Regulatory Updates

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Aug 06, 2026 : Reserve Bank of India (Housing Finance Companies) Third Amendment Directions, 2026

Tags:

Recovery Agents, Housing Finance Companies, Fair Practices Code, Responsible Business Conduct, Regulatory Compliance

Summary:

The Reserve Bank of India (RBI) outlines revised instructions concerning the engagement of recovery agents by Housing Finance Companies (HFCs), within the framework of the Fair Practices Code, effective January 1, 2027. The regulation mandates HFCs to adhere to the updated conduct-related guidelines for loan recovery and interaction with recovery agencies, as per the RBI's (Non-Banking Financial Companies – Responsible Business Conduct) Directions, 2025. This amendment significantly impacts HFCs and excludes certain entities like Mortgage Guarantee Companies and others without customer interfaces.

Insights:

• HFCs must implement the new conduct guidelines for loan recovery and recovery agent engagement by January 1, 2027.

• The current sub-section A.15 and paragraph 170 on recovery agents are replaced by paragraph 170A, which necessitates adherence to the guidelines in paragraphs 100A to 100AB of the 2025 Directions.

• HFCs are obliged to review their current recovery practices and align them with the 'Responsible Business Conduct' guidelines outlined for NBFCs in 2025.

• Entities no longer have to follow the previous guidelines under Chapter-X, paragraph 170, as they are now superseded by the current amendment.

• The amendment excludes specific NBFC categories like Mortgage Guarantee Companies and Core Investment Companies, ensuring only relevant entities comply.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13673&Mode=0

Aug 06, 2026 : Reserve Bank of India (Non-Banking Financial Companies - Responsible Business Conduct) Third Amendment Directions, 2026

Tags:

Recovery Agents, Loan Recovery Policy, NBFC Compliance, Technology-Based Mechanism, Borrower Protection

Summary:

The Reserve Bank of India has issued the Third Amendment Directions, 2026, targeting responsible business conduct by Non-Banking Financial Companies (NBFCs), effective from January 1, 2027. This regulation mandates NBFCs to establish comprehensive policies for loan recovery, the engagement of recovery agents, and the deployment of technology-based mechanisms, focusing on borrower rights and transparent processes. Specific entities impacted include NBFCs with customer interfaces, while Mortgage Guarantee Companies, Core Investment Companies, and others are excluded from these requirements.

Insights:

• NBFCs must establish a policy on recovery of loan dues effective January 1, 2027, covering collection processes and agent conduct per Section 100D.

• Recovery agents must be certified by the IIBF by January 2028, ensuring alignment with guideline J.2.2 under the Third Amendment Directions, 2026.

• NBFCs are required to disclose up-to-date lists of engaged recovery agencies on their websites within 7 calendar days of modifications per Section 100K.

• Deployment of technology-based loan recovery mechanisms should adhere strictly to new guidelines in Section J.3.4 and ensure borrower's data privacy based on 100U.

• Policies on loan recovery must include compensatory measures for borrowers if recovery actions deviate from new Directions outlined in 100F.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13672&Mode=0

Aug 06, 2026 : Reserve Bank of India (All India Financial Institutions - Responsible Business Conduct) Third Amendment Directions, 2026

Tags:

Recovery Agents, Loan Recovery Policies, Responsible Business Conduct, AIFI Compliance, Borrower Protection

Summary:

The Reserve Bank of India (RBI) has issued the Third Amendment Directions, 2026 under the All India Financial Institutions - Responsible Business Conduct framework, focusing on conduct matters related to loan recovery and the engagement of recovery agencies. Key updates include comprehensive instructions on recovery processes, strict due diligence and training requirements for recovery agents, and provisions for fair treatment of borrowers. These regulations impact All India Financial Institutions (AIFIs), who must adjust policies, enhance borrower communication, and ensure compliance with new rules by January 1, 2027.

Insights:

• AIFIs must implement a policy on loan recovery, including engagement protocols for recovery agents, by January 1, 2027, to ensure compliance with the new guidelines.

• Recovery agents must be certified by the Indian Institute of Banking and Finance (IIBF) within one year from the effective date of these Directions.

• AIFIs need to update their website with an up-to-date list of engaged recovery agencies within seven days of any changes, to maintain transparency in recovery operations.

• Contracts with recovery agencies must include provisions to monitor fair treatment of borrowers and prevent the use of harsh recovery practices as per paragraph 32.1Z.

• Policies must be in place to handle grievances related to wrongful restrictions applied on financed mobile devices as per the guidelines on technology-based mechanisms.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13671&Mode=0

Aug 06, 2026 : Reserve Bank of India (Rural Co-operative Banks - Responsible Business Conduct) Fourth Amendment Directions, 2026

Tags:

Rural Co-operative Banks, Recovery Agents, Loan Recovery Process, Grievance Redressal, Technology-based Recovery

Summary:

The Reserve Bank of India (RBI) released a regulatory amendment for Rural Co-operative Banks (RCBs) regarding Responsible Business Conduct, focusing on loan recovery practices. Key updates include the introduction of definitions for 'recovery agency' and 'recovery agent,' requirements for RCBs to establish comprehensive policies on loan recovery, and engagement criteria for recovery agencies, including mandatory training for recovery agents. These changes aim to ensure fair treatment of borrowers during the recovery process, safeguard customer data, and stipulate strict guidelines against harsh recovery practices, impacting RCBs and their associated recovery agencies.

