



Commercial Banking Services 2023

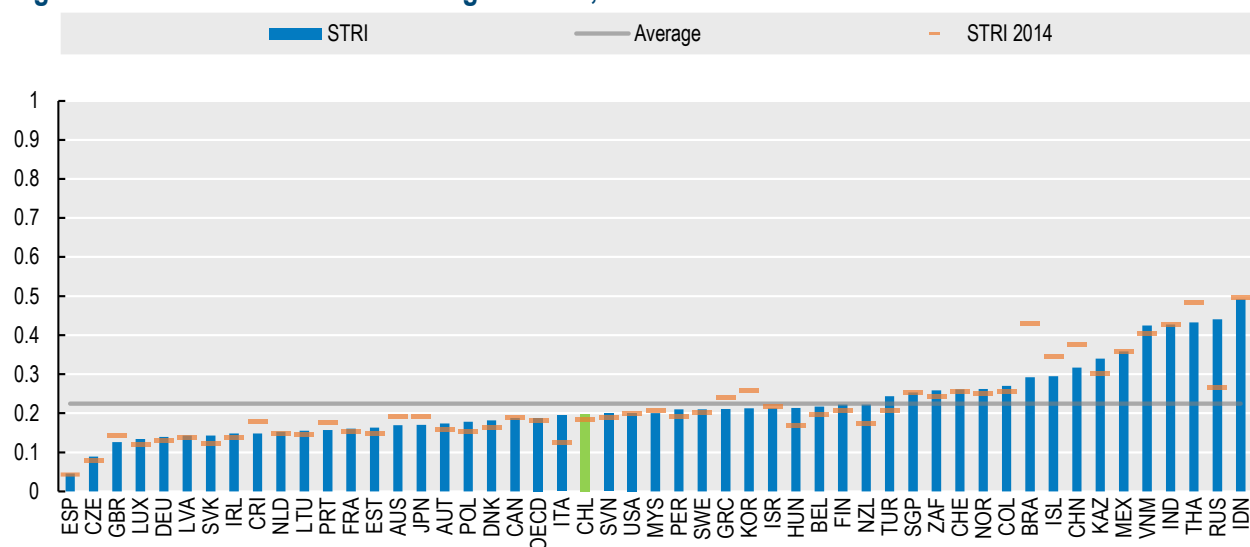
Key findings

- The average 2023 STRI in the commercial banking sector is 0.23 out of a maximum of 1 (most trade restricted), indicating substantial scope for reductions of barriers to services trade. However, individual country scores diverge considerably, ranging between 0.05 and 0.49.
- The best performing countries in the sector are Spain, Czechia, and the United Kingdom. Most reforms in 2023 were recorded in Spain and Korea.
- In this sector, barriers related to restrictions on foreign entry are most prominent and amount to 52% of all restrictions in OECD economies and 65% in non-OECD economies.
- OECD estimates suggest that halving the distance to best practice in this sector is associated with a reduction in the costs of cross-border trade in commercial banking between 20% and 37% for the average country included in the STRI database.

Commercial banking is defined as comprising deposit-taking, lending and payment services (ISIC Rev 4, code 64). Major exporters of financial services (insurance excluded) are the United States, the United Kingdom, and Luxembourg. Commercial banking services are traded business to business, as well as business to consumer for retail banking. Efficient banking services are one of the backbones of dynamic economies; they provide financing for investment and trade across productive activities, underlying all value chains. It should be noted that banking is a heavily regulated sector for the purpose of maintaining the stability and soundness of the financial system. Prudential rules and standards are set by national governments and regulators as well as international financial standard-setting bodies. The STRI does not seek to define the scope or nature of what measures would be considered prudential, but aims to record in an objective and comparable manner the state of legal and regulatory impediments faced by foreign banks.

The 2023 STRIs in the commercial banking sector range between 0.05 and 0.49, with a sample average of 0.23 (Figure 1). There are 34 countries below and 16 countries above the average. The best performing countries in the sector are Spain, Czechia, and United Kingdom.

