

*International Banking Statistics of India: 2015**

This article presents an analysis of trends in international liabilities and claims of banks in India at quarterly intervals for the year 2015¹. For this purpose, International Banking Statistics (IBS) collected as per the reporting system of the Bank for International Settlements (BIS) is used. From a global perspective, the article provides a broad picture of international claims and liabilities of banks in India on the other countries. Among other financial statistics compiled by the BIS, the International Banking Statistics (IBS) presents a sketch of international exposure of banking system worldwide, covering role of banks in intermediating international flows, exposure of national banking system to country risks, liquidity risks and transfer risks. IBS comprises Locational Banking Statistics (LBS) and Consolidated Banking Statistics (CBS). This article presents analysis of the LBS based on international liabilities and claims by type of instrument/ components, currency, country of residence and sector of counterparty / transacting unit and nationality of reporting banks. The data on CBS gives international/ foreign claims as per residual maturity and sector of borrower. The related data were released through the RBI website on June 30, 2016.

Background

The BIS has been collecting various sets of data on financial statistics (http://www.bis.org/statistics/about_banking_stats.htm) and aligning with the requirement from time to time. The data on IBS gives international/ foreign claims as well as liabilities as per residual maturity and sector of borrower along with the exposures by country of immediate borrower and on

* Prepared in the Banking Statistics Division of the Department of Statistics and Information Management, Mumbai.

¹ Previous articles on the subject were published in various issues of Reserve Bank of India Bulletin; the last one based on 2014 data on IBS was published in July 2015. Methodological and conceptual issues relating to IBS were published in September 2012 issue as Annex.

the reallocation of claims (*i.e.* risk transfers) to the country of ultimate risk with the exposures on derivatives, guarantees and credit commitments.

CGFS Stage 2 enhancements:

The global financial crises in 2007-08 highlighted the need for improved data for financial stability analysis, including possible enhancements to BIS international banking statistics. In the year 2010, the Committee on Global Financial System (CGFS) established an *ad hoc* group to work on statistical data gaps at the BIS and its member central banks. Liaising with other groups working on statistical matters, it reviewed and prioritised a large number of potential enhancements of the international banking statistics, surveyed reporting banks regarding the cost implications of enhanced reporting, and prepared specific proposals for review by the Committee. The enhancements were being implemented in two stages. Stage 1 focused on data that were being already collected by many central banks and hence did not require additional reporting by individual financial institutions. Stage 2 enhancements involved data that require additional reporting by financial institutions.

The CGFS enhancements on IBS reporting are explained in the Annex-I.

The Reserve Bank of India has implemented the CGFS Stage 2 enhancements of international banking statistics in all the banks in India with effect from December end 2015 and started reporting both locational and consolidated banking statistics to BIS. Simplified overview of the BIS international banking statistics are explained in Annex-II.

International banking activity for all countries contracted during the year 2015

1. Aggregate of cross border liabilities and claims of banks in all BIS reporting countries based on Locational Banking Statistics (LBS) recorded negative growth in all the quarters in 2015 (Table 1).

Table 1: Crossborder Liabilities and Claims for All Reporting Countries based on Locational Banking Statistics

(Amount outstanding in US\$ Trillion)

As on (end)	Claims		Liabilities	
Mar-2009	29.14	(-17.8)	24.98	(-19.5)
Jun-2009	29.86	(-13.4)	25.33	(-15.6)
Sep-2009	30.21	(-8.2)	25.48	(-10.9)
Dec-2009	29.52	(-3.7)	24.99	(-5.3)
Mar-2010	29.21	(0.2)	24.77	(-0.9)
Jun-2010	28.45	(-4.7)	24.43	(-3.6)
Sep-2010	30.58	(1.2)	26.17	(2.7)
Dec-2010	29.76	(0.8)	25.66	(2.7)
Mar-2011	30.98	(6.1)	26.68	(7.7)
Jun-2011	31.13	(9.4)	26.75	(9.5)
Sep-2011	31.20	(2.0)	27.08	(3.5)
Dec-2011	29.80	(0.1)	25.88	(0.8)
Mar-2012	30.22	(-2.4)	26.27	(-1.5)
Jun-2012	29.11	(-6.5)	25.08	(-6.2)
Sep-2012	29.48	(-5.5)	25.35	(-6.4)
Dec-2012	29.18	(-2.1)	25.11	(-3.0)
Mar-2013	28.68	(-5.1)	24.62	(-6.3)
Jun-2013	28.34	(-2.6)	24.60	(-1.9)
Sep-2013	28.57	(-3.1)	24.57	(-3.1)
Dec-2013	28.98	(-0.7)	25.93	(3.3)
Mar-2014	29.61	(3.2)	26.40	(7.3)
Jun-2014	29.94	(5.7)	26.65	(8.4)
Sep-2014	29.26	(2.4)	26.03	(5.9)
Dec-2014	28.53	(-1.5)	25.44	(-1.9)
Mar-2015	28.09	(-5.1)	25.00	(-5.3)
Jun-2015	27.66	(-7.6)	24.45	(-8.3)
Sep-2015	27.38	(-6.4)	24.18	(-7.1)
Dec-2015	26.43	(-7.4)	23.17	(-8.9)

Notes : 1. Data as reported under Locational Banking Statistics to the BIS by all reporting Countries.