Insights:

• By January 1, 2027, RCBs must have a documented policy for loan recovery processes, including engagement criteria for recovery agencies and compensation mechanisms.

• RCBs must train their recovery agents to obtain certification from the IIBF within a year, ensuring compliance with qualifications for engagement.

• Compliance with the RBI (Rural Co-operative Banks – Managing Risks in Outsourcing) Directions is required for due diligence when engaging recovery agencies.

• Technology-based mechanisms for device restriction in loan recovery should only be applied under specified conditions for loans tied to device purchases, ensuring no service is disrupted before 30 days past due.

• Harvesting or accessing personal data on devices for recovery purposes is strictly prohibited, and technological mechanisms must reverse functionality restrictions within one hour of loan repayment.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13670&Mode=0

Aug 06, 2026 : Reserve Bank of India (Urban Co-operative Banks - Responsible Business Conduct) Fourth Amendment Directions, 2026

Tags:

Urban Co-operative Banks, Recovery Agents, Responsible Business Conduct, Loan Recovery Process, Compliance and Grievance Redressal

Summary:

The Reserve Bank of India has introduced the Fourth Amendment Directions, 2026, focusing on Urban Co-operative Banks' (UCBs) responsible conduct in loan recovery. Key updates include comprehensive guidelines on hiring and overseeing recovery agents, technology-based recovery methods, and borrower rights, with mandates like obtaining certifications for agents and ensuring fair treatment. UCBs are impacted, needing to revise policies, implement due diligence for agency engagements, and ensure compliance with new grievance redressal mechanisms.

Insights:

• UCBs must establish a policy for collection/recovery of loan dues, including escalation frameworks and handling financial distress, effective from January 1, 2027.

• By January 1, 2028, UCBs must ensure all recovery agents are certified by IIBF or its affiliates, as per 325I.

• UCBs need to update their list of recovery agencies on their website within seven days of any change, as mandated by 325K.

• Loan contracts must explicitly state procedures for possession of the borrower's security, aligned with new guidelines in 325R.

• Technology-based mechanisms for loan recovery must be compliant with outlined practices and must not access borrowers' personal data, per 325S and 325U.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13669&Mode=0

Aug 06, 2026 : Reserve Bank of India (Regional Rural Banks - Responsible Business Conduct) Fourth Amendment Directions, 2026

Tags:

Recovery Agents, Loan Recovery, Regional Rural Banks, Responsible Business Conduct, Regulatory Compliance

Summary:

The Reserve Bank of India has issued the Fourth Amendment Directions, 2026, focusing on the conduct related to the recovery of loan dues and engagement of recovery agencies by Regional Rural Banks (RRBs). Key updates include defining recovery agencies and agents, mandating a policy for loan recovery processes, stringent criteria for engagement and training of recovery agents, and implementing technology-based recovery mechanisms. These directions impact RRBs and their associated recovery agencies, as they must adhere to new standards of conduct, oversight, and borrower treatment in recovery processes effective January 1, 2027.

Insights:

• RRBs must put in place a policy on collection/recovery of loan dues by January 1, 2027, covering triggers, escalation matrix, and code of conduct as per Section 437D.

• All recovery agents must be certified by the Indian Institute of Banking and Finance (IIBF) by January 1, 2028, as outlined in paragraph 437I.

• RRBs should commence the gradual technology-based restrictions on defaulting borrowers' financed mobile devices only after the loan is 30 days past due, as per paragraph 437S.

• An updated list of recovery agencies must be maintained and promptly updated on the RRB's website, ensuring modifications are reflected within seven calendar days, according to paragraph 437K.

• RRBs are required to compensate borrowers at ₹250 per hour for wrongful restrictions on device functionalities, with compensation capped at the loan amount disbursed, as stated in paragraph 437T(6).

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13668&Mode=0

Aug 06, 2026 : Reserve Bank of India (Local Area Banks - Responsible Business Conduct) Fourth Amendment Directions, 2026

Tags:

Recovery Agents, Loan Dues, Responsible Business Conduct, Microfinance Loans, Technology-based Mechanism

Summary:

The Reserve Bank of India (RBI) has issued comprehensive directions for Local Area Banks (LABs) concerning the recovery of loan dues and the engagement of recovery agencies, effective from January 1, 2027. Key updates include defining recovery agencies and agents, establishing a framework for LABs' recovery policies, ensuring fair treatment of borrowers, and technology-based mechanisms for mobile device recovery. These amendments impact Local Area Banks and recovery agencies, emphasizing adherence to responsible lending conduct and technological protocols in loan recovery processes.

Insights:

• Local Area Banks (LABs) must establish a detailed policy on loan recovery processes, including the engagement of recovery agents, to comply by January 1, 2027.

