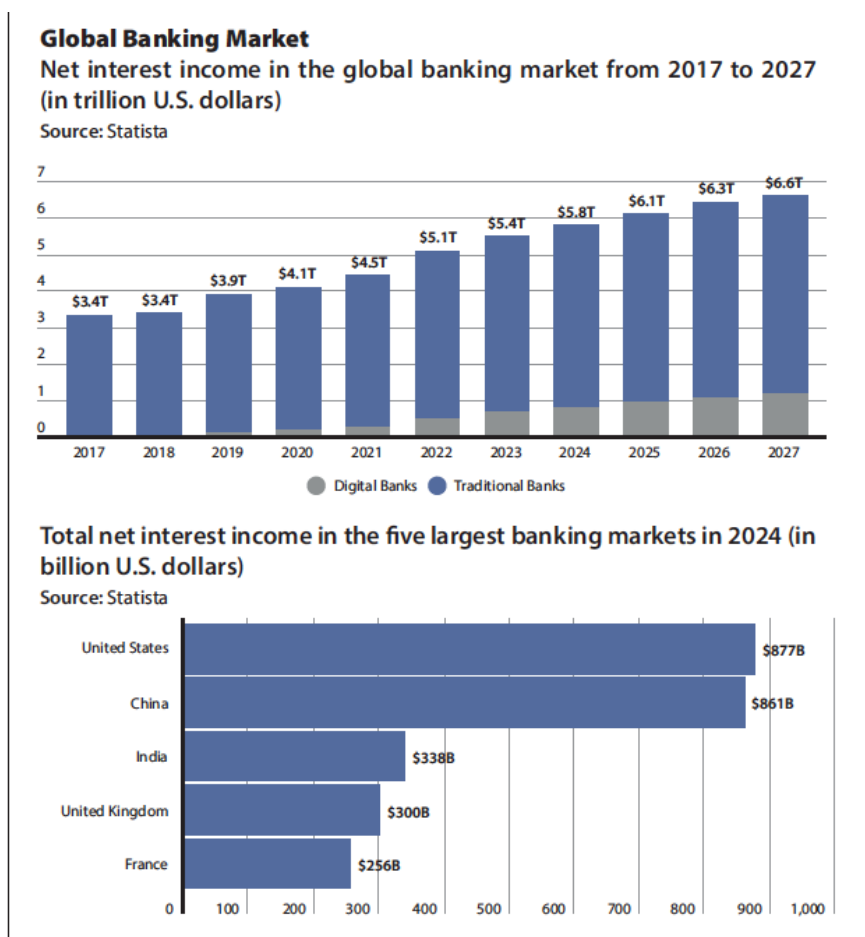


# Banks to hit \$5.8T in Net Interest Income this year, the highest figure in the market's history

January 23, 2024. Jastra Kranjec



Despite growing much slower than in previous years, the net interest income in the global banking industry is on track to hit a record this year. According to data presented by Stocklytics.com, banks worldwide are expected to hit \$5.8 trillion in net interest income in 2024, the highest figure in the market's history.

## **Banks' Annual Net Interest Income Surged by 48% in Five Years**

The net interest income (NII) is the difference between the interest income a bank earns from its lending activities and the interest it pays to depositors. Last year, most big banks, including JP Morgan Chase and Bank of America, saw strong net interest income growth driven by higher interest rates.

According to a Statista survey, in 2023, banks worldwide reported a combined net interest income of \$5.4 trillion, or 14.2% more than the year before. However, 2024 is expected to set a new record.

Although the annual growth rate will more than halve to 6.7%, the global net interest income in the banking industry will still hit an all-time high of \$5.8 trillion. This figure is even more impressive when compared to those reported just five years ago. Statistics show the net interest income in the banking sector has grown by 48% since 2019, when it amounted to \$3.9 trillion.

Analyzed by segments, traditional banks bring most of the total net interest income in the banking industry. Last year, they reported an NII of \$4.8 trillion, and Statista expects this figure to grow by 4% year-over-year to \$5 trillion in 2024.

Although far behind traditional banking institutions, digital banks will see much bigger growth, with their net interest income jumping by 26% YoY to roughly \$800 million this year.

### **US and Chinese Banks to Generate Nearly 30% of Total Net Interest Income in 2024**

In global comparison, the United States is the world's largest banking market and is expected to generate the highest net interest income. According to Statista, the US banks will hit over \$877 million NII in 2024, or almost 10% more than last year.

The Chinese banking sector, which generated the highest net interest income last year, dropped to second place in 2024. Statistics show the net interest income of Chinese banks is expected to hit \$861.5 million this year, or 6% more than in 2023. Together, the two banking markets will generate nearly 30% of the total net interest income in 2024. Far below, Indian banks follow with a 5% year-over-year increase and \$338 million in net interest income this year.

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