भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
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RBI/2026-27/151
DOR.STR.REC.129/21-07-001/2026-27 June 23, 2026

Reserve Bank of India (Small Finance Banks – Credit Facilities) Third Amendment Directions, 2026

Please refer to Reserve Bank of India (Small Finance Banks – Credit Facilities) Directions, 2025 (hereinafter referred to as 'the Directions').

2. In view of circular on "Operation of Pre-Sanctioned Credit Lines at Banks through Unified Payments Interface (UPI)" dated September 04, 2023 (made applicable to SFBs with effect from February 12, 2025), which allow banks to enable transactions using the UPI system through a pre-sanctioned credit line with prior consent of the customer, it is imperative to ensure consistency in regulatory compliance towards such products across banks.

3. Accordingly, in exercise of the powers conferred by the sections 21 and 35A of the Banking Regulation Act, 1949 and all other laws enabling the Reserve Bank in this regard, the Reserve Bank being satisfied that it is necessary and expedient in the public interest so to do, hereby issues the Amendment Directions hereinafter specified.

4. These Amendment Directions modify the Directions as under:

After Chapter II of the Directions, a new Chapter IIA shall be inserted as below:

Chapter IIA: Credit Facilities Linked to Specific Payment Instruments

5A. Notwithstanding the mode / channel of credit delivery or the type of payment instrument and / or underlying technology used for its disbursement, the prudential treatment of an underlying credit facility, including pre-sanctioned credit lines meant for payment transactions through UPI, shall be solely

विनियमन विभाग, केंद्रीय कार्यालय, केंद्रीय कार्यालय भवन, 12वीं/ 13वीं मंज़िल, शहीद भगत सिंह मार्ग, फोर्ट, मुंबई - 400001
टेलीफोन/ Tel No: 22661602, 22601000 फैक्स/ Fax No: 022-2270 5691
Department of Regulation, Central Office, Central Office Building, 12th/ 13th Floor, Shahid Bhagat Singh Marg, Fort, Mumbai – 400001

determined by the nature of the underlying credit facility, governed in terms of the applicable prudential norms.

5B. Any credit facility which is designed to be linked to a specific payment mode, shall have its terms and conditions included in the bank's credit policy and shall comply with all other applicable regulatory requirements.

Explanation – For avoidance of any doubt, it is clarified that only such credit facilities as are otherwise permitted to be sanctioned by a bank under the extant regulations, can be offered as part of any such arrangement.

5C. The above instructions shall be without derogation to the provisions of any other law or regulation in relation to transactions effected through any payment mechanism.

5. The above amendment would come into effect from immediate effect.

(Vaibhav Chaturvedi)
Chief General Manager