

# Understanding the Compliance Requirements for NBFCs in India

Non-Banking Financial Companies (NBFCs) are a big part of India's financial system. They offer loans, investments, and credit services to people and businesses that may not always get help from traditional banks. But with this important role comes strict rules from the Reserve Bank of India (RBI).

If you're planning to get into the NBFC business, or you already run one, understanding compliance is a must. In this blog, we'll explain in simple terms the major compliance requirements every NBFC must follow – whether you're going for online NBFC registration, looking to apply for a PPI license online, or planning an NBFC takeover in India.

Let's dive in.



## What is NBFC Compliance?

Compliance means following the rules and guidelines set by the RBI for NBFCs. These rules make sure NBFCs work honestly, keep customer data safe, and protect public interest.

Compliance is not just a legal formality – it's about building trust with your customers and staying safe from penalties or cancellations.

## Step 1: NBFC Registration – The Starting Point

Before anything else, every NBFC must be registered with the RBI.

To begin your [Online NBFC Registration](https://corpbiz.io/), you need:

- A company registered under the Companies Act, 2013
- Minimum Net Owned Fund (NOF) of ₹2 crores
- Clean financial records and background of directors
- Business plan and proper documentation

RBI approval is mandatory. You can apply for it through the RBI portal. But the process is detailed and lengthy. That's where experts like Corpbiz come in – offering end-to-end guidance to help you register your NBFC without any delays.

## Step 2: Regular Filing of Returns

Once your NBFC is up and running, you must submit regular reports to RBI. Some important ones include:

- NBS-1: Financial performance
- NBS-9: Annual financial results (for non-deposit NBFCs)
- ALM Returns: For NBFCs managing assets and liabilities
- Statutory Auditors Certificate: To confirm capital adequacy

Missing these can attract penalties, so staying on schedule is crucial.

## Step 3: Follow RBI's Fair Practices Code

RBI requires all NBFCs to follow a Fair Practices Code to protect customers. Some important points are:

- Clear communication about loan terms and interest rates
- Transparent processing fees
- Easy-to-understand grievance redressal system
- Ethical recovery practices

At Corpbiz, we help NBFCs set up these internal practices properly and ensure their documents meet RBI's expectations.

## Step 4: KYC and Anti-Money Laundering Rules

Know Your Customer (KYC) is a basic but essential part of compliance.

NBFCs must:

- Verify identity and address of every customer
- Monitor transactions for any suspicious activity
- Submit Suspicious Transaction Reports (STRs) to authorities

These steps prevent money laundering and help build a secure system.

## Step 5: Compliance for Special NBFC Licenses

## ✓ NBFC Account Aggregator License Online

NBFCs that wish to collect and share customers' financial data must apply for an [NBFC Account Aggregator License](#).

They must:

- Get registered with RBI
- Use encrypted platforms
- Take full customer consent before sharing any data

Corpbiz offers support to apply for your NBFC Account Aggregator License online, with strong documentation and tech-compliance advice.

## ✓ P2P Lending License Online

Want to run a peer-to-peer lending platform? You'll need a [P2P Lending License online](#) from RBI.

Some rules include:

- Paid-up capital of at least ₹2 crore
- No direct lending by the NBFC
- Cap of ₹50 lakh per lender across all platforms

Corpbiz can guide you from application to license issuance with full compliance.

## ✓ PPI License Apply Online

A Prepaid Payment Instruments (PPI) license allows NBFCs to issue prepaid cards and wallets.

Requirements include:

- ₹15 crore net worth
- Strong cyber security policies
- RBI permission

With Corpbiz, you can apply for a [PPI license online](#) with ease and make sure your NBFC meets all RBI norms.

## ✓ NBFC Takeover Procedure in India

Want to buy or sell an existing NBFC? You'll need to follow the NBFC takeover procedure in India, which includes:

- Board approval and Share Purchase Agreement (SPA)
- RBI notification and approval
- Due diligence
- Transfer of shares

It's a sensitive process. Corpbiz provides complete legal support, documentation, and negotiation guidance.

## Step 6: Understand the New RBI Scale-Based Framework

RBI recently introduced a Scale-Based Regulatory (SBR) framework to group NBFCs based on their size and risk level:

1. Base Layer – Smaller NBFCs
2. Middle Layer – Medium-sized companies
3. Upper Layer – Large NBFCs under strict monitoring
4. Top Layer – For extremely risky NBFCs (currently empty)

Each level has its own compliance rules, so it's important to know where your NBFC fits in.

## What Happens if You Don't Comply?

Non-compliance can lead to:

- Penalties or monetary fines
- License suspension or cancellation
- Legal action or even winding up

That's why thousands of businesses trust compliance partners like Corpbiz to keep everything on track.

## Final Thoughts

Running an NBFC in India offers amazing opportunities, but it also comes with serious responsibilities. From Online NBFC Registration to applying for a P2P lending license online or completing an NBFC takeover, every step involves strict regulatory checks.

With changing RBI rules and detailed reporting structures, it's wise to work with experts. Corpbiz offers professional support for NBFC registration, license applications, financial compliance, legal audits, and more.

Need help with NBFC Compliance or Licensing?

Reach out to Corpbiz – India's trusted partner for NBFC legal and regulatory services.

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