Figure 1. STRI in commercial banking services, 2023



Note: The STRI indices take values between zero and one, one being the most restrictive. The indices are based on laws and regulations in force on 31 October 2023. The STRI regulatory database covers the 38 OECD countries, Brazil, China, India, Indonesia, Kazakhstan, Malaysia, Peru, Russian Federation, Singapore, South Africa, Thailand, and Viet Nam. The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Source: OECD (2023). STRI database.

Several countries introduced regulatory changes affecting the STRIs in 2023 and more so since 2014 (Figure 2). In 2023, the STRIs in this sector saw the biggest changes in the Slovak Republic (12%), Estonia (10%), Viet Nam (8%), Belgium (7%), Korea (-9%), and Spain (-21%). Since 2014, on the one hand, countries that have had the strongest restrictive trends in the commercial banking services sector include the Russian Federation (66%), Italy (56%), and New Zealand (29%). On the other hand, strong liberalisation has taken place in Costa Rica (-17%), Korea (-18%), and Brazil (-32%).

Figure 2. Change in the last year and since 2014, by country

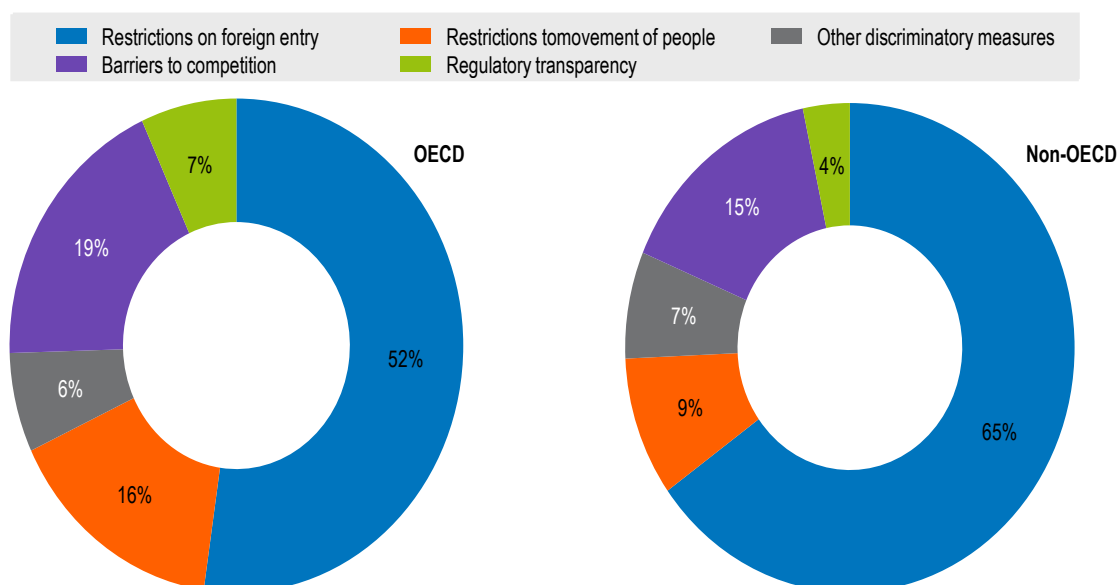


Note: Selection criteria for Panel A were based on largest absolute changes since 2022. Panel B selection is the 3 largest increases, and the 3 largest decreases in the STRI since 2014.

Source: OECD (2023). STRI database.

The measures in the STRI database are organised under five policy areas (Figure 3). Restrictions on foreign entry include barriers related to establishing and operating companies, such as foreign equity limits or requirements on board of directors and cross-border data flows. Restrictions on the movement of people cover barriers that affect the temporary entry of foreign services providers through quotas, labour market tests and short durations of stay. Other discriminatory measures include discrimination of foreign services suppliers as far as taxes, subsidies and public procurement are concerned. Barriers to competition include information on anti-trust policy, government ownership of major firms and the extent to which government-owned enterprises are exempt from competition laws. Regulatory transparency includes information on consultations and dissemination prior to laws and regulations entering into force. It also records information on obtaining a license or a visa. In this sector, barriers related to restrictions on foreign entry are most prominent and amount to 52% of all restrictions in OECD economies and 65% in non-OECD economies.

