

RBI recognises FACE as fintech SRO

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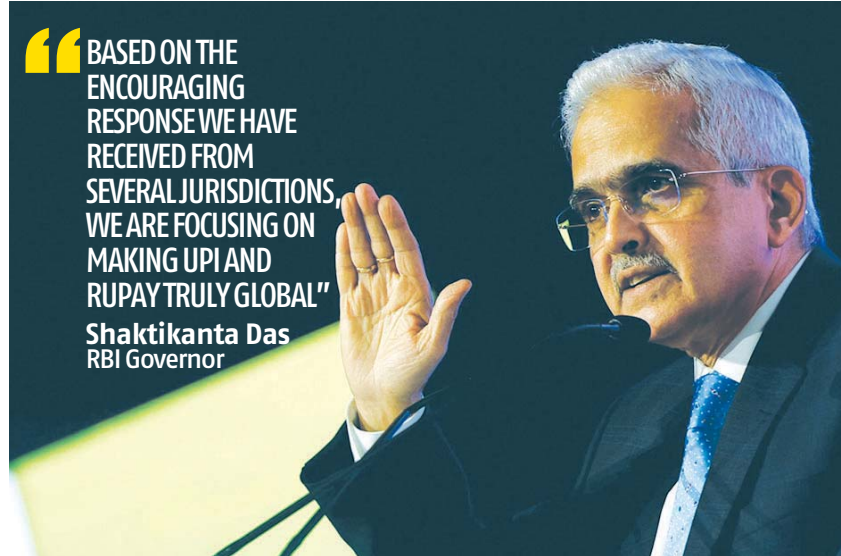
Mumbai, 28 August

The Reserve Bank of India (RBI) has recognised the Fintech Association for Consumer Empowerment (FACE) as a self-regulatory organisation (SRO) in the fintech sector, the central bank announced on Wednesday.

The banking regulator received three applications for fintech SRO. Of the remaining two applications, one has been returned by the RBI with a provision for resubmission after meeting specific requirements, while the third application is still under examination, said Governor Shaktikanta Das at the Global Fintech Fest here.

Digital Lenders Association of India, one of the applicants, said their application had not been returned and they look forward to further communication from the regulator on the issue. "Through regular consultations, feedback mechanisms, and policy dialogues, the SROs would facilitate open communication and enable fintechs to stay informed about regulatory expectations and priorities," Das said. The RBI had called for applications for SROs in the fintech sector and issued a framework for SROs last year.

Das highlighted that sustainable and orderly development of the fintech sector required an appropriate balance between



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innovation and prudence.

“Our endeavour is to carefully craft regulations to achieve this delicate balance, while simultaneously ensuring trust, security, accessibility, risk management and competition,” he said. According to Das, a preferred approach for achieving a balance between innovation and prudent regulation involves self-regulation within the fintech sector. He

said banks and fintech NBFCs were expected to adopt a customer-centric approach, implement robust security measures, offer transparent financial products; and adopt fair lending practices.

The governor said that based on the encouraging response from several jurisdictions, the RBI was now focusing on making a fast payment system UPI and card network

RuPay ‘truly global’.

He further said that the deployment of UPI-like infrastructure in foreign jurisdictions, facilitating QR code-based payment acceptance through UPI apps at international merchant locations, and interlinking UPI with Fast Payment Systems (FPS) of other countries for cross-border remittances were on top of RBI’s agenda. Notable progress has already been made in countries like Bhutan, Nepal, Sri Lanka, Singapore, the UAE, Mauritius, Namibia, Peru, France and a few other countries, Das said.

He proposed five policy priorities for the future of India’s financial system. They include digital financial Inclusion, digital public infrastructure (DPIs), consumer protection and cybersecurity, sustainable finance, and global integration and cooperation.

While significant strides have been made in expanding financial inclusion by ensuring banking access to every village within a 5 km radius or hamlet of 500 households in hilly areas, and opening 530 million Jan Dhan bank accounts, the evolving landscape demands a shift towards Digital Financial Inclusion (DFI), he said.

“...the next two decades will predominantly be about leveraging technology to deliver accessible and tailored financial services that meet diverse needs,” Das said.