# The Determinants Affecting Korean Bank's Foreign Market Location Decision

한국 은행의 해외입지결정 요인 분석

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## Abstract

After the global financial crisis in 2008 sparked by the collapse of Lehman Brothers, rapidly weakened domestic banks in terms of profitability, integrity, and flexibility. The purpose of this study is to examine the factors that lead domestic banks to expand overseas. This study aims to explain the determinants of these bank's decision to advance overseas operations, which could be categorized in two sets of factors: market opportunity and market competition. Focusing on the number of overseas projects that were undertaken by four representative banks of Korea, this study shows a positive relationship between the growth of potential target countries and their attractiveness for foreign banks. Furthermore, there is a negative relationship between the cultural distance, the less is the probability of moving to the new market. The results also show that the greater the number of overseas Korean residents and banks in the target country, the greater is the probability that a bank could advance to that location. By contrast, the decision to expand to a target country is not affected by the number of other Korean companies that advanced to the country previously. This study contributes to the field of international business research by empirically examining the factors that affected the expansion of the four most representative banks in South Korea.

**Key words:** Foreign Market Location Decision, Korean Bank, Market Attractiveness, Market Competition.

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## I. Introduction

The Global competitiveness Report published by the World Economic Forum(WEF) in 2015, ranked Korea 26th out of other countries analyzed for national competitiveness, while its financial sector was ranked 87th. Moreover, in the same year IMD rankings placed South Korea 25th for national competitiveness, while the financial sector competitiveness was classified 32th. These results were widely covered by the media and sparked active discussions on how to improve Korea's banking industry to enhance national competitiveness.

After the Asian financial crisis in 2008, Korea's banking sector transformed from its previous detrimental operations, in which banks financed companies according to the political orientation of the existing government's policies, and built a solid industry composed by profitable commercial banks. Additionally, there have been many attempts to improve the industry, such as the expansion through mergers and acquisitions between different banks, by setting a holding company based on the model of leading financial institutions, and the diversification of the profit system. However, the global financial crisis in 2008 sparked by the collapse of Lehman Brothers, rapidly weakened domestic banks in terms of profitability, integrity, and flexibility. The global crisis revealed the fragilities concerning the current state of domestic banks' competitiveness in global markets.

Unlike major banks from Spain, Australia, and China, which took the 2008 financial crisis as an opportunity to widen their financial footprint by establishing international operations, Korean banks remained confined to the domestic industry, and emphasized stability-based strategies, focusing purely on restructuring and risk management activities. Many previous studies focused on examining the banking expansions, by considering national macroeconomic factors (Dunning, 1988; Wheeler &Moody, 1992; Lucas, 1993; Barrell & Pain,1996; Dunning, 2009; Gastanaga, Nugent & Pashamova, 1998). In addition, there is a greater emphasis on the location selection, considering the completely different environment of each region. By contrast, in Korea, while ways and forms to expand overseas for non-financial industries were extensively investigated, there is limited research on the overseas expansion of the financial service industry.

In this study, we examine macro-environmental factors that influenced Korean banks' internationalization by setting the overseas branch location selection of four large banks (KB Kookmin, Shinhan, KEB Hana and Woori) as a dependent variable. This study aims to explain the determinants of these bank's decision to advance overseas operations, which could be categorized in two sets of factors: market opportunity and market competition. Market opportunity factors can further be divided in two groups: economic factors, related to the country's market attractiveness, and cultural factors, related to the cultural difference between Korea and the overseas target countries. The follow-the-customer factor was considered as the number of Korean people living in the target foreign country and the number of Korean companies that have already expanded to the foreign market. The follow-the-competitor factor was measured by assessing in which way the Korean banks in the foreign country are competing against each other.

# II. Theoretical background

## 1. Foreign direct investment theories

Internalization theory explains the process of internalization as occurring through the company's own overseas direct investment, rather than market functions such as contracts due to imperfections in the market. The theory, which is accepted by some scholars as a general theory of foreign direct investment, was proposed by Coase (1937). Coase's study was conducted more systematically by Williams (1979), Buckley and Casson (1976), and Rugman (1981), who applied it to foreign direct investment and theorized it.

