



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

वेबसाइट : www.rbi.org.in/hindi

Website : www.rbi.org.in

इ-मेल email: helpdoc@rbi.org.in

संचार विभाग, केंद्रीय कार्यालय, एस.बी.एस.मार्ग, मुंबई-400001

DEPARTMENT OF COMMUNICATION, Central Office, S.B.S.Marg, Mumbai-400001

फोन/Phone: 022 2261 0835 फैक्स/Fax: 91 22 22660358

November 14, 2018

Survey on International Trade in Banking Services: 2017-18

Today, the Reserve Bank released the [results](#) of the survey of international trade in banking services (ITBS), 2017-18 on its website. This annual survey covers information on core banking services (e.g., deposit, credit) and financial auxiliaries' services rendered by banks with cross-border presence, based on explicit/implicit fees/commissions charged to customers (*details of these services are given in the Annex*). The survey provides responses on functioning of 186 overseas branches and 345 overseas subsidiaries of Indian banks as well as 286 branches of foreign banks operating in India. The number of employees posted in foreign locations by these banks are also reported. As all commercial banks with cross-border presence responded to the survey, these results reflect census position.

Highlights:

- Indian banks recorded a marginal compositional shift in their overseas presence during 2017-18 with staff strength declining in their foreign branches but increasing in their foreign subsidiaries even as the number of foreign bank branches in India remained unchanged during the year. ([Table 1](#))
- Indian banks' overseas presence continued to be dominated by foreign branches, the consolidated balance sheet of which was ten times the size of that of their foreign subsidiaries. ([Table 2](#))
- The level of credit and deposits of overseas branches of Indian banks declined during the year, resulting in some reduction in their consolidated balance sheet; in contrast, balance sheet expansion was recorded by their overseas subsidiaries and foreign banks in India. ([Table 2](#))
- Foreign branches of Indian banks continued to focus on fund-based operations and the share of credit in their total assets (58 per cent) was higher than that of foreign banks' branches in India (42 per cent). ([Table 2](#))
- The income of overseas branches of Indian banks increased during the year whereas branches of foreign banks in India recorded decline in both interest and non-interest income. ([Table 3](#))
- A substantial portion of the fee income of foreign banks operating in India continued to accrue from *derivative, stocks, securities and forex trading services*, followed by *payment and money transmission services*, whereas overseas branches of Indian banks generated a major share of fee income by rendering *credit related services, derivative, stocks, securities, forex trading services and trade finance related services*. ([Table 4](#)).
- Branches of Indian banks located in the UK generated the highest fee income, followed by their branches in the UAE, Singapore and Hong Kong ([Table 5](#)).

Table 1: Employment Distribution – Bank groups (end-March)

	Indian Banks' Branches Operating Abroad		Indian Banks' Subsidiaries Operating Abroad		Foreign Banks' Branches in India	
	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18
Total number of branches	192	186	325	345	286	286
Total number of employees	3,984	3,911	4,704	5,039	24,766	24,358
<i>of which:</i>						
Local	2,520	2,444	4,194	4,527	} 24,602	} 24,183
Indians	1,417	1,441	458	458		
Others	47	26	52	54	164	175

Notes:

1. Financial Year-end RBI Reference Rates are used for Rupee-US Dollar conversion.
2. Both provisional (PR) and revised Data (R) are presented for 2016-17. Data for 2017-18 are provisional.
3. These notes are applicable for all tables.

Table 2: Consolidated Balance Sheet Items – Bank groups (end-March)

Items	Amount in ₹ billion			Amount in US\$ billion		
	2016-17 (PR)	2016-17 (R)	2017-18	2016-17 (PR)	2016-17 (R)	2017-18
Indian Banks' Branches Operating Abroad						
Credit extended	8,661.3	8,669.3	8,114.2	133.8	133.7	124.7
Deposits mobilised	5,291.9	5,289.6	4,719.6	81.7	81.6	72.6
Total Assets/Liabilities	14,530.7	14,541.2	13,877.1	224.4	224.3	213.3
Indian Banks' Subsidiaries Operating Abroad						
Credit extended	870.3	871.9	928.6	13.4	13.4	14.3
Deposits mobilised	711.0	713.2	788.6	11.0	11.0	12.1
Total Assets/Liabilities	1,271.3	1,277.9	1,387.3	19.6	19.7	21.3
Foreign Banks' Branches in India						
Credit extended	3,421.6	3,422.4	3,618.4	52.8	52.8	55.6
Deposits mobilised	4,640.2	4,642.6	4,940.5	71.7	71.6	76.0
Total Assets/Liabilities	8,075.2	8,186.6	8,617.1	124.7	126.3	132.5

