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Internationalization of Traditional and E-Business in Finance: A Comparative Study

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Abstract
The phenomenon of internationalization has been extensively investigated, leading to the formulation of frameworks to encapsulate its fundamental principles. However, recent technological innovations have dismantled previously unassailable barriers. This same technological progress has increased digitized enterprises, more aptly known as E-Business Companies (EBCs). This study serves a dual purpose: firstly, to delve into widely researched conventional market entry theories, and secondly, to scrutinize the relevance of these theories concerning the internationalization process for both traditional and electronic businesses operating within the financial sector. Addressing this intricate subject necessitated a cross-case comparative analysis employing secondary data. Potential distinctions and parallels between the two were underscored by juxtaposing the case study entities. The outcomes revealed a contrast between the gradual expansion of traditional companies and the rapid internationalization process of EBCs, largely propelled by Internet technology and relatively unencumbered by traditional market entry barriers. Both firms' managerial strategies and organizational culture influenced their expansion trajectories. This study contributes by consolidating and aggregating existing literature, enhancing its applicability, and furnishing a foundation for future research in this domain.
Keywords: internationalization, E-Business Companies, finance

1. Introduction
The process of internationalization is a complex construct that has been studied for almost a century and can be traced back to theories that are still used and applied to this very day. Over the past couple of decades, with the onset of globalization and the development of the Internet, businesses worldwide focused on the international arena to expand beyond their domestic markets. Unlike the manufacturing sector, where internationalization was rapid, the service sector, particularly financial services, remained a few steps behind. However, in recent decades, foreign operations and market entries of the financial sector have significantly accelerated (Hannoun, 2006). Accordingly, with the financial sector lagging in global development, so did the studies attempting to observe its internationalization behavior. In contrast to that, manufacturing companies have been widely researched, and a variety of models (Dunning, 1980, 2000; Johanson & Vahlne, 1977; Rennie, 1993) have been developed to describe how these companies expand and what determines their success.
Due to internet technologies, a phenomenon called FinTech emerged among the firms operating in the financial sector. FinTech, short for Financial Technology, describes the use of technology in the financial sector to provide applied financial solutions. Buckley, Arner, and Barberis (2016) define three key periods in the evolution of FinTech: FinTech 1.0, FinTech 2.0, and FinTech 3.0.
FinTech 1.0 can be traced back to 1866 and is characterized by implementing the first trans-Atlantic transmission cable that significantly reduced the communication time between North America and Europe from 10 days to as low as 17 hours. This, in turn, resulted in the development of the global telex, which then improved financial services. Other applications during the period of FinTech 1.0 include the first handheld financial calculator (Thibodeau, 2007) and the introduction of credit cards in America (Markham, 2015).
The primary attribute associated with FinTech is that technology acts as an enabler for certain previously complex or unavailable processes. Thus, FinTech 2.0, which took part between 1967 and 2008, was primarily defined by the emergence of the internet, and by 2001, eight banks in the US had at least one million customers online (Buckley et al., 2016, p. 11).
FinTech 3.0 began consequently to the financial crisis in 2008, and it is still underway. This period is characterized by applications emphasizing the power of data and the ability to leverage and harness its benefits. The progress from FinTech 1.0 to FinTech 3.0 proved how technological changes can reshape the rules of the game and how traditional institutions are not unique entities existing any longer.
Due to the financial crisis, the trust populations in the banking system began to decay as traditional banks were perceived as less reliable (Andrew, 2015). Therefore, the period of the financial crisis saw the rise of start-ups, leveraging advanced technologies to expand in the financial sector (Arner et al., 2016).
Parasuraman and Zinkhan (2002, p.287) stated that internet technology has the potential to alter almost every aspect of business operations, and thus, this paper attempts to explore facets of the internationalization process to develop insights regarding the use of internet technologies for cross-border business, as well as, how these have shaped the internationalization process of electronic business companies (EBCs), in comparison to their traditional counterparts in the finance sector. Therefore, the formal research question is specified as follows:
How do E-Business Companies internationalize in comparison to traditional companies in the financial sector?

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2. Literature Review

Exploring existing approaches or seeking newer directions of inquiry are among the reasons why literature can assist in improving, shaping, and giving form to a research topic in mind. Rowley and Slack (2004) argue that such reviews play a meaningful role in identifying relevant literature to the research in question while giving it context or seeking ways to provide added value. Additional aspects include a better understanding of theories, concepts, and terminology. Hart (1998) contributes further benefits, among them is shedding light on any significant variables that may provide additional understanding to the topic while attempting to relate certain concepts, ideas, and theories to applications. Therefore, this chapter will explore previous studies in the field of internationalization concerning EBCs and traditional theories in the field while emphasizing assumptions, conclusions, and key points.

2.1. Previous Studies in the field of Internationalization

A considerable amount of existing research demonstrates the benefits derived from using the internet as an enabler for breaking barriers previously set on the borders of internationalization (Arenius et al., 2005; Chai & Pavlou, 2004; Shneor & Flaeten, 2008; Ali & Audi, 2023; Marc & Ali, 2023). Exploratory research by Loane and Bell (2002) was set to inspect the internationalization process of EBCs originating in New Zealand, Australia, and the European Union. Eight firms were chosen and demographically analyzed using measures including firm age, firm size, number of founders, the personal relationship between them (close family or not), and the speed in which those firms internationalized in terms of time. Many, if not most, of the case firms in the aforementioned research, have undergone a rapid internationalization, if not from their inception, to gain a competitive advantage. It was revealed that the case firms have used the means of internet technology across the organization's departments and as a sales channel for their products; thus they have set themselves on the international stage in ways never possible pre-internet era, as The 'old' rules of business are not obsolete for internet-enabled firms (Loane & Bell, 2002; Ali et al., 2023).

A study by Fang et al. (2017) explores the internationalization process of Scandinavian firms as they attempt to enter the Chinese market. The study integrates two commonly known and dominant approaches to describe internationalization: the Uppsala and the Born Globals models. However, instead of applying each theoretical approach separately, the authors attempt to form a hybrid version of the two, also referred to in their paper as parachuting internationalization. One of the four firms is an EBC that followed the Born Globals approach from inception and harnessed the internet's full power in its internationalization process. The internet accelerated the company's expansion across different markets, allowing for simultaneous market entries. Furthermore, the experiences the four Scandinavian firms underwent in their entrance to China revealed several common factors with great impact: knowledge is of great importance, learning is of the essence, geographic locations are outshined by customer focus, and psychic distance is not as promising as previously thought.

In contrast to Fang's findings about psychic distance no longer being in the limelight, Forsgren and Hagström (2007) find in their study focusing on EBCs that at the beginning of the expansion process, firms choose markets of relative distance in the sense of psychic distance.

Psychic Distance is a concept introduced in Johanson and Vahlne's (1977, p.24) study regarding the internationalization process of firms and describes it as the sum of factors preventing the flow of information from and to the market. The factors preventing the flow of information include differences in culture, business, language, education, and how developed the industry is. This approach was empirically analyzed by Kogut and Singh (1988) using Hoftsede's cultural dimensions. The analysis revealed that the mode firms choose to enter different markets is influenced by various cultural factors. Karakaya (1993) further contributes by indicating another aspect that can shape and raise hurdles in the path of expansion. Karakaya (ibid.) describes market entry barriers and their impact on firms. These barriers include but are not exclusive to cultural, language, political, economic, and governmental aspects.

