



# On the bank board agenda 2026

**Board Leadership Center (India)**

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# India banking: Governance, resilience, and strategic discipline

India's banking sector enters 2026 supported by resilient domestic growth, improving balance sheets, and expanding digital reach. At the same time, banks operate in an environment shaped by heightened supervisory expectations, evolving regulatory mandates, and persistent global uncertainty. The pace of digitalisation, increased reliance on partnerships, and greater interconnectedness across markets have amplified both opportunity and risk.

In this context, expectations to exercise informed judgement across a broader and more complex set of considerations has increased. Regulatory focus is shifting from the existence of frameworks to the effectiveness of outcomes, placing greater emphasis on how strategy, risk appetite, and governance operate in practice. Oversight is therefore becoming more continuous, more evidence-driven, and more intricately linked to institutional credibility.

As banks navigate growth, compliance, and stakeholder expectations, boards are expected to enhance their effectiveness by embedding proactive risk management, technology readiness, and sustainability into their agendas. The following sections explore these priorities in depth, offering considerations and questions that can guide meaningful board discussions and strategic alignment.

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# 01 Macroeconomic resilience, capital discipline, and liquidity governance

India's macroeconomic outlook remains broadly supportive, underpinned by domestic consumption, public investment, and credit demand across key sectors. However, external volatility continues to influence funding conditions, capital flows, and market confidence. Currency movements, geopolitical developments, and shifts in global trade and financial markets introduce second-order risks that may transmit through liquidity, asset quality, and borrower behaviour.

Recent supervisory communication from Reserve Bank of India (RBI) have highlighted the importance of **prudential capital buffers, robust liquidity governance, and forward-looking stress testing**. This reinforces expectations that resilience is assessed not periodically, but through ongoing monitoring and recalibration as conditions evolve.

For boards, the focus should not only be on understanding macroeconomic trends, but on ensuring that capital, liquidity, and risk appetite remain aligned with a range of plausible stress conditions. Regular testing of management assumptions will help organisations remain robust under volatility and help keep contingency actions defined and executable. The quality of board judgement in balancing growth with balance sheet resilience will be central to sustaining confidence through periods of uncertainty.



## Key considerations for boards

- How are macroeconomic and market developments reflected in capital planning and liquidity strategy?
- Are stress testing and scenario analyses sufficiently forward-looking and decision-relevant?
- How frequently is risk appetite reviewed considering growth, inflation, funding, and currency dynamics?
- Does board reporting provide clear visibility into concentration risks and emerging stress pockets?
- Is the board engaging with external experts or economists to gain diverse perspectives on evolving risks and opportunities?
- What processes are in place to evaluate the impact of global tariff changes and trade disruptions on sectoral exposures?



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## 02 Regulatory expectations and governance in a digital-first banking model

India's banking system is increasingly shaped by the scale and systemic importance of digital channels and Digital Public Infrastructure (DPI), including UPI, account aggregators, and API-enabled platforms. While these have transformed customer access and transaction volumes, they have also expanded operational, conduct, and data risks beyond traditional organisational boundaries. As digital adoption deepens, regulatory focus is shifting from enablement to governance.

RBI's digital banking directions underscore stronger governance and operational accountability across platform-based delivery models, third-party dependencies, and customer protection. The transition to a 24x7 digital payments ecosystem, combined with UPI-led and API-enabled transaction models, has intensified the need for real-time monitoring, robust settlement governance, and continuous compliance with harmonised TAT expectations.

In this context, change management is a board-level responsibility. Boards must oversee how management adapts technology, processes, and controls to ensure resilience, cyber readiness, and operational integrity. Effective governance at scale requires clear risk ownership, consistent controls across platforms and partners, strong third-party and API governance, and regular review of outcome-based indicators such as system uptime, fraud trends, customer complaints, cyber incidents, and regulatory observations.



