



QUARTERLY NEWSLETTER

Volume 3

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Dear Members,

Annual Update!

Greetings from the Digital Lenders Association of India (DLAI).

As we enter the new year, I am pleased to share with you and extend my gratitude on behalf of the DLAI for your continued support and membership. It is with great enthusiasm that I present to you a comprehensive overview of the pivotal developments in the digital lending space throughout 2023, along with the remarkable strides achieved by DLAI under the guidance of the DLAI Board, Executive Committee, and Management Committees.

The digital lending ecosystem in India has experienced significant shifts in 2023, led by regulatory action. From a regulatory standpoint, noteworthy trends were 'Self-Regulation' and 'Standardization' of the Digital Lending sector. Just like in the final overs of a one-day cricket match, the RBI released for public comments the much anticipated '**Draft Omnibus Framework for recognizing Self-Regulatory Organizations (SROs) for Regulated Entities**' in the final spell of 2023. Also, announcements for the operationalization of a **FinTech repository** by April 2024 and the setting up of a cloud facility for the financial sector in India to secure financial sector data and help with scalability, business continuity, and data security were made by the RBI.

As RBI's SRO framework lays down the eligibility criteria and basic roles and responsibilities of an SRO, DLAI under the guidance of the SRO Committee is well prepared. I am pleased to update you that with the onboarding as Independent Directors of Dr. Meena Hemchandra (Former RBI ED of Supervision) and Mr. Alok Prasad (a veteran banker and founder CEO of RBI recognized SRO for NBFC-MFIs – MFIN), DLAI has already strengthened its board in November 2023. A revised code of conduct modelled largely on Digital Lending Guidelines was released at the Unconclave in Goa in September 2023. **PolicyPedia** – a regtech tool based on Large Language Models facilitating regulatory compliance, powered by one of the DLAI members (DMI Finance), was released by DLAI for its members. **Above all, DLAI continues to represent a large group of diversified membership (Digital Lenders and other key players) with a substantial number of NBFCs.**

DLAI has actively engaged with regulatory bodies and policymakers in the year to foster an environment conducive to the growth of digital lending in India. **DLAI was part of the G20 discourse** and also organized a conference in partnership with the **United Nations Global Compact (UNGC)** and **FICCI's G20 Empower** in June 2023 in Delhi. I am pleased to report that our efforts have yielded positive outcomes, including a framework for **Default Loss Guarantee (DLG)**, a long-time ask of the sector.

Further, changes like **amendments to the RBI master direction on KYC** were another regulatory bouncer on the grassy wicket, especially for members with completely digital footprints. While DLAI led the industry delegation to present the case at appropriate levels in the RBI and presented alternatives, more effort is still needed from all stakeholders.

Cybersecurity, unauthorized lending apps, and frauds in Digital Financial Services topped the chart in early 2023 and continue to do so till the end of this year. In response, DLAI has released a **whitelist of its members** with details of DLAI members, their official website, and apps, to enable existing and potential customers to differentiate between a registered genuine lending app and fake unauthorized apps. DLAI will roll out more initiatives including **project FinTech Suraksha in 2024.**

Lately, the RBI's recent decision to Revise Risk Weight is likely to create significant unintended consequences like exclusion and high pricing of credit. While digital lenders got into the flow, it was heartening to see how India's leading institutional lender – SIDBI came forward to support FinTech lenders (DLAI members). In September 2023, **SIDBI signed an MoU with DLAI – India's leading Industry Association for Digital Lenders.**

In the new year, we need your support more than ever in our collective journey towards gaining RBI recognition as an SRO for digital lenders. Your membership and support will be instrumental in all aspects, including sharing industry data, insights, highlighting industry concerns, and addressing visible dark patterns in the ecosystem.

Sincerely Yours,
Jatinder Handoo,
CEO, DLAI.

External Engagements

RBI:

In a meeting held on December 7, 2023, DLAI discussed its role and initiatives with the Executive Director (ED, FinTech) at RBI, addressing industry standardization, client protection, and capacity enhancement.

Separately, on December 6, DLAI also had a meeting with a senior official the Department of Supervision, This meeting emphasized the importance of customer Grievances Redressal Systems at DLAI and the positive sector representation as integral to component of DLAI's work.



**Meeting Mr. P. Vasudevan,
ED (FinTech) RBI**



**Meeting Dr. Sandip Chatterjee,
Group Coordinator, MeitY**

MeitY:

On October 26, 2023, the DLAI team met and discussed with Dr. Sandip Chatterjee, Director at the Cyber Law & Data Governance division at MeitY. This meeting aimed to foster a strong partnership to bolster the security and governance of the FinTech landscape. Based on discussions in the meeting, DLAI will launch Project FinTech Suraksha in Q4 FY 24.

Delhi Police, Economic Offences Wing:

In the background of prevailing menace of cyber frauds and Unauthorized Lending Apps, On November 3, 2023, DLAI engaged with Delhi Police's Economic Offences Wing to align with the fight against unauthorized lending apps. DLAI is preparing an awareness initiative with stakeholders to educate and increase awareness within the industry and amongst borrowers against digital lending-related economic offenses.



