

## ERGO

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### RBI INTRODUCES THE PRAVAAH PORTAL, FINTECH REPOSITORY AND RBI RETAIL DIRECT MOBILE APPLICATION

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#### **Introduction**

On 28 May 2024, the Reserve Bank of India (RBI) issued a press release launching three transformative initiatives, "PRAVAAH" (Platform for Regulatory Application, VALIDation and AuthOrisation) portal, a FinTech Repository and the Retail Direct Mobile App. These initiatives have been notified pursuant to the announcements made in the Statement on Development and Regulatory Policies previously issued by the RBI.

In our update below, we have discussed the key implications of each of these initiatives.

#### **PRAVAAH PORTAL**

In 2023, the RBI had decided to develop a web-based portal which would gradually extend to all types of applications to obtain license / authorization to carry out activities regulated by the RBI and regulatory approvals from the RBI under various statutes/ regulations periodically.

Currently, the application and approval processes for these applications typically take place in the physical mode, which often lead to delays and uncertainty for applicants. Keeping this in mind and the Government of India's announcement in the Union Budget for 2023-24 on the need to simplify, ease and reduce cost of compliance by financial sector regulators, the RBI has introduced the PRAVAAH portal.

Under the portal, any individual or entity can apply for regulatory authorisation, license or regulatory approval. Currently, the portal will allow 60 application forms covering requests made to regulatory, supervisory and the foreign exchange departments of the RBI. Notably, applications seeking approvals for operating as a payment aggregator, commencing banking business, establishing foreign banks in India, change in shareholding of non-banking financial companies, acquisition / sale of immovable property, and compounding applications will have to be filed through the portal. General purpose applications can also be submitted on the portal for matters which are not covered within the 60 application forms.

Based on the user manual published on the portal, an applicant will have to follow the below process in connection with submission of a regulatory application:

- Registration on the portal: For an applicant entity, the user will be required to *inter alia* provide the applicant's name, his / her designation in the applicant entity, GST

number, PAN number, address and mobile number to generate an 'OTP'. Once the OTP is verified, the applicant will be registered on the portal.

- Submission of application: The applicant will select the 'category' and 'department' under which the application is to be filed. The application can thereafter be submitted on the portal. On submission, the updates on the application will be shared on the applicant's email address and mobile number. Its status can also be checked online. While not expressly provided, it may also be useful to additionally undertake a physical filing with the concerned department at the RBI.
- Respond to queries raised by the RBI: The applicant will be able to upload its responses on the portal to any queries that the RBI may raise.
- Receive a decision from the RBI: Once the application is processed, the applicant will receive the RBI's decision on its email and mobile by way of SMS.

### **Comment:**

The portal will simplify and streamline the application and approval processes, allowing applicants to submit their requests online and track the real-time status of their applications. This move is expected to reduce the timelines involved in processing applications, as physical filing often leads to delays and uncertainty.

The portal will also provide greater clarity for applicants by providing updates and the opportunity to upload clarifications and responses to any queries that the RBI may have. Overall, the introduction of the PRAVAAH portal is a positive step towards making the regulatory compliance process more accessible and user-friendly for entities seeking to carry out activities regulated by the RBI. Going forward, all applicants must be mindful of the procedural requirements relating to the portal while dealing with regulatory applications.

### **FINTECH REPOSITORY**

The RBI has introduced the 'FinTech Repository' with the intention of promoting best practices and providing timely information to regulators and stakeholders on FinTech entities. The repository will capture essential information about FinTech entities, their activities, technology such as distributed ledger technology, artificial intelligence and machine learning. The intention of the RBI is to encourage FinTech entities to encourage volunteering information on their activities, products, technology stack, and financial information.

A related repository known as 'EmTech Repository' will also be launched for only RBI regulated entities (banks and non-banking financial companies) on their adoption of emerging technologies (like artificial intelligence, machine learning, cloud computing, quantum computing, etc.).

### **Comment:**

The RBI intends to create a database of information on such entities to ensure availability of aggregate sectoral level data, trends, and analytics. The repositories will also provide valuable insights into the adoption of emerging technologies such as artificial intelligence, machine learning, cloud computing, and quantum computing by RBI regulated entities. This information will help regulators to better understand the risks and opportunities associated with these technologies and develop appropriate regulatory frameworks to manage them.

### **MOBILE APPLICATION FOR RBI RETAIL DIRECT PORTAL**

In 2021, the RBI had announced activation of the RBI Retail Direct Scheme (Scheme) which simplified the process of individual investments in Government Securities. Under the Scheme, retail individual investors were permitted to open a Retail Direct Gilt (RDG) Account

with the RBI on the RBI Retail Direct online portal. This allowed for primary and secondary transfers of Government securities by the account holders.

To further improve ease of access, a mobile application has now been introduced for the RBI Retail Direct portal.

**Comment:**

The introduction of a mobile application is likely to have significant implications for individual investors in Government Securities. The mobile application will make it even easier for retail investors to access and manage their RDG accounts, allowing them to invest in Government Securities with greater convenience and flexibility. This move is expected to increase participation in the Scheme and promote financial inclusion, as more individuals will be able to invest in Government Securities and benefit from the stability and security of these investments.

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