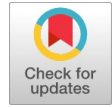


Digital Lending Laws in India and Beyond: Scrutinizing the Regulatory Blind Spot

Avi Modi, Vaibhav Kesarwani



Abstract: *With the introduction of the digital fintech ecosystem in India, there has been a paradigm shift in traditional banking practices, one of which is the complex and time-consuming lending procedure in India. With the popularization of digital credit, lending has become more accessible to the general public and has catered to the demands of the larger population who could not access this service in the past. Although this is a booming industry with an estimated size of 270 billion dollars in the year 2022 itself, India's regulatory framework cannot keep pace with this sector's growth. It has been a concern for both the industry and the customers. The present paper examines the current regulatory regime governing digital credit in India with a special focus on the RBI Guidelines on Digital Lending, 2022, and provides a comparative analysis of the regime with foreign laws. The paper also provides for the regulatory gap in these laws in India and attempts to provide suggestions to make the law more efficient and effective. The study utilizes a doctrinal research approach, which involves an extensive review of the literature and analysis of the regulatory framework in India and foreign countries and highlights the challenges faced by the digital lending industry of India. Furthermore, this study's findings have significant implications for policymakers, digital lending platforms, and consumers in India.*

Keywords: *Digital Credit, Digital lending, Fintech, RBI Digital Lending Guidelines*

I. INTRODUCTION

The digital credit ecosystem is one of the industries that have gone through a significant change during the last decade. With the digitalization of the lending process, the majority of the demand for colossal lending is met by digital lending apps. [1] Using digital mode for all financial activities has become a new normal and has attracted various fintech companies to operate in this field. One of the services of such an industry is providing digital credit to the customers, which is a tempting alternative to traditional loans from banks due to time taking and complex formalities. Digital credit can be defined as a scheme of lending and related services provided to customers via digital technologies [2] and include services like loan-related customer support, approval of loans, buy now pay later schemes by fintech like Simpl, etc.

According to the report by the RBI working group on digital lending, [3] although digital credit forms a small percentage of the economy, it is growing at a tremendous rate [4], with an estimated market size of 270 billion dollars in the year 2022 itself, out of this, one-third comprised of small business and buy now pay later (BNPL) products. This increase in digital credit is primarily because of demand from youth below 35 and partnerships with digital lending fintech apps. [5]

Although these online digital credit platforms have made the digital credit service easy and accessible to the general public, they suffer from various potential shortcomings. These platforms have been charging high-interest rates and promoting non-ethical practices for loan recovery, which has led to multiple data and privacy breaches. [6] Until recently, this new blooming fintech industry lacked proper backing of effective laws that could ensure data privacy and cyber security and prevent fraudulent activities by unscrupulous lenders. To fill this regulatory gap, RBI introduced new guidelines for the digital credit sector to promote transparency, safeguard clients, and stop unscrupulous debt collection methods. [7] These guidelines apply from November 2022 to all the Regulated banks and NBFCs.

The RBI's new guidelines are a significant step towards a responsible digital credit market. Still, enhanced regulatory and legislative frameworks are required to fully recognize fintech's potential for providing digital credit while efficiently preventing financial fraud. Due to the complexity of business models, rapidly advancing technologies, the overlap of several sectors, and the specific challenges faced by the current emerging economy in India, the attempts to regulate fintech business models are frequently complicated and encouraged by piecemeal solutions, leading to regulatory arbitrage in an already fragmented landscape. A practical solution for this is looking at a global perspective of laws dealing with digital credit and including it under the present regulatory regime in India.

II. BACKGROUND OF DIGITAL CREDIT IN INDIA

Although digital credit was more accessible to foreign economies, it formally started in India in 2010 with the adoption of such a mode of lending by fintech startups and NBFCs [8]. This credit system's popularity skyrocketed to the general public's mass acceptance. The credit for its exponential growth can also be provided to the approval of this mode by traditional commercial banks who resorted to digital credit by creating their own online portals or pairing up with NBFCs.

