

FIDC

Finance Industry Development Council

(A Representative Body of Assets and Loan Financing NBFCs)

101/103, Sunflower, 1st Floor, Rajawadi Road No.2, Ghatkopar (East), Mumbai – 400 077

Tel: 022 21029898/9820035553 • E-mail: directorgeneral@fidcindia.org.in



www.fidcindia.org.in

April 02, 2021

To

Mr. Dilip Asbe,

C E O,

National Payments Corporation of India,

1001A, B wing, 10th Floor,

The Capital, Bandra-Kurla Complex,

Bandra (East), Mumbai - 400 051

Dear Sir,

Sub: Circular ref: NPCI/2020-21/NACH/Circular No. 013 dated Sept. 11, 2020 on Facility for cancellation of NACH mandates

Finance Industry Development Council (FIDC) is a Representative Body of Asset and Loan Financing of the NBFCs registered with the Reserve Bank of India. FIDC was formed 17 years ago and is the recognized face of the NBFC sector. We have been engaged in regular interaction both with Reserve Bank of India and Govt. of India, which include pre-budget meetings and also important policy related meetings with RBI. Almost all the leading NBFCs and a large number of small and medium sized NBFCs are our members.

Sir, most of our members are small NBFCs that operate in limited geographies and provide the vital last mile credit delivery to unserved and under-served segments of the economy including agriculturists, MSME, small road transport operators etc. Over time, NBFCs have grown in their



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importance in serving these segments and according to a study carried out by the Boston Consulting Group, serve 70% of “New To Credit” customers. Many of our members have represented to us that they find it difficult to implement the aforesaid circular for the following reasons:

1. Many of these NBFCs are very small and operate in a limited geography and do not have a well developed website.
2. Most of their customers are not tech-savvy and are not comfortable with transacting on electronic platforms. However, they may be comfortable in using SMS or Whatsapp.
3. Small NBFCs have with great difficulty convinced their customers to use electronic/non-cash means for EMI payments, but still the prevalence of cash repayments is significant.
4. Provision of the facility for cancellation of NACH mandates therefore is neither feasible nor effective in achieving the ultimate objective of customer empowerment given the nature of these customers

We therefore wish to represent as follows:

1. To allow small NBFCs (with asset base of less than Rs 500 crs – which are categorised by the RBI as non-systemically important) to provide such a facility on a “best effort” basis and not as a mandate.
2. To provide cancellation facility through simpler means such as Whatsapp/SMS in a secure manner such that customers could be



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encouraged to adopt those simpler means rather than access the companies' websites to carry out such a request.

We request your kind consideration of our suggestions. We would be grateful for an opportunity to have a web meeting or a call to provide further explanations if deemed necessary.

Thanking you,

Yours Faithfully,

For FINANCE INDUSTRY DEVELOPMENT COUNCIL

**MAHESH THAKKAR
DIRECTOR GENERAL
982003553**



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