Further emphasis is put on knowledge being a strong factor in the internationalization pattern of firms. Petersen et al. (2002) conclude that due to the internet, processes conducted during the internationalization of a firm are awarded with improved efficiency of market transactions. Moreover, with access to a lake of data provided by the online horizon, firms can react to market changes while improving their learning processes and knowledge, propelling them into the global business arena.

Johanson and Vahlne (1977) describe internationalization as an iterative and gradual process and distinguishes between four different factors: Market knowledge, market commitment, commitment decisions, and current activities. The study highlights that a firm's market entry process will be influenced by how committed and invested it is in the target destination. Normally, a firm will enter a market while committing as little as possible and expand from then on. Additionally, a corporation will usually enter markets familiar to it with a higher psychic distance. The model created in this study describes a process where market knowledge shapes commitment decisions and how current internationalization activities follow.

Generally speaking, distance has been a widely researched and explored aspect in the internationalization process of firms, and as previously mentioned, psychic distance is an application of a broader distance concept. It was found that distance plays a major factor in the selection of location, entry mode, and knowledge transfer (Kostova, 1999; Tihanyi et al., 2005; Xu & Shenkar, 2002; Marc et al., 2022; Marc et al., 2023). It was further concluded that essentially, international management is the management of distance (Zaheer, Schomaker & Nachum, 2012, p.19). Therefore, distance is a concept that is of the essence when discussing factors that might play a role in internationalization processes and cannot be disregarded.

Terzi (2011) accentuates the added value that is derived by the use of internet and electronic means. In this study, the author describes how electronic applications can bear fruit through reduced costs, speed, improved communication, and reduced significance of physical geographic distance and business networks. Factors including historical linkages, managerial structure,

and fitness to target industry continueto impact withal. Moreover, the study sheds light on thefact that trade barriers, which normally reshape a company's internationalization, no longer hold a significant impact as they previously did due to the introduction of electronic activities. This paper's literature review of extensive academic work finds certain factors that appear consistently across the broadscope of research explored. The following table provides arecap of factors results of the studies covered in this chapter that play a role in the internationalization process of EBCs:

2.2. Theoretical Framework

A review of the literature covered in the previous part of this paper and other academic work implies that while internationalization belongs to a broad scope of research fields,they are mostly based on predominant theories in the field. Each of these theories attempts to explain why and how firms expand and engage in activities overseas.

By exploring these academic works and theories, a set of factors that impact the internationalization process will be noted to understand better how these approaches attempt to explain and illustrate the internationalization construct. This will assist in consolidating information scattered across the wide variety of existing research while gaining insight leadingto the clarification of the research question this paper deals with.

2.3. Uppsala Model of Internationalisation

Empirical studies involving Swedish firms and the observation of their international development have laid the grounds for the emergence of this theory. The Uppsala model of internationalization describes how firms incrementally increase foreign market commitment by using and integrating acquired knowledge to shape how they internationalize. This behavioral approach was first brought to light by Johanson and Valhne (1977) and was consequently integrated into many other theoretical frameworks of internationalization.

In their study, Johanson and Valhne (1977) describe the process and order in which several Swedish firms proceededto expand their business abroad. As previously indicated, the behavior was seen to be an iterative nature, where the companies in question had enacted actions and initiatives that further increased their commitment to target markets of interest. For example, one of the firms mentioned, a firm dealing in the pharmaceutical industry and operating in nine different countries, seemed to follow a certain patternin which it would gradually further extend its reach and operations. Among these operations, it was said the firm had received orders from the foreign markets and, after some time and a sense of establishment, continued to make agreements with agents and brokers, up until commencing in actual manufacturing activities, and thus further committing to target markets. The Uppsala model sets a clear target: to find an explanation behind the iterative pattern characterizing the internationalization process of firms.

The model uses four core concepts: market commitment, knowledge, current activities, and commitment decisions. These core concepts are further categorized into two groups, one being state aspects, while the other is change aspects.

State aspects include market commitment and knowledge, which are naturally temporary, while change aspects include commitment decisions and current activities. However, they are not to be regarded separately as they both influence each other and as explicitly stated by Johanson and Valhne (1977, p.27): Market knowledge and market commitmentare assumed to affect both commitment decisions and the way current activities are performed. These, in turn, change knowledge and commitment. This statement enhances how these core concepts are interlinked and how one concept affects the other and is also affected by it. The following figureis a depiction of this mechanism:

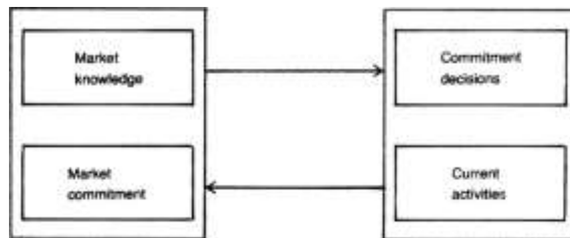

Fig. 1: Mechanism of Internationalisation - State andChange Aspects
Source: Johanson and Vahlne, 1977,p.26

Market Commitment consists of two main factors: the number of resources and to what degree these resources are committed, or better said, how difficult it is to reroute these resources to another use or is it even possible to find an alternative use for them. The number of resources canrefer to different types of investments and expenditures; these include marketing, personnel, and organization. The degreeof commitment can be determined by how integrated these resources are with parts of the organization.

Market Knowledge is classified by how it is acquired and comprises two types. The first type is objective knowledge and is teachable. The second type is experiential knowledge, whichis harder to transfer and can also be called tacit knowledge. This type of knowledge is regarded as crucial to having a better sense of taking advantage of opportunities.

The knowledge can also be distinguished in terms of general and market-specific knowledge. General knowledge deals with common marketing and customer characteristics and is objective knowledge, while market-specific knowledge is experiential and is linked with national markets, including demographics, structure of market systems, and possible cultural traits. These knowledge types are required for enteringa new market and are considered a resource that enhances market commitment.

Current Activities and their consequent impact are described to possess a certain lag between their time of occurrence and their actual reach to fruition. Johanson and Valhne (1977) mention marketing activities as an example ofa continuous activity that has to be repeatedly and consistently undertaken to see an actual generation of sales. This lag and its duration lead to further commitment to the target market, with a longer lag resulting in more commitment. These activities are considered important because they actas the main source of a firm's experience, and as previously mentioned, experience is of the essence when a firm is to take advantage of possible opportunities. It is further argued that gain of experience can be made through outsourcing activities of qualified personnel, however, it is additionally emphasized that the needed experience, considering all aspects of it, may be hard to obtain and therefore results in a slower process of internationalization.

Commitment Decisions are presumably made in the presence of problems or opportunities in a market environment and, as previously mentioned, are better-taken advantage of when experience is already acquired. This endeavor, be it in response to problems or opportunities, will result in additional commitment to the market in question. Each commitment, when extended, is further distinguished by two aspects: economic and uncertainty. By the nature of incrementalism characterizing this theory, it is described that the firm will continue committing to the market until it hits the maximum risk possible when facing market uncertainty. Following this logic, it is assumed that the more knowledge or experience a firm holds, the more it is willing to commit due to a lower degree of uncertainty, resulting in lower risk.

As mentioned in chapter **??**, Johanson and Valhne (1977) introduced the concept of psychic distance to point out that companies usually aim to move to countries close in geographic terms to their domicile, because their knowledge of those markets is more extensive. This is a direct result ofthe theory's statement claiming that a firm is more inclined to commit when possessing more knowledge regarding a certain target market.

