



MFIN's Statement on the consultative document on the regulation of Microfinance by the RBI

Commenting on the consultative document on regulation of Microfinance, Dr Alok Misra, CEO & Director, MFIN said, " It is heartening that RBI has proposed to resolve issues of regulatory arbitrage based on legal form and bring in parity within all microfinance lenders. MFIN has been engaging with RBI on this and Governor's statement early this year about a harmonized framework had given us confidence, which has now come true. In having a common definition of microfinance loans for all regulated entities, it will ensure a level playing field, making it entity agnostic as done by MFIN as part of its voluntary Code of Responsible lending (CRL). The focus on responsibility on Boards promoting good governance and sound operational policies is a welcome step. It is a momentous occasion, and we expect the Microfinance sector to witness a paradigm shift, triggering a huge fillip to the cause of Financial Inclusion, when it matters the most, especially in these challenging times. We are indeed grateful to the RBI for its pathbreaking proposal and thankful for involving us in the process of arriving at these. Needless to say, the sector – both clients and institutions - will immensely benefit from these, once implemented.