Monthly E-Bulletin

BANKING, FINANCIAL SERVICES & INSURANCE (BFSI)

AUGUST 2026

Department of Banking & Financial Services
The Associated Chambers of Commerce and Industry of India
www.assocham.org

Tamilnad Mercantile Bank

TMB Tamilnad Mercantile Bank Ltd
Be a step ahead in life

MORE **RETURNS.**

MORE **REASONS TO SMILE.**

WITH **TMB'S** 567 DAYS DEPOSIT SCHEME

567

DEPOSIT SCHEME

Tenor: **567 Days**

*T&C Apply

Super Senior Citizens
7.75%* P.A.

Senior Citizens
7.70%* P.A.

General Public
7.25%* P.A.

www.tmb.bank.in | Toll-free: 180 0425 0426

Tamilnad Mercantile Bank Ltd., Regd. Office: 57, V.E. Road, Thoothukudi, Tamilnadu - 628 002.

India By MSME

Building India's Next-Generation MSME Credit Infrastructure

From a manufacturing unit in Rajkot to a textile business in Surat. From a neighbourhood clinic in Chandauli to a retailer in Coimbatore. India's next chapter is being written every day by millions of MSMEs that create jobs, strengthen supply chains and drive local economies.

How We Support MSMEs

Emerging Markets

Deep local presence through **300+ branches** across India, bringing formal credit closer to entrepreneurs.

Embedded Finance

Enabling businesses to access credit seamlessly through **merchant ecosystems**, fintech platforms and strategic partnerships.

DataTech

Powered by **GRO Score 3.0** and AI/ML-driven underwriting to deliver smarter decisions, faster turnaround & responsible growth.

Trusted Across India

₹15,000+ Cr	3.5+ Lakhs	₹ 7,000+ Cr	300+ Branches
AUM	MSMEs Served	FY26 Disbursements	across India

India's future will be built by MSMEs.
Our role is to build the credit infrastructure that powers their growth.

1800-202-8476 | www.ugrocapital.com

*T&C Apply


المشرق
mashreq
Looking to conquer business challenges in India?
Infinite Global Solutions
Tailored for you
Mashreq India is committed to delivering best-in-class experience to our corporate clients and financial institutions, empowering businesses to successfully navigate the complexities of international businesses with confidence.
Rise every day
Bespoke International Corporate Solutions
Dedicated Relationship Managers
50+ 50 Plus Years of Banking Heritage
Please scan the QR code to know more or call +9122 66327200
Mashreq - India is regulated by Reserve Bank of India (RBI)

Table of CONTENT

TOP SPEECH

INDIA'S FOREIGN EXCHANGE MARKETS: Getting ready for the next Decade - Keynote Address delivered by Shri Rohit Jain, Deputy Governor on the Annual Day of the Foreign Exchange Dealers' Association of India (FEDAI) on August 14, 2026

Shri Srinivasa Panigrahi, Chairman, FEDAI; Shri Shamsher Singh, Deputy Managing Director, SBI, Shri Vivek Wahi, Chief Executive, FEDAI; distinguished members of the banking and financial community; ladies and gentlemen. Good evening.

1. Thank you for inviting me to FEDAI's Annual Day. My congratulations to FEDAI on this occasion. FEDAI was set up way back in 1958, when India's foreign exchange market was, in substance, an administrative arrangement around a rationed resource. It was once all about how to conserve foreign exchange; now it is more about how well we serve those who use it.

2. The topic of my talk is India's Foreign Exchange Markets: Getting ready for the next Decade. By their very nature, markets are continuously evolving and parameters of their readiness are being regularly renewed according to the needs of the time. Our market would be ready for the next decade if it can help facilitate India's ever increasing engagement with other countries, absorb shocks in a non-disruptive manner, serve the smallest user as efficiently as the biggest, and embrace new technology without vitiating the trust it has earned. On some of these parameters we have done well, on others we have to do better.

From FERA to FEMA

3. The decisive turning point in the journey of our forex market was the enactment of Foreign Exchange Management Act, which came into force from June 1, 2000. A change of single word in the title – 'management' in place of 'regulation' - symbolised the paradigm shift from conserving a scarce resource through control, to facilitating external trade and payments and the orderly development of the market. Forex contraventions ceased to be criminal offence and became compoundable civil matters.

4. Our foreign exchange reserves have risen from about US$ 38 billion in 2000 to US$ 691 billion in 2026. The average daily turnover in the domestic forex market, spot and derivatives combined, has doubled from USD 41 billion in FY22 to about USD 80 billion at present. The notional outstanding in rupee derivatives has grown nearly fourfold since FY21 to about ₹130 lakh crore. The latest BIS Triennial Survey has estimated daily INR turnover, onshore and offshore combined, at USD 185 billion in 2025 against USD

119 billion in 2022. The interbank segment, roughly 70 per cent of the onshore volume, has grown faster than the client segment, reflecting deeper bank participation in price discovery. CCIL trade repository registrations for forex derivatives have doubled from about 43,000 in 2019 to 87,000 in 2025.