Its original authors revisited this model (Johanson and Vahlne) in 2009. In the revisited model, a firm's networkand general relationships play a bigger role. The new model emphasizes that a broader scope is required, and instead of considering only market commitment, the model also covers the firm's current relations, which are affected by the degree oftrust, knowledge, and commitment. Furthermore, knowledge about the insides of a network is also referred to as an important concept. Generally, the concepts have been slightly refined, but the theory's core assumption that experience and commitment are inevitably interlinked remains.

The following table consolidates the core influential factors in a firm's internationalization while providing assumptions and reasoning behind them according to the Uppsala Model:

2.4. Born Globals

The Born Globals (BG) model of internationalization (Rennie, 1993) comes from a similar stream to the one the Uppsala model belongs to. However, whereas the Uppsala model sees internationalization as an incremental and time-consuming process enveloped by learning and skill development, the BG model notes exceptional cases where firms aim internationally and globally from their inception. Furthermore, the approach has been explored extensively in several different studies (Knight & Cavusgil, 1996; Madsen& Servais, 1997) and accordingly, the studies conclude the most common and relevant factors that give rise to the emergence of BG firms and the existence of this phenomenon. Among these factors are: market conditions, the development of technology, global networks and partnerships, and the capabilities of people, which includes the managerial approachof the founders. The following figure illustrates the conceptualframework of the BG approach:

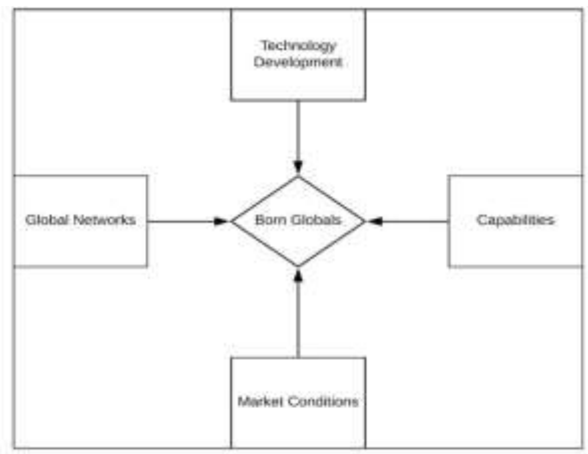

Fig. 2: Born Globals - ConceptualFramework
Source: Author's Own Construction

Market Conditions are described by Madsen and Servais (1997) as factors that push a firm into having to sell its productor service outside of the country. An example of such a factor can be low demand for a product in the local market. This process can be seen as a two-sided coin, where, on the one hand, the low local demand is a factor that pushes the firminto internationalizing, and on the other, higher demand in a target market acts as a factor pulling the firm to enter it.

Technology Development is deemed a key factor rooted in the BG theory as it kicks companies into internationalization faster

and easier. It is, therefore not surprising that a large portion of current literature dealing with born global firms focuses on technology-intensive corporations, as the use of technology broke down barriers and reduced communication costs in such a way that the ability to discover and take advantage of business opportunities in a variety of countriesis enhanced (Knight & Liesch, 2016; Oviatt & McDougall, 1994; Marc & Ali, 2023).
Global Networks are used by rapidly growing BG firms and referred to as partners, distributors, or the internet to achieve wider reach and easier internationalization. This part of the BGtheory emphasizes how the relationships a firm or the founderscan create or are available play an important role and are vital for international endeavors (Fletcher et al., 2011).
Capabilities are described as the ability of people to take advantage of opportunities to foster and drive internationalisation. In recent years, people have gained significant experience in the international arena due to traveling becoming easier and technology connecting people across countries; thus, this results in competence to operate and handle oneself in foreign situations. These capabilities also include those of the founders of the firm, and due to these competencies being attained easier in comparison to the past, managers tend to look outwards in terms of business and perceive the world as the marketplace instead of remaining in their domicile (Madsen & Servais, 1997; Rialp et al., 2005).
To conclude, Born Globals is a relatively young theorycompared to other internationalization theories. It is, however, important to note that this approach describes a phenomenon becoming common over the last couple of decades due to the onset of modernization and technological advancement. Therefore, it can assist in explaining the internationalization behavior of firms characterized by heavy use of technology and the internet as a business channel.

2.5. Dunning's Eclectic Paradigm

The eclectic approach first rose to awareness in 1976 (Dunning, 2015). The approach defines the functionality of enterprises as an entity that is supposed, by nature, to transform through production, inputs to outputs while granting those outputs an added value in comparison to their previous form.
Also referred to as the ownership, location, and internalization (OLI) approach (Dunning, 1980), thistheoretical work came to life to examine the international production of a firm and its determinants. The eclectic paradigm attempts to give reason and evaluate variables that shape a firm's production and its growth in external markets; it does so by dividing it into three different categories: ownership (O), location (L), and internalization (I) advantages. Dunning uses these three independent variablesto lead to a firm entering a new market.
For a firm to produce alongside firms domiciled in target markets competitively, it must possess ownership advantages in a satisfactory degree to break even the costs linked with entering a foreign market. In other words, ownershipadvantages can award a firm a competitive advantage over other local firms and potential entrants. To unlock these benefits, a firm must have access to tangible and intangible assets that other players in the target market do not have. Location advantages speak of benefits that a firm can obtainby positioning its production or segments of it in foreignlocations. Furthermore, these benefits are location-specific,hence, they cannot be transferred (i.e., different legislation compared to a home country that contributes to lower costs and access to natural resources).
The third and last advantage Dunning speaks of is the internalization advantage. Unlocking these advantages results from a situation where there are more benefits to be reaped by the retention of specific skills, assets or production-driving mechanisms. Internalization is an additional way to reduce operational costs, including transaction and transportation costs.
The following table includes the main activities that Dunning (ibid.) describes in his study. Firms may or may not be involved in these activities, but they serve as a rough guideline for expressing the three aforementioned advantages of this framework.
Table IV depicts examples applying to each variable. The table can be looked at in a general way and different scenarios. For example, if a firm possesses certain tangible assets, special technology, patent rights or a reputable trademark, it can unlock the benefits of ownership. Having exclusive and specific access to resources or operating in a country with favorable policies can unlock location advantages. Reducing transactional costs by keeping operational processes internal and not external can unlock internalization advantages.
According to Dunning, when fulfilled, every one of these advantages will lead to a different internationalization process of a firm in the form of market entry mode. These are distinguished in the study in the following way: According to the eclectic paradigm, if all three advantages exist, a company will engage in Foreign Direct Investment (FDI). If a firm does not profit by using locational factors with its ownership and internalization advantages, export will be the preferred way to enter a market. However, if a firm will only benefit by using its ownership advantages, then a licensing approach would be the way it will most likely choose. To simplify, the following table demonstrates all three scenarios:

