



GIFT City Financial Services
Conference on

Unlocking Opportunities in Financial Services for Banks in GIFT IFSC

2024



Executive Summary

The **GIFT IFSC Financial Services Conference 2024**, held on **September 26, 2024**, in GIFT City, India, brought together leading financial institutions, regulators, and industry experts to explore the opportunities for exponential growth in financial services. The event provided a comprehensive platform to discuss the evolving financial ecosystem in GIFT IFSC, particularly how banks can capitalize on emerging trends in core banking, capital markets, and fintech to drive growth.

Insights from the event



Panelists discussed

01

The critical role of technology in enabling cross-border banking operations

02

The importance of partnerships with fintechs to drive innovation

03

The vast untapped offshore opportunities for banks

In line with these discussions, the event highlighted GIFT IFSC's strategic advantage in offering a low-cost operating environment, favorable tax regimes, and proximity to Indian corporates and HNIs. The plenary sessions stressed the significance of GIFT IFSC in India's growth story, as it evolves into a global financial hub driving both inbound and outbound financial flows.



Mr. Tapan Ray, MD & Group CEO of GIFT City, discussed GIFT City's evolution and its unique value for financial institutions. He presented a vision for 2030, highlighting emerging opportunities and their implications for the financial sector and also emphasised GIFT City's role as a hub for international finance and innovation, aiming to attract diverse financial services while promoting sustainability and inclusivity.

Event Overview

The **GIFT IFSC Financial Services Conference 2024**, held on **September 26, 2024**, at **GIFT City, India**, was a flagship event aimed at highlighting the growth opportunities available to financial institutions, particularly banks, in the International Financial Services Centre (IFSC) at GIFT City. The event gathered key stakeholders, including industry leaders, regulators from the International Financial Services Centres Authority (IFSCA), and financial institutions, to discuss the strategic role of GIFT IFSC in driving India's financial services sector forward.

Event Theme: Unlocking Exponential Growth in Financial Services

The event centered around unlocking new avenues for banks and financial institutions within GIFT IFSC, covering core banking, capital markets, fund management, fintech, and emerging opportunities such as aircraft leasing and sustainable finance.

Objectives



Explore how banks can leverage GIFT IFSC's regulatory framework and infrastructure to expand their services.



Discuss strategies for capitalising on India's growing economic contribution, favourable demographics, and the acceleration of digital financial services.



Identify emerging growth areas, such as sustainable finance and fintech innovation, that align with global financial trends.

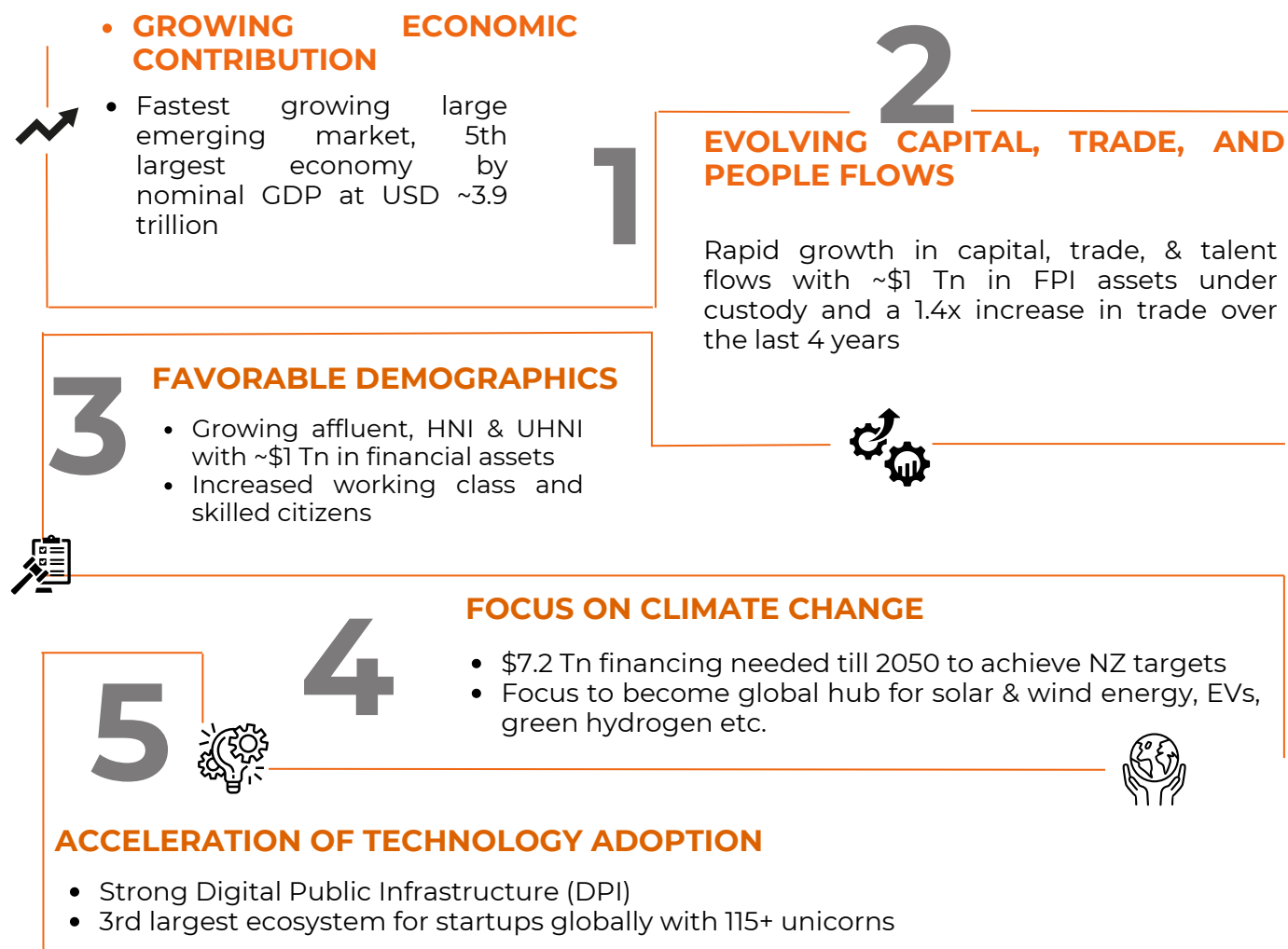
By 2030, GIFT City aims to be a global hub for financial services, bridging India with international markets, leveraging its strategic location, and providing a tax-efficient environment. With its state-of-the-art infrastructure and robust regulatory framework, it is poised to unlock significant growth across various financial verticals.



Mr. Sandip Shah, Head - IFSC & Strategy Department at GIFT City thanked the speakers, industry leaders, and stakeholders for attending the conference. He highlighted GIFT City's potential as a global financial hub and stressed the importance of collaboration in leveraging growth opportunities within the International Financial Services Centre (IFSC).

Plenary session

5 key megatrends driving India-linked financial services opportunities



1. India's growing economic contribution to global GDP will enhance its ranking among the top economies in the world

- International Banking (e.g., FC lending, Trade finance) to Indian-HQ Corp/ FIs

- Origination and trading of debt and currency (e.g., DCM, syndicated loans)

- Regional treasury centers for India-headquartered corporates & financial institutions

- USD ~7.7 Tn economy by GDP (nominal) by 2030

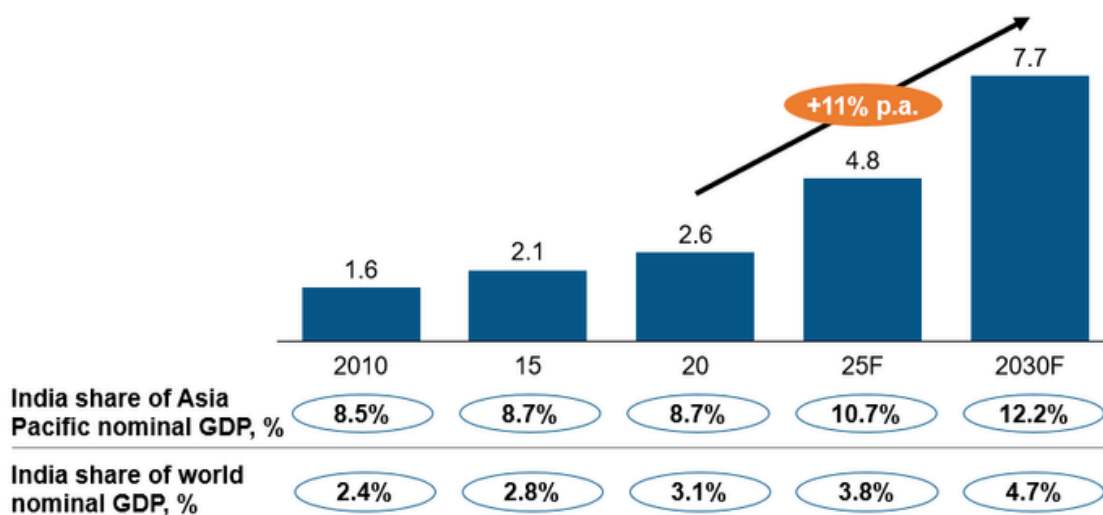
- ~12.2% contribution to Asia-Pacific nominal GDP by 2030

