

# DIGITAL LENDING: OPPORTUNITIES AND CHALLENGES

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## Abstract

Digitalization has been tremendously increasing both internationally and domestically. The boost to digital lending has received post onset of pandemic especially on account of lockdown related restrictions, which caused hindrance with reference to traditional banking activities. The factors supporting rapid expansion of digital credit in the Indian context has been the development of Indian stack and also introduction of Aadhaar as a unique identifier in 2009. The increased smart phone penetration has also helped in increased diffusion of digital credit. The regulatory landscape included initiatives taken by Reserve Bank of India (RBI) such as issuance of Account Aggregator related guidelines in 2016 and Peer-to-Peer (P2P) related guidelines in 2017 enhanced trust in Digital lending. With the opportunity of increasing the reach of credit, some issues and concerns have also been experienced with reference to digital lending such as data privacy and security, cyber security and digital frauds, fake lending apps, complaints pertaining to usurious rate of interest being charged. In order to address these concerns and protect the customers, digital lending guidelines were issued by RBI in 2022, which have helped in addressing these issues.

## Keywords

India Stack, BigTech, Embedded Finance, Account Aggregators, Marketplace Lending, Digital Lending

## Introduction

The digitalization has increased globally in the past few years. Although it has substantially increased in the developed economies, emerging and developing market economies are not far behind. The share of the individuals involved in the process of receiving or making digital payments had increased from 55% in 2021 to 62% in 2024, in developing economies and 96% with reference to OECD countries<sup>1</sup>. Riding on this increasing digitalization, fintech lending has also increased substantially. As per the BIS report, the total global alternative credit (being lent through Fintech companies and BigTech companies) in 2019 amounted to USD 795 billion<sup>2</sup>. Out of this, the

share of credit by Fintech and BigTech companies have amounted to USD 223 billion and USD 572 billion, respectively. The United States (US), United Kingdom (U.K.) and China are the largest markets with reference to Fintech credit. It has also been observed that BigTech has shown rapid increase in Asia, viz., Southeast Asia, Korea, Japan and China. Further, global alternative lending market is expected to grow at a Compound Annual Growth Rate (CAGR) of 13.4% annually between 2025 to 2029 and the global lending market is expected to reach a level of \$ 884.1 billion at the end of 2029.

In the Indian context, digital revolution has been a huge success and the digital consumer base has been the

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<sup>1</sup>Supporting informed and safe use of digital payments through digital financial literacy, OECD.

<sup>2</sup>Bank for International Settlements Working paper no 887, titled "Fintech and big tech credit: a new database.

second largest globally and as per the Internet and Mobile Association of India, there were approximately 759 million active internet users in 2022. In the Indian context, the overall volume of digital credit being lent has seen an increase of approximately 1115% from ₹11,671 crore in 2017 to ₹1,41,821 crore in 2020<sup>3</sup>.

## Digital Lending

Digital Lending can be defined as the credit intermediation through digital means. As per Financial Stability Board, Fintech Credit or Digital Lending can be defined as “all the credit activity facilitated by electronic platforms, whereby, borrowers are matched directly with lenders”.

In the Indian context, the Non-Banking Financial Companies (NBFCs) have been at the forefront of digital lending and it can be classified in to two types, viz., balance sheet lending and marketplace lending. In case of balance sheet lending, the concerned entity carries the risk on its balance sheet with reference to the loan disbursed and in case of marketplace lending, the NBFC acts as an intermediary for bringing together the lender and borrower. Institutionally, the digital lending ecosystem is comprised of lending by regulated financial institutions and also lending by individuals other than banks, fintech and NBFCs. The lending by regulated financial institutions can be further subdivided into consumer lending and small business lending e.g. invoice discounting, Small and Medium Enterprise (SME) discounting. The lending by regulated financial institutions comprises of Balance sheet lenders (banks/NBFCs), marketplace lenders (NBFC/P2P) and in case of hybrid lenders (balance sheet lenders who are participating in marketplace). From user's side, the digital lending cycle, in turn, is comprised of a number of steps including, lending app discovery and registration, loan application processing, user verification, loan disbursement and loan repayment.