2.6. The Resource Based View

The Resource-Based View (RBV) approach was born outof the need to explain the successful internationalizationof a firm. The theory argues that a firm's competitive advantage is derived of the resources a firm controls thatare available to it and those which are valuable, rare, imperfectly imitable, and not substitutable (Barney, Wright & Ketchen Jr, 2001, p.625). Resources are further defined as all assets, capabilities, organization processes, firm attributes, information, knowledge (Barney, 1991, p.101) that a firm possesses and is used in the development of a value-generatingstrategy assisting the firm in improving its efficiency andeffectiveness.
Penrose's (2009) work directly impacted the RBV theory. Penrose provided theories covering the effective management of a firm's resources and suggesting that a diversified portfolio of resources (e.g., brand, capital) assists in achieving competitive advantage. In other words, firms within an industry can obtain competitive advantage due to the unique resources they own,

however, it is not only the sole fact of ownership of the resources that grants a company withcompetitive benefits, but the efficient usage of them.
Firms pursuing the international path need to evaluate whether their competitive advantage or advantages can beplaced or used in foreign markets in a way that sets themin a stronger position than other players.
Unlike other theories dealing with internationalization, RBV sets its eye on internal factors rather than considering theinterplay of internal and external factors. More specifically, a company should use its internal strengths to respond appropriately to opportunities and threats (Barney, 1991). The following figure illustrates the core concept of this theory and how it is distinguished in terms of internal and external factors:

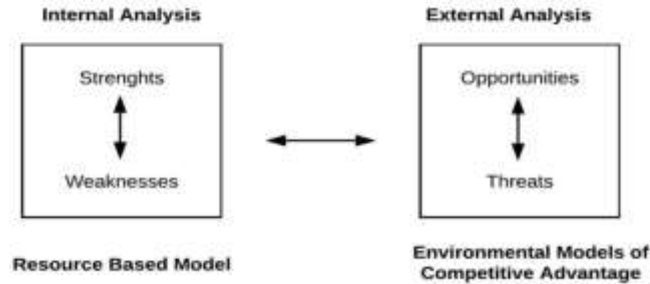

Fig. 3: The Resource-Based Model
Source: Barney, 1991, p.100

The way RBV encompasses internationalization is by suggesting that a firm would only enter a new market after having considered the resources available, how imitable and replaceable they are, and how well the firm is capable ofmaking use of them while positioning itself in a leveraged spot in comparison to the other players in the market (Ruzzier et al., 2006).
RBV does not directly link the type of resource used to a specific entry mode choice, however, the model acts as a measurement of firm performance abroad and, by doing so, can help decide on forming a strategy when entering a new market (Tulung, 2017; Marc et al., 2021).

3. Methodology

This chapter will outline the strategy and approach employed throughout the research, describing how the data was collected and analyzed. The following figure depicts a flowchart demonstrating the implementation of this research:

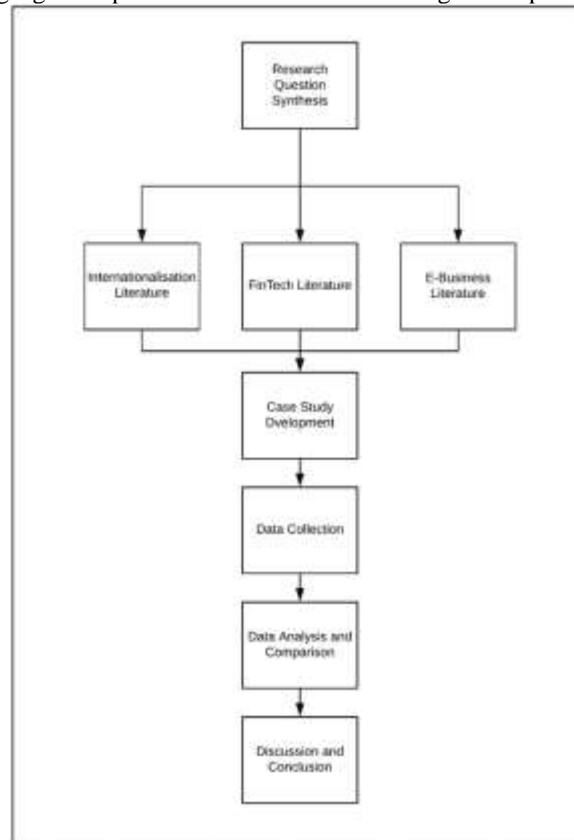

Fig. 4: Research ImplementationIllustration
Source: adapted from Sinkovics, Salzberger, Loane, Bell & McNaughton, 2006

As seen in figure 4, the author of this thesis developeda research question based on a topic of genuine interest. Preliminary research and a literature review were conductedto understand the topic better. This assisted in developing a formidable scope for this study while having a clearer path in approaching the issue at hand. Furthermore, this chapter will cover the frameworks used and applied in this paper.

3.1. Research Approach

The field of internationalization is vast and heavilyresearched in terms of traditional companies. However, this paper's research question deals with EBCs in the FinTechindustry, and there seems to be a research gap when tryingto compile those two aspects together. There are established studies dealing with the internationalization of traditional companies in the financial sector and how these take place,but as covered in chapter **??**, not many have investigated the internationalization process of EBCs in the FinTech industry. It is important to note, and as mentioned in the introduction ofthis paper, that the term traditional firms refers to companies that do not use internet technology as a primary strategy to expand.

This paper employs a qualitative and exploratory type of research. Due to the nature of this field and the vast volume ofacademic literature, it is possible to conclude using theoreticalframeworks. Qualitative research holds a significant meaning in the field of international business (Doz, 2011) as it is a part of theory development. Furthermore, by its very nature, this work is abductive, as it attempts to reach a possible prediction using observations. In doing so, it allows building on existing academic work, when relevant and can be applied while consolidating several concepts that were never consolidatedin the past. This can result in providing added value andgenerating new findings.

According to the research question this paper deals with, there are two aspects the research approach takes into consideration:

An established understanding of the internationalization process of firms in the financial sector exists. Among those are banks that were studied using single or multiplecase study research.

There seems to be a gap in research according tothe literature reviewed in the scope of this paper when discussing the internationalization process of EBCsdealing in the same financial sector (e.g., online banks).

4. Research Design

To better understand how EBCs internationalize and in whatway they differ from traditional companies, a qualitative case study approach was the most suitable way of investigating thisphenomenon. A qualitative case study assists in exploring a phenomenon by using data sources. This approach is of great advantage because by doing so, the issue at hand is exploredin more than one aspect and is viewed from many different angles. Moreover, it allows for a better understanding of the phenomenon (Baxter & Jack, 2008) while pointing out gapsin applied theories, with the end goal of enhancing theoretical explanations (Ridder, 2019).

Three prominent frameworks for conducting a case study exist: the Yinian (2017), Stakian (1995), and Merriamian (1998) approaches. All approaches seek to provide good coverage regarding the exploration and revelation of the phenomenon in question. However, each author uses different frameworks and definitions for a case study execution.

The approach chosen for the scope of this paper is theYinian approach. According to Yin (2017), a case study isan empirical method that should be conducted when either of the following criteria is applicable: a study attempts to answer how and why questions; the researcher should not be able to manipulate the relevant behavior of events; the researcher wants to cover contextual conditions believed to be relevant tothe phenomenon in question; or when the boundaries between phenomenon and context are not clear. The last two pointsare further simplified by Yin, stating that a case study would be relevant in those cases where a real-world phenomenon isto be understood, and this understanding involves contextual factors pertinent to the case.

This study deals with a how question, and the relevant behavior of events cannot be manipulated, as the case will observe the behavior of firms using historical and current data in sequential and chronological order to derive patterns and differences. Additionally, the research question deals with the real-world internationalization behavior of EBCs and traditional companies dealing in the financial sector; therefore,a contextual relationship exists and further validates that this research stands in line with the conditions required to conduct a case study.

