



UNIFIED LENDING INTERFACE - ECONOMY

News: The Reserve Bank of India is set to launch the Unified Lending Interface (ULI) to further transform the lending landscape, drawing parallels with the revolutionary impact of the Unified Payments Interface (UPI) on retail payments.

What's in the news?

Unified Lending Interface (ULI)

- The Unified Lending Interface (ULI) is a new platform to streamline and enhance the lending process in India. It aims to facilitate a seamless and efficient flow of information between various stakeholders involved in **credit delivery**.
- **Purpose:** ULI is designed to address the challenges associated with accessing and aggregating data from disparate sources. It will enable a **more streamlined, consent-based flow of information from data service providers to lenders**, thereby improving the efficiency of credit appraisal and disbursement.

Significance

- **Enhanced Efficiency:** By reducing the time required for credit appraisal and minimizing the need for extensive documentation, ULI is expected to expedite the credit delivery process.
- **Broader Reach:** It aims to address the credit gap, particularly for smaller, rural, agricultural, and **micro, small, and medium enterprise (MSME) borrowers**.
- **Digital Infrastructure:** ULI is seen as a key component of India's digital public infrastructure, complementing the **existing JAM (Jan Dhan, Aadhar, and Mobile) framework** and the UPI system. The **'new trinity' of JAM-UPI-ULI** will be a revolutionary step forward in India's digital infrastructure journey.
- **Improved Access:** The platform will help in delivering credit more effectively by digitizing access to scattered data, thus catering to large unmet credit demand.
- **Unified Payments Interface (UPI):** UPI is a **real-time payment system** launched in India in April 2016 by the **National Payments Corporation of India (NPCI)**. It consolidates multiple bank accounts into a single mobile application, enabling various banking functions and payments.

Aspects	Unified Lending Interface (ULI)	Unified Payments Interface (UPI)
Purpose	Focuses on streamlining the lending process by integrating disparate data sources for efficient credit appraisal and disbursement.	Aims to facilitate real-time financial transactions and payments across bank accounts through a single mobile application.
Functionality	Integrates and standardizes data flow for credit-related purposes, involving multiple data providers and lenders.	Provides a platform for instant money transfers and payments, supporting a wide range of banking transactions and services.

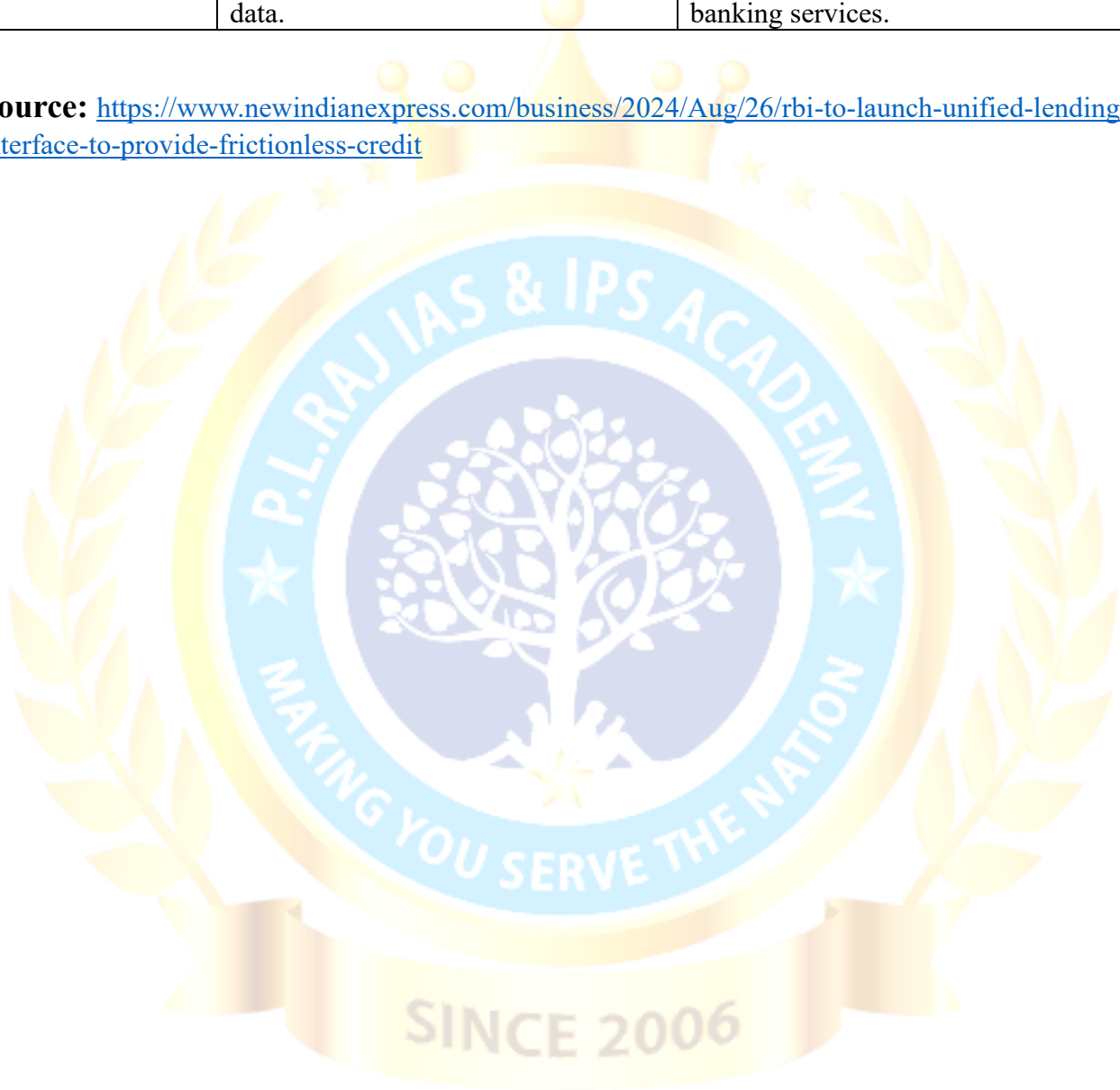


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Target Users	Primarily benefits borrowers and lenders by improving credit delivery and reducing time and documentation required for loans.	Serves consumers and merchants by enabling seamless and instantaneous financial transactions.
Technology	Uses standardized APIs for data integration and consent-based data sharing, focusing on credit-related data.	Relies on mobile applications and digital payment infrastructure to facilitate real-time payments and banking services.

Source: <https://www.newindianexpress.com/business/2024/Aug/26/rbi-to-launch-unified-lending-interface-to-provide-frictionless-credit>



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