



India and the European Union Conclude Free Trade Agreement Negotiations on Financial Services

Negotiations mark a significant milestone in strengthening bilateral economic and strategic cooperation with innovative provisions on digital payments and fintech

FTA aims to provide the necessary institutional and regulatory framework to accelerate bilateral collaboration, facilitate market access, and catalyze deeper integration of the financial systems of both economies

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India and the European Union have concluded negotiations on Financial Services in the India-EU Free Trade Agreement (FTA), marking a significant milestone in strengthening bilateral economic and strategic cooperation. It is a landmark achievement finalized during the last round of negotiations held on January 06, 2026.

India and EU share a robust commitment to strengthening bilateral cooperation in the financial services sector. In 2024, total services trade between India and EU is around \$83 billion. In 2024, India exported \$700 million worth of financial services to EU and imported around \$600 million worth of financial services from EU. Recognizing the significance of this relationship, both nations have worked collaboratively to develop a forward-looking, balanced, and mutually beneficial agreement that will unlock enhanced opportunities for their respective financial services sectors. This FTA will provide the necessary institutional and regulatory framework to accelerate bilateral collaboration, facilitate market access, and catalyze deeper integration of the financial systems of both economies.

The India-EU Financial Services Annex marks a notable advancement over standard GATS commitments, evolving to a total of 16 articles. The key achievements of Financial Services Annex include the following:

Electronic Payments and Real-Time Transaction Infrastructure: India and EU have committed to collaborate on enabling greater interoperability and interlinkages and development of electronic payment infrastructure and convenience of cross-border payments to promote real-time cross border remittances,

merchant payments and other transfers. This provision directly supports India's growing digital payments ecosystem, facilitates enhanced remittance flows from Indian diaspora in the EU region, creates market access opportunities for Indian payment service providers, and leverages India's technological expertise in digital payment systems such as UPI.

Financial Technology and Regulatory Innovation: India and EU have committed to strengthen collaborative efforts in fintech innovation. These commitments represent India's most significant achievement in fintech cooperation. Both sides commit to strengthen cooperation efforts in the financial services sector and support the development of FinTech initiatives, with specific provisions for cooperating on innovative financial services and FinTech through exploration of new business opportunities, collaboration in FinTech areas like Sup Tech, Reg Tech and Central Bank Digital Currency (CBDC). These provisions position India as a fintech hub for the bilateral partnership, provide structured framework for cooperation with a developed country in fintech innovation, facilitate knowledge exchange and regulatory learning, create opportunities for Indian fintech companies to collaborate with EU counterparts.

Credit Rating and Non-Discrimination: Indian financial institutions are cushioned from arbitrary or discriminatory credit assessment practices in the market. This provision ensures parity of treatment with EU's domestic institutions, facilitates market access for Indian banks, insurance companies, and other financial service suppliers, and prevents discriminatory regulatory treatment that could restrict Indian financial service suppliers' operational capabilities.

Increased FDI Investment limits and Bank Branches: The schedules of specific commitments reflect progressive collaboration among both sides, with comprehensive commitments on Market Access and National Treatment in Banking, Insurance and other financial services sectors and subsectors. India's sectoral offers represent a forward-looking liberalization approach, factoring in the recent liberalization allowing 100% FDI in Insurance sector and featuring enhanced Foreign Direct Investment (FDI) limits of 74% in banking, alongside a liberalized bank branch licensing framework allowing up to 15 bank branches to be established over a four-year period—a significant expansion from the previously offered GATS limits of 12 branches. These offers position the EU's financial service suppliers competitively in India's dynamic and rapidly expanding financial services market, while simultaneously reflecting India's commitment to progressive market liberalization in consonance with its broader strategic objectives. EU's liberalized offers will enable Indian financial service suppliers to expand operations into the EU, strengthening India's position in financial services exports and cultivating progressive sectoral growth.

Overall, the conclusion of negotiations on the India-EU Financial Services Annex underscores both governments' commitment to deepening economic ties and harnessing mutual opportunities in the rapidly evolving financial services landscape. The agreement is forward-looking, balanced and designed to provide enhanced market access, regulatory clarity, and cooperative frameworks that will benefit financial institutions and service providers from both countries.

Currently, three Indian banks—State Bank of India, Bank of Baroda and Bank of India —maintain branches in the EU, with a combined total of five branches while only one bank —State Bank of India maintains a Representative office in the EU. From the EU, currently five banks, with a combined strength of 33 branches are operating in India, while 17 banks are maintaining their representative offices.

This FTA, by establishing clear market access commitments, regulatory transparency, and bilateral cooperation frameworks, will facilitate increased bilateral investment, institutional presence, and services delivery. The agreement will serve as an important catalyst for broadening India's financial services presence in the EU and welcoming the EU financial service suppliers to India's growing and dynamic financial services markets.

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