



RBI & Banking sector

Banking Sector Developments

Bank Holidays: Banks in Jammu and Srinagar are closed today, September 12, 2025, to observe the first Friday after Eid-i-Milad-ul-Nabi. However, all banks in the rest of the country are operational. This is a regional holiday as per the Reserve Bank of India (RBI) holiday calendar.

Financial Inclusion Index: A recent report from August 2025 by the RBI highlights that India's Financial Inclusion Index (FI-Index) has risen to 67.0 as of March 2025, up from 64.2 in March 2024. The increase indicates growth across access, usage, and quality dimensions, reflecting the success of financial literacy and inclusion initiatives.

Sovereign Gold Bond (SGB) Redemption: The RBI, which manages the SGB scheme, has announced the premature redemption price for SGB 2020-21 Series-VI. The redemption price is based on the average gold price of the three preceding business days, and for this series, it has yielded a significant return of over 100%.

Bank Dividends and Profitability: A report from S&P Global Market Intelligence projects that Indian banks may reduce their dividend payments for the fiscal year ending March 2026 for the first time in four years. This is attributed to pressure on profitability due to slowing loan growth and compressed margins, which have been impacted by the RBI's repo rate cuts in 2025.

Regulatory and Strategic Moves

Yes Bank Board Changes: The RBI has approved proposed amendments to Yes Bank's Articles of Association, paving the way for Japan-based Sumitomo Mitsui Banking Corporation's (SMBC) acquisition of stakes from State Bank of India (SBI) and other lenders. This will allow SMBC to nominate two directors to the board while SBI will nominate one.

Interoperable Netbanking: RBI Governor Sanjay Malhotra is scheduled to launch a new interoperable netbanking switch in October 2025. This initiative, part of a broader push by the National Payments Corporation of India (NBBL), aims to enhance the digital banking experience by allowing seamless transactions across different banks.

Cybersecurity: A two-day meeting, dubbed "PSB Manthan," has been organized to discuss the future of next-generation public sector banks, with a key focus on cybersecurity, customer experience, and scaling strategies.

MSME Lending: The RBI has issued guidelines to classify retail and wholesale trade as MSMEs for the limited purpose of Priority Sector Lending (PSL). This move is aimed at increasing the flow of credit to these sectors.

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1.Which Indian cities had a bank holiday on September 12, 2025, according to the provided text?

- A) Mumbai and New Delhi
- B) Jammu and Srinagar
- C) Ahmedabad and Kolkata
- D) Bengaluru and Chennai

Answer: B

The text states, "Banks in Jammu and Srinagar are closed today, September 12, 2025, to observe the first Friday after Eid-i-Milad-ul-Nabi."

2.According to the RBI report from August 2025, what was the value of India's Financial Inclusion Index (FI-Index) in March 2025?

- A) 64.2
- B) 67.0
- C) 100
- D) 75.5

Answer: B

The text specifies that the "Financial Inclusion Index (FI-Index) has risen to 67.0 as of March 2025, up from 64.2 in March 2024."

3.What is a key factor cited for the potential reduction in dividend payments by Indian banks in the fiscal year ending March 2026?

- A) An increase in loan growth
- B) A rise in the RBI's repo rate
- C) Pressure on profitability due to slowing loan growth and compressed margins
- D) An increase in foreign investments

Answer: C

The text attributes the projected reduction in dividends to "pressure on profitability due to slowing loan growth and compressed margins, which have been impacted by the RBI's repo rate cuts."

4.What is the purpose of the upcoming "interoperable netbanking switch" that RBI Governor Sanjay Malhotra is scheduled to launch?

- A) To facilitate the acquisition of banks by foreign companies.
- B) To allow seamless transactions across different banks.
- C) To increase the interest rates on savings accounts.
- D) To introduce a new digital currency.

Answer: B





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The text states that the initiative "aims to enhance the digital banking experience by allowing seamless transactions across different banks."

5. For what "limited purpose" has the RBI issued guidelines to classify retail and wholesale trade as MSMEs?

- A) For direct government subsidies.
- B) For tax exemptions.
- C) For Priority Sector Lending (PSL).
- D) For securing foreign loans.

Answer: C

The text clearly states that the RBI has "issued guidelines to classify retail and wholesale trade as MSMEs for the limited purpose of Priority Sector Lending (PSL)."

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