

Reserve Bank of India (Commercial Banks - Undertaking of Financial Services) (Amendment) Directions, 2025

The Reserve Bank of India (RBI) vide its **Notification No. RBI/DOR/2025-26/135 dated December 05, 2025**, has updated the Master Directions on financial services. These amendments clarify the roles of banks and their group entities in conducting financial and non-financial activities, including agency business, referral services, lending, and investment management.

The key provisions specify that core banking functions and acceptance of time deposits must be undertaken departmentally, while mutual fund, insurance, pension, and portfolio management services must be conducted via group entities.

The directions impose prudential investment limits: a single bank may invest up to 10% in any entity, and aggregate investments, including group and overseas entities, may not exceed 20%, with prior approval required for higher exposures.

Specific restrictions on Asset Reconstruction Companies, Alternative Investment Funds, and Real Estate/Infrastructure Investment Trusts are detailed. Compliance deadlines require submission of action plans by March 31, 2026, with full conformity by March 31, 2028, ensuring enhanced regulatory oversight and risk management across bank groups.

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