

# MARKETS IN MOTION

developments that matter in financial markets

## Banking in BRIC Countries

"Over time, banks reflect the state of their economies and, likewise, economies reveal the effectiveness, or not, of their banking sectors."  
**Stephen Timewell, Editor, The Banker, UK**

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### Introduction

In the emerging markets, BRIC countries (Brazil, Russia, India and China) are the largest and fastest-growing economies. They account for almost three billion people, or just around half of the total population of the world. The banking system in BRIC countries have shown remarkable resilience in recent years and the 2010 survey of top 1,000 world banks by The Banker, the UK magazine, reveals that BRIC accounts for 16 percent of the number of banks among the top 1,000 banks in 2010, an increase from a mere 4.3 percent in 2000.

### Number of BRIC banks in the top 1,000 world banks

Country	2000	2010
Brazil	18	16
Russia	4	30
India	12	31
China	9	84

Source: [www.thebanker.com](http://www.thebanker.com)

The banking structure in BRIC countries has some common characteristics, with state-owned banks operating side by side with private and foreign banks.

Country	Commercial Banking Structure
Brazil	Domestic Banks, including state-owned banks Domestic Banks with foreign ownership Foreign Banks
Russia	State-owned Banks Private Commercial Banks
India	Public Sector Banks Private Sector banks Foreign Banks Regional Rural Banks Local Area Banks
China	State-owned Commercial Banks Joint Stock Commercial Banks City Commercial Banks Others

In terms of size, Chinese banks lead among BRIC countries, but a study of the key performance ratios reveals that the ROA (Return on Asset) is the highest for Brazil banks and much lower for Russia and NPL (Non-Performing Loan) is the lowest in China among BRIC countries. Incidentally, all the leading banks in BRIC are state-owned.

### Top Banks in BRIC in 2010: A Comparison

\*In \$ million

Country	Top Bank	Total Assets*	Profits*	World Rank
Brazil	Banco do Brasil	407,212	7,957	45
Russia	Sberbank	234,925	987	43
India	SBI	256,124	3,470	68
China	ICBC	1,725,938	24,494	7

In Brazil, China and Russia, the number one bank figures in the top 50 world banks and in India, the number one bank, SBI, stands at 68. A brief note on the top banks in BRIC region is given below:

### Brazil: Banco do Brasil SA

Banco do Brasil is the major Brazilian and Latin American bank by assets. The bank, headquartered in Brasília, was founded in 1808 and is the oldest active bank in Brazil—and one of the oldest financial institutions in the world. Banco do Brasil is controlled by the Brazilian government. The bank has a network of 15,100 branches and 109,000 employees.

### Russia: Sberbank

Sberbank is the largest, government-owned credit institution in Russia and CIS, accounting for about a quarter of the aggregate Russian banking assets and a third of banking capital. Sberbank is the biggest taker of deposits in the country and the key lender to the national economy. As of June 1, 2009, Sberbank accounted for more than 50 percent of retail deposits and had a 31 percent share in the Russian loan market. Sberbank has the largest countrywide branch network with 18 regional head offices and more than 19,050 retail outlets with about 265,100 employees.

### China: ICBC

Industrial and Commercial Bank of China Limited (ICBC) is the largest bank in China. ICBC is a government-owned bank. On October 28, 2005, ICBC was officially transformed from a state-owned commercial bank into a share holding company. ICBC operates 18,764 domestic branches, 106 overseas branches and 1,165 agencies around the globe.

### India: State Bank of India

State Bank of India (SBI) is the oldest bank in India and the origins of SBI date back to the first decade of the 19th century, with the establishment of the Bank of Calcutta in Calcutta on June 2, 1806. SBI is the largest bank in terms of profits, assets, deposits, branches and employees. SBI has a network of 12,496 branches in India and 142 branches abroad and 21,000 ATMs.

Contributed by M Ravindran

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