

The Globalization of Retail Banking : The Role of Credit Information Service Providers and Information Technology

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論 文 内 容 の 要 旨

This paper examines global banking by describing the characteristics for identifying examples of what makes a bank global. We describe where global banks operate; what banking activities they engage in; explain what support system aids their operations; investigate the latest technologies they employ; and examine the influence they have on local banking systems.

Indeed, one of the most significant changes in the structure of bank's foreign claims over the last three decades has been the localization of credit. While previous literature has viewed the retail banking segment as being incompatible with globalization, we consider global banks from the vantage point of that specific segment. An important reason we focus on retail is that worldwide bank revenues from retail banking are expected to experience very strong growth over the next decade. A significant portion of which, is occurring in emerging markets such as China, India, Latin America, Emerging Europe, and Emerging Asia. As a result, retail banking revenues originated in the developed countries of Western Europe, North America, and Japan are actually receding as a share of total retail banking revenue. Therefore, we think a discussion on global banks and the internationalization of retail banking is essential to understanding the future of global banking institutions' roles in various regions' financial systems.

We find retail is not only an important part of global banking activities, we also find it may be the most important segment for some specific globalized institutions. Observing global bank performance between 2007 and 2011, we actually find that global banks operating on the widest geographical platform are the most successful. Additionally, in this paper we consider crucial reasons explaining why retail has become such an important segment, principal among which has been the role of credit information service providers.

Similar to global banks, consumer credit information service providers have globalized the platform of their operations. We identify major players in information provision, and demonstrate where and how they have expanded internationally. The most important contribution this paper makes is to highlight the crucial role credit information providers are playing in supporting the globalization of retail banking. We also theorize that (a) information production is intensely being automated and (b) organization and management of that information is being transferred from financial intermediaries to information service providers. Credit information service providers are increasingly providing data management services to banks because the amounts of information are becoming too big to handle by the financial institution itself.

Host markets appear to be profoundly impacted by the entry of both global banks and credit information service providers in at least three ways. First, informational availability on individuals in host markets has deepened immensely. Credit information covers much deeper percentages of the population in

those countries today than it did just a few years ago. Furthermore, the information that is available has improved in overall quality. Second, local banking institutions in host markets responded to global bank entry by improving operating efficiencies, and expanding their own retail portfolios. Third, credit access for households improved as a result of these conditions.

In conclusion, we suggest global bank entry and credit information provider entry should be viewed as two essential parts of modifying financial systems. Taken together, they can serve as reciprocating pillars to building the financial conditions emerging markets need to promote domestic economic growth through balanced household consumption. Despite benefits from global bank and information provider entry, knock-on effects to host markets are a real possibility. Host market regulators must be aware that while benefits to global bank entry are likely, their entry alone is not a panacea for improving the overall financial system. Their financial systems also require robust, and regulated, credit information providers to function properly in the 21st century.

Finally, drawing from these findings, we make an implication on the theory of financial intermediation. Given that credit information providers support global banks, it would make sense to consider whether financial intermediaries need to continue producing information at all. We theorize that since only the information producer understands its true accuracy, financial intermediaries must continue to produce information internally to as a means of supplementing information from external sources. Information production by the financial intermediary, therefore, continues because it serves as a method to confirm the reliability of third-party information during the credit decision making process.