In the Indian context, the digital lending can be done in

various categories such as personal loans, embedded finance, gold loans, Micro, Small and Medium Enterprise (MSME) loans and loans related to credit cards. One of the most common type of digital loans is personal loans. The report published by Experian, the personal loans constitute 51% (by value) and 77% (by volume) of the total fintech loans. In case of Embedded Finance, a non-financial app offers financial service or lending, e.g. E-Commerce companies are offering 'Buy Now and Pay later' and in case of Education Tech Sector, 'Study Now and Pay later' services are being offered. It has also been observed that delivery, health or travel apps have been integrating insurance products which are offered to their customers. Certain financial institutions have been offering loans which are lent against gold holdings of the borrowers, in certain instances, the holding can be in the form of digital gold. Fintech companies have been offering supply chain financing solutions with reference to the Micro, Small and Medium Enterprise (MSME) sector, the fintechs have undertaken digitization among the concerned entities and has also revolutionized the supply chain financing segment. Certain lending platforms are also offering credit card as a service which is relevant to the customer needs and they are also a tool for unsecured loan and also facilitating financial access.

Some examples of digital lending platforms in India includes, KreditBee, CASHe, Lending Kart, Pay Later, Early Salary etc. These platforms provides short-term and personal loans and the major clientele of these loans are freelancers, salaried individuals and young professionals. The methodology which is followed includes digital onboarding using e-Know Your Customer (e-KYC), Artificial Intelligence (AI) based credit scoring, using banking transactions data, smart phone usage patterns and analyzing social media, along with the credit reports of the customers with reference to the onboarding process. Some platforms primarily give loans to the MSME sector and offers working capital and business loans. They

<sup>3</sup>Report of the Working Group on Digital Lending, November 18, 2021, RBI.

collects financial data through the medium of Goods and Services Tax (GST) filings, bank statements, etc. They also provide loan products based on the principle of 'buy now and pay later'.

### **Literature Review**

Damodaran et al. (2019), has mentioned that the scope of digital lending is enormous with reference to funding MSMEs. In the Indian context, the role of digital lending had increased on account of downturn of the NBFC sector. There has been enhanced access to customer data, on account of increased smart phone penetration and this, in turn, has helped the digital lenders in evaluating the credit risk with reference to lending to MSMEs and also startups.

Sommer (2021) has mentioned that the COVID-19 pandemic has accelerated the digitalization trend. An important concern in this regard is that MSMEs and underserved households who have had limited credit access may end up in a loan trap which may increase in indebtedness. Therefore, it has been advocated that it is incumbent upon regulators to lay down necessary regulations and introduce necessary reporting by these financial entities, in order to prevent such type of exploitative financialization.

Aramonte et al. (2022) had mentioned that in order to promote lending to the vulnerable sectors of the economy, Decentralized Finance (DeFi) needs to undertake tokenization of real assets and decrease its reliance on collateral and emphasize more on gathering information in case of credit decisions.

Vaidya (2022) mentioned that the digital lending platforms have made a substantial impact on the overall lending space in India. It has been observed that personal loans space have the highest share in the total digital lending space amounting to 72%. Further, it was mentioned that app-based lending has achieved importance in the unsecured loan segment and another emerging area is secured lending using digital collateral.

Yadav and Shanmugam (2022) had tried to study the challenges with reference to the adoption of digital lending. The study had tried to analyze the challenges from three perspectives, namely, regulatory perspective, customers and financial institutions. The study reported lack of trust, lack of awareness, financial illiteracy and privacy issues from the customers' perspective and increase in credit risk, poor internet connectivity and rise in Non-Performing Assets (NPAs) as major challenges from the financial institution's perspective.

Cornelli et al. (2023) had taken a global database of bigtech and fintech volumes with reference to 79 countries during the period 2013-18 and using panel regression analysis, it was observed that the newer forms of digital lending have become more popular in countries which have higher per capita Gross Domestic Product (GDP). Further, it has been observed that alternative forms of credit are more developed in countries which have efficient judicial system, investor protection and greater degree of investor protection.

Chen et al. (2023) have undertaken a study regarding the well-being of the borrowers of Kenya based on their data during the period April 2018 - January 2022. The major finding of the study has been that alternative data is able to increase credit access with reference to underserved individuals who do not possess credit history. It has also been mentioned that digital lenders in developing economies are able to use the personal data of the individuals for offering new financial products since statutory limitations on the usage of this type of data is lesser vis-à-vis developed economies such as Europe and US. It was further mentioned that the digital lenders should explore using innovative approaches for using this type of data.