• All recovery agents must acquire certification from the Indian Institute of Banking and Finance within one year from the effective date of these Directions, underscoring training compliance.

• LABs must update their list of empanelled recovery agencies within seven days of any modification or termination, ensuring transparency and proactive borrower communication.

• Deployment of technology-based mechanisms to restrict mobile device functionalities for loan recovery is limited to financed devices and must not affect essential functionalities like incoming calls and SOS features.

• LABs are required to have a dedicated grievance redressal mechanism for recovery-related complaints as per the amended guidelines, ensuring borrower communication includes these details.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13667&Mode=0

Aug 06, 2026 : Reserve Bank of India (Small Finance Banks - Responsible Business Conduct) Fourth Amendment Directions, 2026

Tags:

Recovery Agents, Small Finance Banks, Loan Dues Recovery, Compliance, Responsible Lending Conduct

Summary:

The Reserve Bank of India (RBI) has issued the Fourth Amendment Directions, 2026, for Small Finance Banks (SFBs), focusing on responsible business conduct in the recovery of loan dues. Key changes include comprehensive guidelines for engaging recovery agencies, mandating due diligence and training for recovery agents, and setting conduct standards for SFB employees and agents engaging with borrowers. The regulation impacts SFBs, recovery agencies, and borrowers, ensuring fair treatment in loan recovery processes and establishing a framework for grievance redressal and adherence to additional RBI and statutory guidelines.

Insights:

• SFBs must have a formal policy on loan recovery, including processes for engagement and oversight of recovery agents by January 1, 2027.

• SFBs are required to conduct periodic due diligence of recovery agencies, referencing the Reserve Bank of India (Small Finance Banks – Managing Risks in Outsourcing) Directions, 2025.

• SFBs must provide borrowers one day's notice with details of the recovery agency before any in-person visits for loan recovery.

• The Reserve Bank's previous instructions in paragraphs 408 to 416 and 442 to 454 on recovery conduct are withdrawn and replaced with new Sections L guidelines.

• SFBs using technology-based mechanisms for recovery must ensure essential functions on mobile devices are not disabled and penalties are levied for wrongful restrictions.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13666&Mode=0

Aug 06, 2026 : Reserve Bank of India (Commercial Banks - Responsible Business Conduct) Fourth Amendment Directions, 2026

Tags:

Recovery Agents, Loan Dues, Banking Compliance, Financial Regulations, Responsible Business Conduct

Summary:

The Reserve Bank of India (RBI) issued the Fourth Amendment Directions, 2026, underlining the conduct mandates for commercial banks, excluding certain categories, in loan recovery processes. Key updates include comprehensive instructions for engaging recovery agencies, employee conduct codes, technology use in loan recovery, and borrower communication protocols. The regulations aim to ensure fair treatment to borrowers and impose stringent guidelines on banks and their recovery agents, emphasizing transparency and ethical practices in debt recovery operations.

Insights:

• Banks must ensure engagement of recovery agents only if they have obtained the IIBF certificate for Debt Recovery Agents.

• Banks are required to update their website with an up-to-date list of empanelled recovery agencies within seven calendar days of any modification.

• Deploying technology-based mechanisms for recovery must adhere to restrictions on timelines, with no restrictions initiated until loans are 30 days past due.

• Banks must integrate new conduct guidelines with existing RBI Directions such as the Commercial Banks – Managing Risks in Outsourcing Directions, 2025.

• All recovery-related communications must clearly state the contact details of the bank's grievance redressal officer, ensuring borrower access to redressal channels.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13665&Mode=0

Aug 07, 2026 : Reserve Bank of India (Priority Sector Lending – Targets and Classification) Second Amendment Directions, 2026

Tags:

FCNR(B) Deposits, US Dollar-Rupee Swap, Cash Reserve Ratio (CRR), Statutory Liquidity Ratio (SLR), Priority Sector Lending

Summary:

The Reserve Bank of India introduces amendments to its Priority Sector Lending Directions, emphasizing the exclusion of advances against FCNR (B) and NRE deposits from Adjusted Net Bank Credit calculation when such deposits qualify for exemption from Cash Reserve Ratio and Statutory Liquidity Ratio. Key changes include exempting certain FCNR (B) and NRE deposits mobilized between June 8, 2026, and September 30, 2026, from these requirements. These updates primarily impact banks managing Non-Resident deposits in India.

Insights:

• Banks should mobilize fresh FCNR (B) and NRE term deposits with a minimum tenor of three years by September 30, 2026, to benefit from CRR and SLR exemptions.

• Regulated banks must exclude advances against the qualified FCNR (B) and NRE deposits from ANBC calculations to ensure accurate priority sector lending targets.

• Ensure compliance with the updated RBI (Priority Sector Lending – Targets and Classification) regulations by referring to the Second Amendment Directions of 2026.