Banking companies entering a foreign market are at a disadvantage compared to local companies in terms of information on local politics, languages, economics, and laws, and are more likely to be exposed to local government discrimination and exchange rate risk. This disadvantage is referred to as the liability of foreignness. The market imperfections caused by foreign expenses leaves the company with no choice but to internalize various business activities through foreign direct investment.

Buckley (1988) argues that the degree of internalization caused by high transaction costs due to market imperfections is higher in the vertical integration-based process industry, knowledge-intensive industries, quality assurance-dependent products, and communication-intensive industries. In particular, he suggests the banking industry as the most representative service industry example.

In a study on the internationalization of banks, reputation, credit worthiness, technical and managerial expertise, differentiated goods and services, and unique information were suggested as firm-specific advantages in internalization, which encourage foreign direct investment (Grubel, 1977, Williams, 1975, Qian and Delios, 2008). The bank actively collects, possesses, and leverages specialized information about their customers and such a flow of information leads to the formation of a bank's unique, valuable knowledge, which Rugman (1981) argues is an important source of competitive advantage for a bank. The bank's global network, formed through internalization, effectively shares and relocates its own information and knowledge, enables the sharing of commercial knowledge and skills as well as common assets such as information and communications platforms, and makes it easier to effectively manage the accounts of multinational clients (Petrou, 2007).

According to the Dunning's (1980) eclectic theory, firms would prefer foreign direct investment instead of licensing when it is advantageous to internalize an ownership advantage over externalization, and when transferring technology, capital, and management methods to other countries is advantageous over domestic production; in other words, when a positional dominance exists, a company would prefer foreign direct investment over imports. Eclectic theory adds the location and ownership factors to internalization theory. Companies will enter a market only if the region provides a positional dominance in terms of market size, growth potential, labor force, tariff barriers, tax rates, and so on. The factor of property ownership refers to whether the company has assets that allow it to effectively compete with companies in the host country and this definition includes product differentiation, reputation, management know-how, and economies of scale.

## 2. Determinants of location decision

This study focuses on the determinants of the location decision of four major banks in the financial services industry. First, we would like to examine the general theories of location determinants. The literature regarding the decision of firms to enter an overseas market can be divided into two streams: studies assessing the number of countries that will enter the target country and studies of the location's determinants of overseas investment. The initial research on the determinants of companies' overseas location mostly focused on determine the most attractive target country. Root and Ahmed (1979) in an earlier comparative study, performed an analysis of foreign direct investment (FDI) in 41 developing countries and showed that levels of per capita GDP, income tax, economic integration, and the frequency of regime change significantly affect location decisions (Hennart, 1997. 1998).

Woodward & Rolfd(1993) conducted a practical analysis on the location of export-oriented manufacturing companies on a sample of 187 firms. Results showed the positive impacts of per capita GDP, depreciation of the foreign currency, tax exemptions, and size of free trade zones, political stability, the concentration of the manufacturing industry, and the size of the land, while wage, regulations on profit transfer to the original country, inflation, transportation costs, and presence of unions had negative impacts.

Lipsey (1999)) analyzed the FDI inflows of American companies in 10 Asian countries, with the independent variables consisting of GDP, GDP growth rates, per capita GDP, distance between the US and destination countries, and tax rates, and discovered that while GDP and practical GDP growth rates had positive effects, a great distance between the US and the target countries was detrimental for investment attractiveness.

Wheeler and Moody (1992) argue that agglomeration is an important factor for US companies, which have invested in 42 different countries, while short-term incentives demonstrated to have a limited impact on overseas operations. In addition, empirical analysis is showed that market size, social infrastructure, industrial development, and past investment of US companies in the country of origin have positively influenced investment decisions, while tax rates and trade openness turned out to be statistically meaningless. To summarize the previous literature, the market size, per capita income, level of social overhead capital, and political stability of the destination country are the most important factors positively related with FDI.

Owing to the factors mentioned in the previous section, the only way banks can escape from potential problems is by focusing less on the domestic market, which is facing growth limitations, and gaining international competitiveness by entering the overseas market. The need for internationalization can be summarized as follows (Park & Rhee, 2019).

