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# RBI to harmonise regulations between banks and NBFCs

By *Saloni Shukla*, ET Bureau | Updated: Apr 25, 2016, 02.04 PM IST

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MUMBAI: In a move that could remove reduce clutter and possibilities of arbitrage for non-banking finance companies the banking regulator is working towards harmonising regulations for banks and **NBFCs**, **RBI** Deputy Governor said on Monday.

"Many of you have raised questions about the current policy of harmonization of regulations for NBFCs with the commercial banking sector," **R Gandhi** said. "Let me clarify that our stance is to harmonise not equalize the regulation."

Gandhi also added that common activities of banks and NBFCs will be subject to similar regulations to remove regulatory arbitrage. He also added that the banking regulator will continue to approve new kind of NBFCs if the situation warrants.

"What we are talking about is harmonisation of NBFC regulations instead of too many categories can we harmonise the regulations across and reduce the number of classifications that work is going on," Gandhi added.

RBI is also looking to simplify the process of registration of NBFCs and make it completely online.

Reiterating that peer-to-peer lending will soon come under the regulators radar Gandhi pointed out that while encouraging innovation the Reserve Bank cannot stay oblivious to the risks posed by such institutions.

"The contours of P2P lending will be decided in consultation with **Sebi**," Gandhi said. "We are coming out with a discussion paper as it is a new development. We will discuss with all stakeholders based on the feedback we will take the final call."

P2P arrangements are largely firms that lend money to unrelated individuals without assistance from any financial intermediary. Several online portals have sprung up in India to facilitate such lending, some even getting private **funding** from investors, but it is still at a nascent stage compared with countries such as the US and China.

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"Many of you have raised questions about the current policy of harmonization of regulations for NBFCs with the commercial banking sector," R Gandhi said.

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