2. The figures in parenthesis denote annual growth rates.

Source : <http://stats.bis.org/bis-stats-tool/org.bis.stats.ui.StatsApplication/StatsApplication.html>

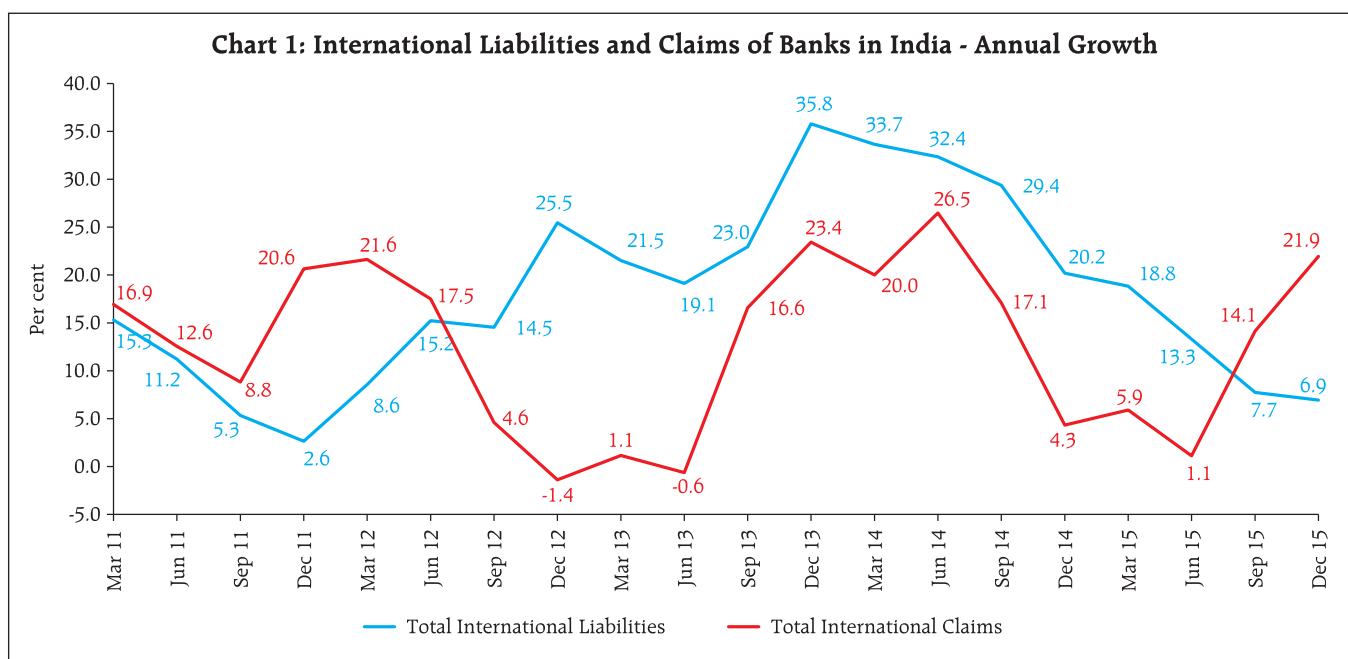
Deceleration in International liabilities but acceleration in international claims of banks in India (based on LBS)