Manuscript received on 23 April 2023 | Revised Manuscript received on 10 May 2023 | Manuscript Accepted on 15 May 2023 | Manuscript published on 30 May 2023.

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The introduction of the Pradhan Mantri Jan Dhan Yojana Scheme in 2015 also played to popularize digital credit. The scheme aimed at expanding the availability of financial services at reasonable prices to the masses and was successful in connecting people in the remotest areas of the country to the banking system. The benefits under the scheme included services like opening bank accounts and providing remittances, credit, insurance, and pensions to the people. This resulted in an increase in the customer base of commercial banks, further resulting in more usage and wider accessibility of digital banking services by the population. According to the last RBI Composite Financial Inclusion Index in March 2022, [9] there has been a significant and positive change in the availability of easy finances due to an increase in digital credit. Additionally, the accessibility of financial sectors has increased in society, as pointed out in the index. According to the index, financial inclusion has increased from 43 in 2017 to 56 in 2022, which is tremendous growth for an economy in such a short period. The easy availability of loans and high growth of this industry were not followed by the speedy development of the regulations, which created several loopholes for the digital credit industry, including loan recovery by employing various radical means. Analysis of such loopholes in the law and formulation of possible solutions to bridge them is the need of the hour. The current most comprehensive regulation regarding digital credit is the latest RBI Guidelines for digital lending, as mentioned above; however, it still is in its adolescent stage and needs certain developments.

III. ANALYSIS OF THE CURRENT REGULATORY FRAMEWORK FOR DIGITAL CREDIT

The RBI guidelines for digital credit, [10] effective from November 2022, have provided much clarity on how to deal with digital credit with the primary aim of regulating the financial structure in the Indian market. [11] It has a protective framework for the customers to prevent their data breaches or any ill practices for loan recovery incorporated by the credit providers. According to the RBI, these credit providers are classified into three categories:

- Organizations that are subject to RBI regulation are legitimately permitted to carry out lending businesses.
- Organizations that are legally permitted to engage in lending operations but are not directly under RBI regulation
- Lenders who operate outside the scope of applicable laws or regulations

The RBI guidelines majorly focus on the regulation of the third classification. Some of the significant highlights of the guidelines are dealt with herewith:

A. Applicability Of Rbi Guidelines on Digital Lending

The applicability of RBI guidelines became effective from November 30th, 2022, for the regulated entities, which, according to Rule 2.9, include

- Commercial banks and Non-commercial Banks
- State Cooperative Banks
- Urban Cooperative Banks

- District Central Cooperative Banks
- NBFCs, including Housing Finance Companies.

B. Protection of borrower's interest

1. No disbursement of loans to third-party accounts except under the guidelines.

The guidelines provide that the loan disbursements should be made directly to the bank accounts of the borrower; however, it can be done so only under three circumstances which are provided in the guideline itself:

- Disbursement is covered under any other regulation separately.
- Monetary movement between regulated entities and Co-lending transactions.
- Disbursements are where the loans are authorized for any end use where the loan has to be disbursed to the end user's bank account.

2. Elimination of any extra charges.

- Fees, charges, etc.: Before the formulation of the guidelines, the existence of extra charges and payments was prevalent in the name of lending fees. However, with the introduction of the guidelines, the fees and charges must be borne by the loan providers themselves, and no such charges should be asked by the borrowers directly.
- Penal charges: The guideline provided that the rate of penal charges must be mandatorily published annually in a KFS, i.e., Key Financial Statements.