### Key considerations for boards

- How effectively is regulatory intent reflected in digital governance and oversight frameworks?
- Do board reports provide sufficient insight into digital risks, incidents, and control effectiveness?
- Are governance arrangements for outsourced and partner-led activities robust and transparent?
- How prepared is the institution for supervisory scrutiny of digital and data-related outcomes?
- How proactive is the institution in engaging with regulators on new frameworks and supervisory expectations to anticipate compliance challenges?
- Does the bank have a coherent governance framework for participation in digital public infrastructure, including UPI and other platform-based services?
- Are risk ownership, accountability, and escalation mechanisms clearly defined across digital and partner-led activities?
- How does the board obtain assurance over customer protection and data governance across digital channels and ecosystems?
- Does management reporting provide decision-useful insight into platform-related risks and dependencies?



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## 03 Cybersecurity, data protection, and operational resilience

Cyber risk is now systemic, demanding sustained board-level attention to protect reputation and trust. Sophisticated attacks—from data breaches to ransomware—require banks to strengthen governance across technology, risk management, and assurance practices. Boards should oversee resilience through real-time detection capabilities, clearly defined incident reporting thresholds, tested response and recovery protocols, and service-level agreements that are monitored through board dashboards tracking breach trends, recovery times, and customer impact.

Operational resilience increasingly extends to third-party and cloud dependencies, which introduce concentration and contagion risks. The Digital Personal Data Protection (DPDP) Rules, 2025 heighten data governance obligations, including explicit customer consent, 72-hour breach notifications, mandatory Data Protection Impact Assessments (DPIAs), and reinforced accountability across the organisation. Boards should seek assurance that disciplined data governance frameworks, lawful processing standards, employee awareness programs, and vendor risk controls are embedded and operating effectively. This includes periodic reviews of critical vendors, contractual safeguards on data protection and incident response, and independent assurance reports to reduce systemic exposure.

Boards should also confirm that privacy and data protection are fully integrated into the bank's cybersecurity and enterprise risk management frameworks, supported by clear risk ownership, robust escalation protocols, and regular internal and external audits. Effective integration may include, for example, board-approved cyber and data risk appetite statements, periodic cyber and privacy deep-dive sessions at board or committee level, outcome-based resilience metrics (such as recovery time objectives, customer detriment, and repeat incidents), and scenario testing covering third-party and cloud failure events. Aligning these measures with the institution's broader resilience strategy not only supports regulatory compliance but also reinforces customer trust and institutional integrity.

### Key considerations for boards

- How is cyber risk integrated into enterprise risk management and board-level oversight?
- Are incident response and recovery plans evaluated regularly, including third-party scenarios?
- How does the board oversee data protection obligations and breach preparedness?
- Is resilience reporting focused on outcomes rather than control inventories?
- Does the board have clear visibility into the institution's cyber and operational resilience posture, including key dependencies?
- Are incident response and recovery arrangements evaluated through realistic scenarios, including third-party failures?
- How does the board obtain assurance over statutory breach notification and data protection obligations?
- Does management reporting focus on resilience outcomes rather than control inventories?
- Are we on track to be fully aligned aligned with DPDP Rules 2025, including explicit consent, 72-hour breach notifications, and mandatory DPIAs?



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## 04 Ecosystem banking, embedded finance, and partnership governance

Ecosystem banking, embedded finance, and co-lending arrangements are reshaping credit delivery and customer engagement, particularly across MSME and digital platforms. While these models offer scale and reach, they also introduce governance complexity, operational dependencies, and conduct risk.

Regulatory expectations emphasise transparency, appropriate risk sharing, and borrower protection. Boards must ensure that partnership models align with regulatory intent, internal risk appetite, and long-term strategic positioning.

Boards must ensure the expansion of partnership-led models follows clear governance discipline and consistent oversight while challenging whether partnership arrangements deliver strategic value without diluting control, accountability, or regulatory alignment. The board's role is to ensure that growth through partnerships remains consistent with the institution's conduct standards and risk appetite.



### Key considerations for boards

- How do ecosystem and embedded finance initiatives align with the bank's core strategy?
- Are governance and control frameworks consistent across partner-led models?
- How is transparency ensured in pricing, customer communication, and grievance handling?
- Does the board have visibility into operational and reputational risks arising from partnerships?



