

## 'Peer-to-peer lending platforms are NBFCs'

RBI had floated a consultation paper in 2016 on such lending platforms.

Peer-to-peer lending (P2P) platforms will be treated as non-banking financial companies (NBFCs) and thus regulated by the RBI, the central bank said.

P2P lending is a form of crowd-funding used to raise loans which are paid back with interest. It can be defined as the use of an online platform that matches lenders with borrowers in order to provide unsecured loans.

"The Reserve Bank of India...specifies a non-banking institution that carries on 'the business of a peer to peer lending platform' to be an NBFC," the RBI said in a notification.

As per the RBI, the business of a P2P lending platform is defined as the service of loan facilitation, via online medium or otherwise, to "the participants who have entered into an arrangement with that platform to lend on it or to avail of loan facilitation services provided by it."

The RBI had floated a consultation paper in April 2016 on such lending platforms.

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