

Payment aggregators

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In news– The payments arm of big technology companies Amazon and Google are among 32 firms that have been given in-principle approval by the Reserve Bank of India (RBI) to operate as online payment aggregators.

Key updates-

- Apart from Amazon and Google, approvals have also been granted to Reliance Payment Solutions, a part of Reliance Jio Infocomm, and the payments platform of food delivery firm Zomato.
- **The RBI has for the first time released a full list of the entities to which it has granted a payment aggregator licence**, as well as those whose applications are still in process, and those whose applications it has rejected.

Who are payment aggregators?

- Online payment aggregators can **onboard digital merchants and accept payments on their behalf** after getting a licence from the RBI.
- The central bank introduced a framework for such entities in March 2020.
- Under the payment aggregator framework, **only firms approved by the RBI can acquire and offer payment services to merchants**, which brings them under the direct purview of the regulator.
- According to RBI rules, **a company applying for aggregator authorisation must have a minimum net worth of Rs 15 crore in the first year of application**, and at least Rs 25 crore by the second year.
- It also must fulfil the “fit and proper” criteria, and be compliant with global payment security standards.

Other action is RBI taking to regulate fintech firms-

- The RBI has prepared a “white-list” of digital lending apps in the country, which it might soon release.
- In order to curb rising malpractices in the digital lending ecosystem, the RBI in August 2022 issued guidelines for entities engaged in digital lending that stated that all digital loans must be disbursed and repaid through bank accounts of regulated entities only, without the pass-through of lending service providers (LSPs) or other third parties.
- In a fresh set of clarifications issued on these norms, the regulator said that digital lenders should, at the time of sanction of loan, convey the name and other details of empanelled recovery agents authorised to contact the borrower in case of default.