This chapter focuses on the transformation of the multinational banking industry from the 1960s. The arrival of global financial markets changed the banking industry greatly. The City of London retained a position of great importance because new markets were physically located in the resurgent City. However, British-owned banks rapidly lost their significance. American and Japanese multinational banks emerged and their importance to the world became greater. On the other hand, British multinational banks reduced in size and they were weakened by problems in their strategies and structures. Eventually, British bankers entered the era of global banking from the 1960s with an administrative heritage based on segmented markets, specialist institutions, and strong corporate cultures. They were able to secure franchises which yielded profits in the 1980s.

Adaptability to the pace of evolution of the global banking and financial services sector is a key challenge for modern enterprise management. The book attempts to make sense of the chaos and confusion of today's global banking and capital market environment by analyzing its central components. The purpose is to obtain a better understanding of the process and the services involved, and of their impact on public policy issues.
This chapter assesses the factors that appear to be driving the structural reconfiguration of the financial services sector and its competitive consequences. Strategic options that are open to financial firms in responding to—and anticipating—structural change are then examined, as well as the factors that seem to drive competitive performance with respect to market share and profitability. Few industries have encountered as much “strategic turbulence” in recent years as the financial services sector. In response to far-reaching regulatory and technological change, together with important shifts in client behavior and globalization of specific financial intermediation functions, the organizational structure of the financial services industry has been profoundly displaced, and a great deal of uncertainty about the nature of any future equilibrium in the industry’s contours remains.

A new era of global banking and insurance is emerging, with leading banks eager to serve international markets. This book explores the issues that arise for banks in their strategic choices as they move into these new international markets. This book challenges conventional assumptions from the international management literature on topics such as the limits of globalization, the importance of cultural and institutional distance, the nature of economies of scale and scope, the existence of first mover advantages, the logic behind the global value chain configuration, the speed and timing of market entry, as well as organizational architecture. It focuses on fundamental strategic decisions such as when, where, and how to enter foreign markets and how to design the organizational architecture of the multinational financial services firm. Using simple theoretical frameworks illustrated by case examples, this book provides a guide to the challenges of the international market for financial services firms.
Introduction to the book
Markus Venzin

in Building an International Financial Services Firm: How Successful Firms Design and Execute Cross-Border Strategies

Published in print: 2009 Published Online: October 2011
Publisher: Oxford University Press
DOI: 10.1093/acprof:oso/9780199535200.003.0001
Item type: chapter

This introductory chapter begins with a brief discussion of the emergence of a new era of global banking and insurance. It outlines five of the reasons to study the financial services industry. It then describes the structure of the book. The book provides an overview of how expansionary strategies of financial services firms are impacted by globalization and discusses performance drivers during internationalization processes. It explores and challenges conventional assumptions from the international management literature on topics such as the limits of international expansion, the importance of cultural and institutional distance, the nature of economies of scale and scope, the existence of first mover advantages, the logic behind the global value chain configuration, the speed and timing of market entry, and the organizational architecture.

The World of Global Banking
Roy C. Smith and Ingo Walter

in Global Banking

Published in print: 2003 Published Online: November 2003
Publisher: Oxford University Press
DOI: 10.1093/0195134362.003.0001
Item type: chapter

Historical summary of the growth of international banking since the ancient world (“One could make money on money long before Alexander the Great”), and identifying the historical legacy that has nourished the roots of modern banking institutions and methods.

What Is Collateral?: On Legal Technique
Annelise Riles

in Collateral Knowledge: Legal Reasoning in the Global Financial Markets

Published in print: 2011 Published Online: February 2013
Publisher: University of Chicago Press
DOI: 10.7208/chicago/9780226719344.003.0002
Item type: chapter
Collateral sets the stage by introducing the lawyers and the documents in the back offices of derivatives units of global banks to consider what kind of knowledge and forms of subjectivity are being produced under the guise of “collateral.” The main function of collateral is to hold back risk, which simply means to place limits on the indeterminacies associated with social, political, economic, and temporal relations. How does collateral accomplish this? Collateral is sometimes a legal theory, sometimes a material object, sometimes a person, and sometimes an institution. In each case, however, collateral is a set of routinized knowledge practices. This chapter explores the role of these routinized practices in resolving or at least obviating the complex political and epistemological questions that surround derivatives trading. But rather than a smoothly oiled machine, collateral when seen from up close emerges as an assembly of glitches, of mistranslations, misunderstandings, and redundancies.

Capitalism’s Critics
Geoff Mulgan

in The Locust and the Bee: Predators and Creators in Capitalism's Future

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princeton/9780691165745.003.0005

This chapter examines the consistent criticisms that have been made of capitalism over two centuries and that continue to be made. They have damned capitalism as a conspiracy of the powerful; as the mindless enemy of mindful reflection; as the destroyer of true value, whether in nature or culture; as the enemy of community and social bonds; and as being against life. This last point shows just how different capitalism is from the market. Where markets are full of life and social interaction, the places where capitalist power is most concentrated can be the opposite of life. Dull and soulless central business districts, automated factory production lines, or the grimly abstract headquarters of global banks embody an aesthetic that runs counter to the vibrant, variegated patterns of living things like forests or coral reefs.