



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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August 23, 2024

**RBI imposes monetary penalty on NDX P2P Private Limited
(‘LiquiLoans’)**

The Reserve Bank of India (RBI) has, by an order dated August 21, 2024, imposed a monetary penalty of ₹1,92,00,000/- (Rupees One crore ninety-two lakh only) on NDX P2P Private Limited (the company) (also referred to as ‘**LiquiLoans**’) for non-compliance with certain provisions of the [‘Non-Banking Financial Company - Peer to Peer Lending Platform \(Reserve Bank\) Directions, 2017’](#) and “Guidelines on Digital Lending” issued by RBI. This penalty has been imposed in exercise of powers conferred on RBI under the provisions of clause (b) of sub-section (1) of section 58G read with clause (aa) of sub-section (5) of section 58B of the Reserve Bank of India Act, 1934.

A scrutiny of the company was conducted by RBI in June 2023. Based on supervisory findings of non-compliance with RBI directions and related correspondence in that regard, a notice was issued to the company advising it to show cause as to why penalty should not be imposed on it for its failure to comply with the said directions.

After considering the company’s reply to the notice, additional submissions made by it and oral submissions made during the personal hearing, RBI found, inter alia, that the following charges against the company were sustained, warranting imposition of monetary penalty:

The company:

- i) did not disclose required personal details including credit assessment and risk profile of the borrowers to the prospective lenders;
- ii) disbursed loans without specific approval of individual lenders;
- iii) routed the amounts disbursed and collected in loan accounts in the P2P Platform through a ‘co-lending escrow account’ in violation of the laid down ‘Fund Transfer Mechanism’;
- iv) allowed repayments in Merchant Finance Loans to be routed through the nodal account of a third party, which was acting as a Lending Service Provider for the company; and
- v) took partial credit risk by foregoing the service fee partially/ fully, which was not provided under the scope of activities for NBFC-P2P companies.

This action is based on deficiencies in regulatory compliance and is not intended to pronounce upon the validity of any transaction or agreement entered into by the company with its customers. Further, imposition of this monetary penalty is without prejudice to any other action that may be initiated by RBI against the company.