Yin (2017) distinguishes between various types of case studies. As this research attempts to point out differences or similarities in the internationalization behavior of firms, the type of case study chosen to be used in this thesis is multiple-case studies. This type of case design enables the exploration of differences and draws comparisons betweencases. In addition, Yin (ibid.) describes different ways to structure a case study. The structure chosen for this study isa chronological one. Therefore, the case will cover events in the order in which they happened.

The Yinnian (2017) approach defines the case selection as a variable that considers two different steps. The first factor, case definition, describes the entity the case study focuses on. The comparative nature employed in this case study deals with two companies operating in the financial sector. The first company,Company X, is an EBC providing financial solutions, andthe other, Deutsche Bank AG (DB), is a bank included inthe list of global systemically important banks (2019 Listof Global Systemically Important Banks (G-SIBs) - Financial Stability Board, 2019). The second factor, bounding the case, describes a frame given to the case to determine the scope the cases deal with. Yin (ibid.) specifies time boundaries as an optional way of bounding the cases while mentioning that the life cycle of the case entity can be observed partially or infull. Therefore, the cases are given time boundaries. However,these time boundaries cover the entire life cycle of the firmsin question, from when they were established until their most recent international endeavors.

The case study candidates were chosen by following an additional set of criteria. Both the EBC and the bank chosen tobe studied had to have already been operating outside of their domicile and preferably in several different markets to analyze their

internationalization process. Furthermore, both had touphold a relatively similar set of services. The EBC chosenfor this study provides banking as a service and other financial solutions commonly offered by traditional banks, therefore, a bank was the most suitable choice for comparison.

5. Data Collection

This paper used secondary data to allow for the study to be as thorough as possible. In his approach, Yin (2017) specifies six different sources of evidence. These sources include two categories: documentation and archival records. Accordingly, this paper used these data sources to compile the cases as accurately as possible. In the case of DB, documentation in the form of administrative documents, including yearly reports, progress reports, and official historical reports, was used. DB made these available to the public and are accessible through their different website domains. Similarly to DB, yearly reports, progress reports, and archival records stored in Company X's channels were used. Furthermore, this paper's author had access to Company X's database, which stores a vast amount of business-related data on the most granular level. This assisted in describing the casemore accurately.

6. Data Analysis

In his book, Yin (2017) mentions five types of techniques used to analyze case studies. The techniques include pattern matching, explanation building, time-series analysis, logic models, and cross-case synthesis. The technique employed in this paper is the cross-case synthesis.

The cross-case technique is recommended and favorablewhen a case study comprises only two cases. It is a method that promotes comparing events, processes, or, in general, units of analysis. In doing so, this approach facilitates the identification of patterns occurring within the cases and assistsin reaching conclusions regarding how the cases differ or are otherwise similar (ibid.). This paper's case study consists of two cases and attempts to answer the research question that deals with possible differences and similarities between two units of analysis. This can be enriching and influential for existing literature (Gustafsson, 2017).

Cooper and Schindler (2014) provide frameworks and methods for conducting proper business research. The authors (ibid.) distinguish between propositions and hypotheses. Propositions are statements about an observable phenomenon, which can be true or false. Hypotheses, on the other hand, are declarative statements that take tentative variables intoaccount for empirical testing. Because this study is qualitative and of an exploratory nature, the author of this paper developspropositions throughout the analysis chapter. Each propositionencompasses the main difference or similarity that could be observed between the case study firms.

6.1. Empirical Findings

According to Eisenhardt (1989), One strength of theory building from cases is its likelihood of generating novel theory. Creative insight often arises from the juxtaposition ofcontradictory or paradoxical evidence, therefore, to allow forpossible new theoretical or conceptual findings, this chapterlays findings regarding both companies, each against the other. The findings were consolidated, extracted, and gathered using the data sources mentioned in chapter? The findingsaim to chronologically unveil the sequence of events bothcompanies had gone through in their journey to globalization.

6.2. Deutsche Bank AG

On January 22, 1870, two private entrepreneurs set outto establish a bank in Germany. After being granted a license by the reigning government to operate as a bank, Deutsche Bank (DB) opened its branches in Bremen and Hamburg and thus began its operations in Germany. Alongsideopening domestic branches, DB displayed a rather quick expansion of its foreign operations by establishing branchesin Shanghai, Yokohama, and London, with London being the most important foreign branch. The first decades of DB's operations could be described as a period of rapid expansion, with the bank having an eye for good business prospects and a sound feel for risk (Deutsche Bank AG, n.d., p.4). However, due to the outbreak of World War One, shortly followed by World War Two, in the years after 1945, DB was broken into smaller divisions and closed most of its international activities(WetFeet, 2010).

Consequently, to the Second World War, DB resumed its operations and entered general retail banking, or in other words, commenced servicing the general public. DB's strategyduring this time was to operate uniquely in its domicile, servicing local customers and providing loans (Kobrak, 2008). The start of the 1970s was characterized by international expansion for DB, and once again, since the Second WorldWar, DB has opened representative offices in London. As DB becomes more global, the company makes key acquisitions inItaly, Spain, the United Kingdom (UK), and the US. DB'sinternationalization strategy strongly emphasizes settling incentral economic and financial hubs while executing foreignbank acquisitions and converting representative offices to branches (Internationalization of Deutsche Bank, 2020).

In 1976, DB converted its office in London to a branch. Following the conversion, DB increased its commitment tothe British market by partially acquiring the investment bank Morgan Grenfell. Consequently, five years later, DB acquired Morgan Grenfell in full form thus increasing its customer basein the UK (Deutsche Bank AG, 2020b).

DB's entry to the Italian market in 1977 exhibited similar behavior. Like in the UK, DB opened a representative office inMilan and converted it into the first actual branch in Italy. DB further committed to the Italian market by acquiring Banca d'America e d'Italia in 1984. Through the acquisition, DB commenced operations in the retail banking market of Italy. A decade later, the acquired bank was renamed Deutsche Bank AG, further enhancing the DB brand's integration. Going forward in Italy, DB continued in making acquisitions and investing itself in the Italian market (Deutsche Bank AG, 2020a).

In the United States, DB joined the European Banking Industry Committee (EBIC). The EBIC is a consolidated group of

European banks in which DB participated. Thereafter, in 1968, the EBIC established the European-American Banking Corporation and the European-American Bank and Trust company in New York. This first catered to businesses only and not to private customers. DB proceeded to make major expansions in the American foreign sector and, in 1979 openeda branch office in New York, a location very far from its domicile. Again, resembling its behavior in other locations, DB acquired a local organization: the Bankers Trust. Thismove was made because DB required more growth that could not be achieved in other ways (Deutsche Bank AG, 2020c).

The period starting in the nineties and up until acquisitions and the establishment of further subsidiaries primarily characterized this very day. Branches and offices were continuously opened in Europe, while regular businessactivities in the US were well underway. However, with the onset of the global financial crisis and the resulting recession, operations have been hindered, resulting in the postponement of any major moves (Deutsche Bank AG, n.d.).

Having reviewed the internationalization process of DB in chronological order, taking into consideration the period before World War One and Two, it can be said that DBinitiated many of its initial operations through joint ventures (e.g., the EBIC); however, in the 70s and onwards, a shift in DB's behavior is noticeable as it moves from local activitiesto pursuing global endeavors. DB begins to open its branches and extends its reach and commitments in the markets it entersby acquiring other companies.

