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Strategies and Determinant Factors of Internationalisation of Indian Commercial Banks

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Abstract

Banking sector is one of the sectors which has been influenced mostly by the process of globalisation and has become highly internationalised. The impetus for the globalisation, forced the players, countries to adopt different strategies at different times to sustain their businesses in this globalised scenario. The banks adopted different strategies viz., sprinkler strategy, waterfall strategy and combination of sprinkler and waterfall strategy as a means of their internationalisation. The present study is intended to study the different strategies adopted by the selected Indian Banks and also to find out the determinant factors for their internationalisation. This study also refers to the period from 2006 to 2014. Multinomial Logit Regression model is used to understand the determinant factors influencing internationalisation of Indian commercial banks by using parameters of ownership advantages, internationalisation advantages and location advantages. The results show that the Indian commercial banks preferred branch mode of entry over the other modes for their internationalisation and the factors like host country, trade cross borders, bank internationalisation and host trade freedom are found significant determinants factors for internationalisation of Indian banks.

Keywords: Determinant factors, Entry Modes, Indian Commercial Banks and Internationalisation

JEL Classification: F2, F23, G21, G34, H87

Paper Classification: Research Paper

Introduction

Service sector is the fastest growing sector in the world and occupied a lion's share in Gross Domestic Product of almost every country. India is no exception to this scenario. As per the old methods of estimating GDP, Indian Service sector accounting for 52 per cent of GDP in 2014-15. It is not only the dominant sectors in India's GDP but also attracting significantly the

foreign investment and contributing to exports and providing large scale employment. In the process of internationalisation, service sectors are presumably encountering larger risks than the manufacturing goods sector. Within the service sector, banking sector is one of the sectors, has been greatly influenced by the process of globalisation. Globalisation has affected this sector both directly and indirectly by way of increasing interdependence of national financial markets and parallel internationalisation of organisations respectively. The impetus for globalisation of banking sector varies from time to time, country to country and by players. From the perspective of the parent bank some instances of enhanced international positions emerged in view of bank specific search for high yield and enhancing diversification opportunities. Other instances have followed either regulatory change in the home country to increase the accessibility to expanding services to the host country or establishing subsidiaries and branches in the host country.

Review of Literature

According to Lu and Beamish (2001) companies prefer to see the intensity of their trade relationships like exporting, foreign direct investments and alliances to expand their internationalisation with their counterpart countries. In another words they prefer the countries in which they have scaled up their exports and have better FDI investments and good alliance. Knight and Cavusgil (2004) suggested that due to the rapid globalisation of the world economy, companies prefer to go international right from the time of founding rather step by step approach to internationalisation. Berger, Ongena and Smith (2004) suggested that internationalisation of banks mainly focuses on the determinants of the cross border expansion of banks and further states that larger banks find it easier to overcome the barriers of regulatory and cultural barriers of internationalisation of banks. Backhaus, Idris, Buschken, Joachim, Voeth and Markus (2000) stated smaller companies generally prefer waterfall strategy because of limited resources. While discussing the client following strategy for internationalisation, Hsieh, Shen and Lee (2010) suggested that companies are said to be following client strategy if their export amount and FDI outflow from home country to the foreign market are high in companies to their other trading partners comparatively. Hsieh et al (2010) opined that GDP growth rate and GDP per capita of host country may be used as determining factors by companies using market seekers as an option. Curry, Fung and Justin (2003) found while entering markets, banks mainly choose correspondent bank representative offices, foreign branch bank, foreign subsidiary bank or offshore banks as entering foreign markets. Mulder and Westerheuis (2015) supported that the internationalisation can be explained by variables. viz., size of home country, exports to the rest of the world, FDI to the rest of the world, countries level of income and its financial development.

Need for the Study

Though the globalisation unfurled the major hurdles for entering into the global markets, still there is a wide gap in the strategies adopted by different sectors and different companies in internationalisation of their activities, ranging from their size, experience to the ease in doing business by different host countries. Hence, there is a need to find out the different strategies adopted by Indian commercial banks and the factors affecting their strategies. The present study is an attempt in this regard. This study intends to find out the strategies adopted by the selected Indian banks for their internationalisation and also to find out the determinant factors for internationalisation of these banks.

Objectives of the Study

1. To find out the different strategies adopted by the banks for their internationalisation
2. To find out the determinant factors for the different entry modes adopted by the banks for their internationalisation.