Table 3: Consolidate Income and Expenditure: Bank groups

(Amount in ₹ billion)

Items	Indian Banks' Branches Operating Abroad			Indian Banks' Subsidiaries Operating Abroad			Foreign Banks' Branches in India		
	2016-17 (PR)	2016-17 (R)	2017-18	2016-17 (PR)	2016-17 (R)	2017-18	2016-17 (PR)	2016-17 (R)	2017-18
1. Income	436.1	436.6	467.3	68.0	68.1	79.6	671.7	672.1	634.7
	(-4.6)	(-4.5)	(7.0)	(1.0)	(1.1)	(17.0)	(3.8)	(3.8)	(-5.6)
<i>Of which;</i>	381.3	381.5	413.2	56.7	56.9	66.9	513.6	513.4	503.0
Interest Income	(-2.9)	(-2.8)	(8.3)	(2.2)	(2.4)	(17.7)	(-1.7)	(-1.8)	(-2.0)
2. Expenditure	453.0	455.6	535.3	67.7	67.8	67.0	514.8	515.9	500.5
	(8.0)	(8.6)	(17.5)	(7.8)	(7.9)	(-1.2)	(3.4)	(3.6)	(-3.0)
<i>Of which;</i>	265.4	266.1	315.9	25.4	25.4	29.5	237.2	236.9	213.6
Interest Expenses	(1.3)	(1.6)	(18.7)	(-2.3)	(-2.3)	(16.3)	(-1.5)	(-1.6)	(-9.9)

Note: Figures in the parentheses indicate annual growth for the item.

Table 4: Activity-wise Composition of Fee Income from Banking Services – Bank groups

(Amount in ₹ billion)

Banking Service	Indian banks' Branches Operating Abroad			Foreign Banks' Branches Operating in India		
	2016-17 (PR)	2016-17 (R)	2017-18	2016-17 (PR)	2016-17 (R)	2017-18
Deposit Account Management Services (DAM)	3.2	2.0	1.2	1.3	1.3	1.6
Credit Related Services (CRS)	28.3	26.1	33.5	6.9	6.8	9.1
Financial Leasing Services (FLS)	0.1	0.1	0.0	0.0	0.0	0.0
Trade Finance Related Services (TFR)	20.2	10.8	12.8	11.1	11.1	11.0
Payment and Money Transmission Services (PMT)	3.1	4.8	5.0	17	16.9	18.5
Fund Management Services (FMS)	0.0	0.0	0.0	4.3	4.3	4.4
Financial Consultancy and Advisory Services (FCA)	0.4	0.2	0.4	7.5	7.5	8.3
Underwriting Services (US)	0.1	0.1	0.1	0.8	0.8	0.7
Clearing and Settlement Services (CSS)	0.5	0.5	0.5	0.5	0.5	0.5
Derivative, Stock, Securities, Foreign Exchange trading Services (DER)	19.2	19.3	18.6	11.7	20.5	20.8
Other Financial Services (OFS)	18.9	18.7	18.4	10.2	10.6	9.0
Total	94.0	82.6	90.5	71.3	80.3	83.9
	(7.7)	(-4.8)	(9.6)	(13.0)	(13.7)	(4.5)

Figures in the parentheses indicate annual growth for the item.

Table 5: Country-wise and Activity-wise Banking Services – Bank groups

(Amount in ₹billion)