A study by Slager (2005) observed the internationalization behavior of banks between the years 1980 and 2003.The author (ibid.) selected 1980 as a starting point because banks began to expand on a scale never seen before. The study includes DB in its observations and emphasizes its international behavior by calculating the degree of internationalization of a bank, also referred to asthe transnationality index (TNI). This index is calculated by considering foreign assets, foreign gross income, and foreign employment. The following figure illustrates DB'sinternationalization pace up until 2003:

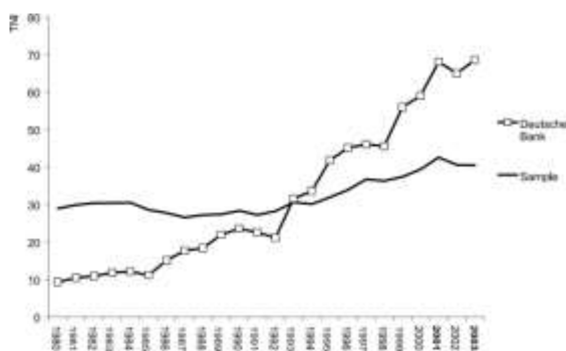

Fig. 5: Deutsche Bank's Degree ofInternationalisation

Source: Slager, 2005, p.39

As covered throughout this case study, DB's activities were described in a way that the company set up branchesin financial hubs and continued expanding by conducting acquisitions, and thus, it is possible to see the intensifying degree of internationalization in Figure 5 as time progresses.

7. Company X

Originally founded in 2013 and based in Berlin, Company X operates in the investment and savings finance sector. The company aims to take over the competitive market of savings and investment in Europe by using advanced financialtechnology to assist private customers in making the smartest and most efficient financial decisions. Since its foundation, the company managed to over a hundred million euros from credible investors, including Goldman Sachs, the American multinational investment bank. Currently, the company is shy of 310 employees, which means it is out of the Small-MediumEnterprise (SME) scope and is considered a large enterprise (Majocchi et al., 2005).

Company X acts as a bank and a platform that consolidates financial offers all over Europe and in the US. The company offers the possibility for its customers to invest their moneyin term deposits across different banks in Europe and the US while offering desirable interest rates compared to their local providers. This service was previously not available, and the traditional way was for customers to go to their local servicingbank in a physical branch and deposit money in a fixed accountwith relatively low-interest rates.

Due to the FinTech era shining light on new and advanced technologies, Company X made it possible to build bridges between customers in their domicile and banks far out oftheir reach while trimming down bureaucratic requirements associated with cross-border financial transactions. Therefore, partnerships play an important role in the company's expansionand reach, and it is thus one of its main strategies, as it builds partnerships with small and medium-sized banks.

The business model of Company X is structured in sucha way that when a customer decides to purchase a financial product offered on Company X's platform, they are requiredto transfer the relevant funds to a servicing bank hosted and owned by Company X. This servicing bank effectively actsas a middleman and transfers the funds to the target partner bank offering the financial product purchased by the customer.When the relevant period defined for the product expires, the customer can claim his funds and earned interest back, which are transferred back from the partner bank to the servicing bank and eventually to the customer.

Company X undertook a global view from its onset and planned for a consistent, continuous, and rapid expansion.The platform launched in Germany in 2013 and successfully integrated into the German market, offering higher interest rates than its competitors, German banks, thus earning a clear competitive advantage.
2016 Company X made its products and services offered on its platform accessible across Europe. This move transformed Company X's status from being a local provider of savings and investment in Germany to owning the first pan-European marketplace for savings.
The same year, Company X launched a separate platform dedicated to the Austrian, French, and Spanish markets. The reason behind opening platforms dedicated to specific markets was to be able to cater to the different cultures while improving communication and marketing by using the language relevant to the country. Furthermore, market-specific platforms allowed for the diversification of promotions and products tailored to the particular needs of that country.
In the years following 2016, Company X continuedlaunching separate platforms for different countries across Europe. In 2018, a dedicated platform for the UK and the Netherlands was launched. In 2019, the Irish platform was launched, and alongside it, plans to launch in the US in 2020 followed.
In its expansion, Company X fully harnessed the power of data, using advanced IT infrastructure to collect, aggregate, and consolidate customers, products, and competitors-related data. This allowed Company X to acquire special capabilities resulting in competitive advantage (Porter & Gibbs, 2001) thatenabled reacting to opportunities and foresee possible businessfluctuations.
Additional significant moves were taken by Company X. One of them was the acquisition of a bank. As mentioned, Company X uses a servicing bank as a middleman betweenthe partner bank and the company itself. However, in 2019, Company X acquired the servicing bank and is now the sole owner of it. This not only reduced holding costs butalso increased the control the company has over its assets. Moreover, an additional acquisition occurred the same yearas Company X acquired a FinTech start-up offering pension products. By doing so, Company X continued diversifying its product portfolio and could now cater to a wider crowd while offering additional financial services.
The following figure exhibits the current distribution ofCompany X's partnerships across Europe:

Fig. 6: Europe - Company X'sPartner Banks Distribution
Source: Company X's Data (2020) -Self Constructed

Figure 6 exhibits the distribution of banks partnering with Company X across Europe. The radius of each marker in figure 6 illustrates the number of partner banks residing inthat location. The bigger the radius, the more partner banks Company X has in that specific location. Company X may hold a significant amount of partnerships in Europe, 133.
Unsurprisingly, partnerships are a key factor and leading strategy that influences the company's expansion, market penetration, and commitment extension. Nevertheless, as seen in the last couple of years, partnerships were not the only strategy Company X enacted as it had also made business acquisitions. This is an aspect Company X will continue to emphasize as it has plans for further acquisitions.

7.1. Comparison of Findings

This study section aims to observe the juxtaposition of the two firms thoroughly covered in chapter IV. By pointing out similarities and differences in the companies' behavior towards and during internationalization, it is possible to draw important conclusions or make meaningful propositions that can assist in answering this study's research question. Therefore, and as mentioned in chapter **??**, the approach used to analyze the casestudy findings in this paper is a cross-case analysis. This type of analysis requires the researcher to explore the empirical data gathered and question the meaning of things while identifying patterns, explanations, and causal relationships (Cruzes et al., 2015; Yin, 2017).
For this study, the analysis distinguishes between three main aspects that encompass factors covered in the scope of this study and were found to shape the process of internationalization: market entry drivers, internationalization strategy, and internationalization barriers.

7.2. Internationalisation Drivers

To distinguish between possible differences in internationalization drivers, this section attempts to determine what drove both companies reviewed to internationalize.

Since its inception, Company X aimed to become the first pan-European marketplace for savings. Therefore, remaining in its domicile was already out of the question. Company X first wished to take advantage of the fact that there was a market gap in the local German market it operatedin; therefore, launching such a service would have possibly rewarded it with a competitive advantage. However, the marketgap was not the only source of competitive advantage butalso the use of technology, special capabilities, and knowledge(i.e., leveraging the power of data) to which Company X has access. This stands in line with the Resource Based View (Barney et al., 2001) that discusses competitive advantageas an internationalization driver and performance enhancer. Consequent to the successful launch and in the interest of fulfilling an existing market gap in Europe, Company X beganperforming a cross-country internationalization.