- ~4.7% contribution to world nominal GDP by 2030

- 4th largest economy in real terms by 2030

Plenary session

Evolution of nominal GDP of India, USD Trillion

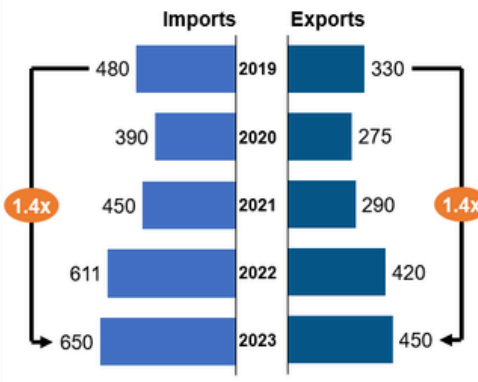


2. Capital, trade and people flows are rapidly rising to contribute to India's economic growth

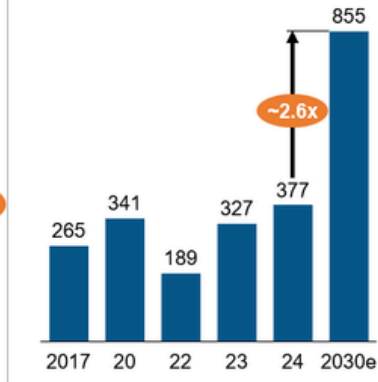
FPI Assets Under Custody, (USD Billion)



Trade flow : Export and Import (USD Billion)



India's air travel passenger traffic growth, (in millions)



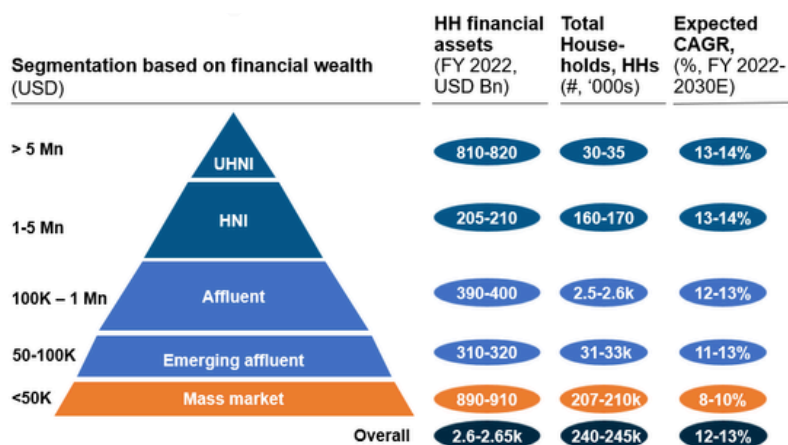
- Aircraft-leasing and associated ecosystem for India & nearshore markets

- Corporate Banking (e.g., FC lending, Trade finance) to Indian-HQ Corp/FIs for domestic operations

- Inbound FPI investments into listed (e.g., cash equity) & private assets (e.g., PE, real estate)

Plenary session

3. Favourable demographics: India is seeing significant growth in the wealth among HNI and UHNI households



- Outbound investment from family offices
- Outbound investment from affluent/HNIs/UHNWIs

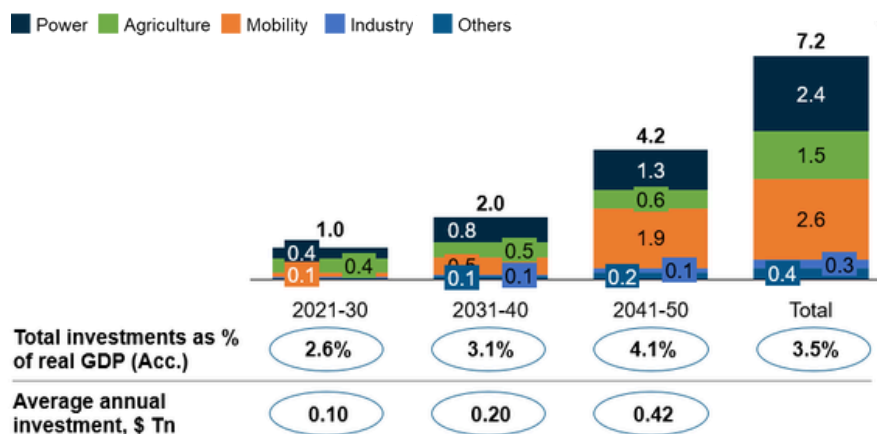
- ~200k HHs make up HNI and UHNI households in 2022

- ~40% of financial wealth in India is held by HNI & UHNI households

- USD ~2.8 Tn of financial wealth will be held by HNI and UHNI households by 2030

4. Investments required till 2050 for India's decarbonization exceeds USD 7 trillion

Total Capex, USD trillion



- USD ~7.2 Tn Total investment required till 2050 making up ~3.5% of India's real GDP

- ~70% of total investment would likely be required to decarbonize power and automotive sectors

- USD ~200 to 400 Bn Investment required annually from 2030 to 2050 to decarbonize India

- Green financial services for India (e.g., green bonds, green loans, sustainable investment funds, carbon trading)
- Innovative climate finance products (e.g., Climate SPV) and ecosystem (e.g., Climate think-tank) for Global South countries

Plenary session

There are 3 archetypes of opportunities for financial services institutions at GIFT City

• India-linked tapped offshore

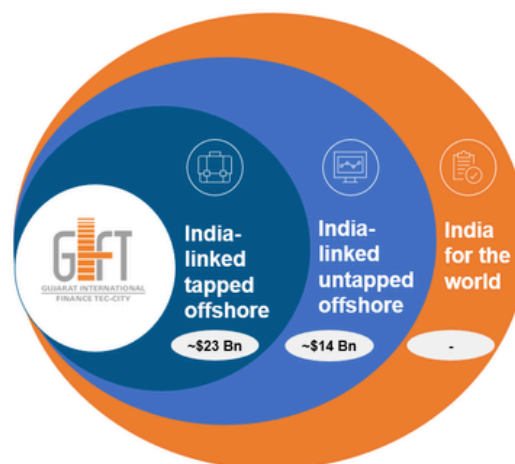
- Indian entities are present offshore, and the opportunity has been widely explored and is mature (e.g., international banking services provided by Indian banks' foreign branches)

• India-linked untapped offshore

- Indian entities may not be present offshore, but the opportunity is fully or partially developed and has been explored by foreign players (e.g., aircraft leasing, ship leasing)

• India for the world

- India's strengths can be leveraged to provide financial products and services to the rest of the world (e.g., GCC)



20+ India-linked opportunities for financial services institutions across three archetypes and six sectors

A. Banking

~\$15.8 Bn

- 1 International Banking (e.g., FC lending) to Indian-HQ Corp/ FIs for domestic operations
- 2 Wholesale banking services for foreign subsidiaries of India-HQ Corp/FIs
- 3 Retail banking for NRIs (foreign currency deposits and loans) and Residents
- 4 Regional treasury centers for India-HQ Corp/FIs
- 5 Aircraft-leasing and associated ecosystem for India & nearshore markets
- 6 Ship acquisition, financing and leasing of India and nearshore markets
- 7 Green financial services for India (e.g., green bonds/loans, carbon trading)
- 8 International banking operations for South Asian Corp/FIs

B. Fund Management

~\$2.7 Bn

- 9 Inbound fund management into listed (cash equity) and private assets (e.g., PE, real estate)
- 10 Outbound investment from family offices
- 11 Outbound investment from affluent, HNWIs and UHNWIs

