**Assessing the Barriers to Trade in Financial Services in BRICS Economies**

Arindam Banik, Ph.D ( Delhi School of Economics)

Professor and Director

International Management Institute, Kolkata;

Editor: Global Business Review, Sage Publications

2/4C, Judges Court Road

Alipore

Kolkata 700027

INDIA

Fax:+91 33 66529618;Email:arindambanik@imi.edu

Rabia Khatun

Research Scholar

International Management Institute

B10, Qutab Institutional Area

Tara Crescent

New Delhi-110016

Mobile no. 08451975034

Email: [rabiarabs1@gmail.com](mailto:rabiarabs1@gmail.com) or [rabia.f11@imi.edu](mailto:rabia.f11@imi.edu)

**January, 2017**

### **Abstract**

This study aims to assess barriers to trade in financial services[[1]](#footnote-1) in BRICS Economies including both trade and domestic restrictions. The analysis is focused on the computation of aggregate and modal service trade restrictiveness indices (STRIs) by sector, drawing on information gathered based on detailed questionnaires. The conclusions highlight that while significant regulatory reforms have taken place in this sector over the last decade, a broad range of restrictions still remain. The most significant change in these service sectors has been the lifting or softening of the constraints imposed on foreign equity participation. Interestingly, the economies in terms of regulatory reforms are more open to non-BRICS economies and not so much open to each other. However, reforms have had varying degrees of impact on market structure depending on the country and the sector. This paper also looked at the barriers placed in practice in BRICS countries. We have found that South Africa is most open followed by China, Brazil Russia and India is most restricted nation among other BRICS nation based on barriers placed in practice.

### **Keywords**

Trade in services, BRICS region, trade in financial services, restrictiveness, trade reform, service trade restrictive- ness index (STRI)

1. Financial services under the GATS consist of insurance services and banking and other financial services. Insurance services encompass direct insurance (life and non-life), reinsurance and retrocession, insurance intermediation, and auxiliary insurance services (including consultancy, actuarial, risk assessment and claim settlement services). Banking and other financial services are defined under GATS to include acceptance of deposits, lending, financial leasing, payment and money transmission services, guarantees and commitments, trading (in money market instruments, foreign exchange, derivative products, exchange rate and interest rate instruments, transferable securities, and other negotiable instruments and financial assets), participation in issues of securities, money broking, asset management, settlement and clearing services, provision and transfer of financial information (including data processing), and advisory and intermediation Services, see Matto, 1999, pp.9-10. [↑](#footnote-ref-1)