• Update internal systems to incorporate the deletion of footnote no.3 from the previous guidelines as per the Reserve Bank's modifications.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13674&Mode=0

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Aug 10, 2026 : Formation of new districts in the Union Territory of Ladakh – Assignment of Lead Bank Responsibility

Tags:

New Districts, Ladakh, Lead Bank Responsibility, State Bank of India, Regulatory Update

Summary:

The Reserve Bank of India's regulation pertains to the formation of five new districts in the Union Territory of Ladakh: Sham, Nubra, Changthang, Zanskar, and Drass, as notified on April 27, 2026. It designates the State Bank of India as the Lead Bank for each of these newly created districts and assigns specific district working codes to them. This change directly impacts the banking responsibilities of the State Bank of India within the UT of Ladakh, while there is no change for lead banks in the other existing districts.

Insights:

• State Bank of India has been assigned Lead Bank Responsibility for Sham, Nubra, Changthang, Zanskar, and Drass districts in the UT of Ladakh; entities must coordinate with SBI for district-specific banking operations.

• Regulated entities operating in the newly formed districts must update regional banking strategies by adopting the Lead Bank codes: 02Z for Sham, 03B for Nubra, 03A for Changthang, 03C for Zanskar, and 03D for Drass.

• Financial institutions should align with the RBI notification SG-LD-E-27042026-1712 dated April 27, 2026, for smooth transitions regarding the formation of the new districts in the UT of Ladakh.

• Ensure no change in operations is made unnecessarily for other districts in UT Ladakh as their Lead Banks remain the same, according to this regulation.

• Entities involved must communicate this transition information with stakeholders promptly, utilizing internal and external channels to maintain seamless business conduct.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13675&Mode=0

Aug 18, 2026 : Implementation of Section 51A of UAPA, 1967: Updates to UNSC's 1267/ 1989 ISIL (Da'esh) & Al-Qaida Sanctions List: Amendment of 04 Entries

Tags:

UAPA 1967, UNSC Sanctions List, Compliance Requirements, Terrorist Links, Financial Institutions

Summary:

The Reserve Bank of India's regulation focuses on implementing Section 51A of the UAPA, 1967, by updating entities on UNSC's amendments to the ISIL (Da'esh) & Al-Qaida Sanctions List, specifying four entries. Key updates include changes to the individual and entity listings, aiming for stringent compliance and urging regulated entities like banks and financial institutions to ensure no accounts are maintained for individuals/entities with terrorist links. This affects all regulated banks and financial entities, which must adhere to the prescribed procedures and comply meticulously with the UAPA Order and UNSC resolutions.

Insights:

• Regulated entities must verify that no account holders are listed on the UNSC's updated ISIL (Da'esh) & Al-Qaida Sanctions List as per UAPA section 51A, with immediate effect.

• Entities are required to monitor and update their records in line with amendments specified in the UNSC press release SC/16432 concerning ISIL and Al-Qaida issued on August 13, 2026.

• All de-listing requests received by banks should be forwarded electronically to the Joint Secretary (CTCR), MHA, as guided by the Ministry of Home Affairs under paragraph 7.

• Compliance to the updated sanctions and exemptions must align with the UAPA Order amended as of April 22, 2024, incorporated in Chapter IX of the Know Your Customer Directions, 2025.

• Regulated entities must ensure updates to their procedures and retain access to the UNSC-sanctions list for timely compliance and to avoid penalties.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13676&Mode=0

Aug 18, 2026 : Implementation of Section 51A of UAPA, 1967: Updates to UNSC’s 1267/ 1989 ISIL (Da'esh) & Al-Qaida Sanctions List: Amendment of 04 Entries

Tags:

UAPA Compliance, UNSC Sanctions List, ISIL & Al-Qaida Monitoring, Financial Asset Freeze, Terrorism Links Regulations

Summary:

The Reserve Bank of India (RBI) announces amendments to the UNSC's 1267/1989 ISIL (Da'esh) & Al-Qaida Sanctions List, specifically adding or updating entries related to individuals and entities with potential ties to terrorism under the UAPA, 1967. Entities affected by this regulation include commercial banks, small finance banks, payment banks, cooperative banks, and financial institutions, which must ensure they hold no accounts for individuals/entities on this list, adhering to the updated international security guidelines. Compliance requires these stakeholders to review and update their records as per these amendments, ensuring requests for delisting are channeled to the designated authorities.

Insights:

• Regulated entities must immediately ensure that they do not maintain any accounts for individuals or entities listed by the UNSC in the ISIL (Da'esh) & Al-Qaida Sanctions List, in compliance with UAPA section 51A.

• All banks should regularly update their compliance frameworks to incorporate changes regarding international sanctions as outlined in RBI's Directions, ensuring alignment with the UAPA Order dated February 02, 2021.

• Entities are required to forward any delisting requests they receive electronically to Joint Secretary (CTCR), MHA, as directed by the Ministry of Home Affairs, to maintain compliance with the updated UNSC lists.

• Compliance with updated UNSC sanctions lists is mandatory; regulated entities are urged to refer to Chapter IX of RBI's Know Your Customer Directions, 2025 for detailed procedural guidance.