C. Capital Markets

~\$9.8 Bn

- 12 Origination and trading of cash equity and derivatives (e.g., P-notes) by India-HQ Corp/FIs
- 13 Origination and trading of debt and currency (e.g., DCM) by India-HQ Corp/FIs
- 14 Trading in precious (e.g., Gold), soft metals, and agriculture commodities

D. Insurance

~\$9.5 Bn

- 15 Direct insurance (e.g., properties, assets) for foreign subsidiaries of India HQ Corp/FIs
- 16 Retail insurance (e.g., Life, Health) for NRIs
- 17 Reinsurance for domestic & intl. markets (e.g., nearshore, subs of India-HQ Corp/FIs)
- 18 Offshore insurance to exporters and importers

E. GCCs

-

- 19 Shared-services GCCs for India and global demand (e.g., finance, accounting, audit, legal)
- 20 Product development GCCs for India and global demand (e.g., analytics / digital hub)

F. Fintech

~\$0.1 Bn

- 21 Fintech ecosystem and allied offerings (capital raising, innovation hub, banking)

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Addressable revenues
(USD Bn, FY-2023)

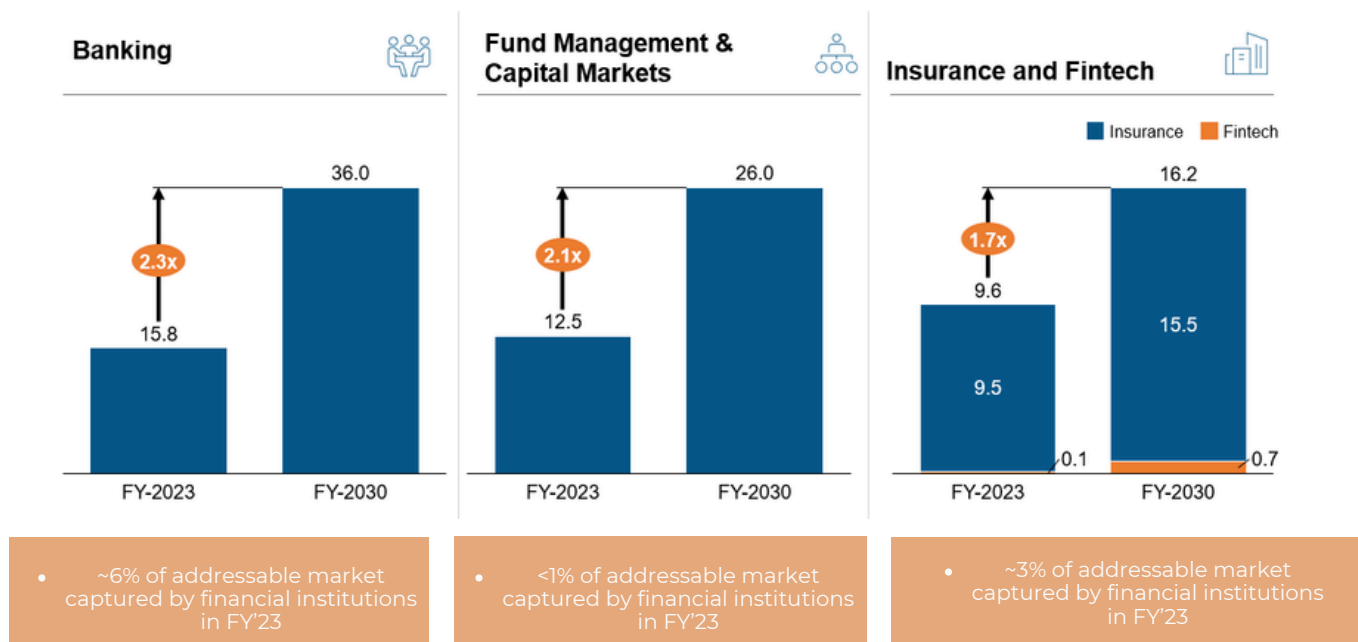
India-linked
tapped offshore

India-linked
untapped offshore










India for
the world

Plenary session

Addressable revenues for GIFT IFSC financial institutions from India-linked opportunities



Leading IFC have distinct focus areas and value-proposition resulting in several key learnings for establishing a successful IFC

	 Dubai - DIFC	 Abu Dhabi - ADGM
 Inception year	2004	2013
 Industry focus	Broad industry focus across banking (retail banking, PE, investment banking), Insurance, fund management, PE, hedge funds etc.	Clustered industry focus with dominance of wealth, asset management, Fintech and sustainable finance
 Geographical focus	Leading regional financial hub in the Middle East, Africa & South Asia (MEASA) : <ul style="list-style-type: none"> – 4300+ Substantive firms – 25 of top 30 global systemically important banks – #1 for living in MENA (Mercer 2019) 	Regional gateway between UAE & Middle East, Africa & South Asia (MEASA) region <ul style="list-style-type: none"> – 2000+ substantive firms – 110+ fund and asset managers managing 140+ funds – 200+ FinTech
 India-linked opportunities	Dominant center for India-linked shipping set-up; FCY lending to Indian corporates, family offices etc.	Being a relatively new IFC, limited offshoring of India business through Abu Dhabi
 # of employees (finance sector)	30k	18k
 GFCI rank	#22	#35
 Key learnings	<ul style="list-style-type: none"> • Highly attractive taxation incentives (0% corporate and personal tax) & ease of setting up (100% foreign ownership) • Regional hub MEASA region governed by private laws, an independent judicial system, dedicated and specialized commercial courts • Access to global talent; preferred destination for expats • World-class commercial and social infrastructure (e.g., new Gate Avenue at DIFC), well-connected to global cities (150+ direct connections to global destinations) 	<ul style="list-style-type: none"> • Ease of setting-up with attractive tax benefits (0% corporate and personal tax) and ease of setting up (100% foreign ownership) • Independent jurisdiction & supportive regulatory environment • Hub for world's largest sovereign wealth funds (SWFs), abundance of private wealth capital

Plenary session

Key capabilities needed by financial services institutions to unlock value through IFSC

Expansion of client base

Leverage IFSC's unique advantages to tap into new markets and client segments

Diverse and tailored product portfolio, and expansion into new product areas

Develop customized financial products that cater to the specific needs of corporate, retail, HNI clients

Digital & Technology strategy

Invest in cutting-edge digital infrastructure to streamline operations, enhance customer experiences, and enable efficient cross-border transactions



Strong, visible leadership commitment and support

Set bold aspirations and ensure deep engagement of global/ local leadership

Attracting and empowering talent

Build teams with a mix of global & India-experienced leaders and encourage mobility and autonomy for IFSC leadership

Cultural understanding & inclusivity

Develop trust-based relationships with stakeholders and foster a diverse, inclusive, and cohesive workplace



The GIFT IFSC Financial Services Conference 2024, held on September 26, 2024, in GIFT City, India,



Panel 1: Core Banking Opportunities

Overview of core banking opportunities for financial services institutions



Overview of Corporate Lending Opportunity

Overview of opportunity



Product needs: External Commercial Borrowings (ECB), including working capital and term loans, structured loans (project financing); current & escrow accounts

- **\$200Bn outstanding FC loans** in FY-23; Projected to be >\$330Bn by FY-30
- **\$35-40 Bn in annual origination**; >75% allocated to capex for expansion
- **~25% of origination by 150+ overseas branches** of Indian banks

Recent updates on GIFT IFSC



> **\$26 Bn** in outstanding FC loans & >**\$3.5 Bn** corporate deposits across 25+ IBUs

- **New product launches**, such as Foreign Currency Loans against INR deposits by IBUs (e.g., Bank of Baroda, ICICI Bank)

Value proposition of GIFT IFSC



- **Low-tax regime** (100% exemption for 10 out of 15 years); no withholding tax on lending
- **Low operating costs** (20-50%) enable serving SMEs and mid-size corporates while ensuring synergy with Indian banks (e.g., shared RMs)
- **Simplified account opening** with requirements like those in India; real-time transactions and communication due to same time zone

Overview of Corporate Lending opportunity

Potential play for financial institutions

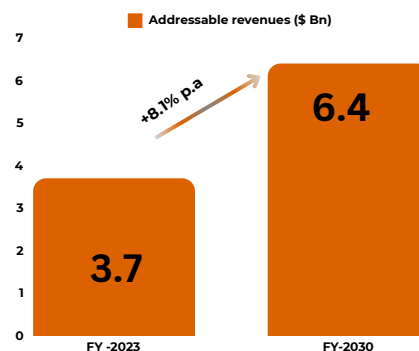
01

- **Consolidation of nearshore branches by domestic banks** for FC loans & operating account

02

- **Foreign banks serving the Indian and SEA clients** through IBU .

