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RESERVE BANK OF INDIA

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Survey on International Trade in Banking Services, 2023-24

Today, the Reserve Bank released the [results](#) of 2023-24 round of its survey on international trade in banking services (ITBS). This annual survey focuses on cross-border fund-based banking services (e.g., deposits, credit) as well as financial auxiliary services with explicit/implicit fees/commissions charged by foreign branches/subsidiaries (including joint ventures) of Indian banks as well as foreign banks operating in India (details of the services are given in the [Annex](#)). The latest round of the survey covers 14 Indian banks having overseas branches/subsidiaries and 45 foreign banks having branches/subsidiaries in India.

Highlights

- Indian banks increased their overseas presence during 2023-24 both in terms of balance sheet size as well as in terms of number of branches and employees. Their employee strength increased by 8.2 per cent in overseas branches and 1.7 per cent in subsidiaries. During the year, the number of branches and employees of foreign banks in India also expanded by 0.6 per cent and 1.4 per cent, respectively. ([Table 1](#))
- Consolidated balance sheets of overseas branches and subsidiaries of Indian banks grew by 4.3 per cent and 0.4 per cent, respectively, during the year whereas that of foreign banks in India recorded higher increase of 7.2 per cent, in US dollar terms. ([Table 2](#))
- In US dollar terms, overseas branches of Indian banks recorded 8.8 per cent growth in deposits while their lending declined marginally by 0.8 per cent during the year; these changes, inter alia, also reflected cross-currency movements. ([Table 2](#))
- Continued tightening of the global monetary policy cycle resulted in a substantial increase in interest income and expenses across all the three cohorts during the year; interest income and interest expenses of overseas branches of Indian banks grew by 72.0 per cent and 87.5 per cent, respectively, whereas the corresponding growth for foreign banks in India were 27.1 per cent and 47.7 per cent, respectively. ([Table 3](#))
- Total income to assets ratio of overseas branches of Indian banks increased to 6.2 per cent in 2023-24 (3.9 per cent in 2022-23) but it remained lower than that of Indian banks' subsidiaries (7.3 per cent) and foreign banks' operating in India (7.6 per cent). ([Table 3](#))
- High rise in interest rates resulted in acceleration in total income during 2023-24; fee income of overseas branches of Indian banks and the foreign banks operating in India also increased during the year but it declined for the relatively minor segment of overseas subsidiaries of Indian banks. ([Table 3](#) and [4](#))

- A major share of fee income for overseas branches of Indian banks was generated by rendering (a) credit related services; (b) derivative, stock, securities, and foreign exchange trading services; and (c) trade finance related services. In the case of the foreign bank branches operating in India, a significant portion of fee income accrued from (a) derivative, stock, securities, foreign exchange trading services; (b) payment and money transmission services; and (c) trade finance related services. ([Table 4](#))
- Branches of Indian banks in the United Kingdom (UK) generated highest fee income, followed by those in the United Arab Emirates (UAE), Singapore and Hong Kong. ([Table 5](#))

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

	Indian Banks' Branches Operating Abroad		Indian Banks' Subsidiaries Operating Abroad*		Foreign Banks' Branches# in India	
	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24
Total number of branches	114	116	417	422	774	779
Number of Employees	3,051	3,302	5,170	5,258	27,030	27,410
<i>of which:</i>						
Local	1,890	1,874	4,641	4,705	26,857	27,213
Indians	1,144	1,323	488	532		
Others	17	105	41	21	173	197

*including Joint ventures of Indian banks

foreign banks' branches include their subsidiaries in India.

Notes:

1. Data are provisional.
2. Due to rounding off of figures, the constituent items may not add up to the totals.
3. Financial Year-end FBIL rates were used for Rupee-US Dollar conversion.
4. The above notes are applicable for all tables.

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

Items	Amount in ₹ crore		Amount in US\$ billion	
	2022-23	2023-24	2022-23	2023-24
Indian Banks' Branches Operating Abroad				
Credit extended	9,74,657	9,79,749	118.5	117.5
Deposits mobilised	6,16,733	6,80,514	75.0	81.6
Total Assets/Liabilities	15,50,836	16,40,988	188.6	196.8
Indian Banks' Subsidiaries Operating Abroad				
Credit extended	1,19,511	1,24,900	14.5	15.0
Deposits mobilised	1,34,891	1,38,857	16.4	16.7
Total Assets/Liabilities	1,93,410	1,96,803	23.5	23.6
Foreign Banks' Branches in India				
Credit extended	4,95,878	5,43,745	60.3	65.2
Deposits mobilised	8,55,825	10,10,089	104.1	121.2
Total Assets/Liabilities	15,64,506	17,00,902	190.3	204.0

Table 3: Consolidated Income and Expenditure – Bank-groups

(Amount in ₹ crore)

	Indian Banks' Branches Operating Abroad		Indian Banks Subsidiaries Operating Abroad		Foreign Banks' Branches# Operating in India	
	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24
Total Income	60,596	1,01,385	11,502	14,382	1,08,075	1,29,593
(i) Interest Income	54,298	93,400	10,097	13,200	83,222	1,05,756
(ii) Non-Interest Income	6,297	7,985	1,404	1,182	24,853	23,837
Total Expenditure	51,479	89,121	8,700	10,726	77,627	1,02,290
(i) Interest expenses	41,548	77,911	4,540	6,576	31,713	46,830
(ii) other expenses	9,931	11,210	4,160	4,149	45,914	55,460
	Ratio (per cent)					
Total income to total assets	3.9	6.2	5.9	7.3	6.9	7.6
Interest Income to total assets	3.5	5.7	5.2	6.7	5.3	6.2
Fee income to total income	7.0	4.9	11.6	7.1	11.5	10.1
Total expenses to total liabilities	3.3	5.4	4.5	5.4	5.0	6.0
Interest expenses to total liabilities	2.7	4.7	2.3	3.3	2.0	2.8

Figures also includes data of foreign banks' subsidiaries in India.

