



IIBF VISION

Volume No. : 18

Issue No. : 10

May 2026

No. of Pages - 8

VISION

To be premier Institute for developing and nurturing competent professionals in banking and finance field.

MISSION

To develop professionally qualified and competent bankers and finance professionals primarily through a process of education, training, examination, consultancy / counselling and continuing professional development programs.

INSIDE	
Top Stories	2
Banking Policies.....	3
Banking Developments.....	4
Capital Market	5
Regulator Speaks	5
Economic Wrap Up.....	5
New Appointments	6
Forex.....	6
Glossary	6
Financial Basics.....	7
Institute's Training Activities.....	7
News from the Institute	7
Market Roundup	7
Green Initiative	8

"The information / news items contained in this publication have appeared in various external sources / media for public use or consumption and are now meant only for members and subscribers. The views expressed and / or events narrated/ stated in the said information / news items are as perceived by the respective sources. IIBF neither holds nor assumes any responsibility for the correctness or adequacy or otherwise of the news items / events or any information whatsoever."

TOP STORIES**The key highlights of Monetary Policy Committee meeting held from April 06-08, 2026**

The key highlights of the meeting are as follows:

- Repo Rate unchanged at 5.25%.
- Standing Deposit Facility (SDF) rate unchanged at 5.00%.
- Marginal Standing Facility (MSF) rate and the Bank Rate unchanged at 5.50%.

Statement on Developmental and Regulatory Policies: Key highlights

- Guidelines of commercial banks to be reviewed for including Quarterly Profits in Capital to Risk-weighted Assets Ratio (CRAR) computation.
- It is proposed to dispense with the [Investment Fluctuation Reserve \(IFR\)](#) requirement for commercial banks (including Local Area Banks, but excluding Small Finance Banks, Payment Banks and Regional Rural Banks) maintaining capital charge for market risk and also follow revised norms on classification, valuation and operation of investment portfolio.
- Matters to be placed before the Boards for approval, review or information will go through comprehensive review and rationalization by RBI.
- To consolidate its supervisory framework, the apex bank has drafted 64 Master Directions consolidating extant supervisory instructions on up to nine functional areas.
- Requirement of due diligence of MSMEs while onboarding on Trade Receivables Discounting System (TReDS) platforms proposed to be removed to promote ease of business.
- To enhance participation and liquidity in the term money market segment, the participant base will now also include non-bank participants viz., AIFIs, NBFCs, including HFCs, companies etc. Borrowing limit for standalone primary dealers in this segment will also be increased.

RBI works to secure digital transactions

The RBI's Directions on Digital Payments E-mandate framework, 2026, focusses on securing recurring digital transactions across various payments system. Enforced with immediate effect, the guidelines have mandated an Additional Factor of Authentication (AFA) for customers before processing first digital transactions. Issuers must send a pre-transaction notification at least 24 hours before the actual charge/debit. No AFA will be required to authorise recurring transactions up to Rs. 15,000. Insurance premiums, mutual fund subscriptions and credit card bill payments up to ₹1,00,000/- per transaction can be made without AFA. Customer will not be charged anything for availing the e-mandate facility for recurring transactions.

IBC Amendment Act, 2026

The Insolvency and Bankruptcy Code (Amendment) Act, 2026 introduced Creditor-Initiated Insolvency Resolution Process (CIIRP) for faster, debtor-in-possession resolution. The amendment further streamlines procedural aspects and provides greater clarity on stakeholder rights. Additionally, it mandates the submission of a bank guarantee along with applications for withdrawal. The National Company Law Tribunal is now required to admit or reject insolvency applications within 14 days and must record reasons in cases of.

NITI Aayog launched DPI@2047 roadmap to advance inclusive and productivity-led growth

NITI Aayog launched DPI@2047 for Viksit Bharat. Under DPI 2.0, the roadmap identifies eight sectoral transformations to address structural bottlenecks across MSMEs, agriculture, education and health, while strengthening systemic enablers such as credit, decentralised energy and benefit delivery. Further, four execution imperatives are outlined: district-led demand aggregation, scaling technology entrepreneurship, leveraging Artificial Intelligence (AI) and deploying cross-sector unlocks through better data use, digital transactions,

stronger human capacity and the democratisation of AI.

Banks can classify borrower as 'wilful defaulter' within six months

As per the RBI's Directions, with effect from April 1, 2027, if a bank observes wilful default during an internal preliminary screening, it can classify or declare the borrower as a 'wilful defaulter' within six months of the account being classified as Non-Performing Asset (NPA).