Research Methodology

The present study is exploratory in nature. Secondary data is used to study the objectives of the study. The secondary data was collected from the websites of RBI, Indian commercial banks, IMF, World Bank and other data bases. The sample consists of all the Indian commercial banks that have at least ten offices abroad and should have used at least three of the entry modes commonly used for internationalization, viz., branch entry mode, subsidiary entry mode and joint venture entry mode. Accordingly, State Bank of India (SBI), Bank of India (BOI), Bank of Baroda (BOB), Punjab National Bank (PNB) and ICICI were considered as samples. The period of study covered the time period from 2006 to 2014.

Variables were categorised under three different heads viz., locational advantage factors, ownership factor and internationalization factors to study the determinant factors of internationalisation. Under the locational advantage factors, variables like host country trade freedom, host country bank freedom, host country political freedom, host country trading across borders, host country starting business Index were used. Under the ownership factors, bank assets are considered as one of the variables and under the internationalization factors the variables like host country FDI (from Indian to host country), the internationalisation experience of selected banks in terms of counting their presence in number at different countries by different modes of entry for their internationalisation (in number) and host country trade (Imports & Exports) were considered as variables.

Multinomial regression model is used to find out the determinant factors for different entry modes. Entry modes viz., branch, subsidiary and joint venture were considered as dependent variables and independent variables were categorised under three different heads viz., locational advantage factors, ownership factor and internationalization factors to study the determinant factors of internationalisation, SPSS software is used to analyse the data.

Table 1: Different Modes of Entry Adopted by the Indian Commercial Banks for Internationalisation as on 2014

Bank	Branches	Subsidiaries	Representative	Joint venture	Other offices	Total
SBI	52 (60.00%)	4 (4.65%)	9 (10.46%)	4 (4.65%)	12 (19.76%)	86 (100.00%)
Bank of India	25 (71.43%)	5 (14.28%)	4 (11.43%)	1 (2.85%)	-	35 (100.00)
Bank of Baroda	51 (70.83%)	9 (12.5%)	1 (1.39%)	2 (2.77%)	9 (12.50%)	72 (100.00%)
Union Bank of India	2 (28.52%)	0 (00.00%)	5 (71.43%)	0 (00.00%)	0 (00.00%)	7 (100.00%)
Allahabad Bank	1 (50.00%)	0 (00.00%)	1 (50.00%)	0 (00.00%)	0 (00.00%)	2 (100.00%)
PNB	4 (30.77%)	3 (23.07%)	5 (38.46%)	1 (7.69%)	0 (00.00%)	13 (100.00%)
IOC	6 (46.15%)	0 (00.00%)	3 (23.08%)	1 (7.69%)	3 (23.08%)	13 (100.00%)
Indian	4 (100.00%)	0 (00.00%)	0 (00.00%)	0 (00.00%)	0 (00.00%)	4 (100.00)
UCO	4 100.00	0 (00.00%)	0 (00.00%)	0 (00.00%)	0 (00.00%)	4 (100.00%)
Canara	5 83.33	0 (00.00%)	1 16.67	0 (00.00%)	0 (00.00%)	6 (100.00)

(Continued)

Syndicate	1 (100.00%)	0 (00.00%)	0 (00.00%)	0 (00.00%)	0 (00.00%)	1 (100.00%)
IDBI	1 100.00	0 (00.00%)	0 (00.00%)	0 (00.00%)	0 (00.00%)	1 (100.00)
ICICI	10 (47.62%)	3 (14.28%)	8 (38.10%)	0 (00.00%)	0 (00.00%)	21 (100.00%)
Axis	4 (50.00%)	1 (12.50%)	3 (37.50%)	0 (00.00%)	0 (00.00%)	8 (100.00)
HDFC	2 (40.00%)	0 (00.00%)	3 (60.00%)	0 (00.00%)	0 (00.00%)	5 (100.00%)
Andhra	0 (00.00%)	0 (00.00%)	2 (100.00%)	0 (00.00%)	0 (00.00%)	2 (100.00)
Central Bank	0 (00.00%)	0 (00.00%)	1 (100.00%)	0 (00.00%)	0 (00.00%)	1 (100.00%)
Corporation Bank	(00.00%)	(00.00%)	2 100.00	(00.00%)	(00.00%)	2 (100.00)
United Bank	0 (00.00%)	0 (00.00%)	2 (100.00%)	0 (00.00%)	0 (00.00%)	2 (100.00%)
OBC	0 (00.00%)	0 (00.00%)	1 (100.00%)	0 (00.00%)	0 (00.00%)	1 (100.00)
INDUS IND	0 (00.00%)	0 (00.00%)	2 100.00	0 (00.00%)	0 (00.00%)	2 (100.00%)
Federal	0 (00.00%)	0 (00.00%)	1 100.00	0 (00.00%)	0 (00.00%)	1 (100.00)
Kotak Mahindra	0 (00.00%)	0 (00.00%)	1 (100.00%)	0 (00.00%)	0 (00.00%)	1 (100.00%)
Union	0 (00.00%)	0 (00.00%)	1 100.00	0 (00.00%)	0 (00.00%)	1 (100.00%)
Total	168	25	56	9	24	290