Using the internet, advanced analytics, state-of-the-art technology, and infrastructure enabled Company X'sinternationalisation. This aligns with Dunning's (1980) theoretical approach to whether to remain domestic or gointernational. Dunning speaks of three advantages covered in the literature review that Company X achieves: ownership advantages by owning advanced technology, which resultsin enhanced market access; locational advantages due to the existing market gap; and internalization advantages by the possibility to exploit said technology and reduce transaction costs.

In the case of DB, similar to Company X, the management approach to internationalization did push the company into expansion. However, unlike Company X's use of technology, DB pursued a strategy of entering main financial hubs and centers to obtain knowledge while accessing a new currency and a bigger client base. One of the variables identified by Dunning (Dunning, 2000) that foster internationalization is market seeking. Market seeking was defined by Mulder and Westerhuis (2015) in the context of bank internationalization in such a way, that banks expand in the attempt to attract, acquire and serve the new clientele. This bears a close resemblance to DB's internationalisation. Additionally, DB's tendency to move into locations where capital is availablecan be associated with Dunning's (2000) concept of strategic asset seeking, where firms would search for gaining access to resources. This was also addressed in a study by Buch and Lipponer (2007), which described access to primary and main financial hubs as a motive for bank internationalization.

This study's literature review thoroughly covered two dominant theories in the academic world trying to explain internationalization: The Uppsala and Born Globals modelsof internationalization. Both theoretical frameworks describe the firm's orientation and its approach to expansion.

When discussing DB, a clear strategy can be observed using partnerships and wholly owned subsidiaries in the form of acquisitions and greenfield investments. DB's internationalisation process can be described as rather iterative.When looking at the period before the wars, DB operated inits domicile and slowly expanded to selected target markets.In the period after the war and the reconstruction of DB,it presented a rather conservative approach in that it left its operations mostly in its domicile. However, when it resumed internationalization, it began iteratively entering markets, one country after another. The market entries done by DB in that time can be described as cautious. One of the Uppsala model (1977) core concepts is market commitment, whichdescribes the iterative process a company goes through, slowly dedicating more resources to the target market untilit is fully established. This approach aligns with DB's internationalization as it slowly opens representative offices gaining knowledge and important know-how, which were deemed important in the scope of the Uppsala framework. Each market entry assists DB in gaining knowledge about the local community, culture, and important traits that can assist Gin the target markets to reach a position of stability while it in penetrating the market deeper. Then, DB proceeded to make key acquisitions and establish its own branches in the markets it had already entered.

Table I: Case Study Comparison: Internationalisation Drivers (Author's Compilation)

Driver	*Company X*	*Deutsche Bank AG*
Management approach	x	x
Advanced technology	x	
The internet	x	
Access to financial resources	x	x
Acquire customers and increase customer base	x	x

Table I illustrates commonalities and differences observed when discussing drivers to internationalization between Company X and DB. As previously mentioned, both firms' management contributed to its decision to internationalize. However, the competitive advantage resulting from using technology, the internet, and the opportunity to fill an existing market gap significantly drove Company X to go abroad. Additional common drivers to both firms include the wishto access more financial resources while acquiring more customers to derive more value and profit. Therefore, thefollowing propositions are suggested:

Proposition 1.1: Technology and the internet foster internationalisation in EBCs while allowing EBCs to enjoy asignificant competitive advantage.

Proposition 1.2: Management's approach and culture drivesboth EBCs and traditional companies in the financial sectorto

internationalise.

8. Internationalisation Strategy

This section reviews what sort of strategy both companies undertook or in other words **how** did they internationalize. how the degree of internationalization gradually increases overthe years.

In comparison, a clear strategy was evident from the get-go when looking at Company X. The company first established itself locally but had already looked over the international horizon. Unsurprisingly, the company skippedmany of the traditional steps a company would usually go through with the use of advanced technologies. Company X moved from being a local player in Germany to entering all the European markets in one year while increasing its presence in selected markets it had already internationalized. Furthermore, Company X employed heavy technology to assist it in its internationalization process, using electronic platforms to reach foreign markets specifically. Unlike DB, Company X was not physically present at any foreign locations it operated in and handled most of its operations electronically. This not only reduced costs greatly but also allowed Company X to internationalize at a faster pace with less risk. However, similarto DB, Company X did need to acquire cultural knowledge specific to the markets which it developed specific platforms for.

According to the aforementioned criteria in table VI and in consideration of the reviewed cases, the following propositions are suggested:

Proposition 2.1: Traditional financial sector companies internationalize gradually compared to EBCs' rapid globalization approach.

Proposition 2.2: Unlike EBCs, traditional financial sector companies establish a physical presence in the target market.

9. Internationalisation Barriers

Both Company X and DB were susceptible to market entry barriers. This section will describe the main barriers faced by the companies while emphasizing differences and their relativeimpact on either of the companies.

Karakaya and Stahl (1989) consider ***government regulation***as a significant barrier to entry. In their study (ibid.), theauthors used several studies based on economic literature through which they found that regulations imposed by the government are repeatedly identified as a significant burden when a company tries to internationalize. Both case study firms operate in the financial sector, which is heavily regulated,locally and internationally.

Company X and DB were subject to regulations and required to comply. Additionally, establishment criteria,including licensing requirements, insurance, contractual limitations, and minimum capital, were present in both cases. Therefore, neither of the firms presents any peculiarities in the sense of differences or special traits granted to Company X, an electronic company, compared to DB, when discussing regulatory burden.

Porter's (1980) study of competitive strategy explores the forces that shape competition; among those are market entry barriers. One of the market entry barriers mentioned is ***capital requirements***. Porter (ibid.) describes capital requirements as investments from companies entering markets. These investments include but are not limited to, physical offices/branches, equipment, and initial wages paid for workers. Hence, companies require financial capital to be able to withstand these expenditures.

In the case of Company X, it does not own or require any physical branches outside of its domicile. Due to the nature of it being a company that conducts its operationsonline, it is thus able to trim down a significant amount of the costs involved when entering new markets. Company X's maininvestment was its information technology (IT) infrastructure rather than buildings and staff.

On the other hand, DB's business model requires personal interaction because the clients handle their accounts through the physical branches DB had established in the markets it entered. These branches also required staffing and maintenance, resulting in significant financial capital investments. However, not only this sort of infrastructure is required, as traditional banks also require IT for managing their business.

Therefore, it is possible to distinguish between Company X and DB in the sense that using the internet as a medium between Company X and its customers significantly reduced the capital requirements a company would normally face when internationalizing. Conducting online financial transactions requires a high level of trust from the customers. If this trust is lacking or severed, this could restrict the implementation of internet-based technology. Lee and Turban's (2001) study of ***customer trust*** in internet technology indicated that customers are reluctant to make online transactions due to the uncertaintyand risk vis-à-vis security of the system. Therefore, security is a prominent challenge when providing financial services over the internet.

The difference between the two case study companies is thusevident. Company X owns no physical branches, while DB does. The lack of physical interaction and physical presence contributes to the fact that trust is of the essence and can seta barrier as a company attempts to penetrate a market.

Table **??** comprises the three main barriers mentioned in this subchapter. The barriers are allocated to the case study companies relatively, one to the other, using degrees of significance. For example, the barrier investment and capital is of reduced significance for Company X compared to DB; this is due to the fact previously explained that DB establishes physical branches in the markets it chooses to enter.

