Regulatory audit of Digital Lending operations

COURSE : FINTECH

TOOLS : PYTHON, INDUSTRY REPORTS

Focus areas

CIBIL Score–based Eligibility

Customer Consent Validation

APR and Write-Off Oversight

Complaint Trend Analysis

Key audit findings

| Audit Areas	Violation Detected	Policy Threshold
CIBIL Eligibility	4.77% Violated	Min CIBIL >= 575
Consent Compliance	3.03% missing consent	Mandatory before activation
APR pricing	0.50% out of band rates	Range allowed 18-40%
Write off oversight	Avg write off 1.06 Lakhs INR	Trigger : DPD>= 180 days
Complaint Volume	5x Increase since 2021	-

Some Visual Insights
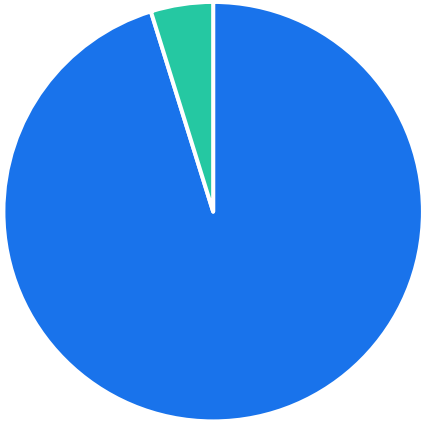
Total Complaints Over Time

CIBIL

ELIGIBLE   INELIGIBLE
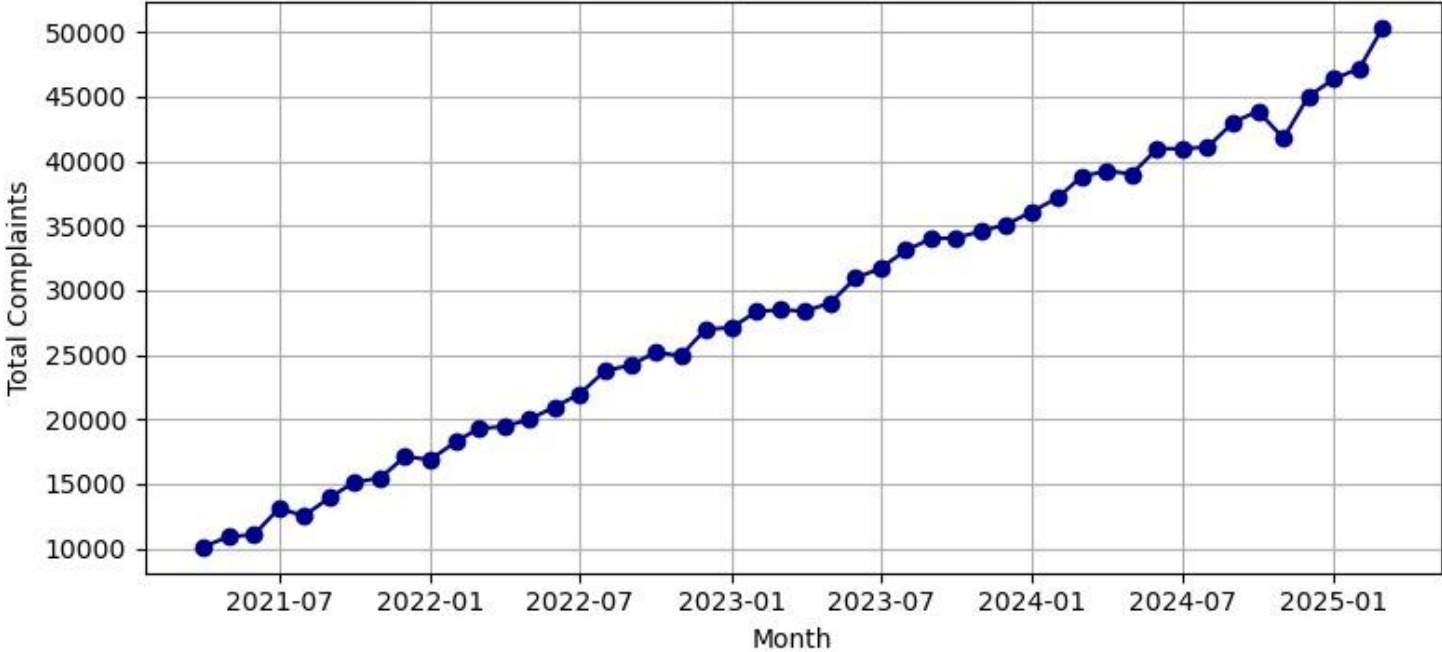
Category-wise Complaint Trends
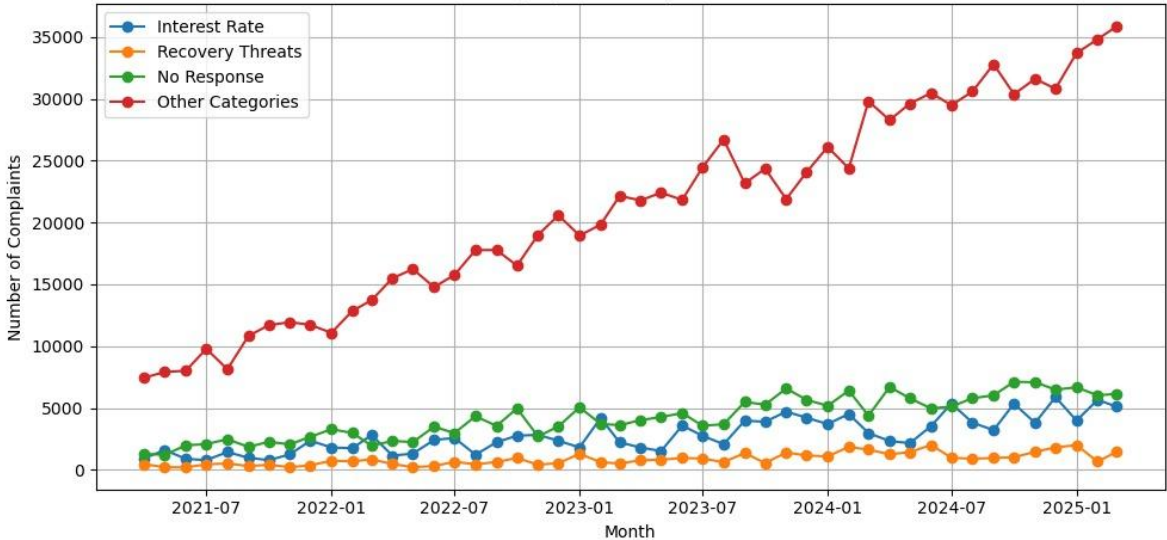
Risk Implications and observations

- **Violations may indicate :**

  1. Gaps in digital onboarding flow

  2. Risk based profiling not fully automated

  3. Under-enforced CIBIL cutoff

- **Customer Protection Risk**: Complain spike may signal aggressive practices

- **Write off trends**: High average value- potential impact on credit bureau reporting

Recommendations and Action plan

System-level fixes:

- Auto-block CIBIL < 575 at approval stage

- Enforce mandatory consent flag before activation

- Hard-limit APR decisioning within approved band

Governance measures:

- Regular consent & write-off audits

- Monitor complaint surge patterns monthly

🧠 Build early warning triggers tied to DPD + complaints for better conduct monitoring.