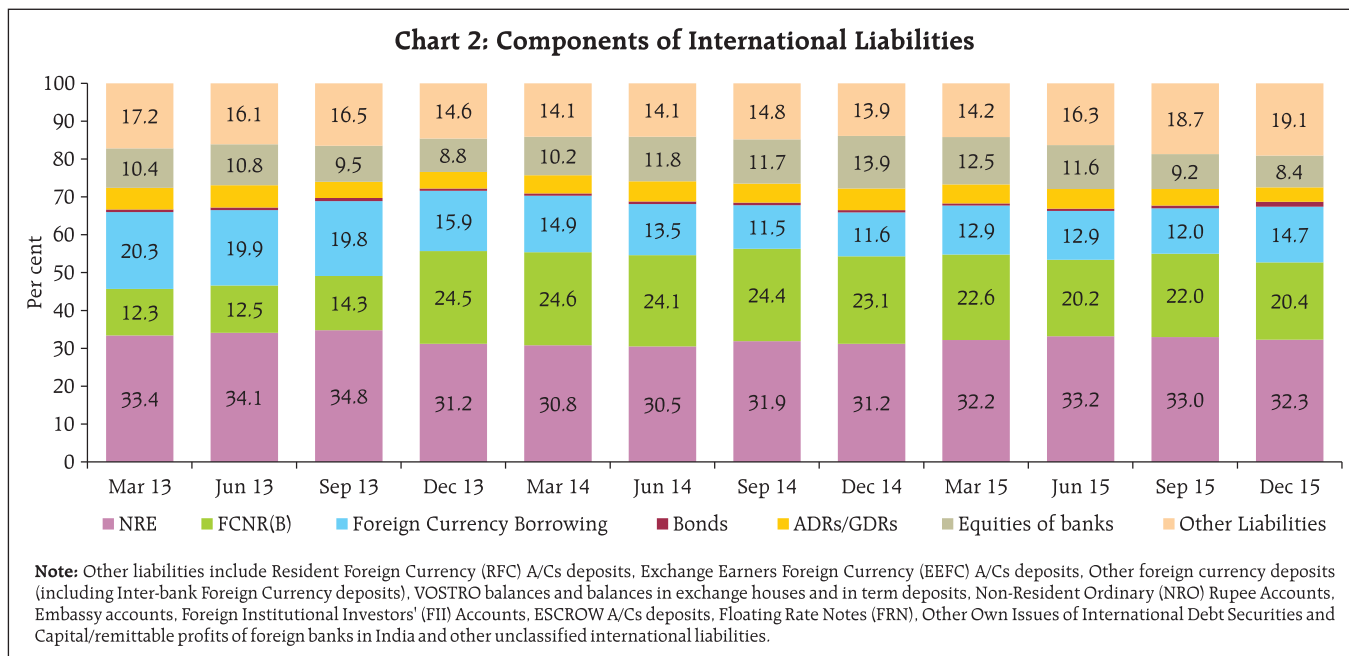
2. Reserve Bank of India collects IBS data from banks operating in India as well as abroad on quarterly basis. The international liabilities of banks in India recorded a gradual deceleration during the last four quarter (Chart 1). On the other hand, annual growth in international claims showed a steady increase since June 2015 (Chart 1).

3. While international liabilities of banks in India stood at US\$173,212 million at end December 2015, international claims of banks in India stood at US\$76,047 million. The shares of international liabilities and claims of banks in India in total international liabilities and claims of all reporting countries (world)/banks stood at around 0.7 per cent and 0.3 per cent at end December 2015.

Share of NRE and FCNR (B) deposits in total international liabilities remained unchanged throughout the year

4. After a sharp jump in December 2013 in the share of FCNR(B) deposits due to the special concessional dollar swap window announced (in August 2013) by





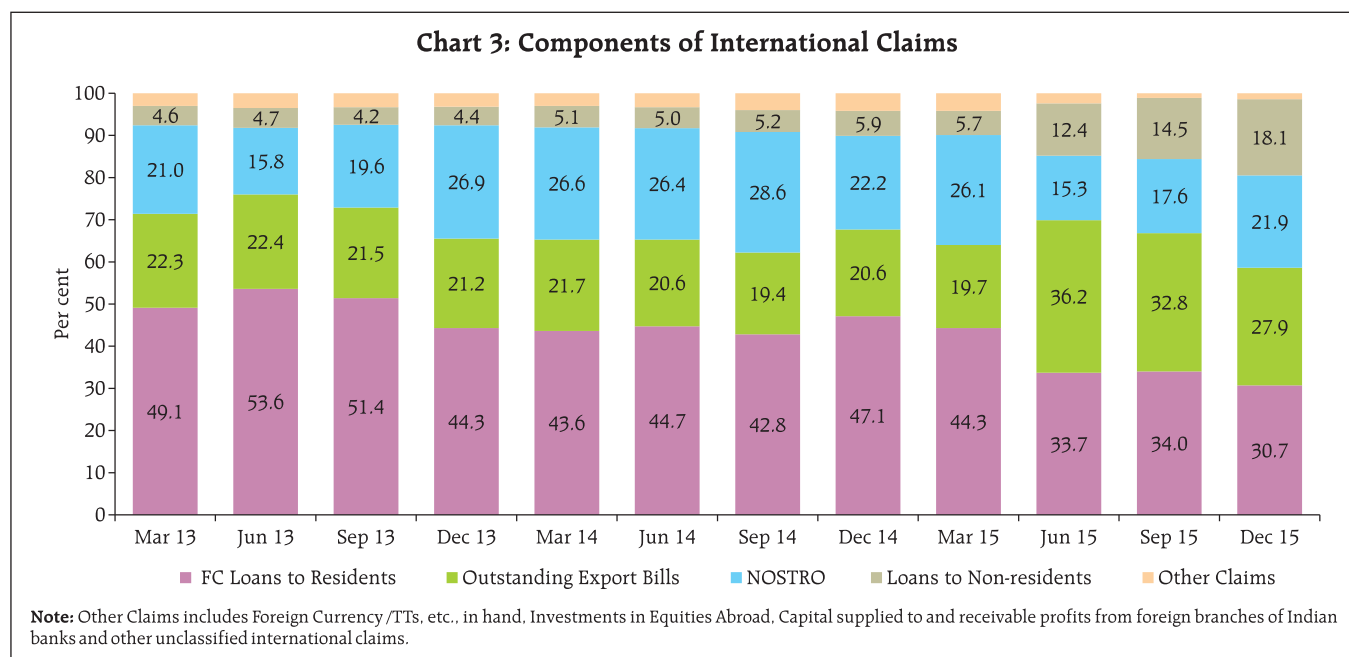
the RBI, the share declined slightly and remained steady in 2015 (Chart 2). Also, share of outstanding Non-Resident External (NRE) Rupee deposits remained almost at the same level during 2015 (Chart 2).

