AI, powers 85% faster underwriting](#)
- [PhonePe launches home insurance offering](#)
- [PhonePe launches 'offline partner program' to empower merchant ecosystem](#)
- [RBI issues payment aggregator licence to Paytm Payments Services](#)
- [SMFG India Credit appoints Ravi Narayanan as CEO](#)
- [UGRO Capital Q1 results: The company reports AUM of INR 12,081 crore, reflecting a 31% YoY growth](#)
- [Zype raises INR 90 crore in round led by Japanese VC fund Unleash Capital Partners](#)

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