3. Disclosure requirements by the lenders to the borrowers.

- *Annual Percentage Rate*: The annual percentage rate is a charge on the borrower of the digital loan determined on a yearly basis and includes expenses like the cost of funds, credit cost processing cost, etc. The new guidelines mandated the disclosure of APR to borrowers.
- *Key Fact Statement*: It is a page-long table comprising essential information about a loan. The guideline provided that the regulated entity should provide a KFS to the borrowers before the execution of the loan, and this KFS should include Details of DPR: recovery mechanism, cooling off period of the loan, and details of the grievance Redressal officer.
- *Digitally signed documents*: The registered entity should provide all the digitally signed documents to the borrower on the date of execution of the contract related to the loan. These digitally signed documents include a Summary of the Loan product, KFS, Sanction letter, Terms and conditions, Account statement, Privacy Policies, and any other relevant document for the execution of the loan.
- *Details of the recovery agent*: The guideline mentions the details of the LSP who would act as the regulated entity's recovery agent, i.e., the entity giving the loan to the borrower.

4. *Appointment of grievance redressal officer.*

The guidelines provide for an appointment of a grievance redressal officer by each regulated entity, who would look after the fintech or digital credit complaints in India. The information of the officer had to be mandatorily mentioned under the website of the creditor as well as in the Key Fact Statement.

5. *Option for exiting from digital lending without penalty.*

The guideline provided a cooling off and look-up period, i.e., a period not less than three days for a loan that matured after seven days or more and a period not less than one day for a loan that matured in less than seven days. Furthermore, the option to exit from digital lending was to be given to the borrowers with no extra penalty towards them.

6. *Ensure Due diligence*

The guidelines provided that the regulated entity should ensure technical abilities, fairness in conduct, and ability to comply with the regulations by the LSPs, who would act as recovery agents for the lenders for the loan amount.

C. Ensure Proper Technology And Data Requirements

1. *Data collection activities are to be only on a need-only basis.*

The guideline provided that the collection of data by the RE should only be on need only basis, and no access should be asked for any file, media, contact list, or call logs of the borrower. However, the guideline also provided an exception to this general Rule in the form of access to KYC, where only one-time access from the borrower is required. The reasons for asking for any data by the entity were also to be provided by them. Furthermore, any such sharing of the data to a third party would attract the mandatory consent of the borrowers.

2. *Disallowance in storing personal details of the borrowers.*

The guideline prevented any storing of personal data by the lenders except for their name, contact, or address as needed to perform the lending activity. Furthermore, the guideline provides that the lender can store no biometric data unless any statutory procedure permits the same.

3. *Ensure a well-defined privacy policy*

The entity should ensure that the apps providing lending services and any other loan service providers have a good privacy policy per the guidelines by the RBI and should be made publicly available by the Apps.

4. *Mandatory reporting of lending to Credit Information Companies.*

Credit information companies are organizations that collect, analyze, and maintain credit data on borrowers, businesses, and organizations. The guidelines provided that any lending activity undertaken through digital apps or lending service providers should be reported to CIC under CIC (Regulation) Act, 2005, and these requirements would not be affected by the duration of the loans.

5. *Provision for loss-sharing arrangements during defaults.*

The guidelines ensured that the Regulated entity should follow the Master Direction – RBI (Securitisation of Standard

Assets) Directions, 2021 [12] while offering financial products where any third-party guarantee for compensation for a certain percentage of loan default is involved.

IV. CHALLENGES FACED BY THE PRESENT DIGITAL LENDING REGULATIONS

A. The regulations are more "rule-based" rather than "principle-based," which prevents new entrants in the market.

Rules-based regulations are specific rules that must be followed or used to govern a particular organization or industry. [13] In contrast, Principle-based regulations are a much broader form of regulations where the outcome and the principles are set; however, the way to achieve the outcome is left to the organization. [14]

Due to such stringent guidelines concerning the charge of fees or appointment of a separate officer for complaints regarding loan defaults. The overall cost for operation would increase, preventing the expansion of the digital lending platforms, which might be repugnant to enter into such Rule based market.

▪ Non-applicability of the guidelines on the payment aggregators resulting in an increase in loan processing time.

