

Draft Reserve Bank of India (Urban Co-operative Banks – Undertaking of Financial Services) Amendment Directions, 2026

In exercise of the powers conferred by Section 35A read with Section 56 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 \(Urban Co-operative Banks – Undertaking of Financial Services\) Directions, 2025](#) (“the 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 \(Urban Co-operative Banks - Responsible Business Conduct\) Directions, 2025](#).

3. Short Title and Commencement

- (1) These Directions shall be called the Reserve Bank of India (Urban Co-operative 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 \(Urban Co-operative Banks – Undertaking of Financial Services\) Directions, 2025](#) as under:

(i) For paragraph 19 of the Master Direction, the following shall be substituted, namely:-

“19. A UCB shall be permitted to enter into agreements with Mutual Funds for marketing their units subject to the following terms and conditions:

- (1) A UCB shall comply with the SEBI guidelines / regulations, including its code of conduct, for distribution of mutual fund products.*
- (2) A UCB shall ensure that it is in full compliance with the instructions on [Reserve Bank of India \(Urban Co-operative Banks - Responsible Business Conduct\) Directions, 2025](#).*

- (3) *The business shall be undertaken on fee basis without any risk participation. This shall be explicitly disclosed upfront to the customers.*
- (4) *The distribution of Mutual Fund units shall be restricted to branches of the UCB.*
- (5) *It shall be ensured that Mutual Funds whose products are being sold have robust customer grievance redressal arrangements in place. The bank may facilitate the redressal of grievances.*
- (6) *Only such mutual fund products which are covered under the arrangement shall be listed or displayed on websites or any other digital banking channels offered by the UCBs.”*

(ii) Paragraph 21 of the Master Direction stands deleted.

(iii) For paragraph 22 of the Master Direction, the following shall be substituted, namely:-

“22. A UCB shall be permitted to undertake insurance business as corporate agent with appropriate Board Resolution in this regard subject to the following conditions:

- (1) *A UCB shall not have violated individual and group exposure norms prescribed by RBI.*
- (2) *A UCB shall have complied with RBI instructions on loans and advances to directors, their relatives, and associated firms.*
- (3) *A UCB complies with the minimum CRAR regulatory requirement.*
- (4) *A UCB should comply with the Insurance Regulatory and Development Authority of India (IRDAI) regulations for corporate agents.*
- (5) *A UCB shall ensure that it is in full compliance with the instructions on [Reserve Bank of India \(Urban Co-operative Banks - Responsible Business Conduct\) Directions, 2025.](#)*
- (6) *The business shall be undertaken on fee basis without any risk participation. This shall be explicitly disclosed upfront to the customers.*
- (7) *It shall be ensured that insurance companies whose products are being sold have robust customer grievance redressal arrangements in place. The bank may facilitate the redressal of grievances.*

- (8) *Only such insurance products which are covered under the arrangement shall be listed or displayed on websites or any other digital banking channels offered by the UCBs.”*

(iv) Paragraph 23 of the Master Direction stands deleted.

(v) In paragraph 25 of the Master Direction, the following shall be substituted under sub-para (1), namely:-

“(1) A UCB shall comply with the instructions on [Reserve Bank of India \(Urban Co-operative Banks - Responsible Business Conduct\) Directions, 2025](#) and relevant IRDAI regulations for undertaking referral business with insurance companies.”

(vi) Sub-paras (2) and (6) of paragraph 25 of the Master Direction stand deleted.

(vii) Paragraph 27 of the Master Direction stands deleted.

(viii) In paragraph 31 of the Master Direction, the following shall be substituted under sub-para (2), namely:-

“(2) A UCB shall fulfil Eligibility Criteria for Business Authorization, as per criteria prescribed in our [Reserve Bank of India \(Urban Co-operative Banks - Branch Authorisation\) Directions, 2025](#).”

(ix) For paragraph 32 of the Master Direction, the following shall be substituted, namely:-

“32. A UCB fulfilling the criteria prescribed in paragraph 31 above and desirous of providing online trading facility to its demat account holders shall submit its application through PRAVAAH Portal (<https://pravaah.rbi.org.in>) to Department of Regulation, RBI with a copy of Board Resolution to the effect that they shall not be offering tips / recommendations to their customers for on-line trading and shall also not be undertaking portfolio management services. Further, a UCB offering online trading facility in tie-up with a broking entity shall adhere to the following conditions:

- (1) A UCB shall ensure that it is in full compliance with the instructions on [Reserve Bank of India \(Urban Co-operative Banks - Responsible Business Conduct\) Directions, 2025](#).*

- (2) *The business shall be undertaken on fee basis without any risk participation. This shall be explicitly disclosed upfront to the customers.*
- (3) *It shall be ensured that the broking companies whose products are being sold have robust customer grievance redressal arrangements in place. The bank may facilitate the redressal of grievances.”*

(x) In paragraph 33 of the Master Direction, the following shall be substituted in the introductory paragraph, namely:-

“33. A Scheduled UCB which fulfils Eligibility Criteria for Business Authorization in terms of the criteria given in our [Reserve Bank of India \(Urban Co-operative Banks - Branch Authorisation\) Directions, 2025](#), shall be eligible to undertake the activity of providing Point of Presence (PoP) Services for National Pension System (NPS) regulated by Pension Fund Regulatory and Development Authority (PFRDA) subject to the following conditions:”

(xi) For paragraph 35 of the Master Direction, the following shall be substituted, namely:-

“35. A UCB acting as PoP shall ensure adherence to the following:

- (1) *A UCB conducting PoP services shall strictly adhere to the instructions on [Reserve Bank of India \(Urban Co-operative Banks - Responsible Business Conduct\) Directions, 2025](#).*
- (2) *The business shall be undertaken on fee basis without any risk participation. This shall be explicitly disclosed upfront to the customers.*
- (3) *It shall be ensured that the Pension Funds whose products are being sold have robust customer grievance redressal arrangements in place. The bank may facilitate the redressal of grievances.*
- (4) *A UCB should comply with all the instructions issued by PFRDA from time to time.”*

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