Doerr et al. (2023) have examined how California Consumer Privacy Act (CCPA), 2020 has granted

users control over the data and how it has helped in mitigation of concerns regarding sharing of the same. It was also concluded that CCPA has resulted in increase in loan applications to the fintech companies, since the fintech companies are able to provide more individualized pricing on account of sharing of data by the borrowers.

R and Nagouda (2024) had tried to study the impact of digital lending on MSMEs in the Indian context and it was concluded that the digital lending has had a significant impact with reference to improving credit access with reference to MSMEs. However, there is need for implementation of enhanced financial education, reinforcement of infrastructure and also putting in place supportive regulations in this regard.

Arya and Sharma (2025) had tried to assess the impact of the digital lending on the Indian commercial banking sector with reference to loan origination, customer satisfaction, operational cost and credit risk management. Survey was conducted and data was collected from 1,000 participants comprising of both clients and bank staff personnel. It was concluded that digital lending is supportive of credit risk management using AI-driven risk evaluation. It has been further mentioned that although digital lending has changed the banking sector, however, there is still scope of enhancing regulatory frameworks, financial literacy initiatives and also cyber security infrastructure.

### **Research Gap**

The previous literature has covered the impact of digital lending on the Indian commercial banking sector, on MSMEs in the Indian context, impact with reference to Indian lending space, etc. The uniqueness of this paper is that it has reviewed and collated factors, opportunities, concerns and issues with reference to digital lending. This has been covered in greater detail in this paper. This paper encompasses recommendations pertaining to issues with reference to digital lending which may not be covered by the existing literature since they are

largely intuitive in nature. Another important topic not addressed by the previous literature is embedded finance. This paper also covers in details, the extant guidelines, regulatory instructions issued by the regulator, viz., RBI with reference to the digital lending ecosystem in India, which has not covered in detail by the previous studies.

### **Objectives**

The objective of this study is to undertake a comprehensive review of the existing ecosystem of digital lending in the Indian context, factors which have impacted digital lending, opportunities with reference to digital lending, regulatory landscape and in the end recommendations in this regard; in the context of increasing digitalization both domestically and internationally, since the process of receiving and making payments digitally had increased more than 60% in 2024.

### **Methodology**

The methodology involved review of the various publications and research papers including circulars issued by RBI, reports issued by RBI, research articles/papers on issues pertaining to digital lending.

### **Discussion**

#### **Factors influencing Digital lending**

A key factor in the rise of Digital lending is digitalization which is supported by the development of India stack. The India stack consists of three integrated and overlapping layers, viz., data, payment and identity. The setting up of stack can be traced to the introduction of Aadhaar in 2009.

There has been a significant increase in transaction volume of digital payments, raised to 12520 crore in H1: 2025<sup>4</sup>. An important development regarding the digital payments ecosystem has been the introduction of Unified Payments Interface (UPI). The UPI was launched by National Payments Corporation of India in 2016 and it was envisaged as an inter-

<sup>4</sup>Payment Systems Report, 2025, RBI.

operable protocol allowing third-parties to build apps for providing service of making payment to their customers, the same can be undertaken through QR codes, mobile numbers or other type of identifiers. The usage of UPI through mobile devices have helped in bridging the digital divide and have helped inclusion of hitherto unserved/underserved segments of the population by the financial institutions.

Another important factor is that a higher segment of the Indian population is young and is also digitally literate, the median age of the population being 28.4 years<sup>5</sup>. Therefore, the extent of digitalization has been widespread in the context of Indian economy.

The imposition of lockdown due to COVID-19 pandemic provided a major boost to the digitalization with a massive increase in the digital payments. The increase in the fintech activity was much more pronounced in those countries where the lockdown restrictions were much more stringent. In the Indian context, with the imposition of the lockdown restrictions, there was decline in activities requiring face-to-face interaction, whereas, on the other hand, digital transactions and digital lending saw a massive increase.

Therefore, the factors which have facilitated or promoted the growth of digital lending can be categorized in to smart phone revolution, increased digital off-take in the wake of COVID-19 pandemic and use of Big data analytics, Artificial Intelligence (AI) and Machine Learning (ML).