Addressable revenues (\$ Bn)



% share captured by IBUs in GIFT City
<10%

Overview of Trade Finance opportunity

Overview of opportunity



Product needs: Trade credit (pre-shipment/ post-shipment), Bills discounting, Export finance, Forex & Hedging, Non-Deliverable Forwards, Export / Import factoring

- > \$120 Bn in outstanding trade finance in FY-23
- India can capture ~\$1.2 Tn in trade from global supply chain disruptions, driving exports to ~\$1.6 Tn by FY30
- > \$250 Bn in global daily Non-Deliverable Forwards traded volume

Recent updates on GIFT IFSC



- > \$12 Bn in total outstanding trade finance across 25+ IBUs; > \$1 Bn daily volume of NDF traded
- Yes Bank partnered with Vayana TradeXchange, to offer export factoring services

Value proposition of GIFT IFSC



- **Low-tax regime** with a 100% tax exemption for 10 consecutive years out of 15, and no withholding tax on lending
- **Proximity to Indian corporates** seeking trade finance and real-time transaction/ communication due to same time zone
- **Simplified account opening** with requirements like those in India

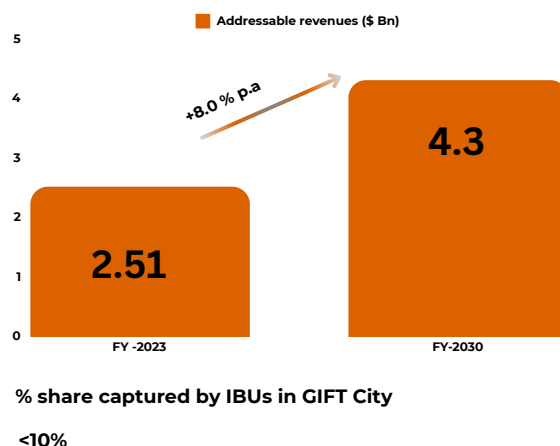
Overview of Trade Finance opportunity

Potential play for financial institutions

01

- Offer a **full suite of trade linked products** comprising fee and lending products

Addressable revenues (\$ Bn)



Overview of Regional Treasury Centres opportunity

Overview of opportunity



Activities: Cash pooling, Liquidity management, Payments, Forex & Hedging, Foreign currency loans, Investment of funds, Factoring & Forfeiting, CF advisory

- **>80% of Fortune 500 Indian enterprises, with an annual turnover >\$1.4 Tn**, have cross-border trade and payment needs (e.g., IT 70-80% revenue from Intl. markets, Pharma 50-60%, Automotive 30-40%, Conglomerates 20-30%)
- RTCs are set up leveraging **strong FX infrastructure, a skilled workforce, and ease of doing business** (e.g., Singapore hosts ~4,200 regional HQs)

Recent updates on GIFT IFSC



- Three entities setting up RTCs : **ArcelorMittal, IOCL, ONGC**
- **Ability to conduct business in 15 currencies; 4 recently added:** Swedish Krone, Norwegian Krone, New Zealand Dollar, and Danish Krone

Value proposition of GIFT IFSC

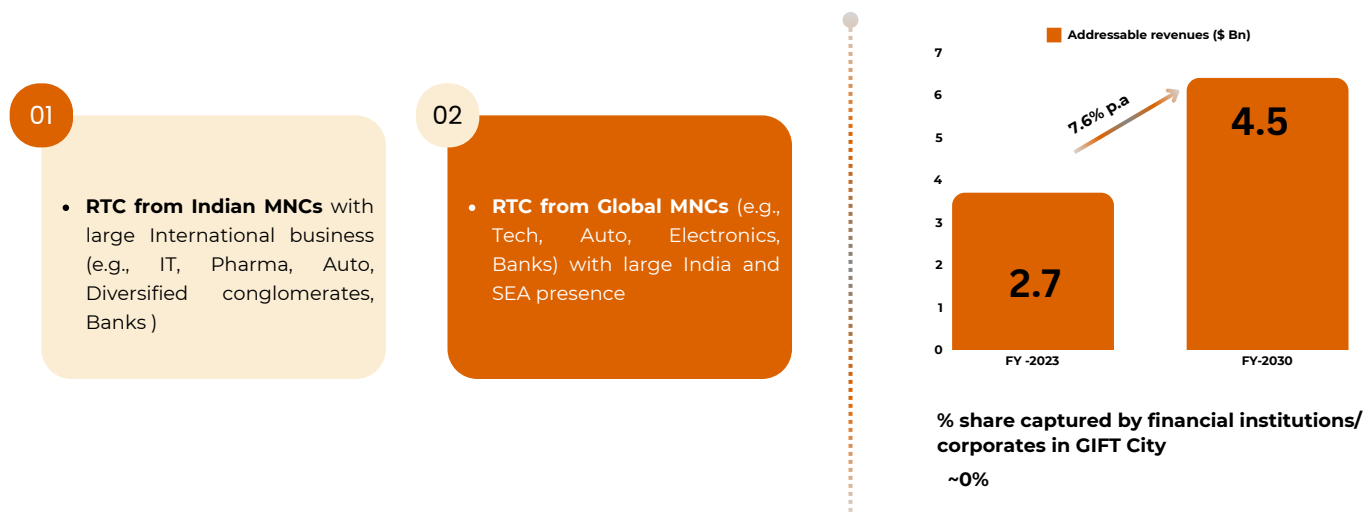


- **Low-tax regime** with a 100% tax exemption for 10 consecutive years out of 15
- **Availability of a skilled workforce** capable of managing treasury operations, geographically positioned to align with time zones across exchanges
- **Rapidly evolving banking ecosystem** with over 25+ IBUs offering key treasury services (e.g., cash management, FX, hedging, FC loans)
- Proximity to established treasury operations of corporates in domestic markets

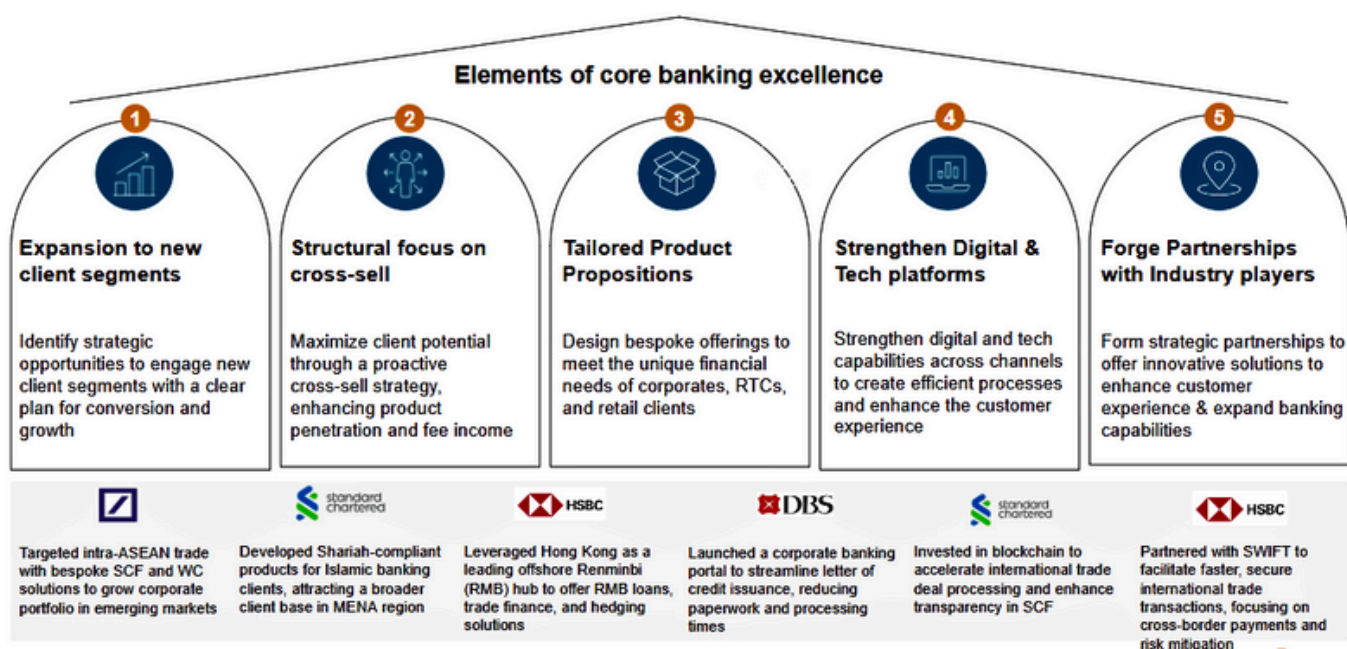
Overview of Regional Treasury Centres opportunity