Credit card accounts to be flagged as 'past due' only three days after due date: RBI

A credit card account will be classified as 'past due' only when it remains 'past due' for more than three days from the payment due date mentioned in its credit card statement, with effect from April 1, 2027. Card issuers can report such accounts to Credit Information Companies (CICs) or levy penal charges after this period. Such charges shall be levied only on the outstanding amount after the due date and not on the total amount due.

Banking Policies

RBI to banks: Replace incurred-loss-based provisioning framework with ECL approach

RBI has revised asset classification, provisioning and income recognition norms for commercial banks with effect from April 1, 2027. Accordingly, banks and financial institutions will have to adopt a three-stage criteria to recognise loss allowance under the Expected Credit Loss (ECL) framework, based on changes in credit risk since initial recognition and on whether the asset is credit-impaired at the reporting date. Banks will have to adopt a forward-looking provisioning approach under the ECL framework and Effective Interest Rate (EIR) method.

RBI tweaks norms for risk weight on unrated exposures

The revised Directions on Basel III - Capital Charge has increased the threshold for unrated corporate and NBFC exposures attracting a 150% risk weight to ₹500 crore, with effect from April 1, 2027. Individual exposures of up to Rs. 10 crore will be able to take benefit of lower risk weights. The framework has been expanded to all small businesses, including non-micro, small and medium enterprises, with a turnover of up to ₹500 crore on a standalone or group basis.

ADs restricted from undertaking INR-involved forex derivative contracts

Authorised Dealers (ADs) have been restricted from undertaking any foreign exchange derivative contract involving INR with their related parties. Exceptions will be made during (i) cancellation and rollover of existing contracts; and (ii) transactions undertaken with non-related non-resident users on a back-to-back basis.

Banks must exchange soiled, imperfect notes, coins and issue fresh ones

RBI has mandated all bank branches to exchange soiled/mutilated/imperfect notes and issue fresh/good quality notes and coins of all denominations; and accept coins and notes for transactions or exchange, to their customers but also others. Banks may engage their Business Correspondents (BCs) and Cash in Transit (CIT) entities for this purpose to address the last mile connectivity issues.

Banks to report overseas INR OTC derivative contracts to CCIL

The RBI asked banks to report all Over-the-Counter (OTC) foreign exchange derivative contracts and foreign currency interest rate derivative contracts, undertaken by them directly or through their overseas entities to the Trade Repository (TR) of Clearing Corporation of India Ltd. (CCIL). The exemption from reporting has been provided where the notional of the contract does not exceed USD 1 million or equivalent.

CDS cap stays unchanged at 5%: RBI

The RBI has retained the aggregate limit of notional amount of Credit Default Swaps (CDS) sold by Foreign Portfolio Investors (FPIs) at 5% of the outstanding stock of corporate bonds. An additional limit of Rs. 3.3 trillion has been set for 2026-27. For 2026-27, RBI has also retained the allocation of incremental changes in the G-Sec limit (in absolute terms) over both, General and Long-term sub-categories at 50:50.

RBI amended prudential norms on capital adequacy

RBI has amended prudential norms on capital adequacy. Accordingly, provisions or loan-loss reserves held against

future losses that are presently unidentified and are freely available to meet the losses when they do materialise, shall qualify for inclusion within Tier 2 capital. Thus, general provisions on standard assets (i.e. Stage 1 or Stage 2 assets) and any excess provisions arising with the sale of NPAs shall qualify for inclusion in Tier 2 capital.

Banking Developments

RBI notifies lending guidelines for UCBs

RBI has issued lending norms for Urban Co-operative Banks. Accordingly, for Tier 1 and Tier 2 UCBs, the tenor of housing loans shall not exceed 20 years, including any moratorium period. Moratorium period in housing loans may be permitted upto the date of completion of construction, subject to a maximum of 24 months from the date of first disbursement of the loan. Tier 3 and Tier 4 UCBs are permitted to determine the tenor of housing loans, including moratorium periods, as per their Board-approved policies. The credit policy of a UCB should specify risk management and pricing strategies for housing loans.

RBI exempted small NBFCs from registration requirements

NBFCs with asset size of less than ₹1,000 crore as per the latest audited balance sheet that do not avail of public funds and do not have a customer interface, will be exempt from registration requirements (subject to specific conditions) and will be classified as “Unregistered Type I NBFCs”. Existing Type I NBFCs fulfilling the prescribed criteria for exemption, may apply for deregistration, within a period of six months.