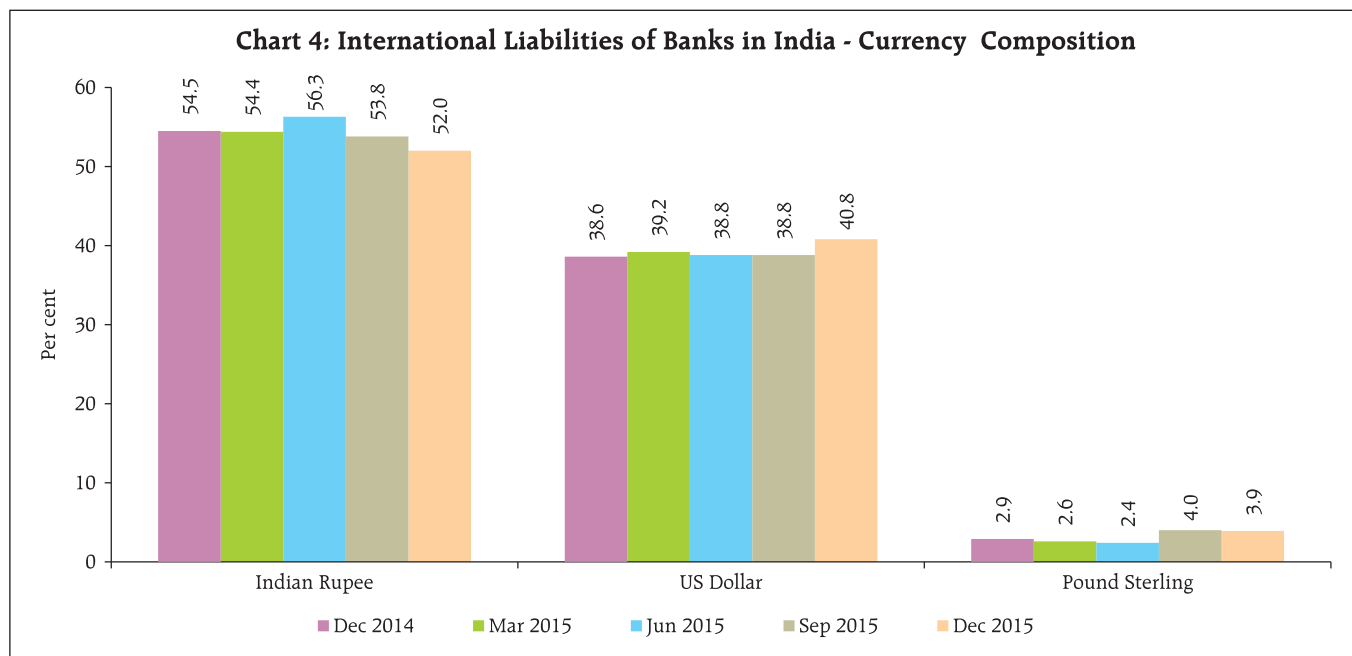
5. Share of Foreign Currency Borrowings of banks in total international liabilities increased to 14.7 per cent at end December 2015 from 11.6 per cent a year ago (Chart 2).

Increase in share of 'Loans to non-residents' in international claims

6. The share of 'Loans to Non-Residents' in international claims expanded at end December 2015 compared to that in a year ago (Chart 3).

7. The share of 'Foreign Currency Loans to Residents' in international claims recorded sharp deceleration





during the year 2015 and stood at 30.7 per cent in December 2015 as compared to 47.1 per cent a year ago (Chart 3).

Marginal rise in share of USD in currency composition of international liabilities

8. The currency composition of the international liabilities have remained more or less unchanged since quarter ended December 2015.

9. The share of the USD in the international liabilities increased marginally to 40.8 per cent as compared with 38.6 per cent a year ago (Chart 4).

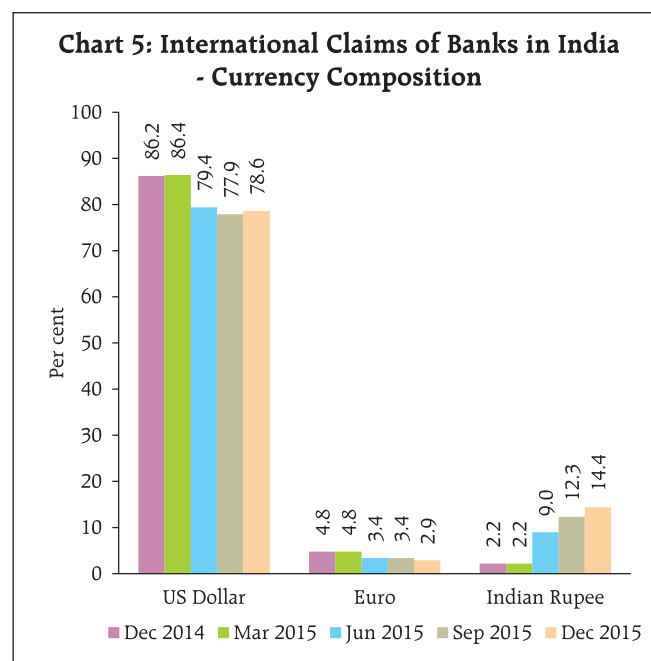
10. In case of international claims, USD remained the dominant currency; however, its share declined to 78.6 per cent in December 2015 from 86.2 per cent a year ago. The share of ₹ in the international claims showed a corresponding increase in December 2015 as compared to a year ago (Chart 5).