Source: Various issues of Trends and Progress of Indian Banking.

From Table 1, SBI preferred 60 per cent as branch mode, 19.76 per cent through other offices mode, 10.46 per cent representative offices mode and 4.65 per cent each for subsidiaries and Joint Ventures modes; while BOI preferred 71.43 per cent through branch mode, 14.28 per cent through subsidiary mode and 11.43 per cent as representative mode and 2.85 per cent as joint venture mode by not opting the other offices as an entry mode. BOB opted 70.83 per cent through branch mode 12.50 per cent each through subsidiary and other office mode and 2.77 per cent joint venture mode and 1.39 per cent as representative office mode of entry. PNB used 30.77 per cent, 38.46 per cent, 23.07 per cent and 7.69 per cent through branch, representative offices, subsidiary and joint venture mode respectively, and ICICI preferred 47.62 per cent, 14.28 per cent and 38.10 per cent by branch, subsidiary and representative modes respectively.

It is also found from the Table 1 that majority banks have preferred branch as an entry mode compared to the different choices viz., subsidiary, joint venture and representative offices and other offices. In a branch entry mode, branches carry out all the banking activities under the control of the mother bank. A branch mode of entry has its own disadvantages too. High investments are included both in constant equipment and in personnel. It will be more if the banks extend in retail banking. To overcome these difficulties, companies prefer subsidiary company mode of entry over branch mode. Subsidiary mode has advantage of legal and accountant independence by following the laws and rules of the banking system in the country in which it is located. This is a unique mode of solution for the extension of business where the rules and legal framework of the country prohibits the establishment of branches. Subsidiary companies enjoy the freedom of decision making and relieved from the entanglements of maternal banking.

In the present study, the selected banks SBI, BOI, BOB have chosen mostly United Kingdom for their branch mode of entry while the public sector bank PNB and private sector bank ICICI preferred United Kingdom for their subsidiary entry mode. BOB used the same country for both entry and subsidiary mode in their way of internationalisation.

There are different modes of strategies available for market entries by the banks for their internationalisation viz., water fall strategy, sprinkler strategy and the combination of water fall strategy and sprinkler strategy i.e., waterfall-sprinkler strategy.

Waterfall strategy

Waterfall strategy refers to the gradual market entry in selected countries by the banks by different modes of entry. Banks gradually enters one country market and after establishing its market then proceed to another country market. This strategy usually requires a long time period and generally preferred by smaller banks due their limited resources.

Table 2: Branch Mode Entry to Different Countries by Bank of India during 2006 – 2014

Country	2006	2007	2008	2009	2011	2012	2013	2014	Total Branches opened from 2006 to 2014
Belgium	-	-	+1	-	-	-	-	-	1
Cambodia	-	-	-	-	+1	-	-	-	1
China	-	+1	-	-	-	-	-	-	1
South Africa	-	-	-	-	-	-	+1	-	1
United Kingdom	-	-	-	+1	-	-	-	-	1
Total	20	21	22	23	24	24	25	25	5

Source: Various issues of Trends and Progress of Indian Banking.

Table 3: Branch Mode Entry to Different Countries by ICICI Bank during 2006 - 2014

Country	2006	2007	2008	2009	2011	2012	2013	2014	Total Branches opened from 2006 to 2014
Hong Kong	-	-	-	-	-	-	+1	-	1
Qatar	-	-	+1	-	-	-	-	-	1
Singapore	-	-	-	-	+1	+1	-	-	2
United Arab Emirates	-	+1	-	-	-	-	-	-	1
United States of America	-	-	+1	-	-	-	-	-	1
Total	4	5	7	7	8	9	10	10	6

Source: Various issues of Trends and Progress of Indian Banking.