5. These figures reflect wider non-resident participation, rising trade volumes, LRS flows and remittances, and progressive regulatory frameworks that have been implemented in respect of foreign direct investment, portfolio investment, external commercial borrowings, and overseas investment. Offshore activity has grown in parallel - NDF turnover is now about USD 7 billion a day - while the onshore-offshore spread has narrowed as integration has deepened.

6. Currency risk management has travelled the same road, from product-by-product permissions to a user-oriented framework covering forwards, swaps, options, and exchange-traded and non-deliverable derivatives, with transactions permitted beyond onshore hours. The principle is simple - genuine economic activity should have access to effective risk-management tools, while leveraged speculation and opaque conduct must remain contained.

7. The twenty-six years since 2000 can be described in three phrases- from control to facilitation; from detailed permissions to stated principles; and from regulatory approvals to delegated decision-making by Authorised Dealers.

8. In my view, four drivers will shape our forex markets in the coming decade. Let me elaborate on these.

Four Drivers of the Next Decade

9. The first is Delegation, and the quality of decisions taken by Authorised Dealers. A modern foreign exchange system cannot work efficiently if routine commercial decisions keep travelling back to the regulator. Our objective is fewer prior approvals, a simpler rulebook, risk-based reporting and greater reliance on board-approved policies of authorised dealers.

10. It places an obligation on all of you. Delegation is meant to reduce the burden on the customer, not to move it from the Reserve Bank's approval process to an AD's internal checklist. Where a requirement has been relaxed and the branch still asks for the same documents 'to be safe', the reform has not happened. The question is not how many documents you have collected, but whether you understand the transaction and its risks well enough to defend your decision. Principle-based regulation works only if similar cases receive similar treatment across branches of the same bank and across institutions. This calls for clear internal policies inside AD banks, staff suitably trained and empowered to implement them and healthy audit processes that serve as an effective line of defence.

11. The second driver is Customer-centric business processes. Nowhere is the gap between regulatory intent and market outcome wider than in retail forex pricing.

FX-Retail facility has provided individuals and MSMEs direct access to competitive interbank pricing since 2019, yet its usage has stayed modest for years, held back not by any shortcomings in the platform's design but by uneven bank onboarding and low customer awareness, a gap this forum has heard flagged repeatedly. The Bharat Connect pilot, launched in October 2025, lets customers transact through the banks and apps they already use, rather than as a standalone portal. It began with a few banks and Third Party App Providers (TPAPs) covering dollar purchases for remittances, forex card loading and currency delivery, and will expand to more banks, currency pairs and user categories. This is the right template. Instead of expecting customers to change their behaviour to get a fair price, we should strive to bring the fair price into the channel they already use. I would urge AD banks to treat onboarding as a service standard this year, not as a compliance checkbox visited only when the Reserve Bank asks.

12. A customer does not experience FEMA as an Act or a Master Direction, but through his lived experience with the AD bank in terms of the documents a branch asks for, the quoted price, the time taken, and the quality of the explanation when a transaction cannot be done. As part of our supervisory exercise, we have found multiple documentation requirements and cases of delay in executing cross-border remittances. Accordingly, we have advised AD banks through FEDAI to put in place a clear policy governing documentation, process and approving authority, charges, timelines, escalation, and grievance redress to be displayed on their websites and at branches offering cross-border services. The progress on this needs to be better.

13. A review of member websites done recently revealed certain gaps in banks' policies governing customer transactions; references to schedule of charges or grievance policy 'available on the bank's website' without any link; outward remittance documentation described in too general a manner to be of any practical use. These are not difficult problems. They get fixed when officials of the AD themselves go through what the customer experiences and make the necessary improvements.

14. Similarly, transparency is not a one-time disclosure exercise. Policies must be complete, current, intelligible and actually followed at the bank's counter; compliance tested through internal or concurrent audit; staff trained, with proper succession planning so that capability does not sit with one officer; and customer feedback taken regularly and examined by people with requisite authority to change the process. No customer should suffer for a delay that arises from internal processing at the AD end.

15. The third driver is Cross-border trade in local currencies. Local currencies will play an ever increasing role in cross-border trade and payments. The Special Rupee Vostro Account (SRVA) framework for invoicing, payment and settlement of international trade in rupees has been implemented keeping in view the evolving dynamics of our international trade. Its success will depend on commercial viability, emphasis on trade settlement in local currencies, offering market-determined rates, and strengthening confidence in the settlement ecosystem. Opening a SRVA account is the easy part. The harder task is identifying corridors with genuine two-way flows, building

reliable correspondent relationships, quoting competitive conversion and hedging solutions, explaining the mechanics to first-time users, and finding avenues for the productive deployment of rupee balances - all resting on robust internal processes, AML/CFT controls, operational resilience and, above all, a willingness to facilitate these transactions.