### **Opportunities**

MSME sector which constitutes 95% of the industrial units<sup>6</sup>, plays a very important role in the job creation. However, MSME sector is constrained on account of lower funding due to inadequate credit history. Only 19% of the MSME credit was met by formal credit sources, Rs. 80 lakh crore remained unmet.<sup>7</sup> An important characteristic of digital lending is that it is able to cater to underserved/underserved sections

of the society. However, since the access to credit is based primarily on assessment of the credit history of the borrowers, it appears that in cases of such unserved/underserved sections of the society, the credit assessment is hampered on account of scanty credit history. However, these segment of borrowers still leave digital footprints in the form of internet usage, social media usage, e-commerce platforms etc. The credit worthiness of these borrowers can, therefore, be assessed based on the information which can be accessed from these digital footprints.

In such a scenario, the usefulness of the alternative data assumes importance. The alternative data can be classified in two categories, viz., financial and non-financial. The financial data includes, data on utility payments, suppliers' payments, transactions on e-commerce websites, etc. and non-financial data includes data on internet browsing, social media, etc. Therefore, in the context of MSME sector, alternative data in conjunction with traditional credit assessment can yield valuable information regarding their credit worthiness.

Another important sector which can get benefitted from alternative data with reference to credit assessment are the gig workers, especially since they do not have fixed income, therefore, they face obstacles in accessing the credit.

The usage of alternate data can be helpful in gaining deeper insights into the borrower behavior with the help of diverse data sources, expedited credit risk assessment processes, facilitating credit access to individuals, MSMEs with scanty/limited credit history, advancement of financial inclusion on account of credit availability to wider sections of the society.

### ***Embedded Finance***

An important innovation with reference to digital lending is the emergence of embedded finance, which has emerged banking upon the successful dissemination of E-Commerce platforms/websites

<sup>5</sup>India@ 100, EY India.

<sup>6</sup>Invest India. Growth Imperatives for the MSME Sector, 2021.

<sup>7</sup>Enhancing competitiveness of MSMEs in India, NITI Aayog.

such as Amazon and Flipkart, which have developed credit products such as Amazon Pay Later and Flipkart Pay Later. These products provide credit lines to the customers, allowing them to defer payments or alternatively pay interest free instalments. In this regard, the onboarding process is facilitated by electronic KYC procedures and also alternative data based credit assessment. Apart from consumer credit, embedded credit has also been helpful in facilitating credit to the agricultural and supply chain segment. These platforms use transaction level data such as sales, input purchases and also produce volumes for assessing credit worthiness in the absence of complete and accurate credit history and banking upon the integration of UPI with reference to various consumer facing applications, has also facilitated embedded finance. This helps the customers in making the payments without being directed to external banking related applications, example, Zomato and Swiggy have embedded UPI based payment options as part of their food delivery interfaces. These integrations have helped the small and medium enterprises in accepting digital payments. Further, these fintech platforms are also helpful in allowing small and medium enterprises in becoming operational within a short period of time with reference to payment acceptance infrastructure.

### **Concerns and issues with reference to Digital Lending**

**Digital Divide:** A major challenge with reference to alternate data source is the digital divide. For the segments of the society, which do not have much digital footprints, credit related inputs will not be available or difficult to gather.

**Privacy and Data security:** With reference to the use of Artificial Intelligence/Machine Learning (AI/ML) in the digital lending applications, one of the major issue of concern is regarding the black box nature of the algorithms which are increasingly being used by

Lending Service Providers/Digital Loan Applications. With reference to digital lending, these algorithms are being used to go through a large number of data variables in conjunction with credit history.

The fintech platforms collect a large volume of data, which includes financial and personal information and records pertaining to the customers. This raises the concerns regarding unauthorized access and security of the customers data. There are also concerns regarding whether explicit consent has obtained from the customers in this regard. There have also been concerns regarding sharing of the credit information without the consent of the customers. In certain instances, it has also been observed that some of the digital loan applications do not clearly disclose the banks/NBFCs with whom they are associated.

Cyber security and cyber frauds are also concerns in case of the digital lending. The fraudsters use stolen identities such as Aadhaar, PAN Card and other documentation of other individuals for availing loan.

As per a study undertaken by the Working Group on Digital Lending set up by the RBI in 2021, out of a total of 1,100 digital loan apps which were in operation during that period, approximately 600 were illegal apps and customers who visit the website of these apps may end up sharing their sensitive personal and financial information with them, which may subsequently be used by them for carrying out phishing attacks and also carrying out identity theft.

