

1. Reserve Bank of India (RBI): Policy, Regulations & Initiatives

Monetary Policy & Rates

- **December 2025 Policy:** The Monetary Policy Committee (MPC) reduced the **Repo Rate by 25 basis points to 5.25%**. Consequently, the Standing Deposit Facility (SDF) rate was adjusted to 5.0%, and the Marginal Standing Facility (MSF) and Bank Rate to 5.50%.
 - **Projections:** Real GDP growth for 2025-26 is projected at **7.3%** (up from earlier estimates). CPI inflation for FY26 is projected at **2%**.
- **August & October Policies:** In both months, the MPC kept the Repo Rate unchanged at **5.50%** to ensure inflation aligned with targets while supporting growth.
- **Reserve Ratios:** As of December 2025, the Cash Reserve Ratio (CRR) is **3%** and Statutory Liquidity Ratio (SLR) is **18%**.

Regulatory Guidelines & Frameworks

- **Digital Banking:** Issued final guidelines mandating banks to obtain **explicit, recorded consent** for digital banking services. Banks cannot force customers to opt for digital channels to avail of basic facilities like debit cards.
- **Lending Reforms (October 2025):**
 - **Floating to Fixed:** Banks must allow personal loan customers to switch from floating to fixed rates at reset points.
 - **Gold Loans:** The "Gold Metal Loan" scheme repayment period may be extended to **270 days**. Banks can now provide working capital loans to manufacturers (beyond just jewelers) using gold/silver as raw material.
 - **Corporate Takeovers:** Issued "Reserve Bank of India (Capital Market Exposure) Directions, 2025," allowing banks to finance corporate takeovers to deepen financial markets.
- **Capital Adequacy:** Raised the limit for **perpetual debt** issued overseas to be eligible as Additional Tier-1 capital up to **1.5%** of risk-weighted assets.
- **Deposit Insurance:** Proposed a **risk-based premium model** for FY27, where financially stronger banks pay lower premiums compared to the current flat rate of 12 paise per ₹100.
- **AePS Due Diligence:** Issued guidelines for the due diligence of Aadhaar Enabled Payment System (AePS) touchpoint operators, effective **January 1, 2026**.
- **Regulatory Review:** Constituted a **Regulatory Review Cell (RRC)** effective October 1, 2025, to streamline regulations. An Advisory Group on Regulations (AGR), chaired by SBI MD **Rana Ashutosh Kumar Singh**, will assist in this process.

Liquidity Operations

- **Open Market Operations (OMOs):** Announced purchase of government securities worth **₹2 trillion** in December 2025 and **₹1 lakh crore** in July 2025.
- **Forex Swaps:** Scheduled a **\$10 billion** USD/INR buy-sell swap for January 13, 2026, and a **\$5 billion** swap in December 2025 to infuse durable liquidity.

2. Banking Sector Performance & Reports

Financial Results & Asset Quality

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- **Sector Overview:** The "Report on Trend and Progress of Banking in India 2024-25" noted the balance sheet grew by **11.2%** to ₹312.2 lakh crore. Gross NPAs declined to **2.2%** (multi-decadal lows).
- **Public Sector Banks (PSBs):** 12 PSBs reported a cumulative profit of **₹44,218 crore** in Q1 FY26 (11% YoY growth). **State Bank of India (SBI)** accounted for 43% of total earnings.
 - **Punjab National Bank (PNB):** The only PSB to report a decline in profitability (48% drop) in Q1 FY26.
- **Decade of Stability:** Official data showed Gross NPAs dropped to **2.31%** by March 2025 from a peak of 11.46% in 2018. Domestic deposits and credit nearly tripled between 2015 and 2025.

Key Rankings & Classifications

- **Domestic Systemically Important Banks (D-SIBs):** The RBI retained **SBI, HDFC Bank, and ICICI Bank** as D-SIBs. SBI has the highest additional Common Equity Tier 1 (CET1) requirement at **0.80%**.
- **Global Ambitions:** During 'PSB Manthan 2025', the government set a target for at least 2 PSBs to be in the world's top 20 banks by 2047.