Figure 3. STRI for commercial banking by policy area in OECD and non-OECD economies, 2023



Source: OECD (2023). STRI database.

There are no countries that are fully closed to trade in this sector.

Table 1 lists the most relevant restrictions identified in each policy area. Restrictions on foreign entry are the most prominent barrier in this sector. These include commercial presence requirements that prohibit foreign banks from offering deposit-taking, lending, or payment services on a cross-border basis, and foreign investment screening mechanisms. Other burdensome requirements in 34 countries restrict the acquisition and use of land and real estate by foreigners.

Under restrictions to movement of people, labour market tests for contractual services suppliers and intra-corporate transferees are the most prominent barriers in banking services. In 36 countries, the duration of stay for contractual services suppliers is relatively short compared to best practice. Other restrictions to the movement of people persist in eight countries.

Under other discriminatory measures, limitations to foreign suppliers' access to public procurement markets are common. These can take the form of explicit preferences for foreign suppliers, lack of an explicit prohibition of discrimination against foreign suppliers, or reciprocity conditions to access public tenders. Additionally, restrictions on extending loans or taking deposits in foreign currency are present in 12 countries.

Under barriers to competition, contractual interest rates on loans are regulated in 29 countries, and in 27 countries, the national, state or provincial government controls at least one major firm in the commercial banking sector. Other relevant barriers include regulations on default interest rates on loans and restrictions on advertising.

Under barriers related to regulatory transparency, lengthy visa processing times and procedural hurdles related to business visas are the most prominent barriers in this sector.

Table 1. Top 5 most relevant measures by policy area, 2023

Policy area	Measure	Countries having a restriction
Restrictions on foreign entry	Commercial presence is required: deposit-taking	46
	Commercial presence is required: Payment services	40
	Commercial presence is required: Lending	40
	Acquisition and use of land and real estate by foreigners is restricted	34
	Screening exists without exclusion of economic interests	32
Restrictions to movement of people	Labour market tests or similar economic considerations: contractual services suppliers	37
	Labour market tests or similar economic considerations: intra-corporate transferees	36
	Limitation on duration of stay for contractual services suppliers (months)	36
	Other restrictions to movement of people	8
Other discriminatory measures	Public procurement: Procurement regulation explicitly prohibits discrimination of foreign suppliers	42
	Access to the procurement market is conditional on reciprocity	29
	Public procurement: The procurement process affects the conditions of competition in favour of local firms	24
	Public procurement: Explicit preferences for local suppliers	21
	Restrictions on extending loans or taking deposits in foreign currency	12
Barriers to competition	Contractual interest rates on loans are regulated	29
	National, state or provincial government control at least one major firm in the sector	27
	Default interest rates on loans are regulated	26
	Restrictions on advertising	10
	Decisions by the regulatory body can be appealed	2
Regulatory transparency	Range of visa processing time (days)	31
	Number of documents needed to obtain a business visa	26
	There is an adequate public comment procedure open to interested persons, including foreign suppliers	9

Note: The count for “memo” type of measures, which are not scored in the STRI, indicates the number of positive answers recorded for that measure across the 50 countries covered. The topmost relevant measures are selected on the basis of the following criteria: (1) most restricted horizontal measures (i.e. same answer across sectors), (2) most restricted sector-specific measures, (3) key measures, or (4) memos affecting the score of other measures through hierarchy rules.

Source: OECD STRI database (2023).

More information

» Access all country notes, sector notes, and interactive STRI tools at <http://oe.cd/stri>

» Read more about [Services Trade Policies and the Global Economy](#)

» Calculation based on: Benz, S. and A. Jaax (2020), "The costs of regulatory barriers to trade in services: New estimates of *ad valorem* tariff equivalents", *OECD Trade Policy Papers*, No. 238, OECD Publishing, Paris, <https://doi.org/10.1787/bae97f98-en>

» Contact the OECD Trade and Agriculture Directorate with your questions at stri.contact@oecd.org