16. I would encourage you not to see it only as a way of reducing reliance on international currencies. The settlement of cross border transactions in local currencies results in lower transaction costs, fewer currency mismatches, better settlement efficiency, and the ability to trade where correspondent banking is costly or constrained. Policy can create the option. It is the Authorised Dealers who will determine whether this happens. I am confident that our banks can, and will rise to the occasion.

17. The fourth driver is Leveraging Technology across the customer chain. The foreign exchange transactions of next decade should be digital from origination to reporting – all required data captured only once with consent, documents verified electronically, regulatory data drawn from trusted sources, rules applied consistently, status visible to the customer, and reporting produced as a by-product of processing, rather than as a separate month-end exercise.

18. Digitalisation has already reshaped execution. A large share of forex spot transactions are now executed through electronic trading platforms (ETPs), supported by CCIL infrastructure and an ETP framework in place since 2018. All onshore rupee spot and derivative trades, interbank and client, are mandatorily reported, alongside offshore trades involving Indian banks, gold derivatives and related-party trades of standalone primary dealers, giving us a far more complete picture of positions than existed previously. CCIL's guaranteed settlement of forwards now extends to 36 months, and we have seen introduction of a trading platform and central clearing for forex options. Yet forwards and swaps remain almost entirely voice traded. This gap is expected to narrow as API-driven strategies make voice execution expensive for anything beyond the bespoke or odd-lot trade. Voice-negotiated dealing will still matter for complex or thin-liquidity trades, but for standardised products the direction is unambiguous, and ADs which adopt digital workflow early will set market convention, rather than follow it.

19. Artificial intelligence and machine learning can genuinely assist in document classification, anomaly detection and the identification of reporting inconsistencies. Accountability, however, cannot be automated. Models must be explainable, outcomes reviewable and cross-border data protected. Little is gained by replacing an opaque manual decision with an opaque automated one, except speed - and speed in the wrong direction is not an improvement.

Challenges We Face Today

20. At the same time, our market faces certain challenges in realising its full potential. First, participation remains skewed. Public Sector Banks, which hold deep relationships with MSMEs and smaller corporates outside the metros, under-participate in forex derivatives relative to their balance sheet size. At the same time, the client segment is dominated by large corporates while the smaller clients who stand to gain most from currency risk hedging remain on the sidelines. Expanding the market-maker base, raising Public Sector Bank participation, and encouraging electronic platforms are necessary priorities to be pursued.

21. Second, in late March and early April this year, a build-up of unhealthy arbitrage positions linking the onshore deliverable and offshore NDF markets prompted calibrated measures on net open positions, non-deliverable derivative offerings to customers and related-party transactions. Some of these measures have since been reversed. As the market integrates further with global liquidity, the lesson is not to fear integration but to further strengthen risk management, governance and oversight arrangements.

22. Third, a strictly principles-based regime carries its own risk of inconsistency. Detailed rules create rigidity; principles can create interpretational divergence. The answer is not a return to prescription, but stronger institutional judgement, clearer published customer standards, and shared interpretive experience through FEDAI. I would urge FEDAI to take the lead in bringing principles-based regulation to life by setting common standards among its members.

23. Finally, unauthorised entities offering online forex trading are seen to operate outside FEMA and ETP regulation altogether, and we continue to receive complaints of cheating and fraud from customers who did not know, until too late, that their platform had no authorisation whatsoever. The Alert List, cautionary advisories and awareness campaigns address this from the regulator's side; the heavier responsibility rests with FEDAI members and the AD banks who deal with the public every day. Please sensitise your customers and your staff suitably.

Recent Reforms: The Direction of Travel

24. Several recent regulatory measures reveal the direction in which regulation is evolving. The Authorised Persons Regulations, 2026, was issued on May 6th of this year. These has replaced franchisee arrangements with a Forex Correspondent Scheme based on a principal-agent model, placing explicit responsibility on the principal for due diligence, systems and controls, reporting, charges, customer service and grievance redress. The framework enables access to foreign exchange market for the retail customers. However, whether it does so safely will depend on the quality of governance in the 'principal'. I would encourage Authorised Dealers to engage with Forex Correspondents to improve delivery to end-users.

25. The Guarantees Regulations, 2026 have replaced a transaction-specific framework with broader eligibility linked to the permissibility of the underlying transaction, with unified reporting. The underlying idea is facilitating the productive needs rather than multiplying approval categories, while tracking emerging trends through data.

26. The Export and Import of Goods and Services Regulations, 2026, which will come in force from October 1 of this year, consolidate and strengthen the existing framework. It gives Authorised Dealers greater flexibility relating to extensions, reductions, set-off and third-party receipts and payments, recognise longer realisation periods for rupee-invoiced transactions, and permit simplified closure of specified small-value entries on declarations. Between now and October, ADs need to ensure the necessary preparatory work, and that the flexibility provided by regulation is passed on to the ultimate customer.

27. Draft Foreign Investment Rules, 2026, out for comment until this month-end, propose a simplified, principle-based, investor- and investee-neutral framework, and a clearer boundary between procedural FEMA requirements and FDI policy. I would encourage FEDAI and its members to respond substantively. Consultation is only as good as the industry's willingness to participate in it.