**Irregularities:** Another important issue is the case of usurious rate of interest being charged by some of these lending platforms, which in certain cases is more than 100% per annum, which becomes quite challenging for the customers to repay. There may also be the instances of harassment with reference to the loan recovery in certain cases.

**Rising competition:** Another important cause of concern is the entry of the BigTech companies in the fintech sector, since these companies already

have the advantage of having access to an existing consumer base. These companies may end up cross subsidizing their fintech sector business with their core business, however, this may lead to the fintech sector being dominated by these large BigTech firms, which may thus lead to concentration risk.

**Financial Stability related issues:** It has been observed that although share of digital lending in the overall credit ecosystem is limited, therefore, the impact on the financial stability is lower. However, there is scope that on account of increase in digital lending, it may impact the financial system in future. The risk can emanate from the entities which operate in the fintech space, which do not have adequate banking experience; the extent to which there is interconnectedness between different entities involved in the fintech space. Another important point of concern from the systemic perspective is that the fintech lending activity is spread over multiple entities, which may lead to issues with reference to assumption of operational responsibility. There is also possibility that it may lead to regulatory leakage on account of shifting of capital intensive activities by banking institutions to the fintech space.

### **Regulatory Landscape**

To regulate the digital lending landscape, Digital Lending Guidelines were released by RBI on September 02, 2022. The guidelines mentioned that the regulated entities shall ensure that all loan disbursements shall be made directly to the bank account of the borrower and it also needs to be ensured that all loan servicing needs to be undertaken by the borrower directly into the bank account of the regulated entity. It was also mandated that regulated entity needs to furnish a Key Fact Statement, which shall provide details regarding Annualized Percentage Rate of interest, recovery mechanism, details of the Grievance Redressal Officer, to the borrower. Any fees or charges not mentioned in the KFS may not

be charged to the borrower. Annual Percentage Rate may be disclosed upfront to the borrowers before sanctioning of the loan and details of the lending service provider acting as recovery agent may be shared with the borrower. Instructions were issued that the Digital Lending Apps of regulated entities and lending service provider need to have link to the websites of the regulated entities. An important safeguard to the customers/prospective borrowers, has been provided by mandating that the Lending Service Providers/Digital Loan Apps do not need to store personal information of the borrowers except maintaining certain minimal information regarding them. Further, it needs to be ensured that any collection of data by the digital loan apps or lending service provider should be need-based and also with explicit consent of the borrower. Further, RBI has also operationalized a directory consisting of details regarding of all digital loan apps which are deployed by the regulated entities. Government of India through its Indian Cyber Crime Coordination Centre is trying to combat the menace of illegal loan apps by facilitating reporting of cyber incidents through launching of National Cyber Crime reporting portal and also National Cyber Crime Helpline Number.

In the Indian context, the statutory backing for digital lending can be found in terms of the Section 5 (b) of the Banking Regulation Act, 1949, which provides for the definition of banking, as being the business where loans are provided through both physical and online mode. The RBI Act, 1934 lays down the concept of principal business criteria in case of NBFCs, wherein financial activity is considered the principal business of an entity where financial assets and financial income constitute more than 50% of the total assets and total income, respectively. The regulatory approach, promotion of innovation along with safeguarding of the financial system, putting in place necessary guardrails. Another important development is the issuance of Account Aggregator (AA) framework by RBI, introduced in September 2016. The objective

behind issuance of the AA framework is to make the aggregation and also sharing of the financial data by an intermediary, which are known as Account Aggregators. The role of Account Aggregators is collection and retrieval of credit related information from the holders of such information who, in turn, are known as Financial Information Providers and in turn, provide the information to the specified users who are known as Financial Information Users. As part of the digitalization journey, the recent initiative by RBI has been the introduction of Unified Lending Interface (ULI). The objective of this platform is to ensure seamless and consent-based flow of digital information, the source of this information is from multiple land records and also multiple data providers. The uniqueness of this ULI architecture is the plug-and-play approach in order to access information from multiple service providers. It is envisaged that JAM-UPI-ULI will become a game changer regarding the digital lending ecosystem. On account of an increase in digital lending experienced in the Indian context, it was felt necessary that a framework for digital lending may be laid down and therefore, a Working Group on Digital Lending including Lending through Online Platforms and Mobile Apps was set up by RBI in January 2021. Consequent to the submission of the recommendations by the Working Group, Guidelines on Digital Lending were issued including, First Loss Default Guarantee (FLDG). The FLDG is a contract between banks and other regulated entities with fintechs and Lending Service Providers, whereby, it is provided that latter compensates the lender for the loss caused on account of the borrower's default up to a certain limit, which is specified upfront.