Potential play for financial institutions

Addressable revenues (\$ Bn)



Key success factors to unlock value across core banking opportunities



Panel discussion on core banking opportunities



Moderator:

- Mr. Nilesch Gupta (Partner, McKinsey & Company)

Panelists:

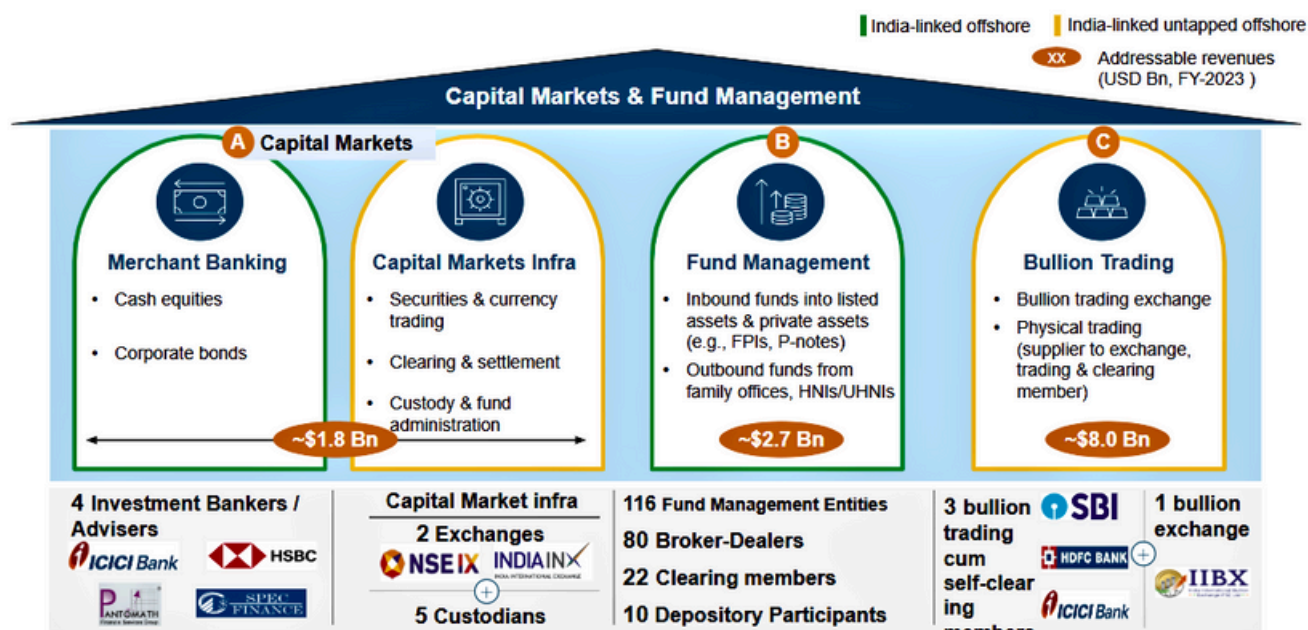
- Mr. Vivek Srivastava (IBU Head GIFT City, Axis Bank)
- Mr. Vikas Jagga (DGM & Branch Head, SBI)
- Mr. Sandip Shah (Head – IFSC Dept at GIFT City)
- Mr. Supriyo Bhattacharjee (CGM, Banking, IFSCA)

The panel highlighted GIFT IFSC's role in wholesale banking, focusing on foreign currency lending, cross-border payments, and its emergence as a gold trading hub, along with key success stories in gold transactions.



Panel 2: Capital Markets & Fund Management opportunities at IFSC

Overview of the Capital Markets, Fund Management and Bullion Trading opportunities for financial services institutions



Overview of Capital Markets opportunity

Overview of opportunity



Opportunity to raise FC Equity and Bonds (e.g., new-age sectors like Fintechs, ESG); **cumulative debt listing of \$50 Bn** till FY23 in GIFT IFSC

Securities (dual) listed in IFSC exchanges; derivatives trading for single-stocks, stock index futures (**\$403 Bn in FY23 for SGX Nifty**), options, currency derivatives

Investment in GIFT IFSC listed securities by FPIs, AIFs; Investment in offshore securities by AIFs, HNIs/FOs (currently <1% of their total wealth totaling \$1.4 trillion)

Recent updates on GIFT IFSC



Trading in SGX Nifty dollar-denominated futures moved to NSEIX in GIFT IFSC

Direct listing of equity shares of Indian companies on IFSC exchanges has been permitted: Issuers can maintain FC accounts in IFSC and remit proceeds to India

Remote Trading Participants (RTPs) permitted: Foreign Broker-Dealers can trade directly on IFSC stock exchanges on proprietary basis in cash settled derivatives

Value proposition of GIFT IFSC



All-day trading: IFSC exchanges structure allows for 22 hours of trading, facilitating access across different global markets

Proximity to clients: Offers proximity to key decision makers of Indian corporates on the mainland and Indian HNIs

Availability of skilled personnel: High availability of capital markets talent including a vast network of retail investors and brokers

Overview of Capital Markets opportunity



Capital Markets example – Mainland China-Hong Kong Stock Connect allows access to mainland Chinese stock markets

Overview

- **Mainland China is the 2nd largest equity market globally** by market capitalization, just behind USA
- **Hong Kong acts as a gateway to mainland capital markets**
- **Trading of 'A' shares** (trading of shares in Shanghai and Shenzhen stock exchanges)
- **Listing and trading of 'H' shares** (share of Chinese companies on Hong Kong and global markets)
- **Trading of bonds** via Mainland China-Hong Kong bond connect

Capital Markets framework

Mutual Market Access programme allows investors in the Mainland China and Hong Kong to trade and settle shares listed on the other market via the stock exchanges and clearing houses in their home market



USD ~3.5 Tn
traded volume in offshore
RMB market
(Hong Kong to Shanghai /
Shenzhen)

~10%
Of total trading in A-shares is
via stock connect

Overview of Fund Management opportunity

Overview of opportunity



Total FPI AUC of \$980 Billion (across equity and debt) as of August 2024 with AUC of **India-dedicated funds at ~\$70 Bn**

Nearly 200K households and 300 Family Offices, have deployed **<1% of their wealth (USD ~1.4 Trillion)** in foreign currency assets

Total investments via P-Notes stood at \$18 billion as of March 2024

Recent updates on GIFT IFSC



Launch of schemes made easier: Brought down the time needed for launch of new schemes by easing requirements for filings and disclosures

Ease of investing enabled for NRI/OCI investors: No ceiling on contributions from NRI/OCI investors into IFSC funds (previously capped at 50% of corpus)

Issuance of ODIs / P-Notes against Indian securities by non-bank entities: Such entities registered with IFSCA & SEBI, allowed to issue derivatives instruments

Value proposition of GIFT IFSC



- **Lower taxes on AIFs:** Category I and II AIFs get 100% tax holiday for business incomes for 10 consecutive years out of 15; for Category III AIFs are taxes at 10% on income from securities (5% for certain bonds)
- **Exemption from GST for fund managers:** Services supplied by fund managers to AIFs is exempt from Goods and Services Tax (GST). **Non-resident investors' offshore income is not taxable in India**
- **Dedicated green channel:** Facilitates product launch by enabling parallel marketing of new upcoming products and compliance clearance for funds

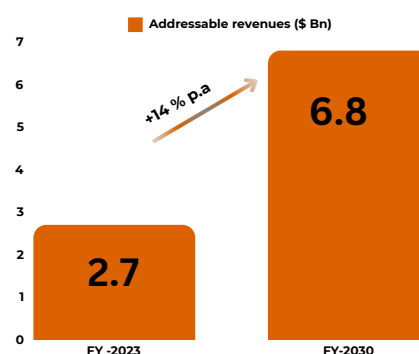
Addressable revenues (USD Billion)