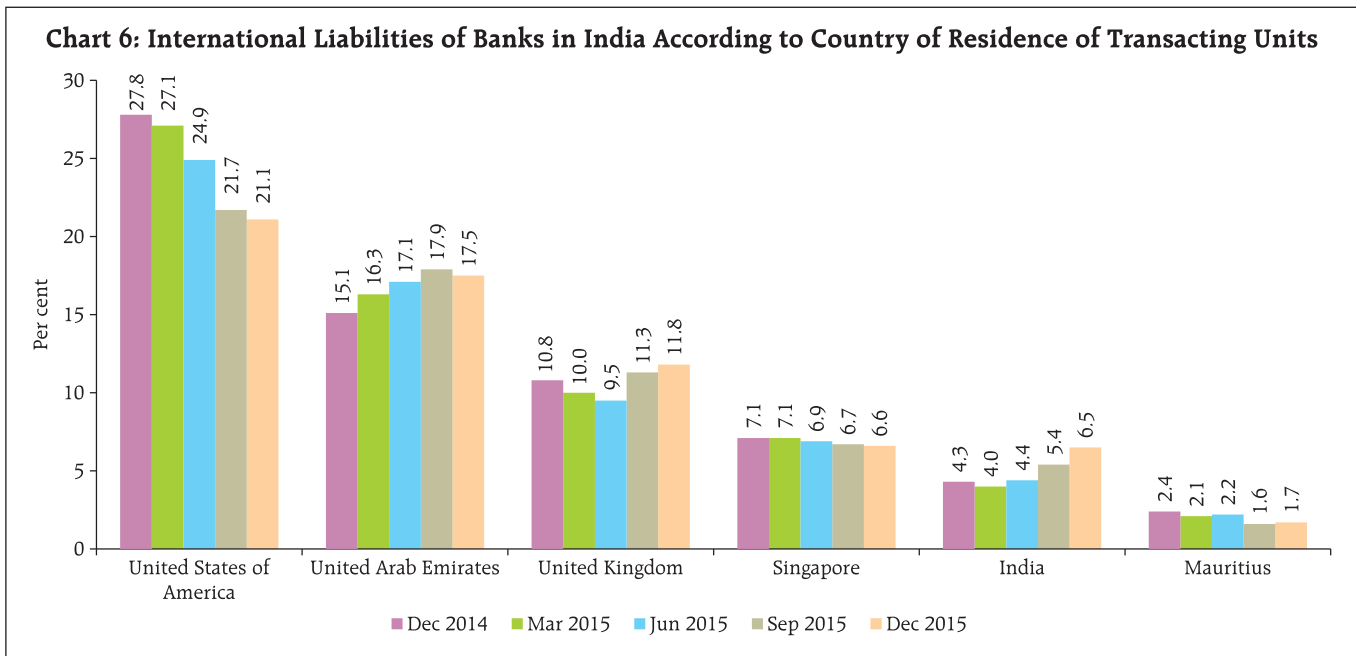
Deceleration in international liabilities and claims of non-bank sector

11. The growth of international liabilities of non-bank sector declined by 0.7 per cent in December 2015. The share of the non-bank sector in the international

liabilities declined from 83.1 per cent in December 2014 to 77.2 per cent in December 2015 (Statement-2 (₹) of data release).

12. However, the share of non-bank sector in the international claims increased to 71.6 per cent at end December 2015 from 68.5 per cent over a year ago (Statement-2 (₹) of data release).



