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## RBI Approves Blockchain MSME Financing Platform in India

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The Reserve Bank of India (RBI) has approved a blockchain-based financing platform for micro, small, and medium enterprises (MSMEs), developed by Indian Banks' Digital Infrastructure Company (IBDIC) Pvt Ltd, for wider adoption.

The green light follows the solution's successful completion of trials under the RBI's Fifth Regulatory Sandbox (RS) Cohort. The latest cohort adopted a theme-neutral approach to foster broader financial technology innovation. In a statement released on August 15, 2025, the RBI confirmed that the IBDIC platform had met all predefined testing benchmarks,

making it eligible for deployment by banks and non-banking financial companies (NBFCs), subject to compliance with applicable regulations.

The IBDIC platform aims to improve access to affordable credit for smaller MSMEs operating within large corporate supply chains. Using blockchain and smart contract technology, the system tokenizes invoices accepted by major enterprises.

These tokenized invoices serve as verified proof of value addition by suppliers, enabling lenders to provide financing against them via a secure digital platform. The payment process is also digitized, and tokens move from buyers to sellers. Streamlining and accelerating the working capital cycle for MSMEs.

For the project's development and testing, IBDIC partnered with several prominent financial institutions, including ICICI Bank, HDFC Bank, Yes Bank, and Aditya Birla Capital.

The Fifth RS Cohort commenced in August 2024, following its announcement in late 2023. Out of 22 applications received, only five were selected for testing. Two of these, including IBDIC and Finagg Technologies, proposed blockchain-based vendor financing models.

RBI's announcement confirms that IBDIC's product was the sole blockchain solution to pass all sandbox requirements, underscoring its structural soundness and compliance readiness.

In April 2025, the RBI transitioned its sandbox operations to an "On-Tap" model. Under this approach, fintech and blockchain-based solution providers can submit applications at any time, without waiting for a specific theme-based cohort to open.

Applications must be filed through the PRAVAAH portal and are assessed under the revised Enabling Framework for Regulatory Sandbox, introduced in February 2024.

The RBI's clearance represents a significant step for blockchain integration in India's financial sector. By endorsing a permissioned blockchain for enterprise use, regulators are signaling increased comfort with tokenized assets for business applications.

Industry observers suggest that IBDIC's success could encourage broader adoption of blockchain-based financing tools, including tokenization-as-a-service platforms,

decentralized finance (DeFi) solutions tailored for SMEs, and further enterprise blockchain pilots led by Indian banks.