3. Mergers, Acquisitions, and Stake Sales

Strategic Acquisitions

- **Yes Bank & SMBC:** The RBI approved the transfer of up to **24.99% stake** in Yes Bank to Japan's **Sumitomo Mitsui Banking Corporation (SMBC)**. SBI completed the divestment of a ~13.18% stake to SMBC for ~₹8,889 crore.
- **Federal Bank:** The CCI approved **Blackstone's** acquisition of up to **9.99% stake** in Federal Bank for ~₹6,196 crore.
- **Shriram Finance: MUFG Bank** (Japan) is acquiring a **20% stake** in Shriram Finance for ₹39,618 crore.
- **HDFC Bank & IndusInd:** RBI approved HDFC Bank to acquire up to **9.5% stake** in IndusInd Bank.
- **Rapido & Swiggy:** Swiggy sold its 12% stake in Rapido for ₹2,399 crore.

Government Divestment

- The government plans to dilute its stake in **Indian Overseas Bank, UCO Bank, Central Bank of India, and Punjab & Sind Bank** to meet the 25% minimum public shareholding norm. Goldman Sachs was selected as the transaction advisor.

4. Digital Banking, Fintech, & Innovation

New Platforms & Entities

- **NPCI Initiatives:**
 - Launched a new subsidiary, **NPCI Tech Solutions Limited (NTSL)**.
 - Launched "**Banking Connect**" in October 2025, an interoperable net banking platform.
 - Introduced "**UPI Reserve Pay**" and "**IoT Payments with UPI**" at the Global Fintech Festival.
- **International Expansion:** UPI became operational in **Malaysia** through a partnership between NPCI International and Razorpay Curlec.

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- **Innovation:** RBI announced the "**HaRBIInger 2025**" hackathon focused on "Secure Banking" with problem statements on Tokenized KYC and Offline CBDC.

Product Launches

- **Jio Payments Bank:** Launched "**Savings Pro**," an account that auto-invests idle cash into overnight mutual funds.
- **Paytm:** Launched "**Paytm Postpaid**" credit line on UPI in partnership with Suryoday Small Finance Bank.
- **Au Small Finance Bank:** Launched the 'AU Multi-Currency Forex Card'.

5. Economic Indicators

- **GDP Growth:** India's Real GDP grew by **8.2%** in Q2 FY26 (July-Sept 2025). The RBI revised the full-year FY26 forecast to **6.8%** in October and later to **7.3%** in December.
- **Inflation:**
 - **CPI:** Eased to **0.25%** in October 2025 (lowest in current series).
 - **WPI:** Recorded negative inflation of (-) **0.32%** in November 2025.
- **External Sector:**
 - **Foreign Exchange:** India's external debt rose to **\$736.3 billion** (19.1% of GDP) by March 2025.
 - **FDI:** The US and Singapore were top sources. Net FDI inflows remained strong at \$10.8 billion in early FY26.
 - **Trade Deficit:** Rose to **\$41.68 billion** in October 2025 due to a surge in gold and silver imports.

6. Key Appointments

- **Reserve Bank of India:**
 - **Shirish Chandra Murmu** appointed as **Deputy Governor** for 3 years starting October 9, 2025.
 - **Sonali Sen Gupta** appointed as **Executive Director**.
 - **Ms. Anuradha Thakur** nominated to the Central Board.
- **State Bank of India:**
 - **Ravi Ranjan** appointed as **Managing Director** effective December 15, 2025.
 - **Challa Sreenivasulu Setty** is the Chairman.
- **SEBI:** Appointed **Amit Pradhan, Avneesh Pandey, and Sanjay Chandrakant Purao** as Executive Directors.
- **IRDAI:** **Ajay Seth** appointed as Chairman.