



MFIN welcomes RBI's move towards uniform framework for all Microfinance lenders

New Delhi: 05 February 2021: MFIN, the Association for microfinance entities and the Self-Regulatory Organization for NBFC-MFIs welcomes the Governor, Reserve Bank of India (RBI's) statement today for coming out with a consultative document to harmonize the regulatory framework for various lenders in Microfinance by March 2021.

Speaking on this development, Dr Alok Misra, CEO & Director MFIN said, *"This is indeed a welcome step for the sector. RBI's thinking became evident earlier, when Deputy Governor of RBI, Shri Rajeshwar Rao spoke on similar lines in his 6th Nov 2020 speech at ASSOCHAM on the topic of NBFC regulation. Considering the diversity of players in microfinance today, it is the need of the hour and MFIN has been proactively working on this through its Code of Responsible Lending (CRL) and also requesting RBI on the need for asset class-based regulation. This is a very important move as it will augur well for the sector as a whole and further safeguard the interests of the customers. MFIN looks forward to working closely with the RBI on this important initiative."*

It is with the same objective of ensuring a level-playing field that MFIN had taken a lead in developing the 'Code of Responsible Lending (CRL) in Micro-credit' to bring differently regulated entities including NBFC-MFIs, Banks, SFBs, NBFCs and Non-profit/Section 8 MFIs to agree and adopt a uniform common code for customer conduct. Today the CRL has 113 signatories, representing 70% of the market. The CRL Steering Committee is led by Dr Harun R Khan, Ex Deputy Governor of RBI. As such, a framework for asset class-based regulation already exists, which can be used as a base.

As of now, the sector across various entities provides loans to 6 crore women, impacting 30 crore individuals in households. Despite this impressive coverage, there is still a huge unmet demand and such uniform regulation across entities will help in sustainable growth of microfinance in India.

About Microfinance Institutions Network

MFIN is a premier industry association comprising 58 NBFC-MFIs and 39 Associates including Banks, Small Finance Banks (SFBs) and NBFCs. It is also the Self-Regulatory Organization (SRO) for the regulated NBFC-MFI. By virtue of bringing the NBFC-MFIs under one common umbrella, MFIN acts as a bridge between them and the regulators to build a dialogue for greater transparency, better policy frameworks and stronger client protection standards for responsible lending, thus enabling the microfinance industry to partake in meeting the larger financial inclusion goals.