

Role of Non-Fund Based Services in Profitability of Public and Private Sector Banks in India

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Abstract: *Non-fund based services such as guarantees, letters of credit, advisory services, and fee-based offerings have become an important income source for Indian banks. The changing financial landscape, intensified competition, and regulatory reforms have pushed banks to diversify income away from traditional interest-based earnings. This review assimilates research on how NFBS influence profitability in both public sector banks and private sector banks. Findings consistently show that NFBS contribute positively to profitability, improve income stability, and enhance operational efficiency. However, differences exist between PSBs and PVBs due to strategies, customer focus, and technological adoption.*

Keywords: Non-Fund Based Services, Bank Profitability, Public Sector Banks