RBI launches Mission SAKSHAM for Capacity Building of the UCB sector

The RBI has launched Mission SAKSHAM (SAHKARI BANK KSHAMTA NIRMAN) to enhance managerial and operational capabilities, improve the compliance culture and strengthen institutional resilience across Urban Co-operative Banks (UCBs). Under this, a large number of training programmes would be conducted for various target groups. These training programmes will be delivered in regional languages to the extent feasible.

Floating Rate Savings Bonds, 2020 guidelines updated for better investor experience

RBI has revised the operational guidelines for Floating Rate Savings Bonds, 2020 (Taxable). Accordingly, Receiving Offices (ROs) regulated by RBI shall follow the guidelines on Know Your Customer (KYC). The bonds shall be issued in electronic form and credited to the Bond Ledger Account (BLA) of the investor/s on the date of tender of cash or the date of realization of draft/cheque/receipt of funds. New or multiple BLAs shall not be opened or maintained in the name of the same investor by an RO.

RBI issues norms to make cross-border payment more efficient

Giving Directions on cross-border payment, the RBI asked banks to inform their customer immediately on receipt of the inward messages. Reconciliation and confirmation of credit in the nostro account must be taken by banks either on near real-time basis or at periodic intervals, not exceeding one hour. Banks may also endeavour to provide their customers a digital interface to facilitate and monitor foreign exchange transactions.

NBFCs get RBI's provisional nod to open branches without prior approval

NBFCs have got operational flexibility from RBI, which will allow them to open branches without prior approval in most cases. However, certain conditions have been imposed for deposit-taking entities based on Net Owned Funds (NOF). A deposit-taking NBFC with NOF of up to Rs. 50 crore or a credit rating below AA may open a branch or appoint agents within the state where its registered office is situated. If the NOF and credit rating is above these levels, the NBFC may open a branch or appoint agents anywhere in India.

RBI instructed banks to continue banking services in calamity-affected areas

With effect from July 1, 2026, banks will operate as per the RBI's Directions for calamity-affected areas. Accordingly, a bank may operate their branches in such areas from temporary premises under advice to the concerned Regional Office of RBI. Small accounts may be opened for persons displaced or adversely affected by a calamity to lose their identification and personal records. Bank's credit assessment shall suitably factor in the possible impact of calamities on the affected borrowers.

Capital Market

SEBI adopts new framework for net settlement of funds for FPIs

SEBI is shifting from the existing gross settlement mechanism to a new framework. To be implemented on or before December 31, 2026, this new framework will permit net settlement of funds for outright transactions undertaken by Foreign Portfolio Investors (FPIs) in the cash market.

SEBI extends validity period, lowers subscription for NPOs on SSEs

SEBI has made changes to validity period and subscription requirements for Not for Profit Organisations (NPOs) on Social Stock Exchange. The registration validity for NPOs on the SSE has been extended from two to three years. The minimum subscription requirement for issuing Zero Coupon Zero Principal Instruments (ZCZP) has also been lowered from 75% to 50%.

SEBI gives one-time relief to companies going public

Firms, intending to go public and having compliance deadlines between April 1 and September 30, 2026, have received a substantial relief from SEBI. The regulator has announced a set of one-time relaxations covering Initial Public Offering (IPO) timelines and minimum public shareholding requirements. The aforementioned companies will get extended validity of observation letters expiring between now and September 30, 2026.

Pledged shares can now be locked-in after SEBI plugs key gap

SEBI has directed depositories to operationalise a mechanism that enables lock-in of pledged shares by allowing such securities to be marked as “non-transferable” during the lock-in period. SEBI has directed stock exchanges, depositories, merchant bankers and issuers to ensure compliance with the new mechanism.

Regulator Speaks

RBI is the pillar of India's financial ecosystem: Mr. Sanjay Malhotra, Governor, RBI

In his recent address at Princeton University in the USA, Mr. Sanjay Malhotra, Governor, RBI stated that the apex bank is the pillar of India's financial ecosystem. Its responsibilities include monetary policy, currency management, foreign exchange management, along with the regulation and supervision of banks, NBFCs and payments systems. The guiding principles behind RBI's policy-making include prioritising robustness over optimality; following Brainard's principle of attenuation; anchoring inflation expectations; and maintaining transparency and clear communication.