Payment aggregators, as per the RBI Guidelines on Regulation of Payment Aggregators and Payment Gateways, [15] are defined as "Entities that facilitate e-commerce sites and merchants to accept various payment instruments from the customers for completion of their payment obligations without the need for merchants to create a separate payment integration system of their own." The RBI guidelines restricted such Payment aggregators from combining money from borrowers and lenders as the guidelines prevent the handling or passing of the funds from a third party. This restriction has also been confirmed by the FAQ released by RBI regarding whether Personal Aggregators should be considered an exception to the guideline of non-allowance of money transfers to a third party. [16]

This increased the time to process loans and created a need for specific and explicit consent. It is due to the fact that after the setting aside of Personal aggregators, the creditworthiness of the customer has to be checked by the creditor itself, which results in a longer duration of time and a decrease in the disbursement of loans to the under-served customers. [17]

▪ Lack of regulations against the charge of exorbitant interest rates by the digital credit sector.

With such fierce competition between peer lending service providers in India and traditional financial systems not able to meet the demands of the borrowers, a lot of digital lending companies are opting for lending practices where they are giving the loan to borrowers beyond their repayment capacity and at a very high rate. Although this is legally correct, It comes back to the other lenders due to outdated personal bankruptcy laws in the country.



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The current guidelines fail to protect such borrowers who face losses due to such unethical practices due to a lack of regulations against them.

▪ **Lack of balance of regulations between the borrowers and the digital credit sector.**

Although the RBI guidelines for the regulation of the digital lending sector is an effective step to regulate the digital credit market, the rules are more of a borrower centric and create a lengthy due diligence process on the part of the lending companies. The laws should also aim to bring improvement in the Fintech sector in order to enhance financial inclusion in all aspects of the economy. Subsequently, a balance should be created between the borrower's rights as well as the FinTech digital lending sector.

V. COMPARISON OF REGULATORY APPROACHES IN DIGITAL LENDING IN INDIA WITH OTHER JURISDICTIONS

India is not the only country that is regulating digital lending. Several other countries have adopted different regulatory approaches to address issues related to digital lending. In this response, we will compare the regulatory policies adopted in India with those in other countries, including the United States, China, the UK, Australia, and Kenya.

A. **India**

In India, digital lending is regulated by various laws, including the Reserve Bank of India (RBI) Act of 1934 [18] and the Information Technology Act of 2000. [19] In addition, the RBI has issued several guidelines and regulations to govern the activities of online lending platforms. The guidelines require online lenders to disclose their lending rates and other terms and conditions to borrowers and limit the amount of interest that lenders can charge. Moreover, online lenders must adhere to strict risk management standards and comply with anti-money laundering regulations.

However, the regulatory approaches adopted in India are dissimilar to those in other countries, such as the United States, China, Kenya, and many others countries. Although approaches by all the countries seek to ensure transparency, protect borrowers from predatory lending practices, and maintain the stability of the financial system. However, there may be differences in the specific regulations and guidelines issued by each country's regulatory authorities. India is one of the largest and fastest-growing digital lending markets in the world. The regulatory approach to digital lending in India has evolved over the years and is characterized by a mix of traditional and innovative regulatory measures. Here is a comparison of regulatory approaches in digital lending in India with other countries:

- **Regulation of peer-to-peer lending:** In India, the Reserve Bank of India (RBI) has issued guidelines for the regulation of peer-to-peer lending platforms. The guidelines mandate that such platforms must obtain registration from the RBI and follow certain prudential norms. In contrast, many other countries have taken a more hands-off approach to regulate peer-to-peer lending, relying on industry self-regulation.

- **Digital KYC norms:** India has introduced digital know-your-customer (KYC) norms, allowing borrowers to complete the KYC process online, which has helped reduce the time and cost of loan disbursements. Other countries have also introduced digital KYC norms, but the extent and scope of these regulations vary.
- **Microfinance regulation:** In India, microfinance institutions are regulated by the RBI, which has issued guidelines on the interest rates that can be charged on microfinance loans. Other countries, such as Bangladesh and Cambodia, have also developed regulatory frameworks for microfinance institutions.
- **Open banking:** India has introduced open banking regulations that require banks to share customer data with third-party providers. This has helped facilitate the development of digital lending platforms that use bank data to assess creditworthiness. Other countries, such as the United Kingdom, have also introduced open banking regulations, but their implementation and scope vary.