• Entities should routinely access updated lists at the UN-sanctioned URLs provided in the regulation to ensure their existing client base is not listed, thereby preventing unlawful associations.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13677&Mode=0

Aug 19, 2026 : Implementation of Section 51A of UAPA, 1967: Updates to UNSC's 1267/ 1989 ISIL (Da'esh) & Al-Qaida Sanctions List: Amendment of 21 Entries

Tags:

UNSC Compliance, UAPA Act 1967, ISIL Da'esh Al-Qaida Sanctions, Financial Institutions, Asset Freeze Measures

Summary:

The Reserve Bank of India's latest regulation addresses the implementation of Section 51A of the UAPA, 1967, concerning updates to the UNSC's ISIL (Da'esh) and Al-Qaida Sanctions List, namely the amendment of 21 entries. The circular mandates that regulated entities, such as banks and financial institutions, ensure strict adherence to these updates by freezing assets, imposing travel bans, and enacting arms embargoes on listed individuals and entities as per the United Nations Security Council's resolutions. It also instructs regulated entities to forward any de-listing requests to the Ministry of Home Affairs and comply with the procedures outlined in the Direction's UAPA Order.

Insights:

• Regulated entities must update their systems to reflect the amended ISIL (Da'esh) & Al-Qaida Sanctions List as per UNSC press release SC/16435 dated August 18, 2026.

• Entities must implement checks to ensure compliance with paragraph 1 of Security Council resolution 2734 (2024) regarding assets freeze, travel ban, and arms embargo.

• All new account openings should include screening against the updated sanctions list available at specified UN URLs.

• Requests for delisting from the Security Council's list must be electronically forwarded to Joint Secretary (CTCR), MHA as per MHA instructions.

• Follow the procedure in the UAPA Order dated February 02, 2021, amended on April 22, 2024, in alignment with Chapter IX of the Directions for compliance.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13678&Mode=0

Aug 25, 2026 : Reserve Bank of India (Non-Banking Financial Companies – Concentration Risk Management) Fourth Amendment Directions, 2026

Tags:

Concentration Risk Management, Infrastructure Debt Fund, Upper Layer NBFC, Large Exposure Limit, RBI Amendment

Summary:

The Reserve Bank of India has introduced the Fourth Amendment Directions, 2026 for Non-Banking Financial Companies (NBFCs) concerning Concentration Risk Management. This amendment revises the large exposure framework for Infrastructure Debt Fund- Non-Banking Financial Companies (IDF-NBFCs) in the Upper Layer, aligning them with the exposure limits applicable to NBFC-Infrastructure Finance Companies (IFC). The regulation specifically impacts IDF-NBFCs that fall within the Upper Layer under RBI regulations, effective immediately.

Insights:

• NBFCs classified in the Upper Layer must apply the large exposure limits specified for NBFC-IFCs to IDF-NBFCs, requiring immediate reassessment of current exposure metrics for compliance.

• Effective immediately, regulated entities should incorporate paragraph 39A modifications for IDF-NBFCs into their risk management frameworks, based on the integrated guidelines from paragraphs 60A and 18(4)(i) of prior RBI regulations from 2025.

• IDF-NBFCs under Upper Layer regulations must review and possibly restructure existing infrastructure financing portfolios to adhere to revised large exposure limits, safeguarding against potential breaches.

• Compliance teams within applicable NBFCs should immediately cross-check and update their practices with the Fourth Amendment Directions of 2026, studying the previous guidelines issued in November 2025 to ensure consistent alignment.

• Regulated entities should establish a cross-functional task force to monitor the implementation and implications of these Amendments to prevent inadvertent exposure limit violations and ensure strategic operational adjustments.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13679&Mode=0

Aug 25, 2026 : Reserve Bank of India (Rural Co-operative Banks – Interest Rate on Deposits) Second Amendment Directions, 2026

Tags:

Interest Rate Ceiling, FCNR(B) Deposits, NRE Deposits, Temporary Withdrawal, Reserve Bank of India

Summary:

The Reserve Bank of India (RBI) has issued the Second Amendment Directions, 2026, modifying interest rate regulations for Rural Cooperative Banks. The amendment changes the temporary relaxation end date from September 30, 2026, to August 31, 2026, on interest rate ceilings for FCNR(B) deposits and NRE deposits of 3-5 years tenor. This regulatory adjustment primarily impacts Rural Cooperative Banks, requiring them to alter their interest rate offerings in line with the updated timelines.

Insights:

• Rural Co-operative Banks need to update their systems for FCNR(B) and NRE deposits as the temporary interest rate relaxation now ends on August 31, 2026, instead of September 30, 2026.

• Financial institutions must review compliance strategies to align with the amended guidelines in paragraphs 24(4) and 29(7), ensuring adherence to the new deadline of August 31, 2026.

• Banks should communicate with deposit holders regarding the revised cutoff date for interest rate relaxation to avoid customer confusion and ensure regulatory compliance.

• Update risk management frameworks to account for potential changes in deposit inflows as a result of the shortened relaxation period for interest rate ceilings on FCNR(B) and NRE deposits.

