

Recommendations for consideration of the Government of India

Legal & Institutional Framework	
Para of the WGD Report for Reference	Gist of the Recommendations
(3.4.1.1)	Balance Sheet Lending using DLAs to be restricted to REs of RBI and to entities registered under any other law for specifically undertaking lending business.
(3.4.2.5)	Government may consider framing a legislation for Banning of Unregulated Lending Activities (BULA) which would cover all entities not authorized by RBI and not registered under any other law for specifically undertaking public lending.
(3.4.2.1)/ (4.4.2.1)	To ensure that only authorised and trusted DLAs are used by consumers, an independent body styled as Digital India Trust Agency (DIGITA) should be set up. DIGITA shall discharge the functions of verifying DLAs before such apps can be publicly distributed through app store. Eligible apps not carrying the 'verified' signature of DIGITA should be considered as unauthorized for the purpose of law enforcement.
(3.4.3.3)	To ensure information sharing on unscrupulous DLA and lenders, it is proposed that: <ul style="list-style-type: none"> i) relevant inputs from proposed Digital Intelligence Unit of Government, existing Telecom Analytics for Fraud Management and Consumer Protection, Telecom Commercial Communications Customer Preference Regulations 2018 are made available to respective supervisors of digital lending segment of FinTech and their REs, to help them in enhanced due diligence. ii) Setting up of a National Financial Crime Record Bureau, like National Crime Records Bureau, with a data registry similar to crime and criminal tracking network and systems, which is accessible to REs.

	<ul style="list-style-type: none"> iii) Exploring leveraging of the channel of Financial Intelligence Network (FINNET) of Financial Intelligence Unit – India (FIU-IND) for supplementing the due diligence/ onboarding of borrowers and LSPs by REs. iv) The local law enforcement/ police agencies must proactively carry out surveillance so that no unauthorized call center operates in, or spoofing/ conversion of VoIP to GSM calls, etc. originate from sites under their jurisdictions.
(3.4.3.2)	<ul style="list-style-type: none"> i) The KYC rigor for issuance of new/ replacement SIM cards should be strengthened and the mobile network operators should be held accountable for any violation and shortcomings. ii) For early identification of shell finance companies and finance companies with proxy directors or opaque beneficial owners: <ul style="list-style-type: none"> a) Registrar of Companies may consider enhancing the use of digital technology and multiple data sources which should be followed up with suitable action as per law or reference to concerned agency for further action. b) Registrar of Companies may also consider making suitable arrangements for real time data sharing with RBI on the de-listing of such shell companies to enable RBI to take further action.