This pattern is adopted by the BOI, ICICI in the present study though they are not the small Indian Banks as shown in the Table 2 and Table 3. These banks have gradually increased their international branches from 20 to 25 and 4 to 10 respectively over a period of study i.e., from 2006 to 2014.

Sprinkler strategy

The sprinkler strategy refers to the simultaneous entry by the banks in different country markets. The banks which are adopting this strategy enjoys the advantage of first mover and grabs not only advantages and prestige but builds barriers to the competitors who may intend to enter the country market later. This strategy requires resources extensively by the banks to establish their market in several countries with in a short span of time. Sometimes it may be a challenge to the banks in co-ordinating the management because of high risk involvement in implementing different tasks at a time in different countries. Table 4 reveals that this strategy is practiced by the State Bank of India only in the present study which clearly infers that the bank is able to have the advantage being a big bank and ready to face the challenges posed by this strategy.

Table 4: Branch Mode Entry to Different Countries by State Bank of India during 2006–2014

Country	2006	2007	2008	2009	2011	2012	2013	2014	Total Branches opened from 2006 to 2014
Bahrain	-	+1	-	-	-	+1	-1	-	1
Bangladesh	-	+1	-	-	+1	+1	-	-	3
China	-	+1	-	-	-	-	+1	-	2
Hong Kong	-	-	-	-	+1	-	-	-	1
Israel	-	+1	-	-	-	-	-	-	1
Maldives Islands	-	-	-	+1	-	-	-	-	1
Qatar	-	-	-	-	-	+1	-	-	1
Saudi Arabia	-	-	-	-	-	+1	-	-	1
Singapore	-	-	-	+3	+3	-	-	-	6
South Africa	-	-	-	-	-	+1	-1	-	0
Sri Lanka	-	-	-	-	-	-	-	+1	1
United Arab Emirates	-	+1	-	-	-	-	-	-	1
United Kingdom	-	+1	-	-	+2	+2	-	-	5
United States of America	-	-	-	-	+1	-	-	-	1
Total	27	33	33	37	45	52	51	52	25

Source: Various issues of Trends and Progress of Indian Banking.

Combined Waterfall-Sprinkler Strategy

It is the combination of both the strategies, where in a banks prefer firstly with waterfall strategy to have initial experience and follows the sprinkler strategy to speed up its internationalisation process and may go back once again to waterfall strategy in countries with favourable conditions. From the Table 5, it is clearly portrayed that the BOB used Waterfall-sprinkler strategy for internationalisation through mode of branch as an entry mode.

Table 5: Branch Mode Entry to Different Countries by Bank of Baroda during 2006 - 2014

2006	2007	2008	2009	2011	2012	2013	2014	Total Branches opened from 2006 to 2014
-	-	-	-	-	-	+1	-	1
-	-	+1	-	-	-	-	-	1
-	-	-	+1	-	-	-	-	1
-	-	+2	-	-	-	-	-	2
-	-	-	-	-	-	+1	-	1
-	+1	-	-	-	-	-	-	1
-	-	+1	-	-	-	-	-	1
-	-	-	-	-	-	+1	-	1
-	-	-	-	-	-	+1	-	1
-	-	+1	-	+1	-	-	-	2
39	40	45	46	47	47	51	51	12

Source: Various Issues of Trends and Progress of Indian Banking.

Table 6: Classification of Different Modes of Internationalization

Classification				
Observed	Predicted			
	Branch	Subsidiary	Representative Offices	Percent Correct
Branch	47	5	7	79.7%
Subsidiary	9	16	4	55.2%
Representative Offices	8	3	18	62.1%
Overall Percentage	54.7%	20.5%	24.8%	69.2%

Discussion

Chance accuracy rate of the application of Multinomial regression analysis is tested firstly by calculating the proportion of assess for each group based on the number of cases in each group of the response variable. The squaring and summing the proportion of cases in the group of the present study which is taken from the table is $(0.504) + (0.248) + (0.248) = 0.377024$. The bench mark that used to characterize MLR model as useful is a 25% improvement over the rate of accuracy achieved by the chance alone. By applying these criteria, $(1.25 \times 0.377024 = 0.47128)$ the accuracy is derived to 47.13%. This is compared with the overall percentage of the final. The overall per cent correct of the final model is 69.2% which is more than the chance accuracy rate of 47.13%. Hence this model is fit in this context to use these entry modes as dependent variables.