• Ensure all internal documents, systems, and processes reflect the updated directions in the amended RBI guidelines for accurate operational execution post-August 31, 2026.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13690&Mode=0

Aug 25, 2026 : Reserve Bank of India (Urban Co-operative Banks – Interest Rate on Deposits) Third Amendment Directions, 2026

Tags:

Urban Co-operative Banks, Interest Rate Regulation, FCNR(B) Deposits, NRE Deposits, RBI Amendment Directions

Summary:

The Reserve Bank of India (RBI) has issued the Third Amendment Directions, 2026, for Urban Co-operative Banks concerning interest rates on deposits. The regulation revises the temporary withdrawal period of the interest rate ceiling on FCNR(B) deposits (3-5 year tenors) and restrictions on NRE deposits (3 years and above) by advancing the end date from September 30, 2026, to August 31, 2026. This amendment affects urban co-operative banks, requiring them to adhere to the adjusted timeline with immediate effect.

Insights:

• Urban Co-operative Banks must adjust their systems to implement the interest rate changes by ensuring compliance with the revised deadline of August 31, 2026, rather than the previously stated September 30, 2026.

• Immediate operational adjustments are required to reflect the change in interest rate ceiling policies on fresh FCNR(B) deposits and NRE deposits, effective June 17, 2026, and ending on August 31, 2026.

• Sections 24(4)(1) and 29(7)(2) of the Directions from November 28, 2025, have been amended, mandating operational updates in line with the new August deadline for Urban Co-operative Banks.

• Review and update compliance checklists to ensure no breaches of the amended interest rate guidelines, superseding the June 17, 2026 to September 30, 2026 timeline identified in previous regulations.

• Urban Co-operative Banks must communicate changes to stakeholders, including depositors, to ensure transparency regarding the updated interest rate regulations effective immediately.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13689&Mode=0

Aug 25, 2026 : Reserve Bank of India (Regional Rural Banks – Interest Rate on Deposits) Third Amendment Directions, 2026

Tags:

Interest Rate Ceiling, FCNR(B) Deposits, NRE Deposits, Banking Regulation Act, Temporary Relaxation

Summary:

The Reserve Bank of India (RBI) has issued an amendment to the Reserve Bank of India (Regional Rural Banks - Interest Rate on Deposits) Directions, 2025, altering the deadline for temporary relaxation on interest rate ceilings for FCNR(B) and NRE deposits from September 30, 2026, to August 31, 2026. This amendment impacts Regional Rural Banks by changing the period during which they can offer these specific interest rate terms to their depositors. The regulation comes into effect immediately and requires banks to adjust their deposit policies according to the amended timeline.

Insights:

• Regional Rural Banks must adjust their deposit offerings to reflect the updated interest rate ceilings which now end on August 31, 2026, instead of September 30, 2026.

• Compliance teams should urgently update systems and communications to ensure adherence to the new August 31, 2026 deadline.

• Finance departments need to be aware of and adjust projected earnings impacted by shorter insulation period from interest rate ceilings on FCNR(B) and NRE deposits.

• Ensure that all references to the previous circular dated June 17, 2026, are updated to reflect this latest amendment to avoid compliance issues.

• Cross-functional teams, especially those managing financial documentation and customer communication, must initiate immediate amendments to internal and external advisories detailing the corrected dates.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13688&Mode=0

Aug 25, 2026 : Reserve Bank of India (Local Area Banks – Interest Rate on Deposits) Third Amendment Directions, 2026

Tags:

Interest Rate Ceiling, FCNR(B) Deposits, NRE Deposits, RBI Amendment, Banking Regulation Act

Summary:

The Reserve Bank of India (RBI) has issued amendments to the Reserve Bank of India (Local Area Banks – Interest Rate on Deposits) Directions, 2025, primarily altering the timeline for temporary relaxations on the interest rate ceiling for FCNR(B) deposits of 3-5 year tenors and restrictions on NRE deposits of 3-year and above tenors. The previous end date of these relaxations has been revised from September 30, 2026, to August 31, 2026. This amendment impacts Local Area Banks by demanding adherence to the adjusted timeline for interest rate regulations on specific deposit tenors.

Insights:

• Regulated entities should comply with the revised deadline of August 31, 2026, for the temporary withdrawal of interest rate ceilings on FCNR(B) deposits as amended in the latest directions.

• Local Area Banks must adjust their interest rate schemes for NRE deposits of 3-year tenor and above, ensuring compliance with the amended timeline set until August 31, 2026.

• Review and update existing policies to align with the revised directions amending paragraph 26(4) and 31(7) of the November 2025 guidelines, replacing 'September 30, 2026' with 'August 31, 2026'.

• Initiate immediate operational changes to adhere to the effect that the amendments will take place starting June 17, 2026, ensuring that all practices reflect compliance with the new August 31, 2026 deadline.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13687&Mode=0

Aug 25, 2026 : Reserve Bank of India (Small Finance Banks – Interest Rate on Deposits) Third Amendment Directions, 2026

Tags:

Interest Rate Ceiling, FCNR(B) Deposits, NRE Deposits, Small Finance Banks, Regulatory Amendment

Summary:

The Reserve Bank of India (RBI) has amended its 2025 Directions regarding interest rates on deposits in Small Finance Banks, specifically changing the end date for temporary withdrawal of the interest rate ceiling on FCNR(B) deposits of 3-5 years and restrictions on NRE deposits of 3 years and above from September 30, 2026, to August 31, 2026. The amendment affects Small Finance Banks that handle FCNR(B) and NRE deposits, making it necessary for them to adjust their interest rate policies by the new deadline of August 31, 2026 as stipulated by the RBI.