		Indian Banks' Branches Operating Abroad									
		UK	UAE	Singapore	Hong Kong	USA	Bahrain	Japan	Sri Lanka	Other Countries	Total
DAM	2016-17 (PR)	0.1	0.5	0.0	0.1	0.0	0.0	0.0	0.0	2.5	3.2
	2016-17 (R)	0.1	0.6	1.1	0.0	0.0	0.0	0.0	0.0	0.2	2.0
	2017-18	0.1	0.6	0.0	0.2	0.1	0.0	0.0	0.0	0.2	1.2
CRS	2016-17 (PR)	13.9	3.4	2.7	2.4	1.0	1.3	0.2	0.3	3.1	28.3
	2016-17 (R)	13.9	2.7	2.4	2.7	1.1	1.3	0.2	0.3	1.5	26.1
	2017-18	18.7	3.1	4.0	3.3	1.0	1.2	0.2	0.1	2.0	33.6
TFR	2016-17 (PR)	1.5	2.2	1.7	2.2	1.1	0.9	0.2	0.1	10.3	20.3
	2016-17 (R)	1.5	2.3	1.6	1.7	1.0	0.9	0.2	0.1	1.5	10.8
	2017-18	3.1	2.3	1.8	2.3	1.1	0.4	0.2	0.2	1.4	12.8
PMT	2016-17 (PR)	0.0	0.1	0.2	0.3	1.4	0.0	0.0	0.0	1.0	3.1
	2016-17 (R)	0.1	0.2	0.1	0.2	1.4	0.0	0.0	0.0	2.7	4.7
	2017-18	0.1	0.1	0.2	0.2	1.5	0.0	0.0	0.0	2.9	5.0
DER	2016-17 (PR)	15.9	1.2	0.2	0.5	0.0	0.3	0.5	0.2	0.3	19.2
	2016-17 (R)	16.1	0.5	1.1	0.2	0.0	0.3	0.5	0.2	0.4	19.3
	2017-18	16.4	0.8	0.3	0.3	0.0	0.3	0.3	0.0	0.3	18.7
Other Services	2016-17 (PR)	16.8	0.6	0.8	0.7	0.1	0.9	0.0	0.0	0.1	20.0
	2016-17 (R)	16.5	0.8	0.3	0.8	0.1	0.9	0.0	0.0	0.2	19.6
	2017-18	16.0	0.8	0.8	0.7	0.0	0.7	0.0	0.1	0.1	19.2

All Services	2016-17 (PR)	48.2	8.0	5.7	6.2	3.7	3.3	0.9	0.7	17.4	94.0
	2016-17 (R)	48.2	7.1	6.6	5.6	3.6	3.4	0.9	0.6	6.5	82.5
	2017-18	54.4	7.7	7.1	7.0	3.7	2.6	0.7	0.4	6.9	90.5
Indian banks' Subsidiaries Operating Abroad											
		UK	Canada	Russia	UK	Other Countries	Total				
DAM	2016-17 (PR)	0.0	0.2	0.0	0.0	0.4	0.6				
	2016-17 (R)	0.0	0.2	0.0	0.0	0.5	0.7				
	2017-18	0.0	0.3	0.0	0.0	0.5	0.8				
CRS	2016-17 (PR)	0.1	0.5	0.0	0.0	2.0	2.6				
	2016-17 (R)	0.8	0.5	0.0	0.1	1.0	2.4				
	2017-18	0.7	0.5	0.0	0.0	1.4	2.6				
TFR	2016-17 (PR)	0.2	0.1	0.1	0.0	0.5	0.9				
	2016-17 (R)	0.2	0.1	0.0	0.0	0.6	0.9				
	2017-18	0.2	0.1	0.0	0.0	0.6	0.9				
PMT	2016-17 (PR)	0.1	0.0	0.1	0.0	0.6	0.8				
	2016-17 (R)	0.1	0.0	0.1	0.0	0.7	0.9				
	2017-18	0.1	0.1	0.1	0.0	0.8	1.1				
DER	2016-17 (PR)	0.2	0.1	0.0	0.1	0.8	1.2				
	2016-17 (R)	0.2	0.1	0.0	0.1	0.8	1.2				
	2017-18	0.2	0.0	0.0	0.1	0.9	1.2				
Other Services	2016-17 (PR)	1.8	0.1	0.0	0.0	1.3	3.2				
	2016-17 (R)	1.6	0.0	0.0	0.0	1.5	3.1				
	2017-18	1.3	0.0	0.0	0.0	3.8	5.1				
All Services	2016-17 (PR)	2.4	1.0	0.2	0.1	5.6	9.3				
	2016-17 (R)	2.9	0.9	0.1	0.2	5.1	9.2				
	2017-18	2.5	1.0	0.1	0.1	8.0	11.7				

DAM: Deposit Account Management Services

CRS: Credit Related Services

TFR: Trade Finance Related Services

PMT: Payment & Money Transmission Services

DER: Derivative, Stock, Securities, Foreign Exchange Trading services

Banking Services Covered in the Survey

Banking services include, acceptance of deposits and lending (the core banking services), and the other financial services (para-banking services) like payment services, securities trading, asset management, financial advice, settlement and clearing service, etc. With the improvements in economic integration of financial markets and activities, the international trade in banking services has significantly increased.