01 Investments in India under FPI route

02 Serving fund managers setup in GIFT IFSC

03 Setting-up of AMCs by banks

04 Wealth mgmt. to HNI/UHNIs



% share captured by financial institutions

~1.5%

Fund Management example – Singapore case study for wealth management business

Overview

- Developed fund / wealth management capability by:
- Qualification assessment –Client Advisor Competency Standards (CACS), IBF Certifications
- Subsidies: Subsidize training and education for wealth management profession
- Partnerships: Promote work-study programs (DBS Bank & Nanyang Tech Wealth Management track)
- Economic Development Board's (EDB) Connections Concierge connects Family Offices, Fund Managers and businesses with curated service providers for business setup

Fund Management framework

- Variable Capital Company (VCC), provides fund managers ability to incorporate new funds or re-domicile their overseas funds in a cost-effective manner
- VCCs are treated as a single entity for tax purposes and eligible for tax exemption
- Applies to all investment strategies – traditional and alternative
- Offers flexibility in way it is structured – can be either open-ended or closed-end fund
- Supports the segregation of assets and liabilities between sub-funds, enhancing risk management and investor protection
- Provides flexibility in issuance and redemption of shares as well as payment of dividends out of capital
- Ensures privacy for investors – while VCCs must maintain a register of members, this information does not need to be publicly disclosed

~1,250 Registered and licensed fund managers

~5% Of world's 20K family offices

USD ~5.4+ Tn Assets Under Management (AUM), with ~75% sourced from outside Singapore and nearly 90% invested outside Singapore

Overview of Fund Management opportunity

Overview of opportunity



India imported 30% more gold worth USD 46 billion (~850 tons) in FY24, up from \$35 billion in FY23 (mainly catering to demand from the Jewellery industry)

Potential to offer products linked to value of bullion e.g., **gold loans, ETFs**

Exchange-settled bullion trading, and innovative trading mechanisms for gold and silver, through BDRs with multiple settlement cycles for same-day settlement

Recent updates on GIFT IFSC



OTC derivatives permitted: OTC derivatives on gold and silver can now be offered to clients, including persons residing in India, to hedge price risk

'Special Category Clients' status to Indian banks: Indian banks can directly access IIBX trading platform without the need to be a Bullion Trading Member

Overview of Fund Management opportunity

Value proposition of GIFT IFSC



- **Lower customs duties:** Imports of bullion through IIBX are considered direct imports and exempted from IGCR rule: only 14% customs duty apply and no need for depositing 1% of customs duty with intermediaries
- **Assured quality:** Gold is sourced from UAE Good Delivery accredited refiners, ensuring quality and quantity assurance
- **Same-day delivery:** Delivery of BDR to clients' demat accounts within 30 minutes, with same day bullion delivery in DTA area, post customs clearance
- **Support for SMEs:** Benefits smaller Jewellery exporters by allowing them to access as little as 100 grams of 999 purity gold

Addressable revenues (USD Billion)

01

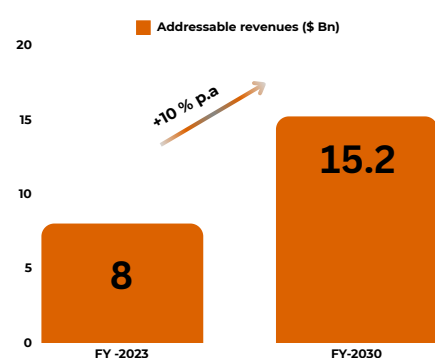
Supplier of bullion,
and trading &
clearing member

02

Offer bullion-linked
financial products

03

Bullion marketplace



% share captured by financial institutions

<0.5%

Bullion Trading example – Shanghai Gold Exchange (SGE) case study

- China is the world's top consumer, producer & importer of gold
- Shanghai Gold Exchange (SGE) was established in 2002 to allow access to domestic & international market participants to the Chinese gold market
- SGE offers extended trading hours (night trading session) to better link international marketplaces like London & New York
- Initial price of gold is based on reference prices provided by the Fixing Members (12 banks currently) and Reference Price Members (6 firms currently, mainly physical players)

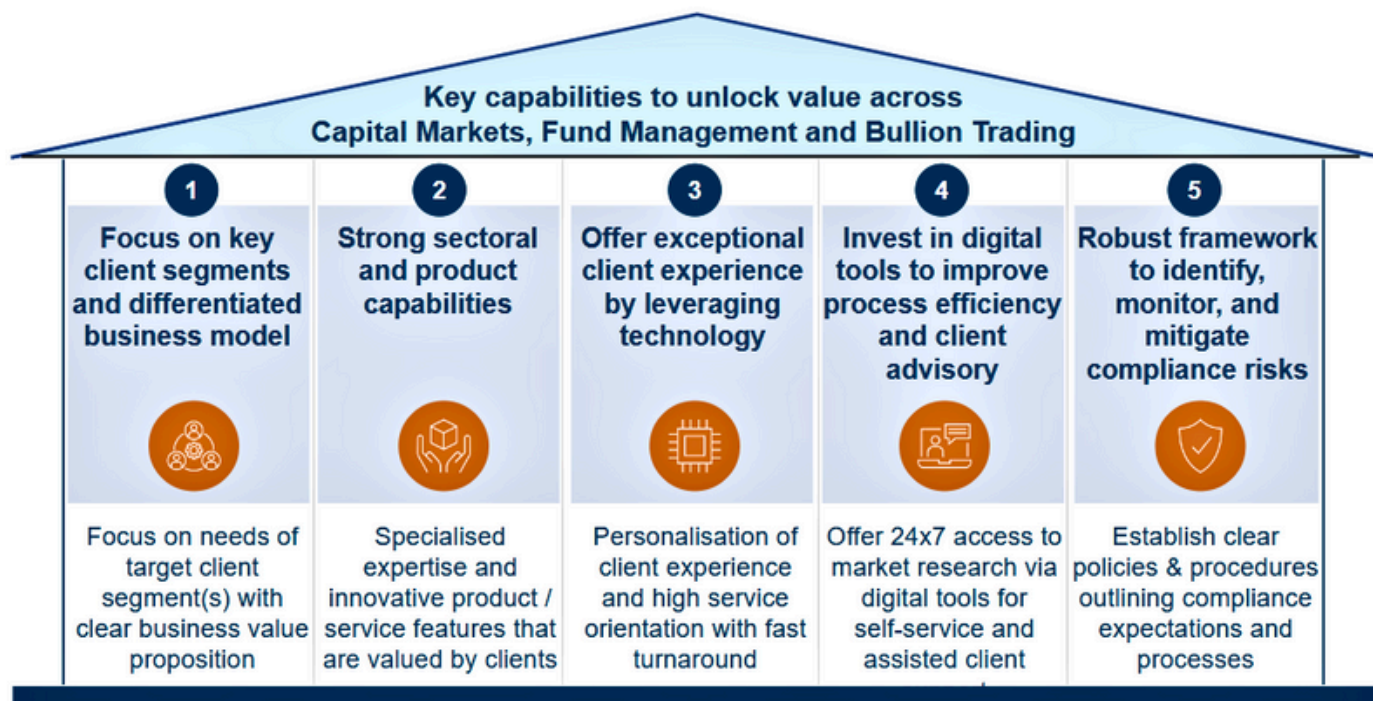
Overview of Fund Management opportunity

Value proposition of GIFT IFSC

- **2002**
All imported gold mandated to flow through SGE
Gold traded on SGE exempted from VAT
- **2008**
Gold futures introduced
- **2013**
Foreign banks made members of SGE (e.g., HSBC, StanC, ANZ, UBS)
- **2014**
Gold ETF launched
Foreign banks permitted to import gold
- **2016**
SGE launches Shanghai Gold Benchmark Price, a gold reference price denominated in Chinese renminbi
Shanghai International Gold Exchange (SGEI) established, allowing foreign investors to access China's gold market

Significant trading activities on SGE done by state owned Banks

>1K Gold imports (tons) ~40K Trading volume of gold (tons)



Panel discussion on Capital Markets & Fund Management opportunities at IFSC



Moderator

- Mr. Nitin Jain (Associate Partner, McKinsey & Company)

Panelists:

- Mr. Balasubramaniam Venkataramani (CEO, NSEIX)
- Mr. Sachin Samant (President & Business Head, BFIG, Kotak Bank)
- Mr. Manish Goel (Head - Bullion Desk, ICICI Bank)
- Ms. Reema Thakker (COO, India Business & Treasury, Morgan Stanley)

The discussion centred on GIFT IFSC's role in capital raises and trading on GIFT Exchanges, highlighting listing opportunities, IPO pathways, and key success stories that underscore its market leadership.



