

# ‘Need to regulate crowdfunding’

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A few days after Reserve Bank of India (RBI) Governor Raghuram Rajan said the central bank was considering regulating the crowdfunding segment, RBI Deputy Governor S S Mundra stressed the need to bring about regulatory changes in this regard.

“It is near impossible to regulate the behaviour and choices of individuals...therefore, it will be more practical for regulatory authorities to push for bringing in appropriate regulatory changes in their jurisdiction, which would enable regulation of the aggregators’ electronic dealing platform,” Mundra said at the annual FIBAC conference here.

The regulator is also tracking the cryptocurrency space, as well as other areas from where funds are raised. “As a regulator, one might not be overtly con-



**RBI Deputy Governor S S Mundra**

cerned about the manner in which the finance is raised, but there is concern around orderly growth of the system, consumer protection and grievance redressal, disaster recovery and business stability plans for intermediating electronic platforms,” Mundra said.

Last week, Rajan had said though the central bank hadn’t

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intervened in the cryptocurrency space so far, it was watching this area carefully. RBI had first raised a red flag against cryptocurrencies (virtual currencies used for online transactions alone) in December 2013. Though these aren’t backed by any central bank, these are traded on a number of exchanges or swapped privately.

Pitching for a tighter framework around recent “disruptive innovations” such as peer-to-peer lending, internet-only banks, crowdfunding platforms and cryptocurrencies, Mundra said there was a need to ensure the grey zone in regulation was spotted quickly. Also, there was a need to share experiences between different regulators to ensure the loopholes could be plugged quickly, he said. There was a need to strengthen the Financial Stability and Development Council, as well as state-level coordination committees, he said.