28. RBI's regulatory approach is consistent - simplify the rulebook, separate policy from procedure, delegate routine decisions, modernise reporting, and hold regulated entities accountable for outcomes. But ease of doing business is not achieved on the day a regulation is issued. It is achieved only when every bank branch and the customer-facing application actually reflect what the regulation intended.

FEDAI's Role as a Self-Regulatory Organisation

29. In January this year, the Reserve Bank recognised FEDAI as a Self-Regulatory Organisation for Authorised Dealers under the Omnibus Framework. FEDAI was already a de facto SRO. Its recognition brings structure to that role. It has a year to align its governance, systems and transparency arrangements with RBI's Omnibus requirements for SROs, and to broaden membership so that all categories of Authorised Dealers are represented - work that I would encourage the Association to pursue diligently.

30. What should a self-regulatory organisation do in the decade ahead? Four things. First, convert regulatory principles into consistent market practices without recreating prescriptive regulation. Second, set a higher benchmark for customer outcomes. This can be achieved by standardising policies as far as possible, hosting links to members' disclosures on FEDAI's portal so customers can compare them in one place, reviewing member websites, analyse complaints and recurring delays, promoting FX-Retail adoption, and publishing aggregate indicators of service quality.

31. Third, deepen professional capacity. This requires continuous training not only in regulations and products but also in trade structures, cyber risk, data, and ethical conduct, with succession arrangements for these roles. Certification should signify ongoing competence, not a qualification earned once. Fourth, support local-currency settlement through corridor-specific working groups, practical playbooks and engagement with overseas banking associations - and tell us early whether a bottleneck is regulatory, commercial or technological.

32. Above all, we expect the SRO to be candid. Tell us which provisions have become obsolete, where interpretation is diverging, and which practices that add to customer burden originate within banks rather than in regulation. A self-regulatory organisation earns its standing not by defending its members from the regulator, but by holding them to a standard the regulator does not need to explicitly impose.

Conclusion

33. I will conclude by spelling out the broad regulatory expectations. Facilitate with judgement. Use the flexibility you have been given, understand the transaction, and stand behind the decision. Standardise and facilitate the customer experience. Before initiating a transaction, a customer should know what is required, what it will cost, how long it will take, and where to go if something goes wrong. Innovate for scale and resilience. Use technology to make transactions simpler, reporting more accurate and controls stronger, and bring transparent platforms and effective hedging within practical reach of individuals and smaller businesses.

34. India's foreign exchange market will be ready for the next decade when it is deep enough to absorb global shocks, flexible enough to support new forms of trade and investment, disciplined enough to preserve orderly conditions, and fair enough to serve the smallest user with the same humility as the largest corporate client. We have made considerable progress in the first three but have some distance to travel in respect of the fourth. I am sure, collectively, we will reach our goal.

35. The Reserve Bank will continue to simplify and modernise the framework in consultation with all of you. What we ask in return is that the benefit reaches the customer. The next phase of reform will not be judged by the number of permissions removed, products introduced or platforms launched, but by the quality, speed, transparency and accessibility of the foreign exchange services that the citizens of our country receive. On the eve of Independence Day, this seems a reasonable thing to ask of a market that has come as far as this one has. I wish FEDAI and all its members every success in this shared endeavour.

Thank you.

Source: https://www.rbi.org.in/Scripts/BS_SpeechesView.aspx?Id=1565

BFSI NEWS

Banking system surplus liquidity surges to ₹5.05 lakh crore in August

Banks received additional rupee liquidity from foreign currency inflows and government expenditure, while the RBI continued absorbing excess funds

Surplus liquidity in the banking system surged to nearly Rs 5 lakh crore at the end of August, its highest level in over four months, boosted by month-end government spending and robust foreign currency deposits.

According to data compiled by PTI from the Reserve Bank of India (RBI), surplus system liquidity stood at Rs 5.05 lakh crore as on August 30, the highest level since April 15, 2026, when it was at Rs 5.22 lakh crore.

"Net system liquidity has risen to around Rs 5 lakh crore as we approach the closure of the FX swaps linked to FCNR(B) deposits. The increasing pace of FCNR(B) deposit inflows, coupled with month-end government spending, has further augmented liquidity, taking the system surplus to nearly Rs 5 lakh crore," said Mataprasad Pandey, vice president at Choice Wealth

FCNR(B) deposits boost liquidity

Banks mobilised about USD 65.4 billion through FCNR(B), or Foreign Currency Non-Resident (Bank), deposits under the RBI's special USD-INR swap facility as of August 21. The mobilisation brought foreign currency into the banking system, while the subsequent swaps with the RBI provided rupee liquidity to banks.

Besides FCNR(B) inflows, month-end government expenditure, including payments towards salaries and pensions, also added to liquidity in the banking system.

Swap facilities add to rupee liquidity

A report from HDFC Bank on Monday said estimated total flows under the concessional swap facilities are expected to be closer to USD 90-95 billion.

