

# GOOGLE FACES PRESSURE IN INDIA TO HELP CURB ILLEGAL LENDING APPS

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Google dominates India's app market with 95% of smartphones using its Android platform | Photo Credit: Reuters

Alphabet Inc's Google has been asked by the Indian government and the central bank to introduce more stringent checks to help curb the use of illegal digital lending applications in India, according to sources.

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Even though Google doesn't fall under the Reserve Bank of India's (RBI) ambit, the U.S. tech giant has been called several times in the last few months to meetings by the central bank and the Indian government and urged to introduce tougher checks and balances that can help in weeding out such apps, according to four sources.

Indian regulators have already asked lenders to step up checks against illegal lending apps, which became popular during the pandemic. Regulators seek to control the proliferation of such apps that engage in unscrupulous activities such as charging excessive interest rates and fees or in recovery practices which are not authorised by the central bank or violate money laundering and other government guidelines.

Google said that last year it revised its Play Store developer program policy for financial services apps, including requiring additional requirements for personal loan apps in India effective September 2021.

"We have removed over 2,000 personal loan apps targeting India from the Play Store for violation of the Play policy requirements," a Google spokesperson said, adding that such steps are taken if its policies are violated.

"We will continue to engage with law enforcement agencies and industry bodies to help address this issue," the spokesperson added.

While India's central bank requires that any lending apps listed on app stores be backed by regulated entities, it is up to Google to enforce this and monitor compliance.

Google has also been asked to look at curtailing the rise of such apps via other distribution channels such as websites and other means of downloads, according to another industry source who is directly involved.

Google is also starting to act on complaints received from industry bodies.

"Earlier Google would not respond to complaints on individual apps. Now they are more proactive and do look into it when a complaint is flagged to them," said one of the four industry sources directly involved in the matter and who has been briefed about discussions with Google.

The government and the RBI are in the process of preparing a white list of approved lending

applications. The central bank has also laid down norms to ensure that a borrower must deal directly with a bank for lending and recovery which can help to keep the third-party recovery agents away.

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The Ministry of Electronics and Information Technology and the RBI did not immediately respond to an email request seeking comment.

India's digital lending market has grown quickly and facilitated \$2.2 billion in digital loans in 2021-22. It is not clear how much of that is via apps engaging in illegal practices.

These lenders often reach customers via advertisements on platforms like Facebook and Google.

Starting from next month, Google will roll out a new advertising policy for financial services in India, a blog post on its website shows.

The policy says that in order to show financial services ads in India, advertisers need to be verified in the country. As part of the verification, advertisers must demonstrate that they are licensed with the relevant financial services regulator, the blog says.

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