First, the domestic economy's entry into a low-growth phase, the lifting of sanctions on interest rates and deregulation of business areas, and the saturation of domestic markets are all intensifying the competition among domestic banks. Domestic banks, which are not very different from each other in terms of the target market and customers, products, and organizational culture, are continuing a zero-sum market competition. For the banking industry, which has experienced limits in growth based only on domestic business, there is a need to diversify the revenue base through expansion into overseas markets and secure new sources for growth (Oh, 2017).

Second, with the growth of domestic companies that are internationally recognized for their competitiveness in areas like manufacturing, the demand for international finance such as for trade and overseas investment, is continuously increasing. Therefore, it is necessary to meet the needs of customers through the internationalization of domestic banks (성연주 & 정진섭, 2017; 이동현 박종훈, 2019).

Third, as evident from past financial crises, Korea has structural problems that are vulnerable to the impact of the international financial market. If a stable foreign currency source is secured through domestic banks' overseas expansion, then even if another credit crunch, such as the foreign exchange crisis, occurs, the impact will be alleviated and the systemic risk of the financial market will be managed (Lemons & Kimbrough, 1986). Therefore, the overseas expansion of the banking industry in Korea is not a matter of choice but an indispensable strategy in the infinite competition for survival and growth.

# III. Hypothesis Development

## 1. Market attractiveness

Market attractiveness is the most commonly used factor in the overseas location selection process. Most empirical studies showed a positive relationship between market attractiveness and location choice (Lunn, 1983; Hennart & Park, 1993). Moreover, Head et al.(1995) also found that there is a strong positive relationship between location choice and economic development in foreign markets. The following hypotheses were derived from these studies. Prior research has been identified the market attractiveness as one of the determinants of international expansion of domestic firms and influence the entry decision (Uddin and Boateng, 2011) and MNE firms are more likely to enter the foreign market which the economic development is high. The GDP growth rate and future uncertainty and drives the banks with a certain level of competencies to find out new market opportunities and operate various risks. According to market opportunity perspectives, domestics banks are willing to explore market opportunities if the expected revenues earned abroad is greater than that earned in home country. Therefore, a larger market size and growth potential at the macro-level has more appealed to location decision.

Hypothesis 1 : The more attractiveness a market is, the more domestic banks will move to that market.

Hennart (1998) found that a great cultural distance between the home country and the host country, leads to higher transaction costs both for the acquirer and the recipient company, significantly affecting their strategies. Johanson and Vahlne (1977) argued that the differences between different countries include language and education differences, as well as dissimilar business methods, culture, and the level of industrial development. Multinational corporations are more likely to begin their internationalization process in countries which are psychologically similar, as such countries can be easily understood and present a familiar operating environment (Pattnaik & Lee, 2014).

Distance among countries, which mainly refers to the differences in the management environment between the home country and the target country, and how this distance is affecting firm performance and decision making, have been the main focus of research (Hofstede, 1980; Pattnaik and Lee, 2014). When companies expand their business overseas, they encounter unfamiliar local environments, and they are disadvantaged due to cultural differences (Hoskisson & Hitt, 1990). Cultural distance between countries is considered an important factor in determining how companies enter overseas markets. A cultural distance increase between the local market and the home country would made uncertainty to increase as well, leading to a possible decision of the company to enter the higher control with the objective of internalization. In other words, the wider cultural distance is, the higher the direct control cost would be, leading to a further increase in the control cost of a collaborative relationships (Peng & Luo, 2000).

Therefore, a greater cultural distance will negatively affect location as domestic banks would have to pay higher expenses and administrative costs.

Hypothesis 2 : The greater the cultural distance between the home country and the target country, the less likely it is that 4 major banks will move to that country.

## 2. Market competition

Individuals and corporations represent the major customers of banks. In particular, the growth of the four major banks(commercial) considered in this study relied on individual customers. Banks can use the know-how gained from sales to individuals as an exclusive advantage. Therefore, foreigners who share the same language, habits, and culture could easily access many regions. This is evident from the overseas expansion of Korean banks, which initially established foreign offices in Tokyo, Osaka, Hong Kong, New York, and Los Angeles in 1967.