B. **United States**

In the US, digital lending platforms are regulated at both the federal and state levels. Federal laws such as the Truth in Lending Act (TILA) [20] and Equal Credit Opportunity Act (ECOA) [21] apply to all lenders, including digital lenders. Additionally, individual states have their own laws and regulations that apply to digital lending activities. For example, some states require digital lenders to obtain a license before operating in the state. The Consumer Financial Protection Bureau (CFPB) [22] also has the authority to enforce federal consumer protection laws and has recently released guidelines for digital lending platforms.

C. **China**

In China, digital lending platforms are regulated by several government agencies, including the People's Bank of China (PBOC) and the China Banking and Insurance Regulatory Commission (CBIRC) [23]. In 2019, the PBOC released new regulations for online lending platforms, including registration, disclosure, and risk management requirements. The CBIRC also issued new rules for online lending in 2019, requiring platforms to have sufficient capital, limit the number of loans to individual borrowers, and ensure accurate borrower information.

D. **Kenya**

In Kenya, digital lending is regulated by the Central Bank of Kenya (CBK), which has issued guidelines and regulations to govern the activities of online lending platforms. The guidelines require online lenders to disclose their lending rates and other terms and conditions to borrowers and limit the amount of interest that lenders can charge. Moreover, online lenders must adhere to strict risk management standards and comply with anti-money laundering regulations. [24] However, India has taken an innovative and evolving approach to regulate digital lending, with a focus on promoting financial inclusion and protecting consumer rights.



While there are similarities with regulatory practices in other countries, India's regulatory framework for digital lending has its own unique challenges.

E. United Kingdom

In the UK, digital lending platforms are regulated by the Financial Conduct Authority (FCA), which is responsible for overseeing consumer protection and market stability. The FCA requires digital lenders to obtain authorization before operating and comply with its rules on conduct and disclosure. In 2019, the FCA introduced new regulations for peer-to-peer lending platforms, which included stricter requirements for risk management and disclosure.

F. Australia

In Australia, digital lending platforms are regulated by the Australian Securities and Investments Commission (ASIC). [25] The ASIC requires digital lenders to obtain an Australian Credit License (ACL) before operating and complying with its disclosure, fees, and responsible lending regulations. In 2019, the ASIC released new guidelines for digital lenders, which included requirements for clear and concise disclosure, responsible lending practices, and effective dispute resolution mechanisms. Last but not least, digital lending is a growing industry worldwide, and regulatory approaches vary significantly across different countries. While each country's regulatory framework may differ, the overarching goal is to protect consumers and maintain market stability. India's regulatory approach to digital lending is evolving to address consumer protection concerns and promote responsible digital lending practices.

VI. SHORTCOMINGS IN REGULATION OF THE DIGITAL LENDING SECTOR IN INDIA COMPARE TO OTHER COUNTRIES

Digital lending platforms have emerged as a popular alternative to traditional banking channels in recent years, providing customers with quick and easy access to credit. However, these platforms also present a number of challenges for regulators in overseeing banking regulation, as they operate in a relatively new and rapidly-evolving space. [26] Some of the critical challenges faced by regulators in overseeing digital lending platforms in banking regulation in India include:

Lack of regulatory clarity: There is currently no dedicated regulatory framework in place for digital lending platforms in India, which can make it difficult for regulators to ensure that these platforms are operating in compliance with relevant laws and regulations. The guidelines introduced by RBI are also rule-based rather than principle-based and unable to provide a comprehensive framework for the regulation of the digital lending sector.

