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# Bank board agenda 2025: Navigating the evolving landscape

**Board Leadership Center (India)**

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# Introduction

India's banking sector is undergoing a transformative phase—driven by rapid digital advancements, evolving regulatory frameworks, heightened stakeholder expectations, and shifting global economic conditions. In this dynamic environment, bank boards are expected to play a more engaged, agile, and forward-looking role. This paper seeks to help board members anticipate emerging issues, deepen strategic oversight, and craft relevant board charters and agendas for the year ahead.

The themes outlined in this paper offer a comprehensive view of the priorities that Indian bank boards may consider. From macroeconomic influences to digital transformation, from capital adequacy to stakeholder engagement, each section provides insights that can help boards navigate complexities, seize emerging opportunities, and drive value creation. The intent is not to prescribe one-size-fits-all practices, but to lay out key themes and considerations that can help spark reflection, encourage context-specific responses, and foster meaningful dialogue in the boardroom.

As banks continue to balance growth with prudence, governance with innovation, and risk with opportunity, board members can enhance their effectiveness by staying informed, proactive, and agile. The following sections explore these themes in greater depth, outlining key considerations and questions for boards to reflect upon.

# 01 Macroeconomics: Navigating policy and market dynamics

Understanding macroeconomic trends is essential for bank boards, particularly in an environment where policy signals, inflation trajectories, interest rate cycles, and global market volatility can have direct implications on credit demand, capital flows, and asset quality. Boards can consider not only domestic factors—such as monetary policy decisions by the Reserve Bank of India and fiscal priorities—but also the influence of global monetary tightening, currency fluctuations, and geopolitical developments that shape investor sentiment and banking dynamics in India.

A particularly pertinent area in today's context is the changing global tariff regime. As several countries revisit trade agreements and implement protectionist policies, the ripple effects on sectors like manufacturing, exports, and commodities are becoming increasingly pronounced. These shifts can influence the business outlook of borrowers, impacting credit risk, sectoral exposure, and overall portfolio resilience. Boards may find it helpful to monitor how these developments affect the institution's business strategy, product mix, pricing models, and customer segment focus, while also factoring in downstream implications for stressed sectors or MSMEs exposed to global trade dependencies.

Against this backdrop, bank boards can play a pivotal role by ensuring that macroeconomic insights are factored into scenario planning, strategy refresh cycles, and stress testing models. Agility in reading early signals and recalibrating capital allocation, credit risk appetite, and lending priorities can enhance long-term resilience.

## Key considerations for boards

- How regularly is the board updated on macroeconomic and geopolitical trends impacting the bank's operations and strategy?
- What processes are in place to evaluate the impact of global tariff changes and trade disruptions on sectoral exposures?
- Are stress testing and scenario planning exercises robust enough to incorporate diverse macroeconomic outcomes?
- How does the bank's interest rate and inflation sensitivity affect its pricing, deposit, and lending strategies?
- Are shifts in customer behavior or credit demand being tracked in response to changing economic signals?
- Is the board engaging with external experts or economists to gain diverse perspectives on evolving risks and opportunities?
- How are macroeconomic assumptions integrated into the bank's internal risk models, provisioning, and capital buffers?

# 02 Regulatory, compliance, and governance

In the evolving Indian regulatory landscape, boards of banking institutions have a critical role in fostering a governance culture that balances prudence, compliance, and accountability. With active oversight from the RBI, SEBI, IRDAI, and other statutory bodies, expectations from boards have expanded—especially around ethical conduct, systemic risk monitoring, and ensuring the robustness of internal control environments. Boards can consider facilitating regular, independent assessments of the Organisation's governance and risk architecture, including the design and effectiveness of internal controls, the responsiveness of risk management frameworks, and the efficacy of compliance structures.

An important area where boards may add significant value is in encouraging the strategic use of technology to strengthen regulatory compliance functions. This includes promoting data governance, automation and advanced analytics for regulatory submissions, compliance incident tracking, testing of controls, and real-time monitoring of regulatory thresholds. Intelligent compliance dashboards, rule-based alerts, and data-driven exception management systems can enhance visibility and reduce manual effort and errors. Boards can consider supporting such innovations to make compliance more scalable, preventive, and responsive to supervisory expectations.

Moreover, boards may seek greater assurance on whether the institution's compliance ecosystem is designed not just to meet the letter of the law but to embed a culture of integrity and ethical responsiveness. Governance structures that enable transparent escalation, independent oversight of control functions, and proactive engagement with regulators may further strengthen institutional resilience.