The study further moved forward to find out the factors contributing for the internationalisation by choosing different popular entry modes selected by the sample banks. Initially from the literature explanatory variables like host country FDI (from Indian country to Host country), host country trade freedom, host country bank freedom, host country political freedom, host country trading across borders, host country starting business index, host country trade (imports & exports), bank internationalisation, and bank assets were selected. Then, these independent variables were tested for their collinearity. Some of the variables shown multi collinearity in the model thereby increased the standard errors to the maximum levels. These variables were tested to find out the Variance Inflated Factor (VIF) by using one of the variables as dependent variable among them as shown in the Table 7.

Table 7: Regression Coefficients

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.496	1.338		1.118	.266		
	host bank freedom	.394	.257	.136	1.533	.128	.535	1.869
	host financial freedom	.229	.200	.092	1.142	.256	.656	1.525
	trading across boarders	-.736	.116	-.544	-6.343	.000	.573	1.745
	starting business	.114	.127	.085	.896	.372	.474	2.109
	host country trade	.614	.184	.252	3.340	.001	.742	1.348
	Bankinternationalisation	-.006	.014	-.028	-4.414	.680	.927	1.079

a. Dependent Variable: host country FDI

This Table 9 clearly shows the VIF of the variable ease of doing business as 5.303, host political freedom 2.901, trading across borders 3.105, starting business 3.190, bank assets and bank internationalisation as 6.013 and 6.203 respectively. To make the model fit some variables were eliminated to decrease the standard errors. From this table, it is evident that the independent variables which were chosen are fitting to be as independent variables as their VIF are within the limit of 2.5. Hence these variables viz., host country FDI (from Indian country to Host Country), host country bank freedom, host country financial freedom, host country trading across borders, host country starting business, host country trade (imports & exports), and bank internationalisation are considered as determinant factors of different choices of entry modes opted by selected Indian Commercial Banks in study. These explanatory variables were further tested by formulating the null hypothesis.

Table 8 : Regression of Coefficients

Model		Coefficients ^a						
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	2.015	8.996		.224	.823		
	host bank freedom	-.284	.309	-.101	-.921	.360	.390	2.564
	host trade freedom	1.263	.400	.349	3.155	.002	.388	2.580
	host financial freedom	.424	.223	.178	1.902	.061	.539	1.855
	host political freedom	.044	.435	.012	.100	.920	.345	2.901
	ease of doing business	-.103	.191	-.085	-.536	.593	.189	5.303
	trading across borders	-.508	.153	-.403	-3.325	.001	.322	3.105
	starting business	.249	.155	.198	1.614	.110	.313	3.190
	host country trade	.634	.219	.250	2.895	.005	.632	1.582
	bank assets	-.657	1.314	-.084	-.500	.618	.166	6.013
	Bank internationalisation	.003	.032	.017	.098	.922	.161	6.203

a. Dependent Variable: host country FDI

Null Hypothesis: There is no difference between the model without explanatory variables and the model with explanatory variables. This hypothesis of presence of relationship between the dependent and combination of independent variables is tested with the help of likely hood ratio test which is based on deviances (-2) Log Likely hood (LL). The significance of the difference between the (-2LL) of our selected model minus likelihood ratio for a reduced model (Intercept only) is shown in the Table 9.

Table 9: Model Fitting Information

Model	Model Fitting Criteria		Likelihood Ratio Tests		
	-2 Log Likelihood		Chi-Square	df	Sig.
Intercept Only	199.487				
Final	117.710		81.776	30	.000
Goodness-of-Fit					
	Chi-Square		Df	Sig.	
Pearson	77.074		114	.997	
Deviance	80.724		114	.992	

It shows the presence of relationship between the response variable and combination of explanatory variables where in the table the p-value of the model chi-square 81.776 is 0.000 which is less than 5 per cent significance level. Hence the null hypothesis is rejected and inferred that there is a difference between the model with other explanatory variables and the model with explanatory variables. This is further evidence from the table Goodness of Fit Table shown in the same table. In our model both the Pearson and Deviance statistics p-values are greater than the established cut off of 5 % which is evident from this table.

The Pseudo R-square table in the following Table 10 displayed three metrics of Cox & Snell, Nagelkerke and McFadden.

Table 10: Pseudo R-Square

Cox and Snell	.503
Nagelkerke	.575
McFadden	.337

These values proved an indication of the amount of variation in the dependent variable. The distribution in the table shows that the values are 0.503, 0.575 and 0.337 suggested that 50.3%, 57.5% and 33.7% of variability is explained by this set of variables. These are also treated as measure of effect size, similar to the R² treated in standard multiple regression. Higher values indicated better fit. The fitness of the present model is further proved from this table.