The degree of openness of a country in economic activities is a traditional factor that determines FDI. A high degree of openness, means higher FDI. Generally speaking, a higher level of openness pairs with greater level of population mobility and foreign inflow. The degree of openness is measured in terms of the share of total trade (i.e., export plus import). This is because higher dependence on trade (i.e.,the greater the number of transactions with foreign countries) usually implies a better export-import system; hence, an open country is more capable to produce and obtain products based on international standards (Rugman, 2009). Moreover, Korean citizens will trade more and are more likely to expatriate to countries with well-organized systems and infrastructures with low openness levels. Therefore, the banking industry is more likely to expand to that countries in order to conduct business or sales with overseas Koreans.

Hypothesis 3 : The greater the number of Koreans in the target country, the more 4 major banks will expand to that country.

Korean banks prefer to expand to a country with a greater presence of Korean companies to maintain existing partnerships. This is also why Koreans go foreign countries, because they are considering the network and resource can share with the customers and companies. In addition, it is important to have sufficient basic infrastructure for a smooth production process. As a good level of infrastructure is a necessary condition for smooth logistics, the degree of infrastructure development in the target country is an important determinant of the FDI. There are many elements to consider into assessing the level of infrastructure, such as roads, waterways, railways, and other means of transportation (Chen, 1994; Fung, Le and Paker, 2000; Zhou, Yang and Delios, 2002). The development of information and communication networks has a positive impact on FDI. Therefore, the accession of many foreign companies in a country indicated that domestics social infrastructures are well established and that there is low uncertainty in local management activities. A first-mover which is entering the overseas market for the first time, could be overwhelmed by high uncertainty. By contrast, it would be easier and beneficial to evaluate the environment of the host country based on the experience of other companies that have already entered the country.

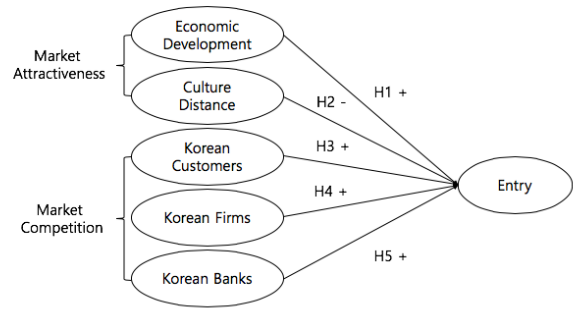
Hypothesis 4 : The greater the number of Koreans companies in the target country, the more 4 major banks will expand to that country.

If a bank expands overseas in order to follow its main customers, its competitors should enter the overseas markets as well. This is because the initial entry costs, including foreign costs, will be reduced by using market information and knowledge obtained from the first-mover competitor. In addition, in the competition market, they are acquired the experiences and knowledge will be the references for follower. If a competitor has a good performances. It would necessarily accelerate the process to enter the target country, in order to achieve a competitive balance.

In this study, we assume that Korean firms' foreign capital and financial markets would develop as more competitors enter the domestic market (Ruigrok and Wagner,2003). In the early stages, internationalization has been reported to have a negative impact on bank's earnings due to entry costs (Peng & Heath, 1996). The cost for foreigners banks could be traced back to unfamiliarity hazards arising from a lack of understanding or insufficient information regarding the local market and the institutional practices, and discrimination hazards arising from institutional risks such as policy discrimination from local government. Previous research pointed out that knowledge and information about local businesses obtained from competitors that have already entered the market, results in an enhancement of the local firm's adaptability and a reduction of the cost for foreigners (Schwens and Kabst, 2009; Zhou, Wu and Luo, 2007). Based on this, the following hypothesis is developed.

Hypothesis 5 : The greater the number of Koreans domestic banks in the target country, the more 4 major banks will expand to that country.

