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Draft Reserve Bank of India (Commercial Banks – Undertaking of Financial Services) Amendment Directions, 2026

In exercise of the powers conferred by Section 35A of the Banking Regulation Act, 1949, the Reserve Bank being satisfied that it is necessary and expedient in the public interest to do so, hereby, amends the directions issued vide Reserve Bank of India (Commercial Banks – Undertaking of Financial Services) Directions, 2025 **("Master Direction")**.

2. The extant regulations governing agency business and referral services have been reviewed and, accordingly, the Master Direction has been amended and the revised regulatory framework is provided below. Further, the regulatory instructions on customer service and conduct aspects shall be consolidated in the Reserve Bank of India (Commercial Banks - Responsible Business Conduct) Directions, 2025.

3. Short Title and Commencement

(1) These Directions shall be called the Reserve Bank of India (Commercial Banks - Undertaking of Financial Services) Amendment Directions, 2026.

(2) These Directions shall come into effect on **April 1, 2026**.

4. These Amendment Directions shall modify the Reserve Bank of India (Commercial Banks – Undertaking of Financial Services) Directions, 2025 as under:

(i) In paragraph 4 of the Master Direction, the following sub-paras shall be inserted as follows:

a) after sub-para (17), the following shall be inserted, namely: -

*"(17A) **Regulated financial products and services** means financial products and services which fall under the regulatory framework of any of the financial sector regulators viz. Reserve Bank of India, Securities and Exchange Board of India (SEBI), Insurance Regulatory and Development Authority of India (IRDAI), Pension Fund Regulatory and Development Authority (PFRDA)."*

b) after sub-para (18), the following shall be inserted, namely: -

*"(19) **Third-party Product and Service (TPPS)** means a product or service as defined under Reserve Bank of India (Commercial Banks - Responsible Business Conduct) Directions, 2025.*

*(20) **Third-party Product and Service Provider (TPPSP)** means an entity which has entered into agency business or referral arrangement with a bank to offer its product or service (Third-party Product or Service (TPPS)) to a customer of the concerned bank."*

(ii) Sub-paras (1) and (2) under paragraph 7 of the Master Direction stand deleted.

(iii) Paragraph 8 of the Master Direction stands deleted.

(iv) In paragraph 52 of the Master Direction, the following shall be substituted, namely:-

"A bank may, at its option, act as an insurance broker departmentally subject to the conditions mentioned under paragraph 58 on agency business."

(v) For paragraphs 58 to 61 of the Master Direction, the following shall be substituted, namely:-

"58. Banks may facilitate the sale of a TPPS under the agency business arrangement as specified below:

(1) Banks shall only deal with regulated financial products and services in which a bank is permitted to deal in as per sub-section (a) to (m) and (o) of Section 6(1) of the Banking Regulation Act, 1949. Only such TPPS which are covered under the arrangement shall be listed or displayed on websites, mobile applications, or any other digital banking channels offered by the banks.

(2) Banks shall ensure that it is in full compliance with the instructions on Reserve Bank of India (Commercial Banks - Responsible Business Conduct) Directions, 2025.

(3) Agency business shall be undertaken on fee basis without any risk participation. This shall be explicitly disclosed upfront to the customers.

(4) It shall be ensured that TPPSP whose products are being sold has robust customer grievance redressal arrangements in place. The bank may facilitate the redressal of grievances.

59. [Deleted]

60. [Deleted]

61. [Deleted]"

(vi) For paragraph 62 of the Master Direction, the following shall be substituted, namely:-

"62. Banks may refer their customers to a TPPSP only for regulated financial products and services (except insurance) subject to the conditions listed herein:

(1) Banks shall comply with the instructions on Reserve Bank of India (Commercial Banks - Responsible Business Conduct) Directions, 2025.

(2) It shall be ensured that the role of the bank is purely referral in nature and the bank is not involved in any of the processes relating to the TPPS such as marketing, distribution, grievance redressal, etc. The same should be made explicitly clear upfront through a disclaimer to the customers.

(3) The name or brand of the bank shall not feature in any of the product/ service documents.

(4) The list of TPPS under the referral arrangement of a bank shall be published on their websites, mobile application, and any other digital banking channels to ensure transparency.

(5) The selection of the TPPSP shall be done with proper due diligence so as to take care of the reputational risks to which the bank may be exposed to while dealing with the TPPSP. It shall be ensured that TPPSP whose products are being referred has robust customer grievance redressal arrangements in place.

(6) Banks may collect only a one-time fee from the TPPSP at the point of referring its customers. No other stream of income/ fee or commission in any form should be collected by the bank under the referral arrangement."

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