Deputy Governor, RBI lays down five-point charter for optimal use of AI in finance

Delivering the CUB Shri V. Narayanan Memorial Lecture, Mr. Swaminathan, J., Deputy Governor, RBI said that the emerging role of AI in the financial ecosystem should reduce uncertainties and expand opportunities for all stakeholders. In order to enhance inclusion, maximise efficiency and strengthen trust, he laid down a five-point charter of guidelines for full-scale AI adoption in finance. The five points include: human responsibility; fairness & explainability; strong data governance; strengthened institutional capacity and inclusivity by design.

Economic Wrap Up

The Department of Economic Affairs released Monthly Economic Review, April 2026. Its key highlights are:

- Inflation remains moderate at the consumer level with CPI at 3.4% in March 2026.
- Total exports increased by 4.2% YoY, whereas total imports grew by 6.5% (YoY).
- Manufacturing PMI eased to 53.9 in March 2026 and PMI Services declined to 57.5 in March 2026.
- Index of Industrial Production (IIP) recorded a growth of 4.1% (YoY) in March 2026.
- In February 2026, bank credit to MSME sector rose 27.5% YoY, compared with 12.1% in February 2025. Within the MSME sector, credit extended to micro and small enterprises increased by 30.4% (YoY).
- As of December 2025, the total CRAR of NBFCs stands at 25.59%.

- Gross FDI inflows increased by 18.1% (YoY) to USD 88.3 billion during April-February FY26.
- Foreign Portfolio Investment (FPI) flows in FY26 were marked by significant volatility, with cumulative net outflows amounting to USD 16.6 billion.

New Appointments

Name	Designation
Mr. Rohit Jain	Deputy Governor, Reserve Bank of India
Mr. Sushanta Kumar Mohanty	Executive Director, Bank of Maharashtra
Mr. Vivek Tripathi	Executive Director (Additional), AU Small Finance Bank

Forex

Foreign Exchange Reserves			Trends in Foreign Exchange Reserve (US\$ Mn) last 6 months
Item	As on April 24, 2026		
	₹ Cr.	US\$ Mn.	
	1	2	
1 Total Reserves	6582387	698487	
1.1 Foreign Currency Assets	5226609	554622	
1.2 Gold	1133076	120236	
1.3 SDRs	176918	18774	
1.4 Reserve Position in the IMF	45785	4855	

Note: Data as reported on last Friday of respective month

Source: Reserve Bank of India

Base Rates of Alternative Reference Rates (ARRs) for FCNR (B) deposits as on April 30, 2026, applicable for the month of May 2026

ARR Name	Base Rates of ARR (%)
SOFR (USD)	3.64
SONIA (GBP)	3.7306
€STR (EUR)	1.932
TONA (JPY)	0.727
CORRA (CAD)	2.3000

ARR Name	Base Rates of ARR (%)
AONIA (AUD)	4.10
SARON (CHF)	-0.038846
OCR (NZD)	2.25
SWESTR (SEK)	1.633
SORA (SGD)	1.1487

ARR Name	Base Rates of ARR (%)
HONIA (HKD)	2.05849
MYOR (MYR)	2.75
DESTR (DKK)	1.5080

Source: www.fbil.org.in

Glossary

Investment Fluctuation Reserve

Investment Fluctuation Reserve (IFR) is a prudential reserve maintained by banks to safeguard themselves against potential losses arising from fluctuations in the market value of their investment portfolio.

Financial Basics

Slippages

Slippages denote the fresh amount of loans that have turned bad in a year.

Slippage ratio = (Fresh accretion of NPAs during the year/Total standard assets at the beginning of the year)*100

Institute's Training Activities

Programmes	Dates	Location
Post Examination Training for Certified Credit Professional	12 th -14 th May, 2026	Virtual
Programme on Treasury Operation, Forex and Trade Finance	12 th -14 th May, 2026	Virtual
Programme on Climate Risk Management for Banks, NBFCs & FIs	15 th -16 th May, 2026	Leadership Centre, Mumbai, IIBF
Programme on various Recovery Strategies: Non-Legal & Legal	18 th -19 th May, 2026	Virtual
Programme on Fraud Risk Management, KYC & AML-CFT Compliance in Banks	20 th -22 nd May, 2026	Virtual
Programme on Mitigation Strategies for Credit & Operational Risks	25 th -26 th May, 2026	Virtual

News from the Institute

Flipbooks available for JAIIB & CAIIB study books

IIBF is pleased to inform that the Institute has now made available the digital version of the JAIIB, CAIIB, CAIIB Electives and DB&F examination study books (Flipbooks). For more details, please visit www.iibf.org.in

