of other business concerns) is, of course, seeking out all opportunities to maximize profits relative to risk in the long run. To the individual bank, therefore, only the hope that these overseas facilities will net as great a return to the capital allocated to these functions as alternative uses of funds can justify such investments in manpower and financial resources. This is not to say that the standard of profitability is applied to individual transactions. American banks operate abroad importantly to provide the fullest possible range of services to their customers. At times a particular foreign investment may not return as high a profit as an alternative investment, but the investment is undertaken in order to provide services which will, it is hoped, enhance the bank's position on a long-term basis.

In providing services to present and future customers, banks must have a global point of view. In fact, it is the increasing importance of the global aspect of business which makes overseas expansion imperative to meet the present and future needs of the truly international company. The growth of the multinational corporation since the war has been vigorous; U.S. firms have, quite naturally, played a vital role in this process. To provide the best possible service for such clients, banks have greatly expanded already existing operations overseas, opened new branches, created affiliates, and established correspondent relationships and, in some cases, made the initial decision to go abroad. This trend has been particularly noticeable since the 1950's.

In addition, the provision of global service assists a bank in helping its U.S. customers domestically by providing facilities for those without overseas establishments or who have only occasional need of a bank for foreign activities.

Related to the consideration of servicing clients is the question of competition. Competition in the banking industry provides a strong reason for going abroad. A bank's competitive position vis-a-vis other banks is obviously of prime interest to management. U.S. banks face competition from two sectors. In endeavoring to supply banking facilities for the foreign business of domestically based U.S. corporations as well as for the foreign subsidiaries of U.S. corporations, individual U.S. banks face pressures both from other U.S. banks abroad and from local foreign banks. In addition, U.S. banks face competition for the local business of foreign firms. To meet competition from these sources more adequately, American banks establish bases of operations in one form or another in foreign countries.

It is also worth noting that in the process of increasing their foreign activities, American banks may endeavor, where permitted, to provide local markets abroad with banking services. This pressure to develop fully both the retail banking market and the market that heretofore has not been considered part of international banking, such as smaller, purely domestic firms, is an important characteristic of U.S. banking abroad that influences their relations in most countries.

In endeavoring to service all these clients, U.S. banks with foreign operations are, of course, faced with various foreign banking, monetary and foreign exchange regulations and restrictions, and must often compete on an unequal footing with local banks abroad. However, U.S. banks, committed as they are to a global point of view, continue to expand their overseas operations, deeming it often in their own interest as permanent participants in the host countries' economies to favor