## Key considerations for boards

- How effectively is the bank aligning with evolving regulatory requirements, including RBI's governance guidelines? How is the board staying informed on supervisory trends and evolving expectations?
- How frequently are the bank's compliance frameworks and internal controls independently reviewed for design and effectiveness?
- Are compliance frameworks robust enough to address emerging risks, including cyber threats and financial fraud?
- How can the board enhance transparency and disclosure practices to build stakeholder confidence? What governance mechanisms are in place to promote transparency, accountability, and regulatory responsiveness?
- How is the technology being used in regulatory submissions, compliance incident management, monitoring, and testing?
- Are there dashboards or real-time tools to monitor regulatory breaches and exceptions? How is this information escalated to the board?
- Are compliance findings and learning from regulatory inspections being systematically tracked and assessed?



# 03 Capital adequacy and financial performance

Banks operate in an environment where capital adequacy and financial resilience are critical for sustained growth. The Basel III framework, RBI's capital adequacy norms, and liquidity risk management guidelines shape how banks manage their capital and maintain financial stability. Board oversight in capital allocation, risk-weighted asset management, and provisioning for stressed assets is vital to ensure long-term viability.

Boards may evaluate how effectively the bank balances growth aspirations with prudential risk management. Stress testing, liquidity buffers, and contingency planning can ensure preparedness for economic uncertainties. Additionally, maintaining a healthy asset quality by proactively managing non-performing assets (NPAs) and strengthening risk mitigation strategies is crucial.

Profitability and sustainable financial performance also depend on diversifying revenue streams, optimising cost efficiencies, and investing in technology-driven banking solutions. By taking a forward-looking approach to financial resilience, boards can guide their institutions towards responsible growth while safeguarding depositor interests.


## Key considerations for boards

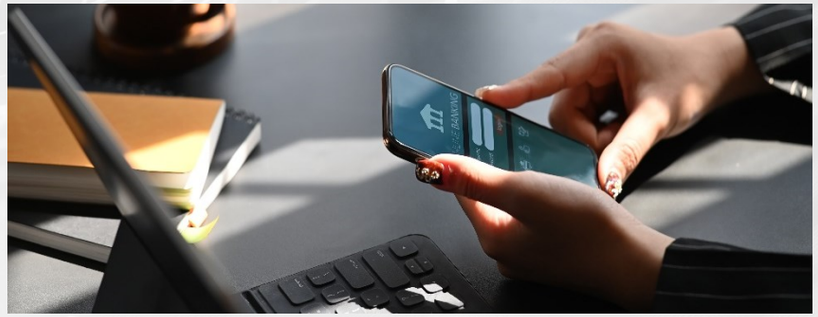
- How effectively is the bank maintaining capital buffers in line with regulatory requirements and stress scenarios?
- What steps are being taken to mitigate the risks associated with capital outflows and currency volatility?
- What strategies are in place to manage NPAs and improve asset quality while balancing growth objectives?
- How does the board ensure alignment between financial performance and long-term risk management?
- Are liquidity risk management frameworks robust enough to handle short term and long term risks?
- What measures are being taken to enhance profitability while maintaining financial prudence?
- How frequently does the board review financial performance indicators and stress testing results?

# 04 Digital transformation, AI, and innovation

The rapid acceleration of digital banking has brought both opportunities and challenges for financial institutions. Adoption of AI-powered analytics, blockchain technology, digital lending platforms, and automated regulatory reporting tools is reshaping how banks operate. Cybersecurity, fraud detection, and digital resilience remain top concerns as banks navigate this transformation.

Boards can consider how technology-driven strategies enhance customer experience, operational efficiency, and regulatory compliance. Ensuring secure and resilient digital infrastructure is paramount to mitigate cyber threats and data privacy risks. Additionally, investing in digital boardroom tools and AI-driven decision-making can improve governance effectiveness.

Strategic oversight in fostering responsible AI adoption, ethical considerations in data usage, and partnerships with fintech players can ensure that digital transformation aligns with the bank's long-term vision. Boards can also explore how digital literacy among directors can enhance their ability to navigate technology-driven discussions.



## Key considerations for boards

- How is the bank leveraging AI and digital tools to enhance customer service, risk management, and operational efficiency?
- What measures are in place to address cybersecurity threats and ensure data protection?
- How can digital transformation be aligned with regulatory requirements and governance best practices?
- Is the board adequately equipped to oversee digital innovation and emerging financial technologies?
- What role does technology play in strengthening internal controls, fraud detection, and compliance frameworks?
- How frequently is the board briefed on technological advancements that impact the banking sector?
- How is the bank ensuring security of core banking systems, mobile banking apps, and digital payment platforms against evolving cyber threats?