Collectively, these inflows are expected to add rupee liquidity of anywhere between Rs 8.5-9 lakh crore.

Total flows through the concessional swap facility reached USD 72.8 billion as of August 21, implying a liquidity injection of close to Rs 7 lakh crore. However, system liquidity has been much lower, closer to Rs 3.5 lakh crore for most of August, the report said.

"This, we believe, has been due to elevated currency leakage, continued FX intervention by the RBI (dollar sales and rupee liquidity absorption) to keep the rupee stable, along with some drag due to maturities of RBI's short forward dollar book," the report said.

RBI uses VRRR auctions to absorb excess funds

With surplus liquidity rising sharply, the RBI has been using variable rate reverse repo (VRRR) auctions to absorb excess funds and align overnight money market rates with the repo rate. The central bank has conducted 23 VRRR auctions, with most receiving a healthy response as banks parked funds with the RBI.

However, a substantial amount of liquidity continued to remain with banks despite the RBI's absorption operations. The comfortable liquidity position has supported lending conditions and is expected to provide further support to credit growth.

Liquidity outlook for coming months

HDFC Bank report further expects system liquidity to end between Rs 4-4.5 lakh crore, as we move into the second half of September and October.

Liquidity balance is expected to rise again in November due to government securities and state development loans redemptions. However, from December onwards, we anticipate liquidity balances to start reducing and likely fall below 1 per cent of NDTL (Net Demand and Time Liabilities) between January-March quarter, the report added.

Source: https://www.thehindubusinessline.com/money-and-banking/banking-system-surplus-liquidity-surges-to-505-lakh-crore-in-august/article71411099.ece

Under Ajay Seth, IRDAI steps up supervision and enforcement

For the first time in several years, IRDAI has moved beyond monetary penalties and corrective action to impose business restrictions on insurers -- a step it had the power to take under its regulations, but had not previously used in this manner

After years of a largely consultative approach, the Insurance Regulatory and Development Authority of India (IRDAI) is adopting a firmer regulatory stance under chairman Ajay Seth, with the insurance watchdog turning to penalties and business restrictions.

For much in the past, IRDAI was known more for setting rules and nudging insurance companies towards compliance than for imposing the kind of supervisory action associated with the Reserve Bank of India or SEBI.

Now, with four insurers barred from opening new places of business for six months over repeated Expense of Management breaches, industry experts say the distinction between IRDAI and other financial regulators in terms of enforcement could gradually narrow.

In the latest example, IRDAI has barred four insurance companies from opening new places of business for six months after finding breaches of prescribed Expense of Management limits in FY25.

The action matters not merely because of the quantum involved. It was the first time that the insurance regulator has imposed restrictions on business expansions, a move that could directly affect an insurer's business plans and have an impact on its revenues. It is a materially different regulatory signal from simply issuing a warning or monetary penalty.

A visible change under Seth

Ajay Seth took charge as IRDAI chairman on September 1, 2025, after serving as Finance Secretary and Economic Affairs Secretary.

Since then, enforcement has increasingly sat alongside his broader reform agenda.

In August 2025, IRDAI imposed a Rs 5 crore penalty on Policybazaar after examining 67 insurance policies and finding, among other things, delays in remitting premiums. IRDAI also imposed a Rs 3.39 crore penalty on Star Health around the time Seth assumed the chair, in a case involving cybersecurity-related lapses.

The regulator has simultaneously been pushing harder on distribution costs, commissions, claims and customer protection. The regulator has publicly raised concerns that high distribution costs could weigh on affordability and erode policyholder value, with insurers paying nearly Rs 1 lakh crore in commissions in FY25.

IRDAI's own enforcement framework has always allowed it to move from inspections to show-cause notices, hearings and final orders, and its records show enforcement orders well before Seth's tenure. What appears different now is the regulator's willingness to impose an operational consequence -- such as restricting new business locations -- and to take a harder view of repeat violations.

The RBI, for instance, has long been willing to impose business restrictions when it sees serious deficiencies. HDFC Bank, Bank of Baroda, Bajaj Finance, Paytm Payments Bank and Kotak Mahindra Bank have all faced restrictions of varying kinds in recent years. IRDAI traditionally had a more developmental and consultative image. That made sense when the insurance industry was smaller and the regulator's overriding priority was building the market.

Outgrowing the old approach

"Insurance is now a large, increasingly sophisticated financial sector, with complex distribution chains, digital platforms, aggressive sales practices and a rapidly expanding health-insurance market," an industry executive said, commenting on the current regulator regime.

At the same time, the executive added, policyholder complaints have risen sharply.

Government data showed insurance complaints increasing from 2.03 lakh in FY23 to 2.58 lakh in FY25, with claim non-disposal among the biggest grievances.

"That creates a stronger case for a regulator that does not merely prescribe standards but demonstrates that breaching them has consequences," the executive said.

Seth has also been more vocal about consumer outcomes.

