



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

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Statement on Developmental and Regulatory Policies

This Statement sets out developmental and regulatory policy measures to be taken for further strengthening the banking structure and enhancing the efficacy of the payment and settlement systems.

2. Regulation, surveillance and enforcement are three important facets of financial sector oversight mechanism. Regulations determine the framework in which financial entities function so that prudence, transparency, and comparability are ensured on the one hand and customer interests are protected on the other. Surveillance is the process through which adherence to the regulations is monitored. Enforcement deals with cases of non-compliance with regulations noticed either through the surveillance process or otherwise. Currently, in the Reserve Bank, there is a clear demarcation of the regulatory and surveillance functions. With a view to developing a sound framework and process for enforcement action, it has been decided to establish a separate Enforcement Department. Necessary steps have been initiated in this regard and the new department will start functioning from April 1, 2017.

3. Based on the recommendations of the Expert Panel on Information Technology Examination and Cyber Security (Chairperson: Smt. Meena Hemachandra), the Reserve Bank has issued guidelines to banks on June 2, 2016 mandating cyber security preparedness for addressing cyber risks. While banks have taken steps to strengthen their defences, the diverse and ingenious nature of recent cyber-attacks necessitates an ongoing review of the cyber security landscape and emerging threats. Towards this end, an inter-disciplinary Standing Committee on Cyber Security is being constituted to, *inter alia*,

- review the threats inherent in the existing/emerging technology;
- study adoption of various security standards/protocols;
- interface with stakeholders; and
- suggest appropriate policy interventions to strengthen cyber security and resilience.

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Jose J. Kattoor
Chief General Manager

Mumbai
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