# 05 ESG, climate change, and sustainable finance

Environmental, Social, and Governance (ESG) considerations are gaining traction globally, and Indian banks are now expected to play a central role in steering responsible finance. Among the three pillars, climate change stands out as a particularly urgent and evolving area of focus. There is growing recognition that climate risks—both physical and transition-related—can materially impact asset quality, credit exposures, and the long-term viability of portfolios. Boards may consider the importance of assessing the bank's readiness to integrate climate risk into its risk management frameworks, scenario planning, and business strategy.

Regulators, including the Reserve Bank of India (RBI), have begun issuing guidelines on climate risk and sustainable finance. These include expectations for climate-related disclosures, stress testing for climate scenarios, and progressive alignment with global standards like the TCFD (Task Force on Climate-Related Financial Disclosures). Boards can reflect on whether their institutions are adequately capturing and quantifying climate risk exposures and whether evolving regulatory expectations are being proactively addressed. This may involve setting up dedicated working groups, enhancing data capabilities, and ensuring board-level oversight over climate-linked metrics and goals.

The momentum around sustainability-linked financing instruments—such as green bonds, sustainability-linked loans, and transition finance—is also growing. Banks may consider how they are enabling clients to finance decarbonisation and sustainability transitions, and whether their own lending and investment policies are aligned with national climate goals. ESG integration is not only about managing reputational risks but also about seizing new business opportunities while fulfilling stakeholder and societal expectations.

## Key considerations for boards

- How is the bank assessing and managing its climate-related risks across lending, investment, and operations?
- Are there systems in place for climate risk quantification, including scenario analysis and stress testing?
- Is the bank aligned with emerging regulatory expectations from the RBI and global frameworks like TCFD?
- What is the institution's approach to sustainable finance—green bonds, sustainability-linked loans, or other instruments?
- Does the bank have mechanisms to engage clients on climate transition and support them with relevant financial solutions?
- Are board members equipped to provide effective oversight on ESG and climate-related matters?
- How is climate risk embedded into the broader enterprise risk management and strategy formulation process?

# 06 Evolving business and operating models

Bank boards in India are witnessing a structural shift in how banking services are being delivered and consumed. The lines between traditional banks and new-age financial players are increasingly blurring. Fintechs and digital-first NBFCs are carving out niche propositions—offering targeted solutions in lending, payments, investments, and credit access. Collaborations between banks and fintechs are on the rise, driven by the need for agility, customer-centricity, and cost efficiency. Boards may consider evaluating the institution's partnership strategies, investment in innovation ecosystems, and long-term plans for co-creation with digital players.

Another key development is the aspiration among Small Finance Banks (SFBs) to transition into full-service universal banks. This shift brings regulatory, operational, and risk implications that warrant board-level attention. Additionally, banks are rethinking branch footprints, moving to hybrid or digital-only models, and embedding financial services into broader ecosystems—through API banking, embedded finance, and platform-based approaches. Boards may reflect on whether their institutions are agile enough to recalibrate their operating models in response to evolving consumer behaviors and technology-led disintermediation.

At the strategic level, directors can assess if the business model is resilient, scalable, and adequately capitalised to compete with emerging players while managing associated risks. The shift toward platform-based delivery, open banking, and hyper-personalisation demands a fresh look at talent, technology investments, and regulatory preparedness. Balancing innovation with prudence will remain key as institutions redefine their value propositions in a fast-changing market.

## Key considerations for boards

- How is the bank evaluating and responding to emerging competition from fintechs and digital-first players?
- Does the institution have a clear strategy for partnerships, joint ventures, or investments in the innovation ecosystem?
- Are the aspirations and capabilities of the institution aligned for a potential transition from an SFB to a Universal Bank, where applicable?
- Is the current operating model optimized for future scalability—across branches, digital channels, and ecosystem-based banking?
- How does the board stay informed about the institution's fintech engagement, API strategy, or platform plays?
- What steps are being taken to ensure talent and risk frameworks evolve in tandem with new business models?
- Are technology and digital investments aligned with long-term business transformation objectives, not just short-term efficiencies?



# 07 Financial inclusion and customer centricity

In India, financial inclusion is both a national imperative and a growth opportunity. Schemes like Jan Dhan Yojana, UPI, and the Digital India mission have expanded access to banking services—but reaching underserved populations sustainably remains a challenge.

Boards can consider how inclusive strategies are embedded into business models—not just as CSR, but as commercially viable initiatives. Designing products for the informal economy, expanding rural banking infrastructure, and promoting financial literacy can contribute to long-term franchise value.

Customer centricity is equally important in a competitive digital economy. Board oversight on customer experience (CX), grievance redressal, product fairness, and technology accessibility may help banks serve not only more customers, but also better.