He has, on several public occasions, criticised practices such as insurers demanding mobile numbers before providing policy information, describing such digital practices as "dark patterns", while IRDAI has initiated a study into the issue.

The numbers behind the tougher approach

IRDAI's FY25 annual report shows that the regulator did not abandon monetary penalties before Seth: it imposed penalties on at least 10 entities during the year, including Go Digit, Aegon (now Bandhan) Life, Bajaj Finance, HDFC Life, SBI Life, Royal Sundaram and insurance brokers. The penalties ranged from Rs 5 lakh to Rs 2 crore.

The more striking change in 2026, therefore, is the move from financial punishment to business consequences. In the four EoM cases, IRDAI has effectively told insurers that repeated breaches can affect their ability to expand. The four insurers were among 23 insurers -- eight life and 15 non-life -- that exceeded prescribed EoM limits in FY25 and sought forbearance.

There is also a broader regulatory backdrop.

The insurance law changes enacted in 2025 have given the sector a new framework, including greater scope for reforming distribution and commission structures and strengthening regulatory enforcement.

Source: https://www.moneycontrol.com/banking/under-ajay-seth-irdai-steps-up-supervision-and-enforcement-article-14016136.html

IRDAI panel calls for simpler, transparent, easier-to-use health covers

A sub-committee on health insurance headed by Insurance Regulatory and Development Authority of India (IRDAI) Chairman Ajay Seth has underscored the need to make health covers simpler, more transparent and easier for policyholders to understand and use.

Simplification of policy wording, strengthening underwriting at the point of sale to minimise claim issues arising from inadequate disclosures and facilitating hassle-free claim settlements were discussed by the Sub-Committee, of the Insurance Advisory Committee (IAC), at its meeting on August 28. The role of insurers, intermediaries, agents and TPAs in supporting policyholders at hospitals was also discussed, IRDAI said.

It also considered measures that will encourage insurers and hospitals to join the National Health Claims Exchange (NHCX), including possible incentives linked to on-boarding, payments and faster settlement. Similarly, incentivising policyholders who undergo periodic health check-ups and adopt healthy practices was discussed while on the subject of preventive healthcare.

The meeting, third such of the sub-committee, emphasised the need for standardisation and enriching industry data to support evidence-based policy interventions. Noting assessment of claims and grievance outcomes should not focus solely on settlement ratios but also consider absolute values, it wanted insurers to consider publishing standard treatment guidelines (STGs) and treatment package rates towards facilitating more informed choices by policyholders. Among other things, the sub-committee comprising four-members and a few invitees from the insurance sector review of exclusions in favoured a further review of exclusions in the Customer Information Sheet to improve clarity and customer trust.

Setting the backdrop for the meeting was the report of the Parliamentary Standing Committee on Health and Family Welfare, headed by Rajya Sabha MP Ram Gopal Yadav, on 'Affordability and accessibility of healthcare facilities in public and private sector'.

The Standing Committee, in the report presented earlier this month to the Parliament, noted the concerns around rising insurance premiums, exclusions and waiting periods, co-payments, claim rejections and the limited coverage of outpatient care, diagnostics and chronic disease management. An official note on the report said the Committee is concerned insurance claims charges very steeply for the same procedure between various hospitals. It strongly recommended for a transparent, well regulated health insurance sector where claim settlements date is integrated onto a common portal with open access as a measure to ensure transparency in the settlement of the claims.

It also recommended mandatory integration of all stakeholders-insurers, TPAs and healthcare providers into the NHCX to guarantee real-time, transparent claims processing even while calling for stringent regulatory penalties for arbitrary pricing and claim manipulation by insurers or empanelled hospitals, an official release on the report had said.

Source: https://www.thehindu.com/business/irdai-panel-calls-for-simpler-transparent-easier-to-use-health-covers/article71405207.ece

RBI Circulars August - 2026

Circular Number	Date of Issue	Department	Subject	Meant For
RBI/2026-2027/248 DOR.SOG(SPE).REC.214/13.03.00/2026-27	25.8.2026	Department of Regulation	Reserve Bank of India (Rural Co-operative Banks – Interest Rate on Deposits) Second Amendment Directions, 2026	
RBI/2026-2027/247 DOR.SOG(SPE).REC.216/13.03.00/2026-27	25.8.2026	Department of Regulation	Reserve Bank of India (Urban Co-operative Banks – Interest Rate on Deposits) Third Amendment Directions, 2026	
RBI/2026-2027/246 DOR.SOG(SPE).REC.213/13.03.00/2026-27	25.8.2026	Department of Regulation	Reserve Bank of India (Regional Rural Banks – Interest Rate on Deposits) Third Amendment Directions, 2026	
RBI/2026-2027/245 DOR.SOG(SPE).REC.215/13.03.00/2026-27	25.8.2026	Department of Regulation	Reserve Bank of India (Local Area Banks – Interest Rate on Deposits) Third Amendment Directions, 2026	
RBI/2026-2027/244 DOR.SOG(SPE).REC.212/13.03.00/2026-27	25.8.2026	Department of Regulation	Reserve Bank of India (Small Finance Banks – Interest Rate on Deposits) Third Amendment Directions, 2026	
RBI/2026-2027/243 DOR.SOG(SPE).REC.211/13.03.00/2026-27	25.8.2026	Department of Regulation	Reserve Bank of India (Commercial Banks – Interest Rate on Deposits) Third Amendment Directions, 2026	