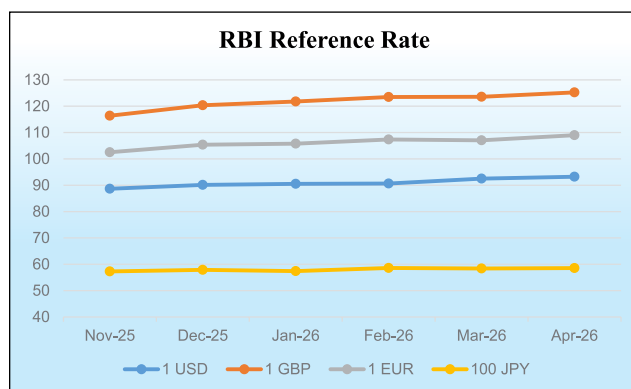
Applications invited for SME Empanelment

IIBF invites applications for empanelment of Subject Matter Experts (SMEs) to provide support in various Academic activities of the Institute. The last date to apply is May 20, 2026. For more details, please visit www.iibf.org.in

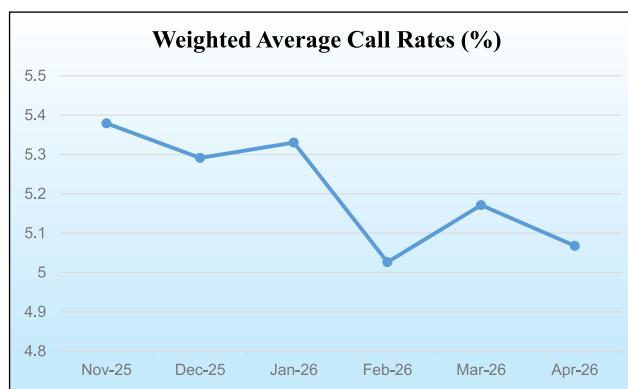
Bank Quest Theme for upcoming issue

The theme for the April-June 2026 Issue of Bank Quest is "Financial Inclusion – The Next Phase".

Market Roundup

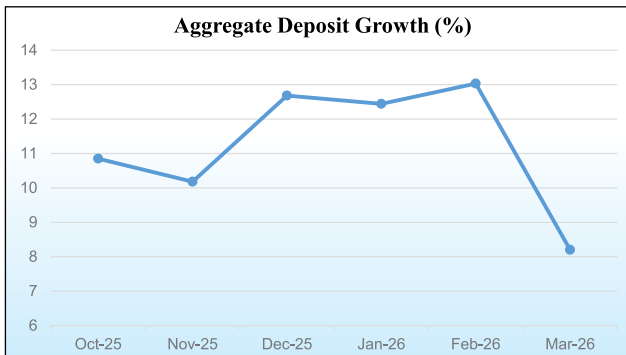


Source: FBIL

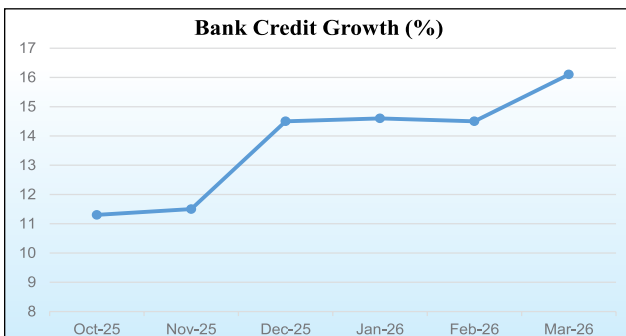


Source: Weekly Newsletter of CCIL

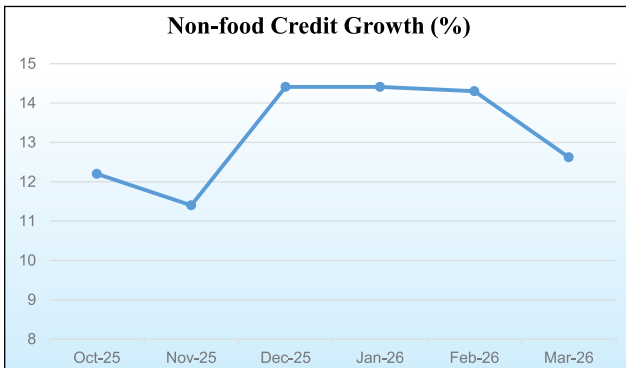
• Registered with Registrar of Newspapers Under RNI No. : 69228/1998



