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# Bank Value and Geographic Diversification: Regional vs Global\*

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## Abstract

This paper analyzes the impact of geographic diversification on bank value by employing a data set comprising the largest banks across the world, originating from both developed and emerging countries. The findings suggest that the value impact of international diversification depends on a bank's home country: higher levels of diversification are associated with changes in valuations only for banks originating from emerging countries. In addition, the locus of destination of the diversification efforts matters for the direction of effects: while higher levels of intra-regional diversification lead to value enhancement, higher levels of inter-regional diversification seem to induce a negative (but statistically less robust) effect on the valuation of emerging country banks.

*JEL classification: F23; G21; G32; L22*

*Keywords: multinational banking; geographic diversification; bank value*

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