Circular Number	Date of Issue	Department	Subject	Meant For
RBI/2026-2027/242 DOR.RET.REC.209/ 12.01.001/2026-27	25.8.2026	Department of Regulation	Reserve Bank of India (Rural Co-operative Banks – Cash Reserve Ratio and Statutory Liquidity Ratio) Fourth Amendment Directions, 2026	
RBI/2026-2027/241 DOR.RET.REC.208/ 12.01.001/2026-27	25.8.2026	Department of Regulation	Reserve Bank of India (Urban Co-operative Banks – Cash Reserve Ratio and Statutory Liquidity Ratio) Fourth Amendment Directions, 2026	
RBI/2026-2027/240 DOR.RET.REC.207/ 12.01.001/2026-27	25.8.2026	Department of Regulation	Reserve Bank of India (Regional Rural Banks – Cash Reserve Ratio and Statutory Liquidity Ratio) Fourth Amendment Directions, 2026	
RBI/2026-2027/239 DOR.RET.REC.206/ 12.01.001/2026-27	25.8.2026	Department of Regulation	Reserve Bank of India (Small Finance Banks – Cash Reserve Ratio and Statutory Liquidity Ratio) Fourth Amendment Directions, 2026	
RBI/2026-2027/238 DOR.RET.REC.205/ 12.01.001/2026-27	25.8.2026	Department of Regulation	Reserve Bank of India (Commercial Banks – Cash Reserve Ratio and Statutory Liquidity Ratio) Fourth Amendment Directions, 2026	
RBI/2026-2027/237 DOR.CRE.REC.210/ 07-03-008/2026-27	25.8.2026	Department of Regulation	Reserve Bank of India (Non-Banking Financial Companies – Concentration Risk Management) Fourth Amendment Directions, 2026	

Circular Number	Date of Issue	Department	Subject	Meant For
RBI/2026-2027/236 DOR.AML.REC.204/ 14.06.001/2026-27	19.8.2026	Department of Regulation	Implementation of Section 51A of UAPA, 1967: Updates to UNSC's 1267/ 1989 ISIL (Da'esh) & Al-Qaida Sanctions List: Amendment of 21 Entries	The Chairpersons/ CEOs of the Commercial Banks, Small Finance Banks, Payment Banks, Urban Co-operative Banks, Rural Co-operative Banks, Regional Rural Banks, Local Area Banks, Non-Banking Financial Companies, Asset Reconstruction Companies, All India Financial Institutions
RBI/2026-2027/235 DOR.AML.REC.203/ 14.06.001/2026-27	18.8.2026	Department of Regulation	Implementation of Section 51A of UAPA, 1967: Updates to UNSC's 1267/ 1989 ISIL (Da'esh) & Al-Qaida Sanctions List: Amendment of 04 Entries	The Chairpersons/ CEOs of the Commercial Banks, Small Finance Banks, Payment Banks, Urban Co-operative Banks, Rural Co-operative Banks, Regional Rural Banks, Local Area Banks, Non-Banking Financial Companies, Asset Reconstruction Companies, All India Financial Institutions

Circular Number	Date of Issue	Department	Subject	Meant For
RBI/2026-2027/234 DOR.AML.REC.202/ 14.06.001/2026-27	18.8.2026	Department of Regulation	Implementation of Section 51A of UAPA, 1967: Updates to UNSC's 1267/ 1989 ISIL (Da'esh) & Al-Qaida Sanctions List: Amendment of 04 Entries	The Chairpersons/ CEOs of the Commercial Banks, Small Finance Banks, Payment Banks, Urban Co-operative Banks, Rural Co-operative Banks, Regional Rural Banks, Local Area Banks, Non-Banking Financial Companies, Asset Reconstruction Companies, All India Financial Institutions
RBI/2026-2027/233 FIDD.CO.LBS. BC.No.09/ 02.08.001/2026-27	10.8.2026	Financial Inclusion and Development Department	Formation of new districts in the Union Territory of Ladakh – Assignment of Lead Bank Responsibility	The Chairman / Managing Director & Chief Executive Officer Lead Banks Concerned
RBI/2026-27/232 FIDD.CO.PSD. BC.No.08/ 04.09.001/2026-27	07.8.2026	Financial Inclusion and Development Department	Reserve Bank of India (Priority Sector Lending – Targets and Classification) Second Amendment Directions, 2026	
RBI/2026-2027/231 DOR.MCS.REC. No.201/ 01-01-039/2026-27	06.8.2026	Department of Regulation	Reserve Bank of India (Housing Finance Companies) Third Amendment Directions, 2026	
RBI/2026-2027/230 DOR.MCS.REC. No.199/ 01-01-039/2026-27	06.8.2026	Department of Regulation	Reserve Bank of India (Non-Banking Financial Companies - Responsible Business Conduct) Third Amendment Directions, 2026	