Insights:

• Regulated entities must expedite compliance by ensuring interest rates on FCNR(B) deposits of 3-5 years and NRE deposits of 3 years and above comply with the amended deadline of August 31, 2026.

• Operational processes must be adjusted to incorporate the revised maturity date of August 31, 2026, replacing the previously set date of September 30, 2026, for deposit interest rates.

• Review and amend existing banking protocols in alignment with the Third Amendment Direction 2026 to avoid any compliance discrepancies arising from outdated guidelines.

• Ensure immediate strategic recalibration of deposit interest offerings to manage the transition effectively by the newly specified deadline in accordance with Section 35A of the Banking Regulation Act, 1949.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13686&Mode=0

Aug 25, 2026 : Reserve Bank of India (Commercial Banks – Interest Rate on Deposits) Third Amendment Directions, 2026

Tags:

Interest Rate Ceiling, FCNR(B) Deposits, NRE Deposits, Banking Regulation Act, Amendment Directions

Summary:

The Reserve Bank of India (RBI) has issued an amendment to its Directions concerning interest rates on deposits by commercial banks, specifically revising the temporary withdrawal of the interest rate ceiling on FCNR(B) deposits of 3-5 year tenors and restrictions on NRE deposits with a maturity of 3 years and above. Originally set to last until September 30, 2026, these relaxations are now slated to end on August 31, 2026. The adjustment impacts commercial banks offering these deposit products and is informed by public interest considerations.

Insights:

• Commercial banks must adjust interest scheme calculations for NRE and FCNR(B) deposits to reflect the new deadline of August 31, 2026, altering previous plans through September 30, 2026.

• Banks need to promptly update their deposit account systems to comply with the revised regulatory period for offering relaxed interest rates, effective immediately as per the amended guidelines.

• Financial institutions must revisit and potentially revise their customer communication strategies to ensure clear dissemination of changes regarding deposit interest rates and associated deadlines.

• Entities should review and align their operational procedures with the amended RBI Directions by reinforcing compliance checks for affected deposit categories by the immediate effective date of these amendments.

• Systems must be updated to replace mentions of the September 30, 2026 date in all applicable processes with the revised deadline of August 31, 2026, for regulatory conformance.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13685&Mode=0

Aug 25, 2026 : Reserve Bank of India (Rural Co-operative Banks – Cash Reserve Ratio and Statutory Liquidity Ratio) Fourth Amendment Directions, 2026

Tags:

Cash Reserve Ratio, Statutory Liquidity Ratio, Rural Co-operative Banks, Exemption Amendment, Non-Resident Deposits

Summary:

The Reserve Bank of India's regulatory document amends the Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) requirements for rural co-operative banks, specifically altering the exemption period for maintaining CRR and SLR for fresh FCNR(B) and NRE deposits with tenors between three to five years. The key change is the advancement of the exemption deadline from September 30, 2026, to August 31, 2026. This amendment impacts rural co-operative banks, requiring immediate compliance with the updated exemption timelines.

Insights:

• Co-operative banks must update their systems to reflect the new CRR and SLR exemption cut-off date, now set to August 31, 2026, from the previously stated September 30, 2026.

• Banks should prioritize mobilizing or renewing eligible FCNR(B) and NRE deposits by August 31, 2026, to benefit from the CRR and SLR exemptions.

• Compliance teams must ensure adherence to the revised timelines by incorporating the latest amendment in paragraph 21(5) and 21(6) of the 2025 Directions.

• The amendment revises operational processes regarding deposit maturities between June 8, 2026, and August 31, 2026, necessitating prompt action from the finance departments.

• Regulated entities must disregard references to the earlier cut-off date, September 30, 2026, in their compliance manuals and operational guidelines.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13684&Mode=0

Aug 25, 2026 : Reserve Bank of India (Urban Co-operative Banks – Cash Reserve Ratio and Statutory Liquidity Ratio) Fourth Amendment Directions, 2026

Tags:

Cash Reserve Ratio (CRR), Statutory Liquidity Ratio (SLR), Urban Co-operative Banks, Regulatory Amendments, Foreign Currency Non-Resident Deposits (FCNR B)

Summary:

The Reserve Bank of India's document, titled 'Reserve Bank of India (Urban Co-operative Banks – Cash Reserve Ratio and Statutory Liquidity Ratio) Fourth Amendment Directions, 2026,' addresses changes in the exemption period for CRR and SLR maintenance on certain foreign currency and non-resident deposits. The major update amends the exemption deadline for these deposits from September 30, 2026, to August 31, 2026. This regulation impacts urban co-operative banks managing fresh FCNR(B) and NRE term deposits mobilized during specified periods.

Insights:

• Banks must adjust their compliance frameworks to accommodate the amended deadline of August 31, 2026, for CRR and SLR exemptions on specified FCNR(B) and NRE deposits.