The GATS framework envisages that the delivery of any commercial services can be through four different modes viz., Mode 1 – Cross Border Service, Mode 2 – Consumption abroad, Mode 3 – Commercial presence and Mode 4 – movement of natural persons. In Mode 3, the bank has a commercial presence in the territory of the service importing country and the service is delivered therein. The commercial presence can be through various investment vehicles like representative offices, branches, subsidiaries, associates and correspondents.

Banking services covered in this survey include financial auxiliary services such as (i) deposit account management services, (ii) credit related services, (iii) financial leasing services, (iv) trade finance related services, (v) payment and money transmission services, (vi) fund management services, (vii) financial consultancy and advisory services, (viii) underwriting services, (ix) clearing and settlement services, and (x) derivative, stock, securities and foreign exchange trading services. While carrying out the banking business, banks cater to the financial services needs of the residents of the country of operation as well as non-residents of that country. Keeping this in view, the survey also collected the information with bifurcation of financial services rendered to residents and non-residents separately.

Services Covered:

- **Deposit Account Management services** include fees and commissions charged to or received from the deposit account holders, for maintaining deposit accounts such as fee for cheque book, fee for internet banking, commission on draft and other instrument provided, penalty for not maintaining minimum balance, etc. and any other fees charged to deposit account holders.
- **Credit related services** include fees received for credit-related or lending related services like credit processing fees, late payment or default charges and early redemption charges. Charges for facility and management fees, fees for renegotiating debt terms, mortgage fees, etc. also to be reported here.
- **Financial Leasing services** include fees or commission received for arranging or entering into financial lease contracts. This also includes fees received directly or deducted from the proceedings.
- **Trade Finance related services** include commission or fees charged for arranging trade finance like buyers' and suppliers' credit, fees for establishing/originating, maintaining or arranging standby letters of credit, letter of indemnity, lines of credit, fees for factoring services, bankers acceptance, issuing financial guaranty, commitment fees, handling charges for trade bills.
- **Payment and Money Transmission services** include fees or charges for electronic fund transfer services like SWIFT, TT, wire transfer, etc. ATM network

Services, annual credit /debit card fees, Interchange charges, fees for point of services, etc. also have to be reported here. Further, charges on the customer for making remittances abroad or receiving remittances from abroad have to be reported here.

- **Fund Management services** include fee or income received for managing or administering financial portfolios, all forms of collective investment management, pension fund management, custodial, depository and trust services. Commission or fees for safe custody of shares/ equities, transaction fee for custodian account, communication cost or any other fees/charges related to custodian account should also be reported.
- **Financial Consultancy and Advisory services** include fees for advisory, intermediation and other auxiliary financial services including credit reference and analysis, portfolio research and advice, advice on mergers and acquisitions and on corporate restructuring and strategy. Arrangement/management fees for Private placement of share/equities are also to be included.
- **Underwriting services** include underwriting fees, earning from buying and reselling an entire or substantial portion of newly issued securities.
- **Clearing and Settlement services** include settlement and clearance services for financial assets, including securities, derivative products, and other negotiable instruments.
- **Derivative, Stock, Securities, Foreign Exchange trading services** include commissions, margin fees, etc. received for carrying out financial derivative transactions, placement services, and redemption fees. Earnings received on banks' own account as well as on behalf of customers for carrying out foreign exchange trading has to be reported under this item. Explicit brokerage fees and commissions for foreign exchange brokerage services are also to be reported. Earnings received on banks' own account for carrying out trading in derivative, stock, securities etc. should not be reported.

A Technical Group on Statistics for International Trade in Banking Services (TG-SITBS) was set up by the Reserve Bank of India including members from Ministry of Finance, Ministry of Commerce and various departments (Department of Economic and Policy Research, Department of Banking Regulation and Department of Statistics and Information Management) of the Bank.

The TG-SITBS, after examining the different data sources available in the Reserve Bank, recommended collection of activity-wise international trade in services through annual surveys and suggested that initially the data may be collected on banking services from foreign banks operating in India and Indian banks having operations abroad. The TG-SITBS also recommended that a suitable questionnaire with explanatory notes should be prepared/framed in consultation with the banks and suggested conducting annual survey for the financial year 2006-07 by June 2007. Accordingly, a survey schedule was prepared after detailed discussions with the major Indian banks with overseas presence and foreign banks operating in India.