Data privacy concerns: Digital lending platforms typically collect and process large amounts of personal and financial data from borrowers, which can raise concerns about data privacy and security. Although the new guidelines prevent the unnecessary collection of data and provide for the classification of data that can be collected from the borrowers, it does not provide measures to safeguard such sensitive information as KYC, etc.

Consumer protection issues: There have been reports of unfair lending practices and predatory behaviour by some digital lending platforms in India, including excessive interest rates, hidden fees, and harassment of borrowers. Indian regulatory framework, unlike foreign country's law such as that of the US, is unable to ensure that these platforms are treating borrowers fairly and transparently.

Cross-border issues: Many digital lending platforms in India are owned or operated by foreign entities, which can make it difficult for regulators to enforce local laws and regulations. Regulators must work closely with their international counterparts to ensure that these platforms are operating in compliance with relevant laws and regulations in both India and other jurisdictions. One of the main challenges faced by regulators is the lack of clarity around the legal and regulatory framework for digital lending platforms. [27] While the *Reserve Bank of India (RBI)* has recently issued guidelines for the regulation of digital lending platforms, there is still some uncertainty about how these guidelines will be implemented and enforced. Another challenge is the potential for digital lending platforms to engage in unfair or predatory lending practices. [28] For example, some platforms may charge exorbitant interest rates or use aggressive debt collection tactics, which can harm borrowers and undermine the stability of the financial system. Regulators also face challenges in monitoring and managing the risks associated with digital lending platforms. These risks can include credit risk, operational risk, and cybersecurity risk, among others. Given the fast-paced and innovative nature of the digital lending industry, regulators may struggle to keep up with emerging threats and adapt their regulatory framework accordingly. However, there is a challenge in ensuring consumer protection in digital lending platforms. As these platforms often operate entirely online and rely on algorithms to make lending decisions, there is a risk of bias and discrimination against certain groups of borrowers. Regulators need to ensure that digital lending platforms are transparent in their lending practices and treat all borrowers fairly and equally. In summary, the challenges faced by regulators in overseeing digital lending platforms in banking regulation include legal and regulatory ambiguity, unfair lending practices, risk management, and consumer protection. The recent RBI guidelines are a step in the right direction, but ongoing monitoring and regulation will be necessary to ensure a stable and fair digital lending environment.

VII. POTENTIAL SOLUTIONS TO ADDRESS REGULATORY GAPS IN DIGITAL LENDING IN INDIA

Digital lending has become increasingly popular in recent years due to its efficiency and convenience. However, it has also exposed some regulatory gaps in banking regulations. Here are some potential solutions to address these gaps:

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➤ Clarify Regulatory Jurisdiction

There is a need to clarify the regulatory jurisdiction of digital lenders. Currently, some digital lenders operate in a regulatory grey area, falling outside the purview of traditional banking regulations. To address this, regulators can provide more precise guidance on which digital lending activities fall under banking regulations and which do not. Furthermore, the current restriction on the handling of the funds by the third party, particularly, Personal aggregators, should be scrutinized again, and provisions for the allowance of Personal aggregators as intermediaries should be added to the regulatory guidelines.

➤ Establish Minimum Regulatory Standards

To ensure that digital lenders adhere to the same regulatory standards as traditional banks, regulators can establish minimum regulatory standards for digital lending activities. These standards can include requirements for consumer protection, data privacy, and financial stability; however, unlike the present regulatory framework in India, they should balance the rights of both borrowers and creditors and, at the same time, should not significantly affect the growth of the digital credit sector due to stringent rules.

➤ Increase Oversight And Enforcement

Regulators can increase their oversight and enforcement efforts to ensure that digital lenders comply with regulatory requirements. This can include conducting regular audits and inspections of digital lenders, imposing fines and penalties for non-compliance, and revoking licenses for repeated violations.