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## 05 Credit growth, asset quality, and risk calibration

Credit growth prospects remain constructive across retail, housing, and MSME segments, underpinned by resilient domestic demand and stronger balance sheets, even as headline growth normalises from earlier peaks. At the same time, competitive pressures, evolving borrower profiles, and product innovation—particularly embedded credit flows on UPI and pre-sanctioned digital credit lines—are expanding access to credit while introducing faster-cycle and less visible credit risks. These developments heighten the importance of disciplined underwriting, portfolio oversight, and risk calibration at the board level.

For boards, sustaining healthy credit growth in 2026 requires close scrutiny of underwriting standards, portfolio concentration, and early warning indicators, supported by forward-looking assessments rather than retrospective explanations. Boards should ensure that management reporting enables challenge on emerging risks by incorporating regulatory measures such as the Expected Credit Loss (ECL) framework, stress testing outcomes, management overlays, and risk-based provisioning, calibrated to changing macroeconomic, liquidity, and funding conditions. The effectiveness of board oversight in this area will be critical to maintaining asset quality as growth accelerates across segments and channels.

Boards should also satisfy themselves that credit risk governance frameworks are responsive to new delivery models, including digital and partner-led origination. This includes clarity on risk appetite for growth, alignment of growth targets with underwriting and portfolio risk limits, and timely escalation where early stress indicators emerge. Embedding these measures within board and committee deliberations enables informed challenge, supports prudent credit expansion, and reinforces the institution's ability to balance growth ambitions with asset quality, resilience, and risk discipline.

### Key considerations for boards

- How are growth targets aligned with underwriting standards and portfolio risk limits?
- Are early stress indicators and remediation actions clearly reported to the board?
- How resilient is asset quality under adverse macroeconomic and liquidity scenarios?
- Does performance reporting enable informed challenge rather than a retrospective review?
- What measures are being taken to enhance profitability while maintaining financial prudence?
- How frequently does the board review financial performance indicators?



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## 06 Sustainability, climate risk, and inclusive growth

Sustainability considerations are becoming integral to governance, risk management, and lending strategy. Climate-related risks introduce long-term uncertainty, particularly for infrastructure, real estate, and carbon-intensive sectors. Disclosure quality and consistency are also increasingly subject to regulatory and stakeholder scrutiny. Social inclusion remains central to India's financial agenda, with priority sector focus, women led MSME credit, and technology driven solutions helping expand outreach, enhance transparency, and embed inclusion into lending frameworks.

For boards, sustainability considerations should extend beyond commitments to a regulatory and reputational mandate. Boards should ensure that climate and inclusion considerations are reflected across credit strategy, portfolio oversight, and disclosures in a manner that is consistent and credible.



### Key considerations for boards

- How are climate-related risks incorporated into credit and portfolio risk assessment?
- Are sustainability disclosures consistent, credible, and decision-useful?
- How does sustainable finance align with the bank's growth and risk strategy?
- Is board oversight of sustainability clearly defined and outcome-oriented?
- Do we have dedicated committees or working groups to monitor ESG performance and climate-linked goals?
- How is climate risk embedded into the broader enterprise risk management and strategy formulation process?



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## 07 Stakeholder trust, transparency, and board effectiveness

Stakeholder expectations around transparency, accountability, and governance continue to rise. Market conduct, disclosure quality, and governance transparency remain under heightened scrutiny from the Securities and Exchange Board of India, while audit quality and assurance outcomes continue to be a focus area for the National Financial Reporting Authority. In this environment, stakeholder trust is shaped not only by compliance with disclosure requirements but by the quality, consistency, and credibility of board oversight and communication.

For boards, maintaining stakeholder trust requires disciplined disclosure practices, clear accountability for governance outcomes, and effective engagement during both steady-state operations and periods of stress. Boards should actively oversee the integrity of public disclosures and financial reporting, the effectiveness of grievance redressal and whistleblower mechanisms, and the institution's crisis communication preparedness, ensuring that messaging is timely, accurate, and aligned with the bank's risk profile and strategic priorities.

