



**KAMARAJ IAS ACADEMY**  
Only IAS Academy by Grandson of "Per.uthalayar Kamarajar"

# MobiKwik Gets RBI Approval for NBFC Licence

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MobiKwik has received approval from the Reserve Bank of India to operate as a Non-Banking Financial Company (NBFC). This marks a significant step in the company's transition from a digital payments platform to a full-fledged financial services provider.?

## About the Approval

The RBI has granted NBFC licence approval to MobiKwik's subsidiary, enabling it to enter the regulated lending space. This allows the company to launch its own lending arm and provide credit products directly to consumers and businesses.

Earlier, MobiKwik primarily partnered with banks and NBFCs for loan distribution. With this licence, it can now independently originate and underwrite loans, improving operational control and efficiency.

## Business Implications

### The NBFC licence will enable MobiKwik to:

Launch in-house lending operations

Offer secured and unsecured loans

Expand services to MSMEs and consumers

Improve profit margins and reduce dependency on third-party lenders

This move aligns with the broader trend of fintech companies building their own loan books and deepening their presence in the credit ecosystem.

## Strategic Significance

### Kamaraj IAS Academy

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## **The approval strengthens MobiKwik's position in India's growing fintech ecosystem by allowing it to:**

Leverage its large digital user base for personalised credit products

Expand into Tier-2 and Tier-3 cities

Compete with other fintech and NBFC players

It also reflects the RBI's approach of regulated expansion of digital lending, ensuring better consumer protection and financial stability.

## **About NBFCs**

Non-Banking Financial Companies (NBFCs) are financial institutions that provide services similar to banks but do not hold a banking licence.

### **Key Features:**

Registered and regulated by RBI under the RBI Act, 1934

Cannot accept demand deposits (like savings/current accounts)

### **Provide services such as:**

Loans and advances

Asset financing

Microfinance

Investment services

### **Difference between Banks and NBFCs:**

Banks can accept demand deposits; NBFCs cannot

NBFCs are not part of payment and settlement system

### **Regulatory Developments:**

RBI has tightened norms for digital lending to curb risks

Emphasis on transparency, fair practices, and borrower protection

### **Financial Inclusion Role:**

#### **NBFCs play a key role in providing credit to:**

MSMEs

Rural and underserved populations

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## **Fintech Trend in India:**

Shift from payment platforms ? full-stack financial services

Increasing integration of AI/ML in credit assessment