Circular Number	Date of Issue	Department	Subject	Meant For
RBI/2026-2027/ 229 DOR.MCS.REC. No.200/ 01-01-040/2026-27	06.8.2026	Department of Regulation	Reserve Bank of India (All India Financial Institutions - Responsible Business Conduct) Third Amendment Directions, 2026	
RBI/2026-2027/ 228 DOR.MCS.REC. No.198/ 01-01-038/2026-27	06.8.2026	Department of Regulation	Reserve Bank of India (Rural Co-operative Banks - Responsible Business Conduct) Fourth Amendment Directions, 2026	
RBI/2026-2027/ 227 DOR.MCS.REC. No.197/ 01-01-037/2026-27	06.8.2026	Department of Regulation	Reserve Bank of India (Urban Co-operative Banks - Responsible Business Conduct) Fourth Amendment Directions, 2026	
RBI/2026-2027/ 226 DOR.MCS.REC. No.196/ 01-01-036/2026-27	06.8.2026	Department of Regulation	Reserve Bank of India (Regional Rural Banks - Responsible Business Conduct) Fourth Amendment Directions, 2026	
RBI/2026-2027/ 225 DOR.MCS.REC. No.195/ 01-01-035/2026-27	06.8.2026	Department of Regulation	Reserve Bank of India (Local Area Banks - Responsible Business Conduct) Fourth Amendment Directions, 2026	
RBI/2026-2027/ 224 DOR.MCS.REC. No.194/ 01-01-033/2026-27	06.8.2026	Department of Regulation	Reserve Bank of India (Small Finance Banks - Responsible Business Conduct) Fourth Amendment Directions, 2026	
RBI/2026-2027/ 223 DOR.MCS.REC. No.193/ 01-01-032/2026-27	06.8.2026	Department of Regulation	Reserve Bank of India (Commercial Banks - Responsible Business Conduct) Fourth Amendment Directions, 2026	

Source: https://rbi.org.in/Scripts/BS_CircularIndexDisplay.aspx

CORPORATE BOND MARKET NEWS

SEBI proposes advertisement code for online bond platforms expected to remain AAA/Stable, which reflects CRISIL's and India Ratings' strong assessment of the proposed bonds.

The Securities and Exchange Board of India (SEBI) has proposed an advertisement code for online bond providers platform (OBPP) to boost reach and on account of need for investor awareness about this asset class, according to a consultation paper released August 21.

The Securities and Exchange Board of India (SEBI) has proposed an advertisement code for online bond providers platform (OBPP) to boost reach and on account of need for investor awareness about this asset class, according to a consultation paper released August 21.

"The increasing reach and impact of such advertisements necessitate a review of the extant Advertisement Code to ensure that communications remain fair, balanced and conducive to informed investment decisions," the regulator said in the paper.

There are about 38 SEBI registered OBPPs with National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) each, which include popular brokerage applications such as Groww, AngelOne and bond only platforms like GRIP Invest.

SEBI proposed 12 codes which include fair and clean advertising, avoiding misrepresentations, exaggerated claims that are unrelated to the nature of the product, among others. The markets watchdog also proposes the insertion of a disclaimer in all advertisements akin to mutual funds and stock market investments. Further, the proposed code also bans celebrity endorsement.

"Advertisements increasingly utilise behavioural prompts, urgency-based messaging and promotional techniques that may encourage investors to take investment decisions without adequate due diligence. Accordingly, it is considered necessary to address advertisements that create artificial scarcity, fear of missing out (FOMO) or otherwise induce investors to make hurried investment decisions," SEBI said.

The draft code, released by the Department of Debt and Hybrid Securities (DDHS), comes months after a similar framework was proposed for market intermediaries including Association of Mutual Funds of India (AMFI).

SEBI has taken up deepening bond markets as an important task to enable sources other than just the stock markets for companies to raise capital and retail participants to invest.

Source: https://goldenpi.com/blog/bond-news/indian-companies-raise-%E2%82%B915960-crore-via-bond-issuances-as-debt-market-momentum-builds/

Upcoming Activities for

Department of Banking, Financial & Insurance

ASSOCHAM 21st Annual Summit & Awards on Banking & Financial Sector Lending Companies

16 October 2026

For Branding & Speaking Opportunities

Mr. Vishal Kumar

+91-8851620732

vishal.kumar@assocham.com

Mr. Kushagra Joshi

+91-8447365357

Kushagra.joshi@assocham.com

ASSOCHAM®

Ideate · Innovate · Impact

CORPORATE OFFICE

The Associated Chambers of Commerce and Industry of India

4th Floor, YMCA Cultural Centre and Library Building, 01,

Jai Singh Road, New Delhi – 110001

Website: https://www.assocham.org/

Follow Us On:

Linkedin X/Twitter Instagram Facebook Youtube