Boards should also periodically assess their own effectiveness in driving transparency and trust. This includes reviewing the quality and timeliness of information received by the board, the robustness of decision-making and challenge, the mix of skills and experience at board and committee levels, and the outcomes of board and committee evaluations. Where gaps are identified, boards should ensure targeted actions such as focused deep-dive sessions, external reviews, director training, or changes to board processes and committee structures. By linking transparency and stakeholder communication to board effectiveness, institutions can reinforce confidence among regulators, investors, customers, and employees.



### Key considerations for boards

- Do disclosures clearly explain governance, risk oversight, and strategic priorities?
- Is there a structured approach to crisis communication and reputational risk management?
- How does the board assess its own effectiveness and access to critical expertise?
- Are stakeholder insights meaningfully informing board deliberations?



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Governance scrutiny around related party transactions and group exposures continues to intensify. Recent regulatory developments and supervisory commentary from the Reserve Bank of India have reinforced board-level responsibility for the governance of related party lending.

Expectations extend beyond compliance with limits to demonstrable independence in decision-making, consistency in policy application, and transparency in disclosures. Related party lending remains a sensitive area given its implications for conflicts of interest, concentration risk, and institutional reputation.

For boards, oversight of related party lending represents a direct test of governance effectiveness. Boards should ensure that policies are applied consistently, decisions are demonstrably independent, and disclosures are timely and robust. The ability to evidence discipline and objectivity in this area will be critical to maintaining supervisory confidence.



### Key considerations for boards

- Does the bank have a clearly articulated, board-approved framework for related party lending?
- How does the board obtain assurance that decisions are independent and arm's length?
- Are monitoring, disclosure, and escalation mechanisms effective and timely?
- Has the board assessed readiness for transition and implementation expectations?



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## 09 Fraud risk management, customer outcomes, and the zero-fraud banking ambition

Fraud risk is increasingly viewed as a critical indicator of governance effectiveness and institutional discipline, with direct implications for customer trust and regulatory confidence. The aspiration towards a zero-fraud banking environment reflects a shift from reactive controls to system-level design, transparent customer communication, and clear accountability across the organisation. For boards, fraud outcomes are no longer operational metrics alone but reflect the effectiveness of governance, culture, and risk oversight.

Boards should focus on whether fraud risk is being addressed through robust system design, preventive controls, and consistent customer-facing practices, rather than post-event remediation alone. This includes oversight of fraud risk appetite, product and channel-level vulnerabilities, root-cause analysis of fraud incidents, and accountability for losses and customer redressal. Boards should also seek assurance that pricing, charges, and disclosures are transparent and consistently applied across products and channels, as opacity in these areas often exacerbates customer detriment and fraud exposure.

In addition, boards should satisfy themselves that the institution is actively engaging with industry bodies, networks, and regulators to address systemic and ecosystem-level fraud risks, particularly in digital and partner-led environments. Regular board-level review of fraud trends, emerging typologies, customer impact, recovery outcomes, and collaboration initiatives can help ensure that the zero-fraud ambition is translated into sustained improvements in customer outcomes and institutional resilience.



### Key considerations for boards

- How transparent are pricing, charges, and disclosures across products and channels?
- Are fraud trends, root causes, and customer impacts discussed at board level?
- How effectively does the bank collaborate with industry and regulators on systemic fraud risks?
- Does management reporting enable the board to assess trust and conduct outcomes?



# Conclusion

The themes and questions outlined in this agenda are intended to support structured, forward-looking board deliberations rather than one-time discussions or compliance exercises. Many of these areas will continue to evolve through the year as business models, regulatory expectations, technology risks, and stakeholder expectations intersect. Boards should therefore regularly reflect on these themes, revisit them as circumstances change, and ask the right questions at the right time. Doing so will enable more thoughtful dialogue, sharper focus on what truly matters, and well-rounded boardroom decisions that strengthen governance, resilience, and long-term institutional trust.

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