〈Figure 1〉 Research Model




# IV. Methodology

## 1. Data and Sample

In this study, we examined the effects of macroeconomic factors on the entry of foreign firms into global market from 1980 to 2014, when the internationalization of banking companies began. We examine 4 major banks, data about the Korean banks overseas companies was provided by the Financial Supervisory Service, while the status of foreign residents was obtained form foreign embassies in Korea. The year from 1980 to 1992 was excluded due to difficulties into date collection of the number of foreign residents. As a result, the total number of samples available from 1993 to 2014 was 2040. A negative Binomial Logistics Regression Model was used to analyze the collected data.

## 2. Measurement

### 2.1 Dependent Variable

In this study, the analytical model contains the assumption that the four major banks in the overseas market are dependent variables from 1993 to 2014. The probability that a domestic bank chooses to enter the overseas market can be expressed by if they have entered the market is 1, if they did not enter the country is 0. As the logistic regression coefficient estimated from this function expression shows positive value, it can be interpreted that the entry into the country is beneficial.

P(Yi=1)=1/[1+exp(-a-BXi)]
Yi=종속변수
Xi=독립변수
B=회귀계수
a=상수항

### 2.2 Independent Variables

Literature showed that market size and market growth rate are closely related to FDI (Zhang and Yuk,1998; Chen,1996). The larger the market size and the faster the growth rate of the market, the greater the potential demand for the product, which fosters FDI. GDP growth rate is an important measure of the economic performance of a country's economy as it indicates that the value generated by each industry has increased over the previous year.

Cultural distance, was measured by the index of Kogut & Singh (1988). Hofstede (1980) used data from foreign subsidiaries of US multinational corporations to examine cultural distances and create a composite index using uncertainty avoidance, individualism, power distance, masculinity- femininity differences (김원령& 박영렬, 2019; 주광문, 백유진 & 박영렬,2019).

For the number of overseas Koreans, we used the data collected from foreign consulates abroad. The Ministry of Foreign Affairs announced the number of overseas Koreans every two years, 55 countries were included in this study. The number of firms that have entered the Korean market is based on the number of companies that have entered the overseas market by Korean companies, according to the "Korea Enterprise Directory 2016" published by Korea Trade-Investment Promotion Agency (KOTRA). In addition to the four major banks used in this study (KB Kookmin, Shinhan, KEB Hana and Woori), we

**〈Table 1〉 Measurement of Variables**

| | | Variable | Measurement |
|---|---|---|---|
| Dependent Variable | | Entry | Entry=1 or not =0 |
| Independent Variable | Economic Development | GDP | GDP |
| | Culture Distance | Culture Distance | Kogut & Singh (1988) Index |
| | Korean Customers | Korean Residents | Number of Residents |
| | Korean Firms | Korean Firms | Number of Firms |
| | Korean Banks | Korean Banks | Number of Banks |
| Control Variable | Firm Age | | t - Year of Establishment |
| | Firm Size | | Number of Employees |

measured additional domestic banks that entered overseas markets in the same way as the number of Korean companies entering the market.

### 2.3 Control Variables

Firm age and company size have been used by many researches and have been regarded as major determined in previous studies. Firm age was measured by subtracting the year of establishment of the company from the year of measurement, referring to the measurement method used in the previous study. The size of a company was collected through the KIS-LINE database of Korea and the log scale sales were used as a control variable to address the problem of too large numbers.

## V. Results

As shown in 〈Table 2〉, the correlation between independent variables does not exhibit multicollinearity, except for the high correlation between the number of overseas Koreans and the cultural distance. Table 3 shows the results of the study on whether domestic banks will enter the overseas market. The model Chi-Square of this study model has a relatively high explanatory power as 107.456 (p-value: 0.0000). According to the results of this study, all the factors except the ones regarding competition among for the competition among the four major banks in the foreign countries, were significant. GDP growth rate is consistent with the expected sign of hypothesis1. This suggests that Korean firms prefer to enter countries with high GDP growth rates, and that the four major banks in Korea are entering emerging markets that show high GDP growth rates. In developed countries, where the financial industry is mature, banking expansion is more difficult, due to the high competition required to enter those markets, while the potential market is expected to be more beneficial.