**Meeting Mr. Anyesh Roy,
IPS, DCP EOW, Delhi Police**

SIDBI:

DLAI's ongoing collaboration with the Small Industries Development Bank of India (SIDBI) has been productive, with significant developments underway. SIDBI has conducted informative webinars for DLAI members on beneficial schemes, and its board has approved a Direct Assignment facility specifically tailored for DLAI members. Discussions are ongoing about adapting the SIDBI Prayas scheme to meet the unique needs of digital lenders as well.



Additionally, DLAI is set to access SIDBI's Express machinery loan product via member empanelment and pilot testing. Beyond funding mechanisms, discussions are also underway for organizing a "National FinTech Congress" to facilitate industry dialogue and knowledge sharing among policymakers, experts, and bureaucrats.

DLAI Initiatives

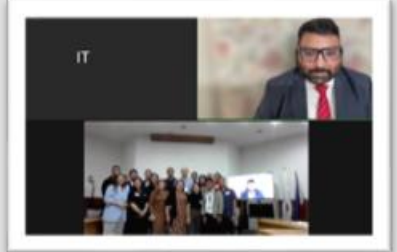


Launch of 'PolicyPedia': AI-Driven Regulatory Guide

DLAI launched 'PolicyPedia', an AI-driven chatbot developed by DMI Finance Pvt. Ltd. This tool simplifies accessing RBI's regulatory guidelines/circulars/notifications etc. for DLAI members. This tool has been made available complimentary to all DLAI members and can be accessed here <https://policypedia.dmiconsumercredit.in/>

Knowledge Partnership and Conference Participation with Digital Pilipinas

DLAI has engaged in a knowledge partnership with Digital Pilipinas, the leading private sector movement advancing FinTech in the Philippines. This alliance is set to enhance both organizations through shared knowledge, capacity building, research, and initiatives for public benefit.



DLAI onboards Independent Board Members

In a significant move in November 2023, DLAI strengthened its board by onboarding Dr. Meena Hemchandra, former RBI Executive Director of Supervision, and Mr. Alok Prasad, a veteran banker and founder CEO of RBI-recognized SRO for NBFC-MFIs, MFIN, as independent directors.

DLAI's Commitment to Transparency: Launch of DLAI Members' WhiteList

To foster transparency and trust within the digital lending ecosystem, DLAI has compiled a whitelist of its member institutions (Digital Lenders). The whitelist provides essential information, including the websites and mobile applications of lending institutions and serves as an important resource for external stakeholders including customers to readily identify authorized digital lending entities.

The list, will be available on the DLAI website and will also be shared with the RBI, government agencies, and law enforcement.

Glimpses from DATE International Conference

DLAI partnered with the DATE International Conference held in Delhi on November 23-24, 2023.

DLAI also hosted a panel at the event "What does the Future hold for FinTech? – Experiences from the Indian Digital Lending Industry" with industry leaders Mr. Anil Pinapala, Mr. Siddharth Mahanot, Mr. Harshvardhan Lunia, and Mr. Arindam Das, and moderated DLAI CEO, which was very well received.

DLAI's exhibition booth also attracted significant attention, benefiting from our members' enthusiastic participation.



DLAI Webinars

Date	Webinar Title	Details	Partner(s)
October 16, 2023	Webinar 1: SIDBI Schemes	Discussed Prayaas Scheme for micro-enterprises, GST Sahay for invoice-based financing, and the Express Scheme for machinery loans.	SIDBI
October 17, 2023	Webinar 2: SIDBI Schemes	Covered new FIT Score by CIBIL, OPL, and SIDBI's financing schemes for NBFCs and Fintech Lenders.	SIDBI
October 27, 2023	Webinar for DLAI Code of Conduct Adherence	Clarified the Industry Code of Conduct for members, with legal experts providing insights.	Shardul Amarchand Mangaldas
October 31, 2023	Webinar on RBI's New Scale-Based Regulation Directions for NBFCs	Discussed the new directives in detail, focusing on practical implications for the digital lending industry.	Khaitan & Co., Ernst & Young
November 30, 2023	Webinar on RBI Notification on Risk Weights	Detailed insights into RBI's revisions in risk weights and its impact on industry operations.	Khaitan & Co., Ernst & Young
December 21, 2023	Webinar on Digital Personal Data Protection Act 2023	Key insights into DPDP act's compliance mandates and implications for the industry.	Shardul Amarchand Mangaldas

DLAI Partner Events

Date	Event/Expo Name	Details	Location
November 23-24, 2023	DATE Conference	DLAI supported the event as an association, hosted a panel on the future of FinTech and set up a booth.	Yashobhoo mi IICC, Dwarka, Delhi
January 17-19, 2024	4th Fintech India Expo	DLAI is hosting its own panel at the event and has set up an exclusive pavilion for DLAI members.	Pragati Maidan, New Delhi
March 6-8, 2024	Fintech Festival India	DLAI formed a strategic partnership for this event focusing on advancements in FinTech.	Yashobhoo mi IICC, Dwarka, Delhi
February 7-8, 2024	Bharat Fintech Summit	DLAI is aligning as an ecosystem partner, contributing to summit dialogues and presentations.	JW Marriot, Mumbai