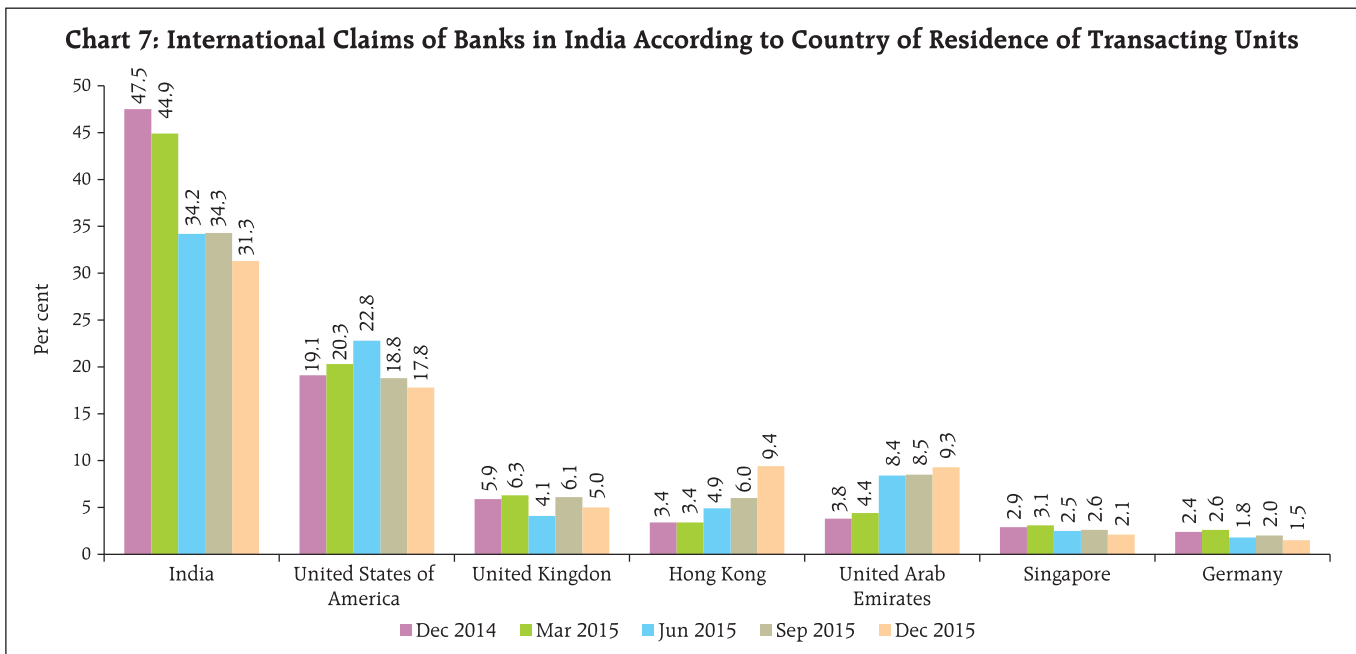


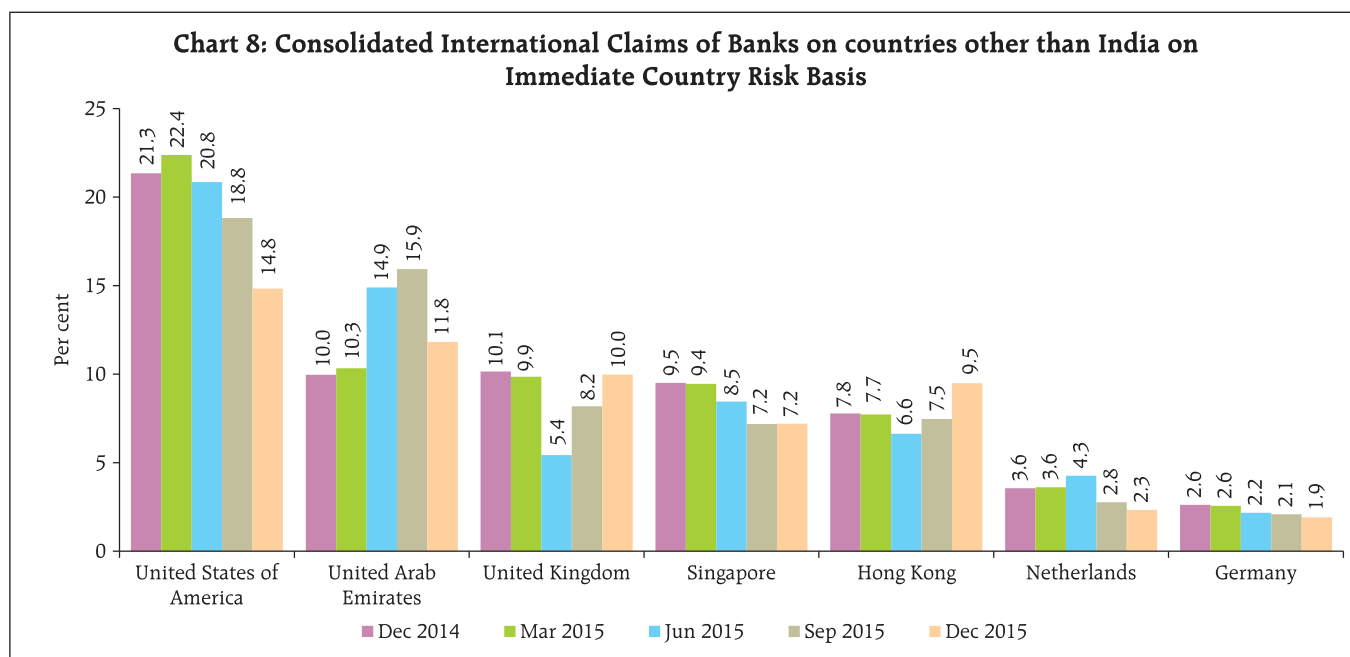
Share of international liabilities towards USA went down

13. The overall decline in the international liabilities during 2015 is reflected in the liabilities towards major countries (Chart 6), more particularly towards the USA.

