



# Morning Bytes

a simple take on everything legal.



MOONSTONE PARTNERS



**When** will the Digital Lending Guidelines come into force?



**September  
02, 2022**



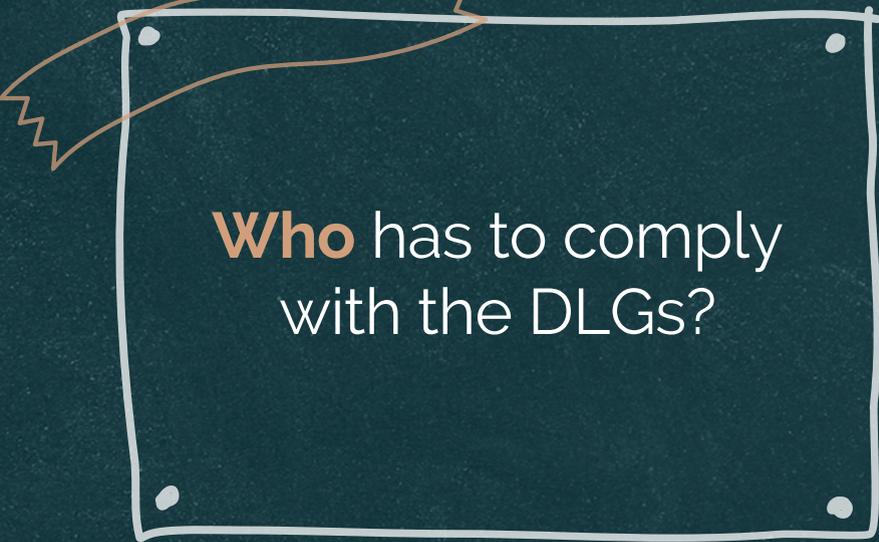
Digital loans sanctioned after September 2, 2022 have to comply with DLGs.

Those given prior to September 2, 2022 have time until November 30, 2022 to be compliant

All existing loans to comply with DLGs.

**November  
30, 2022**





**Who** has to comply with the DLGs?

1

Simply, the **banks** and **NBFCs** have to comply.

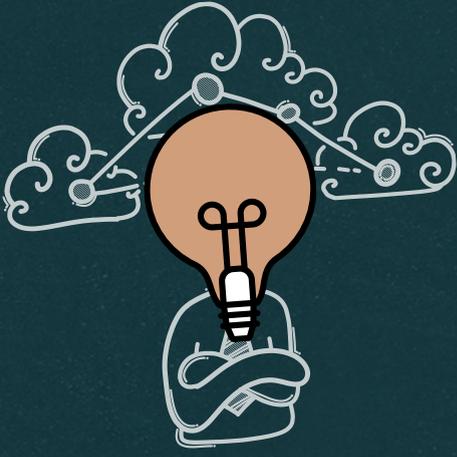
2

Outsourcing arrangements with LSPs/ DLAs do not diminish their obligations.

3

REs have to comply with applicable outsourcing guidelines by themselves and ensure LSPs/ DLAs' compliance.





# Do You Know?

How do DLGs protect the borrowers?