## Key considerations for boards

- How does the bank align its business strategy with India's financial inclusion goals?
- Are products and services tailored to underserved customer segments?
- What role does the board play in monitoring customer complaints and feedback?
- Are there mechanisms in place to monitor fair treatment of customers, identify and timely remediate exceptions?
- Is there oversight on digital adoption and barriers to access across customer types?
- How are partnerships with fintechs and government platforms managed?
- Does the bank measure and improve on customer satisfaction and retention?

# 08 Board composition, talent management, and succession planning

The complexity of the banking environment demands diverse, agile, and future-ready boards. Evolving business models, regulatory scrutiny, and technology disruptions are raising expectations around boardroom skills and leadership pipelines.

Board composition in Indian banks may benefit from a broader lens—not just traditional finance or regulatory backgrounds, but also expertise in technology, cybersecurity, user experience, and ESG. Periodic board evaluations, skill-gap assessments, and director development programmes can support informed refreshment and better boardroom effectiveness.

Beyond the board, succession planning for top management remains an area of importance. NRCs and boards can support leadership development by nurturing internal talent, fostering cross-functional capabilities, and embedding diversity and inclusion at all levels.

## Key considerations for boards

- Does the board possess the right mix of experience and emerging skills?
- Are director appointments and rotations guided by regular evaluations?
- How are talent and succession plans being reviewed at the leadership level?
- Is there a focus on leadership diversity—gender, generational, and experiential?
- Are there structured onboarding and development programmes for new directors?
- How can the board strengthen oversight on cultural fit and leadership effectiveness?

# 09 Stakeholder engagement and communication

Stakeholder expectations from banks are becoming more nuanced and vocal. With increased scrutiny from regulators, investors, media, and customers, boards may play a more proactive role in guiding how banks engage with and respond to different constituencies.

Transparency in disclosures, clear articulation of business and risk strategies, and effective crisis communication can help build trust. Boards may also encourage the adoption of formal feedback mechanisms—employee surveys, investor calls, vendor feedback—to improve visibility into stakeholder perceptions.

In a globally interconnected world, Indian banks are also engaging with international standards, correspondent banks, and cross-border partners. Board-level awareness and alignment can enhance credibility and foster resilient relationships.

## Key considerations for boards

- How is stakeholder feedback gathered and factored into board decisions?
- Are communication strategies aligned with the bank's risk and reputation profile?
- How transparent and timely are regulatory and investor disclosures?
- Is there board-level engagement with key stakeholders beyond formal reports?
- How does the board oversee grievance mechanisms and reputational risk?
- Are communication tools and channels evolving to meet new stakeholder expectations?



# 10 Robust governance and internal controls

Strong governance and internal controls serve as the bedrock of resilience and trust in the banking sector. Boards can consider fostering a culture where well-defined accountability structures, risk ownership, and transparent reporting lines are embedded across the institution. In today's complex environment, ensuring the effectiveness of the Three Lines of Defence model—risk-taking functions, independent oversight, and internal audit—may warrant regular review and recalibration. Periodic assessments, both internal and independent, of the design and operating effectiveness of internal controls can help surface early warning signs, enhance preparedness, and support informed decision-making at the board level.

A growing area of attention for Indian regulators, especially the RBI, is third-party risk management, particularly in the context of outsourcing of financial services. Banks are increasingly reliant on third-party vendors and service providers for a range of critical operations—from technology infrastructure and customer support to transaction processing and data analytics. Boards may consider seeking regular assurance on the risk assessment processes, due diligence protocols, service level monitoring, and contingency planning around such outsourcing arrangements. A robust framework to govern third-party engagements can help mitigate operational, reputational, and compliance risks.

Additionally, the board's role in overseeing internal control functions, whistleblower mechanisms, fraud risk management, and compliance incident tracking continues to be pivotal. Institutions may benefit from greater board involvement in reviewing internal audit findings, response timelines, and thematic learnings that emerge from recurring control breakdowns. Fostering a transparent and speak-up culture, where control issues are escalated without fear, can reinforce integrity and long-term institutional sustainability.

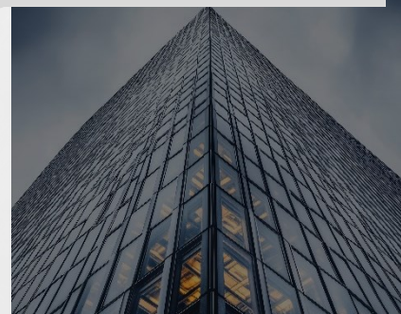
## Key considerations for boards

- How effective are the bank's internal control and assurance mechanisms?
- Is there a clear delineation and independence across the three lines of defense?
- How does the board track emerging risks and control breaches?
- Are internal audits comprehensive, well-resourced, and independently functioning?
- Is the board receiving timely and actionable information on control performance?
- What benchmarking or third-party reviews are used to enhance governance maturity?









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