Decline in international claims in respect of India

14. Decline in international claims was observed in respect of India and USA whereas it recorded increase in respect of Hong Kong and UAE (Chart 7).





International claims² on immediate risk basis grew at relatively slow pace (based on CBS)

15. In December end, 2015, the shares of the international claims towards Hong Kong increased while those towards USA, Singapore and Netherlands decreased as compared to the position in the same period of the previous year (Chart 8).

Higher foreign claims on ultimate risk basis for select countries (based on CBS)

16. The foreign claims on ultimate risk basis increased to ₹4,050 billion in December 2015 from ₹3,093 billion observed a year ago. (Statement-10 (₹) of data release).

17. The contingent claims on ultimate risk basis, arising out of guarantees and credit commitments stood at ₹1,272 billion and ₹398 billion, respectively, in December 2015 as against ₹981 billion and ₹167 billion, respectively, observed over a year ago. However, the contingent claims on ultimate risk basis arising from derivatives, in December 2015 increased substantially

(44.3 per cent) as compared to previous year's level (Statement-10 (₹) of data release). The sharp change was due to significant increase in derivative exposures of some banks.

18. The share of international liabilities on ASEAN country group in total international liabilities recorded very slow downward trend during the year 2015, whereas the share of claims in total international claims of the mentioned group declined to 2.9 per cent in December 2015, after reaching its highest of 4.0 per cent in June 2015 (Table 2).

19. The share of both liabilities and claims in the respective totals on G10 countries recorded moderate deceleration during the year 2015 (Table 2).

20. The share of international liabilities towards SAARC countries other than India increased to 0.4 per cent in December 2015 as compared to 0.2 per cent in the previous year; whereas the share of international claims on these countries declined to 0.7 per cent in December 2015 (Table 2).

² International claims (A + B) are defined as banks' cross-border claims (A) plus local claims of foreign affiliates in foreign currencies (B). Foreign claims are defined as the sum of international claims (A + B) and local claims in local currency (C).

Table 2: International Exposures of banks in India on Different Country Groups (Other than India)

₹ billion

Groups	International Liabilities									
	Dec-14		Mar-15		Jun-15		Sep-15		Dec-15	
All Countries	10715.23	(100.0)	10925.45	(100.0)	10889.81	(100.0)	10561.07	(100.0)	11458.82	(100.0)
ASEAN	912.68	(8.5)	937.07	(8.6)	917.03	(8.4)	877.70	(8.3)	939.43	(8.2)
G10	4936.97	(46.1)	4850.39	(44.4)	4518.09	(41.5)	4192.18	(39.7)	4623.11	(40.3)
SAARC (excl. India)	20.54	(0.2)	23.37	(0.2)	18.12	(0.2)	23.03	(0.2)	43.42	(0.4)
Western Asia	2398.68	(22.4)	2614.76	(23.9)	2888.73	(26.5)	2949.53	(27.9)	3006.72	(26.2)
BRICS (excl. India)	144.23	(1.3)	143.33	(1.3)	105.53	(1.0)	116.99	(1.1)	144.99	(1.3)
Groups	International Claims									
	Dec-14		Mar-15		Jun-15		Sep-15		Dec-15	
All Countries	4125.70	(100.0)	4503.75	(100.0)	4251.08	(100.0)	4881.21	(100.0)	5030.92	(100.0)
ASEAN	134.74	(3.3)	161.30	(3.6)	171.73	(4.0)	183.11	(3.8)	146.25	(2.9)
G10	1324.84	(32.1)	1532.08	(34.0)	1438.05	(33.8)	1494.07	(30.6)	1386.51	(27.6)
SAARC (excl. India)	43.42	(1.1)	54.04	(1.2)	45.77	(1.1)	42.57	(0.9)	37.15	(0.7)
Western Asia	252.95	(6.1)	287.48	(6.4)	468.15	(11.0)	575.27	(11.8)	594.47	(11.8)
BRICS (excl. India)	67.64	(1.6)	71.85	(1.6)	72.49	(1.7)	68.27	(1.4)	60.32	(1.2)

Notes: 1. The groups mentioned above may not be mutually exclusive.

2. ASEAN country group includes: Singapore, Brunei Darussalam, Myanmar, Cambodia, Indonesia, Laos, Malaysia, Philippines, Thailand and Vietnam. (As per Association of Southeast Asian Nations).

3. G10 country group includes: Japan, Italy, Belgium, United States of America, France, United Kingdom, Germany, Canada, Netherlands, Sweden, Switzerland (As per BIS).

4. SAARC countries includes: Pakistan, Bangladesh, Sri Lanka, Nepal, Bhutan, Maldives, Afghanistan.

5. Western Asia Includes: Azerbaijan, Iran, Armenia, Oman, Yemen, Lebanon, Syria, Iraq, UAE, Qatar, Bahrain, Kuwait, Saudi Arabia (As per UNIDO).

