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ULI's cyber risks

Blockchain and AI could provide some answers



Cyber security. Key to financial inclusion ▪ /iStockphoto

They say, if it's smart, it's vulnerable! The RBI is set to launch a revolutionary digital lending platform — Unified Lending Interface (ULI), similar to UPI. It is designed for seamless and frictionless loan transfer from various licensed financial institutions to the end users in just a few clicks. It is tailored to meet the needs of agricultural sector and MSMEs. This would undoubtedly be a crowning achievement in India's financial inclusion story.

However, as they say, the most secure computer is the computer that's off. With every budding digital infrastructure system there are high chances for it to get breached in the beginning. This is easy for cyberpunks because at the nascent stage, systems are more vulnerable due to lack of experience and security measures.

So let's delve deep into the possible or probable cyber threats that can impact ULI inclusivity.

Here are some ways in which cyber security can pose a threat to ULI -

Data breaches: Hackers can exploit a vulnerability in the ULI platform to steal sensitive borrower data, leading to identity theft and financial loss;

Phishing attacks: Phishing scams can trick borrowers into revealing login details, allowing hackers to access their ULI accounts and steal personal information;

Supply chain attacks: Black hats can exploit loopholes in third-party software or hardware used by the ULI platform to gain unauthorized access;

Regulatory non-compliance: Non-compliance with cybersecurity regulations by participating financial institutions can damage the ULI's reputation. A single breach caused by a financial institution's lax cybersecurity measures could have severe consequence on lending interface.

This is just a glimpse into the abyss of the dark web. Now is the time to implement safeguards, before its deployment in the real world and built a robust system. Security should be built in, not bolt-on.

These are some ways to mitigate these risks:

Blockchain and AI together can prove to be a powerful duo for Unified Lending Interface security. Blockchain's immutable nature guarantees that transaction records cannot be modified or tampered, providing a high level of data reliability and transparency.

In simpler terms, it's like a sealed box that cannot be opened or altered after it's been closed. The other feature of it is smart contracts: smart contracts can automate loan processes, reducing the risk of human error and fraud. They can also enforce terms and conditions automatically, ensuring compliance. Thirdly, distributed ledger: the distributed nature of blockchain makes it difficult for hackers to attack or manipulate the system.

Artificial Intelligence can be used for multiple purposes to enhance security of digital systems with utmost efficiency. It can uncover hidden patterns and anomalies in vast datasets that would be impossible for humans to spot, revealing fraudulent activities before they cause significant damage. Beyond fraud detection, AI can revolutionise risk assessment to provide more accurate and predictive creditworthiness assessments.

Further, a multifaceted cybersecurity approach should include multi-factor authentication, firewalls, encryption, employee training and incident response planning.

This data point of cyber security is very crucial. As this interface is specially designed to cater to rural-agri sector, where the chances of hoodwinking the poor could be higher if left

unattended. For which there is a need for an insulating layer within the infrastructure itself. The old-fashioned approach, like a fortress surrounded by a moat, is no longer effective.

It's not a question of if, but when. For which we need a new, more adaptable security blanket like #BchainAI.

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