As assumed Hypothesis 2, the cultural distance also shows a statistically significant level, consistent with the expected sign. The larger the cultural distance, the more uncertainty and cost of management that Korean companies would face in their respective countries. Hence, many industries, especially the banking industry, avoid expanding to countries that show a large cultural distances. Therefore, it is suggested that the four major Korean would prefer not to enter a country or market with a rela-

**〈Table 2〉 Correlation Matrix**

| | | Mean | S.D | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | ENTRY | .062 | .241 | 1 | | | | | | | |
| 2 | GDP | 8.002 | 1.976 | .145*** | 1 | | | | | | |
| 3 | Culture Distance | 53.018 | 6.965 | -.016 | .372*** | 1 | | | | | |
| 4 | Residents | 228528 | 583287 | .123*** | .372*** | .189*** | 1 | | | | |
| 5 | Korean Firms | 10.87 | 35.124 | .053** | .239*** | -.063** | .352*** | 1 | | | |
| 6 | Korean Banks | .08 | .328 | .175*** | .242*** | -0.03 | .361*** | .001 | 1 | | |
| 7 | Age | 54 | 34.308 | -.003 | .103*** | 0 | .009 | .041* | .042* | 1 | |
| 8 | Size | 6.381 | 4.441 | -.001 | .081*** | 0 | .011 | .008 | .063* | .036 | 1 |

N = 2040, *p < .1, **p < .05, ***p < .01

tively large cultural distance, and that they need the ability to acquire more information and know-how.

Regrading the number of overseas Koreans, the bank shows a statistically significant level, which is consistent with the expectation of Hypothesis 3 that foreign countries prefer to enter more countries. In the early stage of the internationalization of the banking industry the first target country for Korean banks was Japan, as it is necessary for banks to enter in a market with many overseas Koreans. Thus, the number of Korean companies that have entered the country shows a statistically significant level, consistent with the expected code of Hypothesis4 that firms prefer to enter the country. As the number of companies that have entered the overseas market stabilizes along with the market, consumers, and management environment, more banks would be interested in expanding to the country, with the advantage of the first-movers' previous experiences. The more the number of domestic banks entering the country, the more likely it is to enter the country. Therefore, Hypothesis 5 is rejected.

**〈Table 3〉 Regression Result**

| | logit1 | Negative bionomial<br>nbreg1 |
|---|---|---|
| GDP | -.0000042* | -.0000031* |
| | (-1.88) | (-1.74) |
| Culture Distance | -.0473* | -.0350* |
| | (-1.84) | (-1.87) |
| Residents | .00000109*** | .000000667** |
| | (2.99) | (2.47) |
| Korean Firms | -.00174 | .000792 |
| | (-.55) | (.31) |
| Korean Banks | .809*** | .692*** |
| | (2.99) | (3.53) |
| Age | -.000529 | -.00176 |
| | (-.10) | (-.52) |
| Size | -.00000915 | -.0000127 |
| | (-.39) | (-.85) |
| Constant | -.540 | -.770 |
| | (-.39) | (-.77) |
| lnsig2u | -.291 | |
| | (-.51) | |
| lnalpha | | -34.51 |
| N | 2040 | 2040 |
| chi2 | 28.97 | 75.63 |
| p | .000321 | 3.69e-13 |

t statistics in parentheses
*p 〈 .1, **p 〈 .05, ***p 〈 .01

# VI. Conclusion

Market attractiveness and cultural differences as market opportunity factors are similar to results obtained from other industries. In any industry, it is extremely important to understand the target countries' regulation and regulatory practices to expand to overseas markets. This seems particularly significant for the financial industry as most countries have different laws and regulations which have a large impact on the overall financial conditions. Therefore, as more domestic banks are entering a country with a small cultural distance, the faster they would cope with local laws and regulations (Penrose, 1980).

Domestic banks in foreign markets use foreign residents as their main customers. Comparing Korean banks with advanced financial institutions, in terms of financial technology and services. it still lagging behind and it has been shown that it provides services and services to customers in their home country. The more Korean companies that have entered the foreign countries, the more Korean banks would be interest in entering the country, as it would be easier to obtain local experience and information. Moreover, they would face less uncertainty as new competitors enter the market, and carry out management activities more quickly.

