Which RBI Norms Apply to Different Categories of NBFCs?

Non-Banking Financial Companies (NBFCs) play a major role in providing credit and financial services in India. They are different from regular banks, but they are still very important to the financial system. To keep the financial system safe and secure, the Reserve Bank of India (RBI) has created specific rules and guidelines for different types of NBFCs. These rules ensure that NBFCs operate smoothly, protect customers, and do not harm the economy.

In this blog, we'll explain the RBI norms that apply to different categories of NBFCs in simple words. We will also talk about [Online NBFC registration in India], NBFC Account Aggregator License, P2P lending license, and PPI license registration in India.

What Is an NBFC?

An NBFC is a financial institution that offers services like loans, investment advice, or asset financing. However, unlike banks, NBFCs cannot accept demand deposits (like savings or current accounts). Even though they are not banks, they are supervised and regulated by the RBI because they deal with public money.

NBFC Registration in India

To start an NBFC, you must first register with the [Reserve Bank of India]. Here are the key steps:

Set up a company under the Companies Act, 2013.

Have a minimum net owned fund (NOF) of ₹2 crore (higher for specific types of NBFCs).

Apply online on the RBI portal and submit all required documents.

Submit a **hard copy of the application** to the RBI's regional office.

Only after receiving the NBFC license from the RBI can a company offer financial services.

Different Categories of NBFCs and Applicable RBI Norms

The RBI classifies NBFCs based on their nature of business. Each category has different norms.

1. NBFC-Investment and Credit Company (NBFC-ICC)

This category includes companies involved in providing loans, asset financing, and investment in securities.

RBI Norms:

Maintain a minimum capital (NOF) of ₹2 crore.

Follow fair practices in lending.

Follow **asset classification** and **provisioning norms** (like banks).

Submit **regular reports** to the RBI on financial performance.

Follow **KYC and AML guidelines** (Know Your Customer and Anti-Money Laundering).

2. NBFC-Account Aggregator (NBFC-AA)

These NBFCs help customers **safely share their financial data** with other financial institutions. They do not store data; they only act as a secure link.

RBI Norms:

Obtain a specific **NBFC Account Aggregator License registration in India** from the RBI.

Must not access, store, or use financial data.

Must **encrypt all data** and ensure customer consent.

Should have a **minimum net owned fund of ₹2 crore**.

Must follow **Technical Standards** set by RBI and ReBIT (Reserve Bank Information Technology).

NBFC-AA License Registration:
To register as an Account Aggregator:

Register a company.

Apply to the RBI for an NBFC-AA license.

Submit a technology plan and compliance framework.

Get approval from the RBI after detailed scrutiny.

3. NBFC-Peer to Peer Lending Platform (NBFC-P2P)

These platforms connect borrowers with lenders. They do not lend or borrow themselves but act as facilitators.

RBI Norms:

Can only act as intermediaries.

Cannot hold public money or guarantee loans.

Should have a minimum net worth of **₹2 crore**.

Loan exposure for a lender is limited to **₹50 lakh**.

A single borrower cannot take more than **₹10 lakh** in total.

All transactions must be done through a **bank account** and escrow mechanism.

P2P Lending License Registration in India:
To start a P2P platform, need to **P2P Lending License Registration in India.**

Register a company.

Apply to RBI under the NBFC-P2P category.

Provide technical and risk assessment details.

Comply with operational guidelines, including grievance redressal.

4. NBFC-Prepaid Payment Instruments Issuer (NBFC-PPI)

These NBFCs issue prepaid instruments like mobile wallets, gift cards, or travel cards.

RBI Norms:

Must follow the **RBI's Master Directions on PPI**.

Maintain a minimum capital of **₹5 crore**.

Should conduct **proper KYC** of customers.

Must ensure **cybersecurity** and data protection.

Must submit **quarterly and annual reports** to the RBI.

PPI License Registration in India:
Steps include in **PPI License Registration in India**:

Register a company under the Companies Act.

Apply to the RBI with all necessary details, including:

Type of PPI,

Technological readiness,

Risk and fraud management systems.

Follow directions under the **Payment and Settlement Systems Act, 2007**.

Why RBI Norms Matter

RBI norms help maintain:

Stability in the financial system.

Trust among investors and borrowers.

Transparency in financial transactions.

Protection of consumer data and money.

These norms also help prevent fraud, financial crimes and ensure that NBFCs run in a disciplined and professional way.

Final Thoughts

NBFCs are growing fast in India because they meet the financial needs of people and small businesses that often do not get support from banks. Whether it is offering loans, enabling digital payments, or managing financial data, NBFCs have become essential.

However, to operate legally and safely, they must register with the RBI and follow the norms for their specific category. If you want to start an NBFC, or get a license like NBFC-AA, P2P Lending, or PPI license, it is important to understand the RBI rules and ensure full compliance from the beginning.

Following the correct registration process and RBI guidelines not only helps your business stay compliant but also builds customer trust and business growth in the long run.

Need Help with NBFC Registration or Licensing?

Corpbiz provides expert services for NBFC registration, Account Aggregator License, P2P Lending License, and PPI License in India. Contact us today to get started! Visit - https://corpbiz.io/