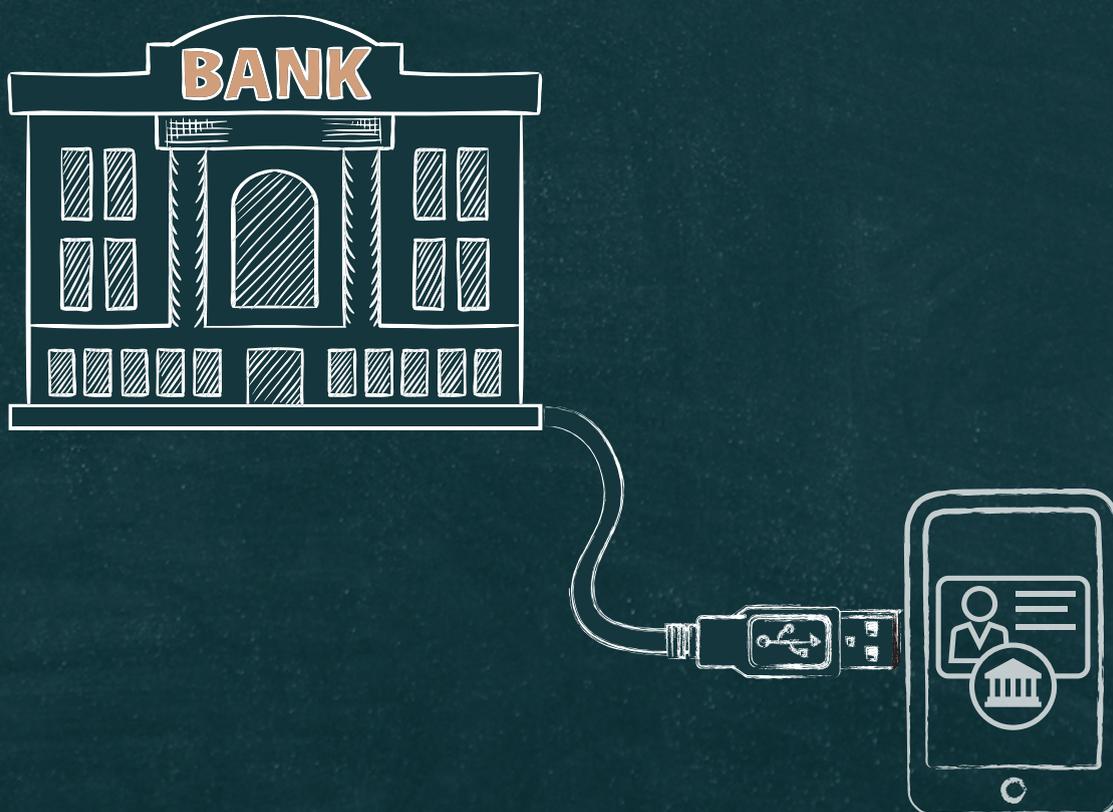




## Restrictions on Fund Flow

LSPs can no longer “touch” the loan amount.

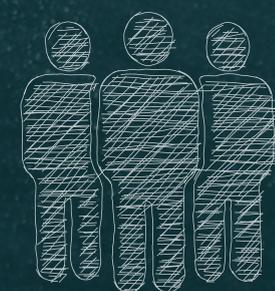
Fund flow can only occur **directly** between the bank accounts of the REs and the borrower (such as loan disbursement, servicing, repayment, etc.), **without** any pass-through account/ pool account of any third party.



2

## Fees and Charges Flow

REs to **directly** pay all fees, etc. payable to LSPs, **without** allowing them to charge the borrower directly.



BORROWERS



3

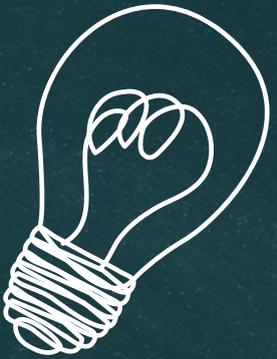
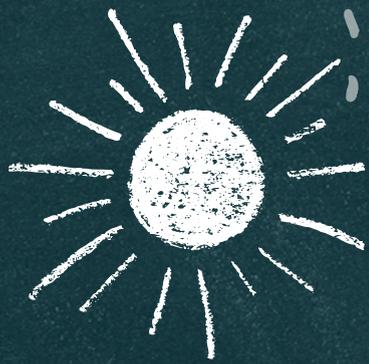
## Grant of Cooling-off Period

For starters, cooling-off period allows borrower a small window of time to freely change her mind without any penalty.

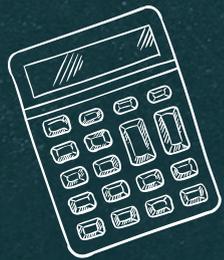
REs to provide cooling-off period during which the borrower can exit by **paying** the principal and proportionate cost of loans known as 'annual percentage rate' **without** any penalty. Such period cannot be < 3 days for loans having tenor of 7 days or more and < 1 day for loans having tenor of < 7 (seven) days.

Borrowers **continuing** with the loan after expiry of this period shall continue to have pre-payment option.





Want to know more?



# SWING BY



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