• The exemption period modification from September 30, 2026, to August 31, 2026, as per paragraphs 21(5) and 21(6), requires banks to update their deposit mobilization strategies promptly.

• Regulated entities must revisit their operational timelines to align with the new regulatory amendments, specifically focusing on processes related to deposit acceptance maturity periods.

• Updates to the amended directives necessitate a review of existing systems that track deposit renewals to ensure compliance with the new exemption timeframe.

• Affected Urban Co-operative Banks should communicate these changes effectively to stakeholders, ensuring clarity in the operational impact of the Fourth Amendment Directions, 2026.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13683&Mode=0

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Aug 25, 2026 : Reserve Bank of India (Regional Rural Banks – Cash Reserve Ratio and Statutory Liquidity Ratio) Fourth Amendment Directions, 2026

Tags:

Regional Rural Banks, Cash Reserve Ratio, Statutory Liquidity Ratio, CRR and SLR Exemption, Non-Resident Deposits

Summary:

The Reserve Bank of India (RBI) has issued the Fourth Amendment Directions, 2026 for Regional Rural Banks concerning the Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR), where the exemption period for CRR and SLR maintenance on specific foreign currency and Non-Resident Rupee deposits has been revised to end on August 31, 2026, instead of September 30, 2026. The amendment impacts banks mobilizing or renewing these deposits between June and September 2026, requiring compliance with the updated deadlines.

Insights:

• Regional Rural Banks must adjust their compliance systems to manage CRR and SLR exemptions only until August 31, 2026, instead of September 30, 2026, as previously stated.

• Review and update deposit mobilization strategies to ensure all FCNR(B) and NRE deposits qualify for CRR and SLR exemptions only if raised by August 31, 2026.

• Amend all operational processes and documents to reflect the change in exemption end date to August 31, 2026, replacing the previously set date of September 30, 2026.

• Adjust financial and regulatory reporting timelines and schedules in accordance with the updated timeline for exemptions on new deposits.

• Ensure internal communication and compliance teams are informed and trained regarding these updates to avoid any compliance breaches post-August 31, 2026.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13682&Mode=0

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Aug 25, 2026 : Reserve Bank of India (Small Finance Banks – Cash Reserve Ratio and Statutory Liquidity Ratio) Fourth Amendment Directions, 2026

Tags:

Cash Reserve Ratio (CRR), Statutory Liquidity Ratio (SLR), Small Finance Banks, FCNR(B) Deposits, Amendment Directions 2026

Summary:

The Reserve Bank of India (RBI) has issued the Fourth Amendment Directions, 2026, pertaining to Small Finance Banks' requirements for Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR). This amendment revises the exemption period for maintaining CRR and SLR on fresh FCNR(B) deposits and NRE term deposits, changing the deadline from September 30, 2026, to August 31, 2026. The regulation impacts Small Finance Banks by altering compliance timelines and guiding their handling of specific deposit exemptions.

Insights:

• Small Finance Banks (SFBs) must adjust CRR and SLR exemptions for FCNR(B) deposits to end on August 31, 2026, instead of September 30, 2026.

• SFBs should update their systems to implement changes in exemption periods for NRE term deposits to align with the new deadline of August 31, 2026.

• Ensure compliance by reviewing and amending operational procedures related to the renewed deposits mobilized between June 8, 2026, and June 19, 2026, as per updated guidelines.

• Cross-reference updated provisions in the Reserve Bank of India (Small Finance Banks – CRR and SLR) Directions, 2025, as these are modified under the Fourth Amendment Directions, 2026.

• Implement changes immediately, as the amended directions come into force with immediate effect, impacting current and future deposit mobilization strategies.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13681&Mode=0

Aug 25, 2026 : Reserve Bank of India (Commercial Banks – Cash Reserve Ratio and Statutory Liquidity Ratio) Fourth Amendment Directions, 2026

Tags:

Cash Reserve Ratio, Statutory Liquidity Ratio, FCNR(B) Deposits, Non-Resident External Rupee Deposits, Banking Regulation Amendment

Summary:

The Reserve Bank of India (RBI) has issued the Fourth Amendment Directions, 2026, which pertains to the Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) for commercial banks. The amendment updates the deadline for exemptions from maintaining CRR and SLR on fresh FCNR(B) deposits and fresh Non-Resident (External) Rupee term deposits from 'September 30, 2026' to 'August 31, 2026'. This decision affects commercial banks engaging in mobilizing these types of deposits within the stipulated timeframe.

Insights:

• Banks must adjust their systems to reflect the amended CRR and SLR maintenance exemption deadlines from August 31, 2026, not September 30, 2026.

• Ensure compliance with the revised direction by promptly updating internal policies for FCNR(B) and NRE deposits mobilization as per the amended timelines in the RBI's 2025 guidelines.

• Implement immediate operational changes in banking software to accommodate the updated exemption period for fresh deposits as indicated in Paragraphs 20(8) and 20(9) of the 2025 Directions.

• Staff must be trained to communicate and manage customer expectations concerning deposit timelines and exemptions that now reflect the revised August 31, 2026 date.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13680&Mode=0