



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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June 24, 2026

RBI issues draft 'Guidance on Regulatory Principles for Model Risk Management'

Reserve Bank of India has today released the [draft 'Guidance on Regulatory principles for Model Risk Management'](#) for public comments.

The draft Guidance is applicable to following regulated entities:

- (i) Commercial Banks
- (ii) Small Finance Banks
- (iii) Payments Banks
- (iv) Local Area Banks
- (v) Regional Rural Banks
- (vi) Urban Co-operative Banks
- (vii) Rural Co-operative Banks
- (viii) All India Financial Institutions
- (ix) Non-Banking Financial Companies
- (x) Asset Reconstruction Companies
- (xi) Credit Information Companies

2. Comments on the [draft Guidance](#) are invited from regulated entities, members of public and other stakeholders by July 24, 2026.

The comments / feedback may be submitted through the link under the '[Connect 2 Regulate](#)' Section available on RBI's website or alternatively be forwarded to:

The Chief General Manager, Operational Risk Group

Department of Regulation, Central Office

Reserve Bank of India

Shahid Bhagat Singh Marg, Fort

Mumbai – 400 001

Or

By [e-mail](#) with the subject line '**Feedback on Guidance on Regulatory Principles for Model Risk Management**'

Background and Objective

The Reserve Bank had issued the [draft “Regulatory Principles for Management of Model Risks in Credit” on August 05, 2024](#), with a view to strengthen governance and risk management practices relating to use of models in credit, followed by [report of the Committee on Framework for Responsible and Ethical Enablement of Artificial Intelligence \(FREE-AI\) on August 13, 2025](#). Considering model usage has expanded significantly and regulated entities are increasingly using models, including those employing Artificial Intelligence / Machine Learning (AI / ML), across various business and decision-making processes; weaknesses in their governance, oversight, risk management and controls may expose the regulated entities to financial, operational, compliance, and reputational risks. Recognising this, the Reserve Bank has today released draft '[Guidance on Regulatory Principles for Model Risk Management](#)' which provides holistic and broad regulatory expectations for model risk management across the model lifecycle. The Guidance is applicable to all models used by regulated entities, including third party models and models employing AI / ML.

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(Brij Raj)
Chief General Manager