6. BRICS country group includes Brazil, Russia, China and South Africa.

7. Figures in brackets denote percentage shares to totals.

21. Western Asia group recorded substantial increase in both the share of claims and liabilities in the respective totals during the year 2015 (Table 2).

22. The total international claims on BRICS countries (excluding India) of banks in India declined during 2015.

Annex-I: CGFS Enhancements in IBS

The Stage 1 enhancements relate exclusively to the LBS and involve the following changes:

- **Full financial balance sheet:** The LBS will be broadened to cover reporting banks' total financial claims and liabilities, not just their international positions. This involves the addition of banks' local currency positions against residents of the reporting country; a further refinement of the foreign currency breakdown in the LBS/N; and an improvement in the completeness and consistency of the reported data across reporting jurisdictions.
- **Counterparty-country information:** A counterparty-country dimension will be added to the LBS/N. This will make it possible to see simultaneously: (a) the nationality of the reporting institutions; (b) the location of the reporting institutions; and (c) the location of the counterparties (e.g. the liabilities of German banks in the United Kingdom to counterparties in Japan). Currently, the LBS/N only cover cross-border claims and liabilities *vis-à-vis* counterparties in all other countries combined.

The Stage 2 enhancements affect both the LBS and the CBS and are intended to support better measures of the following international banking activities:

- **Country credit risk:** In the CBS, exposures to residents of the country where the reporting

bank is headquartered, and consistent measures of the size of banks' total balance sheet, will be added.

- **International bank credit:** A more granular counterparty-sector breakdown will be introduced in both the CBS and the LBS. This will facilitate more nuanced analysis of banks' reliance on and exposure to the non-bank financial sector. It will also help in monitoring cross-border credit flows and the dynamics of credit booms in particular countries, as these are often fueled by international credit. In addition, in the LBS/R the data will distinguish between domestic banks, foreign branches and foreign subsidiaries, allowing analysts to see how the balance sheet positions of these bank types differ.
- **Banks' funding pattern:** A breakdown of banks' funding by broad instrument type – deposits, short- and long-term debt securities, derivatives, other liabilities, and total equity – will be added to the CBS/IR. In addition, a basic maturity split – short- and long-term by remaining maturity – will be added for banks' debt securities liabilities in the LBS/N. These data will be useful in gauging which bank nationalities are reliant on less stable funding sources, such as short-term debt.

Source: CGFS Papers No 47 Improving the BIS international banking statistics- Nov 2012; BIS

Table A1				
Simplified overview of the BIS international banking statistics				
Data reported from Q2 2012 are shown in blue (Stage 1) and from Q4 2013 in red (Stage 2)				
	Locational banking statistics		Consolidated banking statistics	
	By residence (LBS/R)	By nationality (LBS/N)	Immediate risk basis (CBS/IR)	Ultimate risk basis (CBS/UR)
Reporting countries	44	43	31	24
Business reported	Financial assets and liabilities (incl derivatives)		Financial assets (excl derivatives), total assets and liabilities (incl derivatives), capital, risk transfers	Financial assets (excl derivatives), other potential exposures (incl derivatives)
Breakdowns reported				
Bank type	All reporting banks, domestic banks, foreign subsidiaries, foreign branches, consortium banks	not available	All reporting banks, domestic banks, inside-area foreign banks ¹ , outside-area foreign banks ²	Domestic banks
Bank nationality	not available	≥43	≥31	≥24
Type of position	Cross-border, local		Total, international (cross-border plus local in FX), local in LC	Total, cross-border, local in all currencies
Currency	Local, USD, EUR, JPY, GBP, CHF, others (optional)		For local in LC positions: >160	not available
Maturity	For liabilities: debt securities (of which: ≤1 year)		For international claims: ≤1 year, 1–2 years, >2 years	not available
Instrument	Loans and deposits, debt securities, other instruments	For liabilities: debt securities	For assets: claims, total assets, risk-weighted assets For liabilities: deposits, debt securities (of which: ≤1 year), derivatives, other liabilities For capital: total equity, Tier 1 capital	For other potential exposures: derivatives, credit commitments, guarantees extended
Counterparty country	>200 (incl reporting country)	≥76 (incl reporting country)	>200 (incl reporting country)	
Counterparty sector	Banks ³ (of which: related offices, central banks), non-banks ⁴ , non-bank financial institutions, non-financial sector (general government, non-financial corporations, households)		Official sector (incl central banks), banks (excl central banks), non-bank private sector, non-bank financial institutions, non-financial private sector (non-financial corporations, households)	
¹ Inside-area foreign banks not consolidated by their parent are encouraged to report the same breakdowns as domestic banks. ² Report international claims only. ³ Prior to Q4 2013, reported for LBS/N only. ⁴ Prior to Q4 2013, reported for LBS/R only.				
Source: Bank for International Settlements:(2013)-'Guidelines for reporting the BIS international banking statistics: version incorporating stage 1 & stage 2 enhancements recommended by CGFS, March:page 2 Table A1'.				