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

(Amount in ₹ crore)

Banking Service	Indian Banks' Branches Operating Abroad		Indian Banks Subsidiaries Operating Abroad		Foreign Banks' Branches# Operating in India	
	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24
Credit Related Services (CRS)	2,129	2,117	302	230	1,358	1,406
Deposit Account Management Services (DAM)	74	90	101	163	241	276
Payment and Money Transmission Services (PMT)	376	345	182	247	1,825	2,149
Financial Leasing Services (FLS)	0	0	0	0	0	0
Trade Finance Related Services (TFR)	759	769	156	118	1,641	1,575
Fund Management Services (FMS)	0	0	193	0	600	534
Financial Consultancy and Advisory Services (FCA)	9	10	25	0	1,201	1,035
Underwriting Services (US)	0	0	0	0	97	11
Clearing and Settlement Services (CCS)	112	140	13	14	37	48
Derivative, Stock, Securities, Foreign Exchange Trading Services (DER)	350	1,061	101	156	3,387	3,160
Other Financial Services (OFS)	436	462	261	94	2,022	2,847
Total	4,245	4,995	1,335	1,021	12,409	13,040

Figures also includes data of foreign banks' subsidiaries in India.

Note: Other financial services include sundry interest income, commission and miscellaneous income, etc.

Table 5: Country-wise and Activity-wise Banking Services – Bank groups
(Amount in ₹ crore)

Indian Banks' Branches Operating Abroad								
Country		United Kingdom	United Arab Emirates	Singapore	Hong Kong	United States	Other countries	Total
CRS	2022-23	512	540	140	424	153	361	2,129
	2023-24	561	536	134	209	202	474	2,117
DAM	2022-23	0	39	3	7	4	21	74
	2023-24	0	46	3	14	4	24	90
DER	2022-23	85	112	33	17	2	101	350
	2023-24	404	125	329	22	1	179	1,061
PMT	2022-23	0	25	15	18	184	134	376
	2023-24	0	5	16	19	190	115	345
TFR	2022-23	30	109	232	115	79	193	759
	2023-24	25	122	179	117	84	242	769
Other Services	2022-23	147	155	40	117	5	93	557
	2023-24	124	180	39	147	4	118	613
All Services	2022-23	774	981	463	697	427	903	4,245
	2023-24	1,115	1,014	700	529	485	1,152	4,995
Indian Banks Subsidiaries Operating Abroad								
Country		Nepal	Canada	United Kingdom	Mauritius	Uganda	Other countries	Total
CRS	2022-23	37	66	52	82	34	31	302
	2023-24	44	43	56	14	38	35	230
DAM	2022-23	21	47	4	0	1	27	101
	2023-24	11	124	5	0	1	23	163
DER	2022-23	33	7	14	21	2	25	101
	2023-24	38	4	42	24	2	47	156
PMT	2022-23	30	10	57	5	4	77	182
	2023-24	50	8	105	5	4	75	247
TFR	2022-23	66	14	12	2	11	51	156
	2023-24	41	28	10	3	11	25	118
Other Services	2022-23	23	29	139	40	0	262	492
	2023-24	59	26	0	10	0	13	108
All Services	2022-23	209	172	278	149	52	474	1,335
	2023-24	244	232	218	56	55	217	1,021

Banking Services Covered in the Survey

Banking services include, acceptance of deposits and lending (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 General Agreement on Trade in Services (GATS) of World Trade Organisation (WTO) 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.

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 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 banking 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 from the financial year 2006-07. Accordingly, a survey schedule was prepared after detailed discussions with the major Indian banks with overseas presence and foreign banks operating in India.

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, (x) derivative, stock, securities and foreign exchange trading services, and (xi) other financial 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 (DAM)** 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. Any fees charged to NRE / FCNR (B) account should be reported as fees charged to Non-residents.
- **Credit Related Services (CRS)** 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 (FLS)** 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 (TFR)** 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 (PMT)** 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 should be reported here.
- **Fund Management Services (FMS)** 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 (FCA)** 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 (US)** include underwriting fees, earning from buying and reselling an entire or substantial portion of newly issued securities.
- **Clearing and Settlement Services (CCS)** include settlement and clearance services for financial assets, including securities, derivative products, and other negotiable instruments.
- **Derivative, Stock, Securities, Foreign Exchange Trading Services (DER)** 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 are reported under this item. Explicit brokerage fees and commissions for foreign exchange brokerage services are also included. However, earnings received on banks' own account for carrying out trading in derivative, stock, securities etc are not included under this item.