

Uber broke Indian financial rules: central bank chief

December 27 2014, by Penelope Macrae



The Uber smartphone app, used to book taxis using its service, is pictured over a parking lot in the Indian capital New Delhi on December 7, 2014

India's central bank chief lashed out at Uber, already under fire over the alleged rape of a passenger, saying the US taxi-hailing firm violated the country's financial regulations by using an overseas payment system.

A row over the highly valued start-up's financial transactions erupted in

India earlier this year after domestic taxi firms complained Uber was not following the country's two-step authentication system for e-commerce credit card payments.

"They (Uber) were using a way of bypassing our regulations to conduct transactions overseas which were in violation" of Indian regulations, the central bank governor Raghuram Rajan told NDTV.

India will not tolerate such violations "no matter who you are", he warned.

"If we are a country that is going to turn a blind eye to a violation of regulation... then we don't have rule of law," Rajan said.

Rajan's comments come after Uber ran into fresh controversy in India earlier this month when it was banned from operating in the nation's capital over the alleged rape of a woman passenger by one of its drivers.

The driver was formally charged with rape of the passenger and the case raised new questions about Uber's driver-screening procedures.

Uber, which has been engaged in judicial fights with governments around the world over safety and licensing issues, has said it is committed to protecting its passengers in India and globally.

Uber later migrated to a new transaction process in India in conformity with banking regulations.

The third-largest Asian economy is one of the company's key markets outside the United States and operates in nearly a dozen Indian cities.

The San Francisco-based mobile taxi-booking provider was not immediately available for comment on Rajan's statements.

But the [central bank](#) told the firm it understood the problems it was facing in setting up a payment process and that it was "willing to work to try and solve them", Rajan added.

Uber users find a cab using a smartphone app, which uses GPS to connect the customer with the nearest taxi driver. The company, which has said its market value stands at \$40 billion, collects a commission for each ride.

The firm's operations in India, as elsewhere around in the world, have stirred tensions with local cab drivers who accuse Uber of unfair competition, which the company denies.

Rajan added India is seeking to establish a new financial framework to keep pace with the country's burgeoning e-commerce sector, which features varying business models, so that it can flourish in the country.

"We want to encourage that kind of thing (e-commerce)—we certainly have to recognise new technologies as they come and make adjustments to the fact they operate in a different fashion," said Rajan.

"We have some solutions coming that are without too much 'jhanjhat' (trouble) to solve them," Rajan added.

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