

Testwale Current Affairs PDF

Current Affairs search results for: "RBI gives lenders time till end-November to comply with new digital loans guidelines"

1. CASHe and IRCTC to launch Travel now pay later facility for ticket booked on IRCTC app (Oct. 24, 2022)

CASHe and IRCTC launch pay later facility

The [Digital lending app](#) **CASHe** has signed an agreement with the Indian Railways Catering and Tourism Corporation (IRCTC), to provide 'travel now pay later' (TNPL) payment option on tickets booked on IRCTC Rail Connect app.

Under this facility a person booking a rail ticket through IRCTC Rail Connect app can book their ticket and pay the ticket amount later in Equated Monthly Installments(EMI) of three to six months. This facility will be available to salaried professionals.

Digital Lending and CASHe

Here the loan is not provided by the CASHe. It is a lending service provider which acts as an intermediary between the banks and NBFC regulated by RBI and the borrower. The loan will be provided by Bhanix Finance and Investment Limited . It is a Non-Banking Financial Company (NBFC) regulated by RBI.

CASHe is just an online platform which brings the lender and the borrower online together.

Indian Railway Catering and Tourism Corporation Ltd (IRCTC)

It is a Central Public Sector Enterprise under the Ministry of Railways, Government of India.

IRCTC was set up on 27th September, 1999.

It's Headquarters: **New Delhi**

It is involved in the business of

- Catering & Hospitality at Railway station
- Internet Ticketing
- Travel & Tourism
- Packaged Drinking Water (Rail Neer)

Chairman and Managing Director :**Smt. Rajni Hasija**

2. RBI gives lenders time till end-November to comply with new digital loans guidelines (Sept. 3, 2022)

The Reserve Bank of India (RBI), has given lenders until the **end of November** to put in place systems and processes to ensure existing digital loans are in compliance with the regulator's rules issued on 10 August 2022. This direction was issued by the RBI on 2 September 2022. However, for new and existing customers availing fresh loans, these norms will be applicable immediately.

The Reserve Bank of India on 10 August issued detailed guidelines that will increase scrutiny and supervision over digital lending apps and lenders who engage with them on 10 August

2022. This was done by RBI after receiving many reports of malpractices by the digital lending apps and lenders who engage with them.

Digital lenders are those entities which provide loans online. The entire process takes place online and there is no physical interface between the lender and the borrower.

Working Group on Digital lending

RBI had set up a working group on 'digital lending including lending through online platforms and mobile apps' (WGDL) on January 13, 2021, with **Jayant Kumar Dash**, Executive Director, RBI as the Chairman.

The working group was set up by the RBI after there were several complaints of malpractices by the online lending apps.

Main points of the RBI Guidelines

Classification of online lenders

RBI has classified the online lenders into three categories;

- entities regulated by the RBI and permitted to carry out lending business;
- entities authorized to carry out lending as per other statutory/regulatory provisions but not regulated by RBI; and
- Entities lending outside the purview of any statutory/ regulatory provisions.

Guidelines applicable on which category of entities

RBI has said that its guidelines will be applicable on entities (Banks, NBFC) that are regulated by the central bank and the lending service providers (LSPs) engaged by them. Lending service providers are the intermediary between the regulated entities and the borrower. In simpler terms it is an online platform which brings the lender and the borrower online.

Guidelines of RBI

- All loan disbursements and repayments are required to be executed only between the bank accounts of the borrower and the regulated entities. It shall not be routed through any LSP or third party.
- Any fees, charges, etc., payable to LSPs in the credit intermediation process has to be paid directly by the regulated entity and not by the borrower.
- The all-inclusive cost of digital loans in the form of Annual Percentage Rate (APR) is required to be disclosed to the borrowers.
- There cannot be an automatic increase in the credit limit without explicit consent of the borrower.
- Any lending sourced through DLAs (Digital Lending Apps) have to be reported to Credit Information Companies (CICs) by regulated entities irrespective of its nature or time period. This is particularly important given a number of 'buy now, pay later' players were not reporting the loans they were offering to CICs.
- RBI has said the data collected by Digital lending Apps (DLAs) has to be need based, they should have clear audit trails and should be only done with prior explicit consent of the borrower.