

P2P Lending NBFCs in India

Peer to peer (P2P) lending is a form of crowdfunding used to raise unsecured loans which are re-paid with interest. Crowdfunding refers to financing of projects with small amounts of money raised from a large number of people, with a portal serving as an intermediary. It utilises an online platform which serves as a link between borrowers and lenders.

First P2P Lending Company in the World:

The first company to offer peer-to-peer loans in the world was Zopa in United Kingdom.

First P2P Lending NBFC in India to get RBI license:

Among the P2P Lending NBFCs in India, Faircent.com became the first to receive NBFC-P2P certification from the Reserve Bank of India (RBI) .

To represent the NBFC-P2P industry at various front as well as to represent country's P2P lending industry at international forums, most of existing and new players have teamed-up and formed a registered body - **Association of NBFC P2P Platforms**.

The responsibilities of P2P Lending NBFCs in India, as stated in RBI's Directions, include the following:

- To undertake due diligence on the participants.
- Undertake credit assessment and risk profiling of the borrowers and disclose the same to their prospective lenders.
- Receive prior and explicit consent of the participant to access its credit information.
- Undertake documentation of loan agreements and other documents.
- Provide assistance in disbursement and repayment of loan amount.
- Facilitate recovery of loans originating on the platform (by using fair means).

Important RBI Guidelines on P2P Lending NBFCs in India

- (1) Minimum net worth requirement for **these platforms is kept at Rs. 2 Cr.**
- (2) NBFC-P2P shall maintain a **Leverage Ratio not exceeding 2.**
- (3) The aggregate exposure of a lender to all borrowers at any point of time, **across all P2Ps, shall be subject to a cap of ₹ 10,00,000/-.**
- (4) The aggregate loans taken by a borrower at any point of time, across all P2Ps, **shall be subject to a cap of ₹ 10,00,000/-.**
- (5) The exposure of a single lender to the same borrower, across all P2Ps, **shall not exceed ₹ 50,000/.**
- (6) The maturity of the loans **shall not exceed 36 months.**

(7) The borrower can either be an individual or a legal person (say a body of individuals, a HUF, a firm, a society or any artificial body, whether incorporated or not) requiring a loan.

Interest Rate of P2P Lending NBFCs in India

- The interest rate is **not to be fixed by the platform**.
- The interest rate for each and every loan is to be fixed separately over the electronic platform by way of a mutual agreement between the borrower and lender.
- Fund transfer between participants on the P2P lending platform will happen through escrow account mechanisms.
- All fund transfers shall be through and from bank accounts, and cash transactions are strictly prohibited.

Faircent, i2ifunding, Peerlend, Lendbox, Rupaiya Exchange, LenDen Club are some of the existing P2P Lending NBFCs in India. Existing platforms were given three months' time to apply to RBI for registration.