Reserve Bank Of India (Commercial Banks – Governance) Amendment Directions, 2026

RBI has replaced the earlier "seven broad themes" approach to Board agendas of banks with a principle-based framework, supported by two detailed appendices specifying exactly which policies and matters must go to the Board, which may be delegated to Board Committees, and on what basis. The stated objective is to let Boards spend less time on routine/operational matters and more on strategy and risk governance. The Amendment Directions shall come into force from October 1, 2026. Banks should prioritise revising Board and Committee terms of reference, delegation matrices, and agenda-setting processes well ahead of this date.

Key aspects are as follows:

- The Board shall exercise oversight over the risk management system, policy and strategy of the bank, exposures to related entities, conformity with corporate governance standards, including committee composition, roles, meeting periodicity and coverage/review functions.
- Guiding principles: the Board retains ultimate responsibility for business strategy, financial soundness, key personnel decisions, organisational structure and risk/compliance obligations, but may delegate specified matters to Board or Management Committees with defined reporting lines; the Board Chairperson has primary responsibility for setting the meeting agenda; and the Board must ensure it receives sufficient and timely information from management, including external reports if needed.
- Mandatory periodic self-review: the Board must periodically review both the matters placed before it and those delegated to Committees – including timeliness of agenda circulation, adequacy of information in agenda papers, and time allotted to important items.
- Appendix I covers roughly 19 policy heads (credit, investment, risk management, outsourcing, digital banking, IT, responsible business conduct, branch authorisation, deposits, auditor appointment, fit-and-proper assessment, compensation, CSR, compliance, KYC, interest rates, etc.), each mapped to the relevant extant Direction paragraph and flagged as delegable or not; several reviews (e.g., of risk management policy implementation, stress-testing outcomes) can now be delegated to specific Board Committees while the Board approves only material amendments.
- Appendix II A and II B cover roughly 34 and 38 non-policy matters respectively – ranging from Internal Capital Adequacy Assessment Process ('ICAAP') design and capital plans (non-delegable, Appendix II A) to items such as Annual Banking Outlet Expansion Plans, compromise settlements below Management Committee thresholds, and cyber-security incident reviews, many of which may now be delegated to Board or Management Committees (Appendix II B).
- Private Sector Bank ('PVB') applicability: Paragraphs 52 and 57 of Chapter III have been updated so that the revised Board-oversight (paragraphs 8–11A) and Board structure/practices (paragraphs 12–19B) provisions apply mutatis mutandis to Private Sector Banks as well.

Similar amendments are introduced for Small Finance Banks, Payment Banks and Local Area Banks.

Kindly refer the following for the details - NT1772C9F82D1FE8E4ADF8864A476A7523BA9.PDF