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Factors influencing the profits and size of Greek banks operating abroad: a pooled time-series study

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Abstract:	This paper extends the literature on foreign banking by developing a model that attempts to explain the performance of Greek banks operating abroad using a balanced pooled time-series dataset. Five variables are drawn from the multinational banking literature and represent ownership-specific and location-specific factors. The profits of the subsidiaries operating abroad were found to be related to the profits of the parent bank, the trade between Greece and the host country, the difference in the GDP growth between the two countries, the years operating in the host market and the time trend. The size of the subsidiaries was found to be related to the size of the parent bank, the trade, the GDP growth, the years of operation and the time trend. Furthermore, the results indicate that models developed using variables drawn from the multinational banking literature provide a better description of the size of the subsidiaries of Greek banks operating abroad rather than their profits.