The Buy Now and Pay Later based schemes function beyond the traditional lending based framework. This type of lending is not based on comprehensive credit assessment of the borrowers. Therefore, there are concerns regarding increasing indebtedness among digital savvy consumers. This may adversely impact the economy from the financial stability perspective.

The Digital Lending Guidelines issued by RBI have tried to address these issues. As per the guidelines, it is mandated that all loan disbursements need to be routed directly to the borrowers' bank accounts; the lender needs to provide clear information regarding fees, interest rates to be charged to the borrower, through issuance of Key Fact Statement. The digital lending platforms need to obtain explicit consent from the customer before they are able to access the personal data of the customer and it is also mandated that the regulated entities would be fully responsible for the action of their lending service providers.

With reference to the digital lending, another important point of concern is the processing and usage of vast volumes of personal data, which may lead to concerns regarding data privacy. Therefore, in this regard, an important legislative development is the enactment of the Digital Personal Data Protection Act, 2023.

A major landmark initiative taken by RBI with reference to the digital lending ecosystem has been the issuance of P2P lending guidelines in 2017. In terms of P2P guidelines, it was envisaged that certain non-banking financial institutions can act as an intermediary which will provide an online market place or platform. In order to further strengthen these measures, RBI had issued revised guidelines in August 2024. It was mandated that the P2P platform should not be promoted among the investors as an investment product with features such as assured minimum returns, liquidity options, etc. It has also directed that no loan should be disbursed unless matching of the lenders and borrowers has been undertaken. An escrow mechanism framework also needs to be laid down, whereby, two escrow accounts, out of which one escrow account would be utilized for transfer of funds from the lenders' bank account to the lender's escrow account which, in turn, is disbursed to the specific borrower's bank account and the borrower's escrow account, whereby, the borrower shall transfer funds from his/her respective bank account to the

escrow account, through which the funds will be transferred to the lenders' bank account.

With reference to customer protection, RBI has also laid down Fair Practices Code (FPC) both for NBFCs and banks. This FPC provides for transparency in interest rates/fees, prevention of any type of harassment in the case of recovery of loans and grievance redressal mechanism. RBI has also laid down code of conduct in outsourcing of financial services. This code provided for regulated entities in ensuring that their service providers are properly trained with reference to dealing with customers, ensuring fair treatment of borrowers and ensuring security and customer data privacy.

RBI has also formulated an Integrated Ombudsman Scheme, for providing an grievance redressal mechanism for the resolution of complaints against regulated entities in this regard.

To promote innovation with governance, the RBI introduced the regulatory sandbox in 2019, in order to undertake live testing of innovative services and products. In this regard, the framework for inter-operable regulatory sandbox was also laid down. In order to encourage financial innovation, RBI has set up an Reserve Bank Innovation Hub in 2022. The objective behind setting up of the Innovation Hub is to promote access to the products and financial services with reference to the low income population.

### **Recommendations**

In order to address the concerns pertaining to digital lending, there is need for information sharing between the regulatory agencies, law enforcement agencies for timely redressal of the complaints/issues. There is also need for enhancing awareness programmes among members of general public consisting for digital lending guidelines issued by RBI, so that they can safeguard themselves from risks associated with digital lending in order to spread financial awareness among the general public, this platform can be utilized

for spreading awareness regarding digital lending guidelines, cyber security, key fact statement, etc. There is also need for sensitization of the regulated entities with reference to assessing the suitability and appropriateness of the various loan products based on the customers' profile, as easier access to credit is leading to increase in indebtedness.

### **Conclusion**

It can be concluded that digital lending has been a major game changer with reference to facilitating credit access to hitherto under-served segments of the society, which do not have adequate or no credit history. It has simplified the onboarding process and also credit disbursement process. Although in a developing economy, the digitalization and role of digital credit particularly can be very useful from the financial inclusion perspective, however, concerns regarding data privacy and security, cyber security, frauds, etc. have also been observed. Therefore, there is need for robust supervision and timely redressal of these concerns by regulatory bodies. There is also need for increased consumer awareness so that such incidents can be prevented in future.

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