Table 11 shows the likely hood ratio test which clearly explains how each predictor value contributes effectively to the model.

Table 11: Likelihood Ratio Tests

Effect	Model Fitting Criteria		Likelihood Ratio Tests	
	-2 Log Likelihood of Reduced Model	Chi-Square	df	Sig.
Intercept	86.105a	0.000	0	
Hostfdi	100.176	14.071	10	.170
Hosttf	90.541	4.436	4	.350
Hostbf	93.912	7.806	4	.099
Tracrobor	103.775	17.669	8	.024
Startbusi	110.316	24.210	8	.002
Hosttrd	96.035	9.930	6	.128
Bankint	109.760	23.655	10	.009

The chi-square statistic is the difference in -2 log-likelihoods between the final model and a reduced model. The reduced model is formed by omitting an effect from the final model. The null hypothesis is that all parameters of that effect are 0.

- a. *This reduced model is equivalent to the final model because omitting the effect does not increase the degrees of freedom.*

Out of these, the variables host country bank freedom, trade across borders, starting of business and bank internationalisation were found significant.

Parameter estimates under branch, subsidiary, and representative office mode of entry from the Tables -12, 13, and 14 shows clearly that the determinant factors of host trade freedom, bank internationalisation and trade across boarders found significant for branch entry mode, while trade across borders and bank internationalisation found significant for subsidiary mode of entry

of selected banks in the present study. The determinant factors of host trade freedom and trade across borders were significant in choosing representative mode of entry by the banks.

Table 12: Parameters Estimates

Entry Modes	B	Std.Error	Wald	Df	Sig	Exp(5)	95% Confidence interval for Exp(B)	
							Lower Bound	Upper Bound
Branch Mode of Entry								
[hosttf=3]	-2.169	.754	8.273	1	.004*	.114	.026	.501
[bankint=5.00]	17.524	1.162	227.353	1	.000*	#####	#####	#####
[hosttf=2]	20.468	1.782	131.855	1	.000*	#####	#####	#####
[tracror=1]	5.246	1.579	11.040	1	.001*	189.723	8.596	4187.430
[tracror=4]	2.844	.979	8.446	1	.004*	17.180	2.524	116.933

Table 13: Parameters Estimates

Entry Modes	B	Std. Error	Wald	Df	Sig	Exp(5)	95% Confidence interval for Exp(B)	
							Lower Bound	Upper Bound
Branch Mode of Entry								
Subsidiary Mode of Entry								
[bankint=15.00]	2.479	.945	6.876	1	.009**	11.928	1.870	76.075
[tracror=1]	-5.246	1.579	11.040	1	.001*	.005	.000	.116
[tracror=4]	-2.844	.979	8.446	1	.004*	.058	.009	.396
[tracror=1]	-4.760	1.699	7.846	1	.005**	.009	.000	.239
[tracror=3]	-4.104	1.478	7.711	1	.005**	.017	.001	.299

Table 14: Parameters Estimates

Entry Modes	B	Std. Error	Wald	Df	Sig	Exp(5)	95% Confidence interval for Exp(B)	
							Lower Bound	Upper Bound
Representative office Mode of Entry								
[hosttf=3]	2.169	.754	8.273	1	.004*	8.753	1.996	38.384
[tracror=1]	4.760	1.699	7.846	1	.005**	116.733	4.176	3263.055
[tracror=3]	4.104	1.478	7.711	1	.005**	60.565	3.344	1096.808

* significant at 5% level, ** significant at 10% level

Findings

From the study it is concluded that Indian commercial banks are still in nascent stage of their internationalisation. A very few banks are entering into global markets, and majority of Indian commercial Banks are choosing branch entry mode for their internationalisation. SBI being largest bank in India is using sprinkler strategy, BOI and ICICI have used waterfall strategy while as BOB used combined strategy for sequencing market entries for internationalisation. The country United Kingdom is the most preferred country for majority of the banks to enter through branch mode. Among the entire selected variable chosen, host trade freedom, bank internationalisation

and trade across borders were found significant determinant factors for internationalisation of the selected banks in the present study.

Limitations of the Study and Scope for Further Research

The present study has not used the principle component analysis for identifying the independent variable. Hence the results may be interpreted and concluded in a different way if principle component analysis would have been adopted. There is a scope for further study in this direction.

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