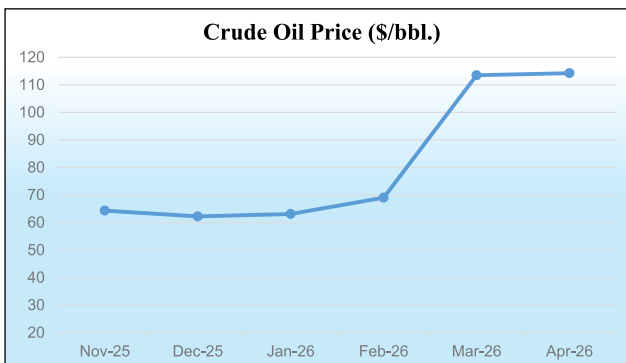
Source: Monthly Review of the Economy, CCIL, April 2026



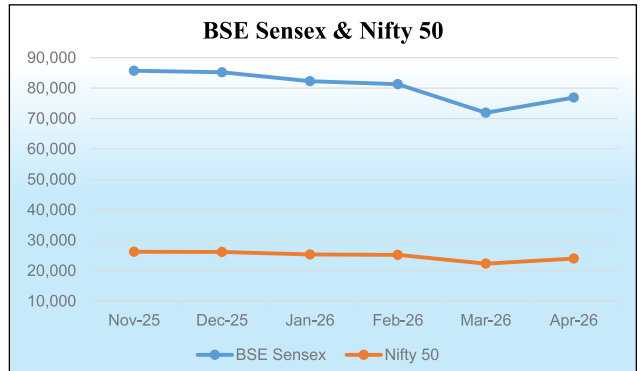
Source: Reserve Bank of India



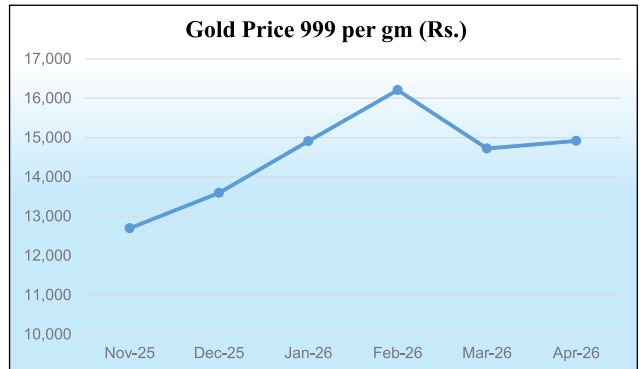
Source: Monthly Review of the Economy, CCIL, April 2026



Source: PPAC, Ministry of Petroleum and Natural Gas



Source: BSE & NSE



Source: Gold Price India

Green Initiative

Members are requested to update their e-mail address with the Institute and send their consent to receive the Annual Report via e-mail.

Cut-off date of guidelines/important developments for examinations

The Institute has a practice of asking questions in each exam about the recent developments/guidelines issued by the regulator(s) in order to test if the candidates keep themselves abreast of the current developments. However, there could be changes in the developments/guidelines from the date the question papers are prepared and the dates of the actual examinations. In order to address these issues effectively, it has been decided that: (i) In respect of the exams to be conducted by the Institute for the period from March to August of a calendar year, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 31st December will only be considered for the purpose of inclusion in the question papers. (ii) In respect of the examinations to be conducted by the Institute for the period September to February of a calendar year, instructions/guidelines issued by the regulator(s) and important developments in banking and finance up to 30th June will only be considered for the purpose of inclusion in the question papers.

Printed by Deepak Kumar Lalla, **Published by** Deepak Kumar Lalla, on behalf of Indian Institute of Banking & Finance, and **printed at** Printrade Issues (I) Pvt.Ltd., 17, Pragati Ind. Estate, 316, N.M. Joshi Marg, Mumbai - 400011 and **published at** Indian Institute of Banking & Finance, Kohinor City, Commercial-II, Tower-I, 2nd Floor, Kirol Road, Kurla (W), Mumbai - 400 070.
Editor : Deepak Kumar Lalla

INDIAN INSTITUTE OF BANKING & FINANCE

Kohinor City, Commercial-II, Tower-I, 2nd Floor, Kirol Road, Kurla (W), Mumbai - 400 070.
Tel. : 91-22-6850 7000
E-mail : admin@iibf.org.in
Website : www.iibf.org.in