

**भारतीय रिज़र्व बैंक**
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December 13, 2023

Survey on International Trade in Banking Services, 2022-23

Today, the Reserve Bank released the [results](#) of 2022-23 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 and overseas 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 44 foreign banks having branches/subsidiaries in India.

Highlights

- Indian banks increased their overseas presence through the subsidiaries route and their employee strength rose by 0.5 per cent and 6.2 per cent for foreign branches and subsidiaries, respectively, during 2022-23; on the other hand, the number of branches and employees of foreign banks in India contracted during the year ([Table 1](#)).
- Overseas business of Indian banks expanded as both mobilisation of deposits as well as lending activities increased during the year.
- Shifting of retail business of a major foreign bank in India to a domestic private sector bank led to decline in aggregate deposits and credit of foreign banks whereas their capital and investments increased during 2022-23; the consolidated balance sheet of foreign banks in India increased by 5.7 per cent in US dollar terms ([Table 2](#)).
- The tightening global monetary policy cycle during the year led to a substantial rise in interest income and expenses across bank groups ([Table 3](#)).
- Total Income to assets ratio of overseas branches of Indian banks increased to 3.9 per cent in 2022-23 (1.6 per cent in 2021-22), but it remained lower *vis-à-vis* that of 6.9 per cent for foreign banks in India ([Table 3](#)).
- As higher interest rates led to rise in total income, the share of fee income in total income came down during 2022-23; at 11.5 per cent, the share of fee income in total income of foreign banks in India exceeded the corresponding share of 7.0 per cent for overseas branches of Indian banks, whose major chunk of fee income emanated from credit related and trade finance related services ([Table 3 and 4](#)).

- Branches of Indian banks in the United Arab Emirates (UAE) generated highest fee income, followed by those in the United Kingdom (UK), Hong Kong and Singapore ([Table 5](#)).

Press Release: 2023-2024/1472

(Yogesh Dayal)
Chief General Manager

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

	Indian Banks' Branches Operating Abroad		Indian Banks' Subsidiaries Operating Abroad*		Foreign Banks' Branches# in India	
	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23
Total number of branches	117	114	399	417	858	774
Number of Employees	3,035	3,051	4,868	5,170	28,087	27,030
<i>of which:</i>						
Local	1,801	1,890	4,353	4,641	27,935	26,857
Indians	1,207	1,144	467	488		
Others	27	17	48	41	152	173

*including Joint ventures of Indian banks

foreign banks' branches include their subsidiaries in India.

Notes:

1. Data are provisional.
2. The results include data updation by few banks for 2021-22.
3. Due to rounding off of figures, the constituent items may not add up to the totals.
4. Financial Year-end FBIL rates were used for Rupee-US Dollar conversion.
5. 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	
	2021-22	2022-23	2021-22	2022-23
Indian Banks' Branches Operating Abroad				
Credit extended	774,663	974,657	102.2	118.5
Deposits mobilised	449,428	616,733	59.3	75.0
Total Assets/Liabilities	1,402,205	1,550,836	185.0	188.6
Indian Banks' Subsidiaries Operating Abroad				
Credit extended	109,165	119,511	14.4	14.5
Deposits mobilised	111,104	134,891	14.7	16.4
Total Assets/Liabilities	166,562	193,410	22.0	23.5
Foreign Banks' Branches in India				
Credit extended	471,673	495,878	62.2	60.3
Deposits mobilised	845,481	855,825	111.5	104.1
Total Assets/Liabilities	1,364,416	1,564,506	180.0	190.3

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	
	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23
Total Income	22,947	60,596	7,512	11,502	79,288	108,075
(i) Interest Income	18,912	54,298	6,175	10,097	65,717	83,222
(ii) Non-Interest Income	4,035	6,297	1,337	1,405	13,571	24,853
Total Expenditure	19,709	51,479	5,784	8,700	60,637	77,627
(i) Interest expenses	9,854	41,548	2,760	4,540	21,438	31,713
(ii) other expenses	9,855	9,931	3,024	4,160	39,199	45,914
	Ratio (per cent)					
Total income to total assets	1.6	3.9	4.5	5.9	5.8	6.9
Interest Income to total assets	1.3	3.5	3.7	5.2	4.8	5.3
Fee income to total income	14.5	7.0	16.5	11.6	14.0	11.5
Total expenses to total liabilities	1.4	3.3	3.5	4.4	4.4	5.0
Interest expenses to total liabilities	0.7	2.7	1.7	2.3	1.6	2.0

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	
	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23
Credit Related Services (CRS)	1,479	2,129	272	302	1,260	1,358
Deposit Account Management Services (DAM)	77	74	63	101	270	241
Payment and Money Transmission Services (PMT)	333	376	125	182	1,557	1,825
Financial Leasing Services (FLS)	0	0	0	0	0	0
Trade Finance Related Services (TFR)	712	759	133	156	1,635	1,641
Fund Management Services (FMS)	0	0	213	193	435	600
Financial Consultancy and Advisory Services (FCA)	13	9	43	25	1,112	1,201
Underwriting Services (US)	10	0	0	0	150	97
Clearing and Settlement Services (CCS)	84	112	9	13	44	37
Derivative, Stock, Securities, Foreign Exchange Trading Services (DER)	198	350	79	101	3,278	3,387
Other Financial Services (OFS)	428	436	300	261	1,350	2,022
Total	3,335	4,245	1,237	1,335	11,091	12,409

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 Arab Emirates	United Kingdom	Hong Kong	Singapore	United States	Other countries	Total
CRS	2021-22	322	335	88	207	216	312	1,479
	2022-23	540	512	424	140	153	361	2,129
DAM	2021-22	42	0	10	2	4	19	77
	2022-23	39	0	7	3	4	21	74
DER	2021-22	85	11	3	40	1	59	198
	2022-23	112	85	17	33	2	101	350
PMT	2021-22	19	0	12	15	163	125	333
	2022-23	25	0	18	15	184	134	376
TFR	2021-22	80	51	107	204	88	183	712
	2022-23	109	30	115	232	79	193	759
Other Services	2021-22	131	120	88	84	2	110	535
	2022-23	155	147	117	40	5	93	557
All Services	2021-22	678	517	307	551	474	808	3,335
	2022-23	981	774	697	463	427	903	4,245
Indian Banks Subsidiaries Operating Abroad								
		United Kingdom	Nepal	Singapore	Canada	Mauritius	Other countries	Total
CRS	2021-22	99	37	0	79	7	50	272
	2022-23	52	37	0	66	82	66	302
DAM	2021-22	5	8	0	38	0	12	63
	2022-23	4	21	0	47	0	28	101
DER	2021-22	12	38	0	5	10	15	79
	2022-23	14	33	0	7	21	27	101
PMT	2021-22	36	35	0	8	5	40	125
	2022-23	57	30	0	10	5	81	182
TFR	2021-22	12	58	0	34	2	27	133
	2022-23	12	66	0	14	2	63	156
Other Services	2021-22	137	16	189	22	109	92	565
	2022-23	139	23	190	29	40	72	492
All Services	2021-22	301	192	189	188	132	237	1,237
	2022-23	278	209	190	172	149	336	1,335

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 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.