

# BHARAT SCHOOL OF BANKING

## NOSTRO, VOSTRO, LORO Accounts

Nowadays, **bank operations** are not confined within a **national border**. Banks are opening **branches** in **foreign** countries. But the problem is - Is it possible for a **bank** to open **branch** in each and every **country**?

Obvious answer is **no**. Then what is the **easiest** way to **handle** this situation?

**Open an account** in the **foreign** countries' **bank**!!

Here **Nostro**, **Vostro** and **Loro** accounts come into play. Note that all these **accounts** are termed as one's own country-basis.

### **NOSTRO Account**

Italian word '**nostro**' means '**ours**'. Hence, Nostro account points at - "**Our account with you**" **Nostro accounts** are generally held in a **foreign country** (with a **foreign bank**), by a **domestic bank** (from our perspective, **our** bank). It obviates that account is maintained in that **foreign currency**.

For example, **SBI** account with **HSBC** in **U.K.** (may be)

### **VOSTRO Account**

Italian word '**vostro**' means '**yours**'. Hence, Vostro account points at - "**Your account with us**" **Vostro accounts** are generally held by a **foreign bank** in our country (with a **domestic bank**). It generally maintained in **Indian Rupee** (if we consider **India**)

For example, **HSBC** account is held with **SBI** in **India**. (may be)

### **LORO Account**

Again, Italian word '**loro**' means '**theirs**'. Therefore, it points at - "**Their account with them**" **Loro accounts** are generally held by a **3rd party bank**, other than the **account maintaining** bank or with whom account is **maintained**.

For example, **BOI** wants to transact with **HSBC**, but doesn't have any account, while **SBI** maintains an account with **HSBC** in U.K. Then **BOI** could use **SBI** account. (again may be)