Generally speaking, theory indicates that if a firm moves into a market where is already a competitor, the costs of entering the market and of foreigners, will decrease due to the experience and knowledge of the market that the competitor has accumulated. In addition, the competition in the domestic market is prolonged to share the preemption effect already enjoyed by the competitors. However, we would need more sophisticated analysis is needed to interpret this result. The outcome of the IMF financial crisis is inconsistent with the hypothesis due to sudden outward environmental variables such as the large number of overseas branches (Luo & Tung, 2007).

Moreover, GDP growth rate is more significant for domestic banks' overseas expansion. Suggesting that it is strategically better for Korean firms to enter overseas markets to enter developing countries with more future growth potential than advanced economies.

If the company has sufficient advantage in entering the overseas market, it can overcome many obstacles since it has the capability to enter into the local financial market of the developed country and operate with the advantage. Therefore, the Bank of Korea should secure its own competitive advantage in the future, with the necessity to learn a lot of advanced financial technologies. in the meantime, the internationalization of various industries and the improvement of corporate performance should be taken into consideration. On the other hand, there are not many studies regarding the internationalization and the management performance of the banking industry, since most of the early studies of the banking industry focused on the effects of foreign bank entry in the domestics market. Later, theories about the bank's overseas expansion have been largely divided into those dealing with the mode and form of overseas advancement and those focused on the drivers of overseas expansion. (Hosskisson, Lau & Wright, 2000).

This study has the following significance. First, the study tried to identify the determinants of the location that affects foreign market entry in the internationalization process of the banking industry at the stage when the internationalization of Korean banking industry is weak and matured. We focused on market competition factors and our results suggest that these factors are determine in the decision-making process on firms' location (라민튠, 방호열, 2018; 박정양, 2019).

Second, the lack of research on the banking industry could be explained with the difficulties faced in obtaining detailed data, such as the status of overseas expansion or the way of entering the overseas market. The research that can be conducted only through disclosure information provided by national public institutions such as the Financial Supervisory Service or the Ministry of Foreign Affairs is really limited.

This study tries to suggest the most effective way to develop a new profit model through overseas advance and find new growth engine. Other banks in South Korea have entered the overseas market, and future studies on various banks will be more meaningful. KDB, Export-Import Bank and Industrial Bank of Korea were excluded because they had a different in purpose of establishment. However, it is true that the research conducted only on the four major banks in Korea is insufficient to explaining the globalization of the whole banking industry.

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# 한국 은행의 해외입지결정 요인 분석

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| 요 약 |

2008년 리먼 브라더스의 붕괴로 전 세계 금융위기가 촉발된 후, 수익성, 통합도 및 유연성 측면에서 국내은행들의 역량은 급격히 약화되었다. 본 연구는 국내의 은행들이 해외로 확장해 나갈 수 있게 하는 요인들에 대해 살펴보고자 하였다. 또한 해외 시장 진출에 대한 은행의 입지 결정요인을 거시적인 관점에서 시장기회와 시장 경쟁요인 두 가지로 분류하였다. 한국의 대표적인 은행 4곳(국민, 신한, 하나, 우리)에 대해 해당 은행들이 수행한 해외 프로젝트 수에 초점을 두어, 잠재적 목표인 국가의 성장률과 해외 은행을 위한 해당 국가들의 매력 간의 긍정적인 관계를 확인하였다. 또한 해당 국가의 성장률과 문화적 거리 간에는 부정적인 관계를 보이는 것으로 나타났으며, 새로운 시장으로의 진출 가능성은 낮은 것으로 나타났다. 연구 결과, 잠재적 목표인 국가들에 거주하는 한국인들과 진출한 한국계 기업들이 많을수록 은행이 해당 국가로 진출할 가능성이 더 큰 것으로 나타났다. 하지만 목표 국가에 이미 진출해 있는 한국계타 은행들의 수와 은행의 해외 진출 결정 여부는 관계가 없었다. 본 연구는 한국의 대표적인 은행들의 확장에 영향을 미치는 요인들에 대해 실증분석을 통해 살펴봄으로써 국제경영 연구 분야 발전에 기여할 것으로 예상한다.

| **주제어** | 해외시장 입지결정, 한국은행, 시장매력도, 시장경쟁