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RESERVE BANK OF INDIA (URBAN CO-OPERATIVE BANKS – CLASSIFICATION, VALUATION AND OPERATION OF INVESTMENT PORTFOLIO) SECOND AMENDMENT DIRECTIONS, 2026

The Reserve Bank of India ("RBI"), vide **Circular No. RBI/2026-27/249, DOR.MRG.REC.No.217/00-00-011/2026-27 dated September 2, 2026**, has issued the **Reserve Bank of India (Urban Co-operative Banks – Classification, Valuation and Operation of Investment Portfolio) Second Amendment Directions, 2026.** The amendment modifies the existing provisions under Chapter VIII of the RBI (Urban Co-operative Banks – Classification, Valuation and Operation of Investment Portfolio) Directions, 2025, dated November 28, 2025, concerning investments in non-SLR securities. The amendment has been introduced in view of the establishment of the Indian Digital Payment Intelligence Corporation (IDPIC) as the nation's central digital payment fraud intelligence platform and to enable Urban Co-operative Banks ("UCBs") to acquire membership of IDPIC.

ANALYSIS

- Under the amended framework, RBI has permitted Urban Co-operative Banks to acquire equity shares of the Indian Digital Payment Intelligence Corporation (IDPIC) for acquiring membership of the entity. Accordingly, Paragraph 101.(5) of the 2025 Directions has been substituted to specifically include equity shares of IDPIC alongside equity shares of the Umbrella Organization ("UO") of the UCB sector.
- The amendment further expands the entities in which UCBs may hold equity shares where such investment is necessary for acquiring membership. Paragraph 107.(1) has been substituted to include Market Infrastructure Companies ("MICs"), the Umbrella Organization of the UCB sector, IDPIC, and Central Co-operative Banks ("CCBs")/State Co-operative Banks ("StCBs").
- The inclusion of IDPIC within the permitted investment framework is intended to facilitate the participation of UCBs in the central digital payment fraud intelligence ecosystem. The establishment of IDPIC is aimed at strengthening information-sharing and intelligence relating to digital payment frauds, thereby supporting a more coordinated approach towards addressing fraud-related risks in the digital payments ecosystem.
- The amendment has been issued by RBI in exercise of the powers conferred under Section 35A of the Banking Regulation Act, 1949, read with Section 56 thereof, along with other enabling provisions of law.

RBI has stated that the amendments are considered necessary and expedient in the public interest.

- The amended Directions come into effect from September 2, 2026, i.e., the date of their issuance. Accordingly, UCBs may acquire equity shares of IDPIC for the purpose of obtaining membership in accordance with the amended provisions.

KEY TAKEAWAYS

- UCBs can now acquire equity shares of IDPIC for obtaining membership, thereby allowing Urban Co-operative Banks to formally participate in the Indian Digital Payment Intelligence Corporation and access its digital payment fraud intelligence framework.
- IDPIC has been expressly incorporated into the permitted investment framework for UCBs. The amendment to Paragraph 101.(5) places IDPIC alongside the Umbrella Organization of the UCB sector, providing a clear regulatory basis for such equity investment.
- The scope of entities covered under Paragraph 107.(1) has been expanded to include Market Infrastructure Companies (MICs), the Umbrella Organization of the UCB sector, IDPIC, and CCBs/StCBs, where acquiring equity shares is necessary for obtaining membership of these entities.
- The amendment is intended to strengthen the role of UCBs in combating digital payment fraud. By enabling UCBs to become members of IDPIC, the framework facilitates their participation in a centralized digital payment fraud intelligence ecosystem and promotes better coordination and information-sharing.
- The amended Directions have immediate effect from September 2, 2026. The changes have been issued by RBI in the public interest under the powers conferred by Section 35A read with Section 56 of the Banking Regulation Act, 1949.

The notification is attached herein.

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