➤ FORMULATE ADEQUATE REGULATIONS FOR CYBER SECURITY

There are several regulatory gaps in India's banking system, but one of the most pressing is the lack of adequate cybersecurity regulations, as observed in the case of *Shreya Singhal v. UOI*. [29] The current legal framework does not adequately address cyber threats and data breaches, leaving Indian banks vulnerable to cyber-attacks. [30]

To fill this gap, Indian regulators could look to overseas banking regulations, particularly those in the European Union and the United States, which have more comprehensive cybersecurity requirements. For example, the EU's General Data Protection Regulation (GDPR) [31] mandates strict data protection and breach notification requirements. At the same time, the US Federal Financial Institutions Examination Council (FFIEC) [32] provides detailed guidance on cybersecurity risk management. By adopting similar regulations, Indian banks could better protect themselves and their customers from cyber threats, ensuring the security and stability of the financial system as a whole. Overall, these potential solutions can help address regulatory gaps in digital lending and ensure that digital lenders operate in a safe and sound manner while providing access to credit to underserved communities.

VIII. CONCLUSION

In conclusion, digital lending has become increasingly popular worldwide, raising regulatory concerns in many countries. Regulators are grappling with how best to oversee digital lending platforms in banking regulation to ensure

consumer protection and financial stability. While many developed countries have established legal and regulatory frameworks for digital lending, developing countries face unique challenges in this area. Limited resources, lack of data, and unreasonable legal and regulatory frameworks are some challenges regulators in developing countries face when overseeing digital lending platforms. The digital lending industry has emerged as a significant player in the global financial services landscape. However, as with any rapidly evolving sector, regulatory concerns have arisen that require scrutiny and monitoring by regulatory bodies. The rapid pace of technological innovation and the emergence of new business models in developing countries pose significant challenges for regulatory bodies, particularly in ensuring consumer protection, cybersecurity, and compliance with KYC and AML regulations. In addition, consumers in such countries may be more vulnerable to predatory lending practices, and cross-border issues can complicate regulation. To address these challenges, regulators in India may need to work closely with industry participants and international organizations to develop effective regulatory frameworks that protect consumers and promote financial stability. This may include establishing minimum regulatory standards, clarifying regulatory jurisdiction, requiring licensing and registration, strengthening disclosure requirements, and increasing oversight and enforcement efforts as prevalent in foreign countries.

While the regulatory framework for digital lending is evolving, and the recent RBI guidelines for Digital Lending were a significant step towards regulating the sector, there still is a need to develop the laws at a faster pace. It is essential for digital lenders to remain compliant with the latest regulations and to prioritize consumer protection, data privacy, and cybersecurity to build trust with their customers and maintain a sustainable business model. Overall, regulatory scrutiny in the digital lending industry is essential to ensure that consumers are protected, and financial stability is maintained. While challenges remain, there is an opportunity for regulators to work collaboratively with industry participants and other stakeholders to develop effective regulatory frameworks for digital lending that promote financial inclusion and protect consumers.

ACKNOWLEDGMENT

It is certainly not possible to delve into any area of study without the assistance and encouragement of other people. This one is no exception; we would like to thank Garima Goswami Ma'am, Assistant Professor of Law, GNLU, for giving us an opportunity to prepare this paper. Her insight into the subject and constant provision of succinct material has greatly helped us while researching and drafting this article. We also take this opportunity to express a deep sense of gratitude to the GNLU Library Department for their cordial support, valuable information, and guidance, which helped us with our research and helped in the accomplishment of this research paper through various stages.



Further, we are truly indebted for the constant help and support we received from everyone during the drafting of this paper. All errors, however, remain solely attributable to us.

DECLARATION

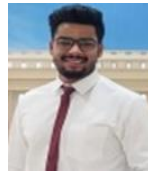
Funding/ Grants/ Financial Support	No. I didn't receive any funding.
Conflicts of Interest/ Competing Interests	No conflicts of interest to the best of our knowledge.
Ethical Approval and Consent to Participate	No, the article does not require ethical approval and consent to participate with evidence.
Availability of Data and Material/ Data Access Statement	Not relevant.
Authors Contributions	All authors have equal participation in this article.

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