Panel 3: Emerging growth opportunities at IFSC

Overview of emerging growth opportunities for financial services institutions



Overview of Asset-backed lending opportunity



Over 70% of current aircrafts in India totaling 750+ are on lease (vs. global average of 40%) and **1,100+ aircrafts are expected to be added by 2030**

India's share of global shipping fleet is only around 1%, which is to increase with 'Amrit Kaal' initiative aimed at making India a global shipbuilding hub

Recent updates on GIFT IFSC



Aircraft leasing: InterGlobe Aviation issued Certificate of Registration; Air India acquires aircraft through a finance lease transaction with HSBC from GIFT IFSC

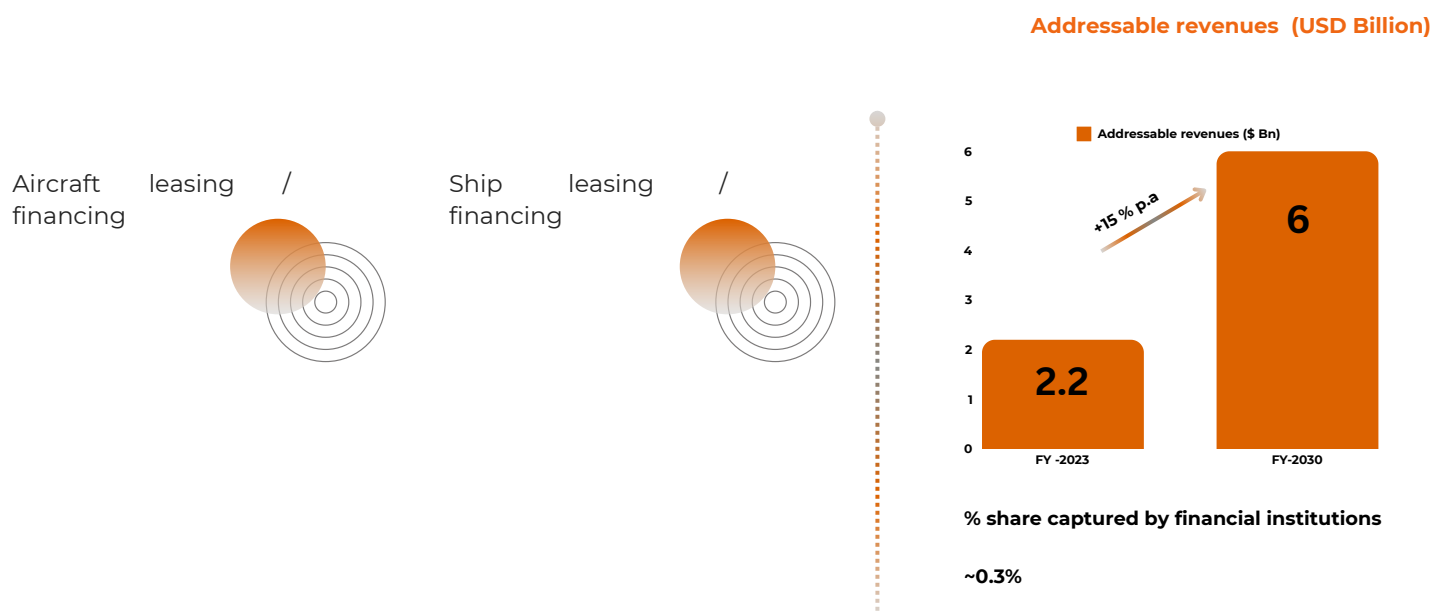
Ship leasing: Certificate of Registration issues to 3 ship leasing entities in recent months – Reliance International Leasing, GE Shipping, Global Shipping,

Value proposition of GIFT IFSC



- Ease of repossession of assets:** Application of Cape Town Convention and Protocol enabling easier repossession of aircrafts & ships in event of bankruptcy
- Exemption from approvals needed for imports** for acquisition of aircrafts / ships by IFSC-based leasing entities
- Stamp duty waiver for all activities related to setting up units in IFSC** and acquisition of any moveable or immovable property for 10 years
- No withholding tax levy on operating lease rentals** paid by Indian lessee to an IFSC lessor (vs. 20% for foreign lessors from non-DTAA jurisdictions)
- Levy of 10% withholding tax on financial lease interest payments** from an Indian lessee to an IFSC lessor (vs. 20% for foreign lessors from non-DTAA jurisdictions)

Overview of Capital Markets opportunity



Aircraft leasing example – China contributes to ~20% of global fleet today

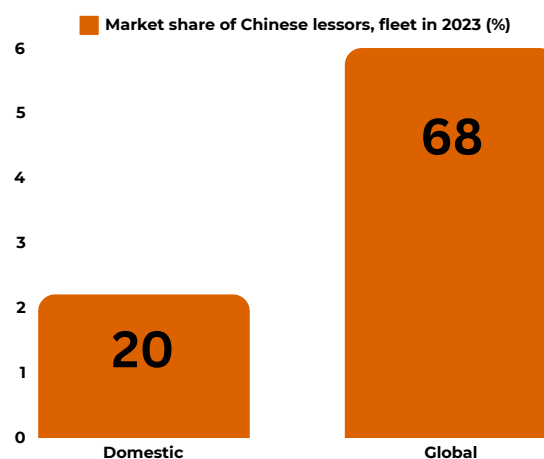
Key Success Factors

- Public sector banks (e.g., Bank of China, ICBC, CCB) established aircraft leasing business post adoption of lessor-friendly policies
- Strategic acquisition of established aircraft leasing companies by leasing arms of public sector banks (e.g., Bank of China acquired Singapore Aircraft Leasing Enterprise)
- Set-up offices in Dublin for technical support services on leasing enabling leasing of aircrafts globally leveraging China – Ireland DTAA

Among world's top 50 lessors, 15 are Chinese (top Chinese lessors)



Market share of Chinese lessors, fleet in 2023 (%)



Overview of Sustainable Finance opportunity

Overview of opportunity



India requires investments totaling USD ~1 trillion by 2030 and \$7.2 trillion by 2050 to realize its decarbonization commitments

India's carbon credits exports estimated to comprise 15-20% of global supply helped earn USD ~2 billion which can grow to USD 4-7 billion in the next 5-6 years

Recent updates on GIFT IFSC



Report on Transition Finance by expert committee on Climate Finance laid down **6 recommendations to make GIFT an attractive destination** for green finance:

1. Taxonomy compliance
2. Tax incentives (low to no withholding tax)
3. ECBs in automatic route
4. Encourage setting up of green fintechs
5. Blended finance mechanisms
6. Enhanced ESG disclosures by corporates and financial services institutions

IBUs are mandated to lend 5% of their total lending for sustainable finance

Value proposition of GIFT IFSC



- **Provides dollar financing options** enabling financiers to operate without the need to hedge the dollar capital
- **Lower business operation costs (~20% vs. other IFSCs)** along with an ecosystem of capital markets and fund management entities to support green investment raises
- **Proximity to Indian markets** makes it easier to access Indian clients

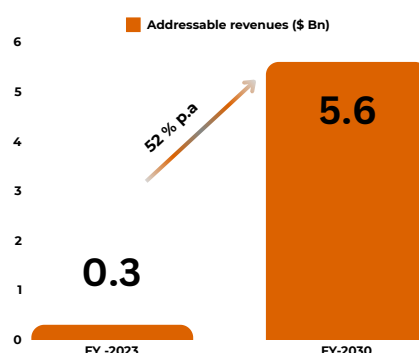
Addressable revenues (USD Billion)

Green financing through capital from Global North

financing capital from

Trading in carbon credits

ESG investments



% share captured by financial institutions

~3%

Overview of Fintech ecosystem opportunity

Overview of opportunity



Total of ~10,000 fintechs among 100,000 start-ups in India, and this share is growing
India's 100+ unicorns comprises of 26 fintechs
Reverse-flipping on GIFT IFSC exchange is possible

Recent updates on GIFT IFSC



Infosys and Wipro are starting operations at GIFT ISFC with a focus on servicing their global clients on financial technology

