

RBI Seeks to Tighten Norms for Digital Banking

CROSS-SELLING HIT Banks must take approval to launch new digital channels, offer third-party products, services

Our Bureau

Mumbai: In a move that could deal a setback to the cross-selling of financial products, the Reserve Bank of India has proposed to prohibit banks from displaying third-party products and services on their digital banking platforms. This includes offerings from promoter groups or entities within the bank's own group. RBI has also stated that banks should not make it mandatory for the customer to opt for any digital banking channel to avail any other facility like debit cards.

"Third-party products and services, including those of promoter

groups or bank group entities, shall not be displayed on banks' digital banking channels except as specifically permitted by the Reserve Bank of India from time to time," the RBI stated in its draft 'Digital Banking Channels Authorisation Directions', which is open for public feedback until August 11, 2025.

The draft also mandates that banks must obtain explicit, documented consent from customers

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Toe the Line

Banks cannot force customers to use digital channels for other services

Customer consent for digital services must be explicit and documented

Existing platforms need fresh approval for new digital services



Banks must create detailed policies for all digital banking operations

before offering digital banking services. Customers can't be forced to adopt a digital banking channel to access other facilities, such as debit cards.

Banks will now be required to seek prior approval from the RBI before launching any new digital banking channel for transactional purposes. Banks that already have approval for specific digital platforms, such as mobile banking, must obtain fresh approval to introduce any additional digital banking channels. "Banks shall need prior approval of the Reserve Bank of India for launching transactional banking facility" the regulator said.

The RBI bibe also asked banks to

formulate comprehensive policies for all digital banking channels, addressing statutory and regulatory requirements, including management of liquidity and operational risks. The responsibility for risk oversight will lie with the senior management.

The regulator said that banks which have implemented core banking solution (CBS) and have enabled their public-facing information technology (IT) infrastructure to handle internet protocol version 6 are eligible to provide view-only banking facility for internet banking, mobile banking, and other digital banking channels-based services.