



Features of Peer-to-peer lending.

1. Peer-to-peer lending is a form of crowd-funding.
2. It is used to raise loans for people who need to borrow, from people who want to invest.
3. It enables individuals to borrow and lend money without any financial institution as an intermediary
4. It allows the creditor to earn higher interest by lending out their money
5. It also allows the borrowers in getting funds at low interest rates.
6. The borrowers and lenders register themselves on an online platform.

Frequently Asked Questions

1. What is the meaning of the word 'person'? Would it also include banks/NBFCs?

Ans: Term 'person' include an individual, a body of individuals, a HUF, a firm, a society or any artificial body, whether incorporated or not.

2. Would electronic platforms serving as Direct Service Agents (DSA)/ Business Correspondents for banks and/ or NBFCs fall under the purview of the NBFC-P2P Directions?

Ans: Electronic Platforms that assist only banks, NBFCs and other regulated AIFIs to identify borrowers are not to be treated as P2P platforms. However, in cases where, apart from banks or NBFCs or AIFIs, other retail lenders use the platform for lending, the platform will have to register separately as an NBFC-P2P.

3. How is leverage defined in case of NBFC-P2P lending platform?

Ans: Leverage ratio refers to outside liabilities on the balance sheet of an NBFC-P2P Platform that it can raise divided by its owned funds. Customers' funds lent/borrowed by using the platform is not reckoned as outside liability of the platform.

4. What is the meaning of Investible Funds?

Ans: Investible funds refer to capital infused in the business and surplus generated out of business of NBFC-P2P. It does not include funds of lenders and borrowers that flow through the escrow accounts. Customers' funds lent/borrowed by using the platform cannot be utilized by the platform.

5. Do applicants of NBFC-P2P registration require to bring in NOF of Rs. 2 crore upfront at the time of making the application?

Ans: The applicant should give the list of promoters and the source of funds for the minimum capital of Rs 2 crore. The capital should be infused before issue of CoR. No change in promoters will be allowed in the interregnum.

6. Will an existing NBFC be able to operate as an NBFC-P2P?

Ans: No.

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