- **The Padmanabhan Committee report has recommended measures to encourage reverse-flipping in GIFT IFSC. They include:**
 - Tax-neutral treatment for reverse-flipping
 - Tx relaxations on the exercise of ESOPs and dividend payments
 - Relaxations of the listing requirements for startups on IFSC exchanges

Value proposition of GIFT IFSC



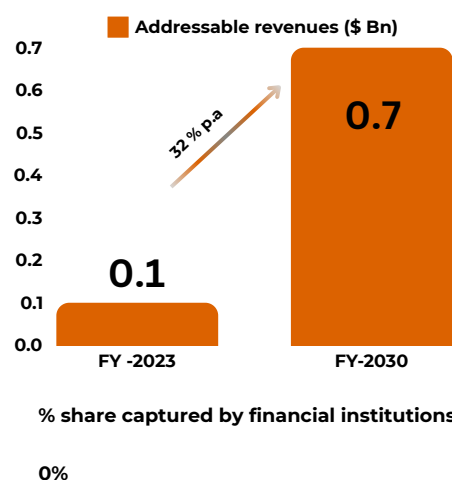
- **IFSCA regulatory sandbox provides a structured and controlled testing environment** for fintech companies to experiment with innovative financial products, services, and business models
- **IFSCA fintech incentive scheme offers financial incentives to fintechs start-ups:** Domestic fintech firms wanting to go global; foreign fintechs wanting to come to GIFT IFSC; domestic fintech firms aiming to grow their Indian business or wanting to work on regulatory sandbox, Proof of Concept (PoC) in IFSCs

Addressable revenues (USD Billion)

Innovation hub for fintechs

Fund raise from public and private markets

Platform for India-linked offshore opportunities



Overview of Global Capability Centres (GCCs) opportunity

Overview of opportunity



Over 1,700 GCCs in India (nearly 60% of the world's GCCs) employing ~2 million individuals with 100+ new GCCs being set-up annually in recent years
1 in 10 analytics professionals is from India (>70K digitally skilled engineering graduates)

Recent updates on GIFT IFSC



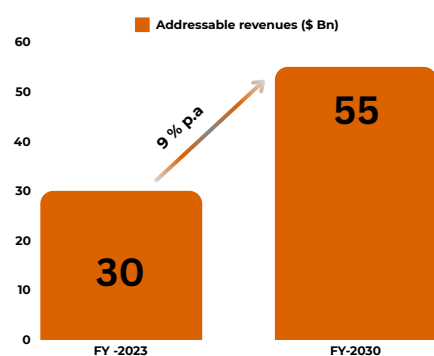
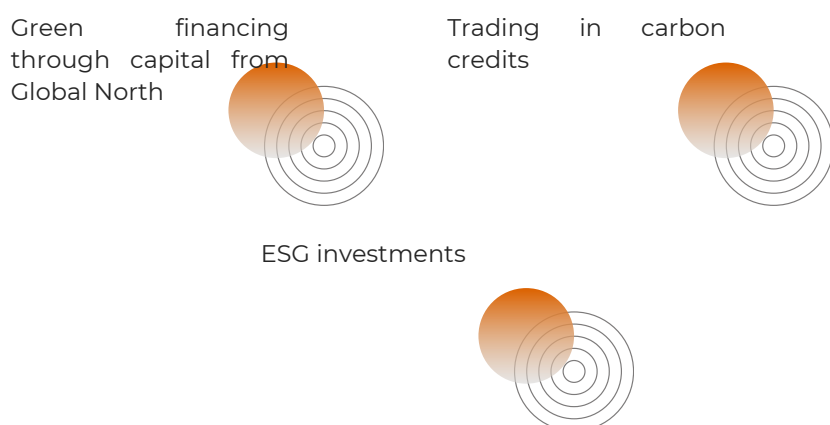
- **BATF regulations** provides opportunity for firms to **offer book-keeping, accounting, taxation & financial crime compliance services** from IFSC to non-resident clients
- **International education hub:** Deakin University from Australia became the first foreign university to begin operations of their International Branch Campus in GIFT IFSC. Courses to be offered include:
 - Master of Cyber Security
 - Master of Business Analytics

Value proposition of GIFT IFSC



- **Strong talent pool** with access to over 120 graduate institutes and around 20 renowned universities adding 30,000 graduates every year
- **Access to high-end infrastructure** (commercial, urban and residential) **with about 20% lower operating costs for a Tier-2 city**
- **100% tax exemption on income** for 10 consecutive years out of 15 and no GST on services received by units in the IFSC providing services to offshore clients

Addressable revenues (USD Billion)



% share captured by financial institutions

0%

Overview of Fund Management opportunity

Value proposition of GIFT IFSC



Moderator

- Mr. Nilesh Gupta (Partner, McKinsey & Company)

Panelists

- Mr. Shekhar Tejwani (IFSC GIFT City)
- Ms. Sumit Chadha (MD & CEO, Baroda Global Shared Services, Bank of Baroda)
- Mr. Kiranprasad Susarla (Head – Trade, Supply Chain Bullion, FES products Senior Advisor, Yes Bank)
- Mr. Kshitij Shah (Head of Special Initiatives, Signzy)

The discussion highlighted GIFT IFSC's role in asset-backed financing, including aircraft and ship leasing, and its potential as a fintech hub, showcasing landmark green financing initiatives and fintech innovations.

Unique opportunities at GIFT IFSC



Global Talent & Operations Hub:

GIFT IFSC as a hub for global operations and talent arbitrage, leveraging India's rich talent pool of engineers and digital professionals.



International Education Hub:

Deakin University is the first foreign university to start operations in GIFT IFSC, adding to the region's talent development infrastructure.



Sustainable Finance:

With growing global emphasis on ESG and sustainable investments, GIFT IFSC has positioned itself as a hub for green finance. Banks have opportunities to offer products like green bonds, carbon credit trading, and sustainable investment funds.



Fintech Ecosystem:

GIFT IFSC is also becoming a hotbed for fintech innovation, offering a regulatory sandbox and incentives to fintech start-ups. Banks can collaborate with fintechs to develop new financial products and services tailored to both domestic and international markets.

Strategies for Banks

The discussions across all three panels emphasized several key developments and actionable strategies for banks operating in GIFT IFSC. These developments present both opportunities and challenges, which banks can leverage to enhance their competitiveness in the financial services industry.

01

Expansion of Banking Services

Banks at GIFT IFSC can expand their product suites by offering foreign currency accounts, remittance services, and structured corporate lending. The ability to serve SMEs, mid-size corporates, and NRIs from a low-cost operational base adds to the competitive advantage.

02

Technology and Digital Banking

Strengthening digital banking platforms is critical. Banks should invest in technology that supports seamless cross-border operations, from real-time payments to multi-currency management. Digital solutions that cater to both retail and corporate clients will be instrumental in driving growth.

03

Partnerships with Fintechs

Collaborating with fintechs can help banks enhance their product offerings, especially in areas like non-face-to-face client onboarding, cross-border remittances, and digital wealth management. GIFT IFSC's fintech ecosystem provides a fertile ground for these partnerships.

04

Sustainable Finance and ESG

As ESG becomes a priority for global investors, banks can tap into the demand for green bonds and sustainable investment funds. The infrastructure at GIFT IFSC enables the development of innovative financial products aligned with global sustainability goals.



Conclusion and Future Outlook

The GIFT IFSC Financial Services Conference 2024 highlighted the vast opportunities available to banks and financial institutions within GIFT City's International Financial Services Centre. The event underscored GIFT IFSC's role as a global financial hub, offering a platform for banks to expand their international operations, serve new client segments, and innovate in areas like sustainable finance, fintech, and capital markets.

Looking forward, banks have several clear pathways to growth within GIFT IFSC:

- **Leveraging Core Banking Opportunities**

Expanding core banking services for corporates, SMEs, and NRIs, while consolidating international operations at GIFT IFSC to optimize costs and enhance efficiency.
- **Tapping Capital Markets & Fund Management:**

Supporting Indian companies with cross-border capital raising, and offering fund management services to HNIs, UHNIs, and family offices seeking offshore investments.
- **Investing in Emerging Areas**

Banks can capitalize on emerging areas such as aircraft leasing, green finance, and fintech innovation to drive growth and remain competitive in the evolving global financial landscape.

GIFT IFSC offers a unique combination of regulatory support, tax benefits, and access to skilled talent, positioning it as a key driver in India's financial services growth story. For banks, this presents an unparalleled opportunity to unlock exponential growth by aligning their strategies with the trends and opportunities discussed at the conference.

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