Therefore, and according to the barriers discussed in relationto both of the companies, the following propositions are suggested:

Proposition 3.1: Traditional companies and EBCs in thefinancial sector are similarly subject to government regulation.

Proposition 3.2: Unlike traditional companies, EBCs in the financial sector require less capital and investment due to the absence of physical presence in target markets.

Proposition 3.3: Customer trust is an important constructthat can influence EBCs market penetration.

9.1. Discussion

This chapter looks into the propositions made in chapter **??** while highlighting possible connections between previous studies and academic work covered in the literature review of this paper.

Generally, this paper differs from previous studies in combining several aspects that have not been thoroughly studied: The internationalization process, FinTech, and EBCs. Every one of these had been an object of study, however,not many studies attempted to observe the possible interplay between them.

Loane and Bell's (2002) study of EBCs concluded that the use of the internet resulted in rapid internationalization and gain of competitive advantage. This aligns with the observationdone in this study, where Company X had used the internet to enable its rapid internationalization and grant it a competitive advantage. Similar indications were made in additional studiescovered in this paper's literature review (Fang et al., 2017; Terzi, 2011; Petersen et al., 2002). Furthermore, the previouslymentioned studies had additionally observed management structure and approach as a factor in firm internationalization. Comparable indication is also a result of this study. Johanson and Vahlne's (1977) study of internationalization and the resulting Uppsala model lay great emphasis on experiential learning and psychic distance. As mentioned in chapter **??**, the firms investigated in the duration of their (ibid.) study displayed a gradual process of internationalization, in which knowledge is gathered, uncertainty decreases, and with it, risk diminishes. Equivalent results were also noted regarding DB and the iterative manner in which it expanded. However, unlike the firms investigated in Johanson and Vahlne's (ibid.) study, DB entered Japan and China in relatively early stages and close to its time of establishment; therefore, the model's applicability can be questioned. It is important to note that the Uppsala model did not speakof a specific industrial sector or the finance sector itself. Therefore, the model is likely to be industry-agnostic, and the gradual expansion process cannot be directly attributed to DB operating in the finance sector.

Lack of physical presence in target markets is an obvious manifestation of the use of internet technologies. This was similarly expressed in this study and in previously explored studies (Loane & Bell, 2002). Furthermore, in the attempt to find distinguishing patterns between EBCs and traditional companies in the financial sector, this indication was juxtaposed with DB's strategy of entering markets. Accordingly, DB established physical branches in comparisonto Company X's approach.

When discussing market entry barriers, findings from this study's literature review complement the propositions suggested in chapter **??**. Terzi's (2011) study sheds light on the fact that trade barriers are no longer considered as significant since the introduction of electronic operations. Moreover, Terzi's (ibid.) study further emphasizes that costs are generally reduced due to those electronic operations. In the present case of this paper, as a result of migrating business operations to beperformed entirely online and not requiring physical presence in target markets, Company X required less capital and investment. Furthermore, having discussed the Born Globals model in relation to Company X, a study discussing the BG approach by Fang et al. (2017) revealed that customer focus is significant. This reinforces the finding that customer trust is an important aspect of EBCs internationalisation.

It is important to note that it is debatable whether the fact that both of the companies operate in the financial sector was afactor that shaped the internationalization process of traditionalfirms and EBCs in a way that differs from other manufacturingand servicing sectors. However, this study does contribute to existing research and literature covered in the scope of this paper.

10. Conclusion

This paper's objective was to examine the internationalization process of EBCs and traditional companiesin the finance sector, and in particular, to derive differences and similarities assisting in drawing new conclusionsor revelations about the possible phenomena of using internet technology to do business. The following research question was investigated: *How do E-Business Companies internationalize compared to traditional companies in the financial sector?*

An extensive literature review was conducted to develop possible explanations, reasonings, and answers to the research question. The literature explored in the course of this research covered factors that play a role in shaping the internationalization process of traditional firmsand EBCs. Additionally, four prominent approaches tointernationalization were thoroughly covered: the Uppsala Model of Internationalisation (Johanson & Vahlne, 1977), Born Globals (Rennie, 1993), Dunning's Eclectic Paradigm (Dunning, 1980) and the Resource Based View (Barney, 1991). The frameworks used in these approaches attempt to explain how and why firms internationalize, and thus, they served as the basis to this research. Furthermore, the literature review revealed that studies investigating internationalization revolve mainly around three main aspects that encompass factors facilitating the international expansion of firms. These aspects are: *Internationalisation Drivers*, *Internationalisation Strategy*, and *Internationalisation Barriers*. This study used these aspects as a main guideline for answering the research question.

In addition to the literature review, a multiple case study wasconducted in which two firms operating in the finance sector were used as units of analysis. The first firm, Company X, a FinTech EBC, set out to conquer the international arena using internet technology to expand, and the second firm, Deutsche Bank AG, a traditional financial services provider. Both firms operated outside of their domicile in a certain stage of theirlife cycle; however, the case study emphasized how each ofthe firms fared compared to the other.

The case study findings showed that both Company X and DB were pushed to go abroad due to their firms' managerial approach and culture. However, using technology in EBCs is asignificant driver to expansion. Furthermore, the use of Internettechnology

allows
EBCs internationalize rapidly, while traditional firms internationalize gradually and iteratively as knowledge and experience accumulate slowly. Additionally, traditional firms establish a physical presence to enter a foreign market, while EBCs handle most of their operations using the Internet and its technologies as a business channel. Lastly, the barriers faced by both firms were similar in how theyare subject to government regulation and due to the natureof the finance sector they both operate in. Nevertheless, EBCs' internationalization process is not as capital-heavy as traditional firms, as the latter require branches in their target markets.
The findings of this study aim to enhance, contribute, and consolidate existing literature, and accordingly, indicationsrelating to the use of internet technology to break down internationalization barriers were duly noted. Furthermore, the motives and strategies of firms using Internet technology proved different. This study reveals that applying prominent approaches in internationalization no longer envelopes all cases.
However, it is important to note that the discussion of the findings raised questions regarding the possible influence the finance sector had on the internationalization process of both firms. Therefore, a conclusive answer as to whether the observed behaviors of the case study firms are pertinentto the financial industry is lacking. Furthermore, additional factors such as timing and possible events occurring during the internationalization of firms (financial recessions or wars) were not considered.
The FinTech era represents the underlying and untapped potential of EBCs, compared to how firms previouslyinternationalized. It would be advantageous to conduct furtherresearch beyond the scope of this study and to include additional EBCs leveraging the power of FinTech while comparing them to their traditional counterparts. This could unlock findings that have not been distinguished in this paper or further validate existing findings. Furthermore, this study enacted a qualitative approach; further research using quantitative methods may allow for results with a higher degree of accuracy.

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APPENDIX

TABLE II: Factors Impacting Internationalisation: Previous Studies

Factors	*Authors*
Market Entry Barriers	Chai and Pavlou, 2004; Shneor and Flaeten, 2008; Arenius et al., 2005; Karakaya, 1993; Terzi, 2011
Firm Size	Loane and Bell, 2002
Firm Age	Loane and Bell, 2002
The Internet	Loane and Bell, 2002; Fang et al., 2017; Petersen et al., 2002; Terzi, 2011
Managerial Structure	Loane and Bell, 2002; Terzi, 2011
Knowledge	Fang et al., 2017; Petersen et al., 2002; Johanson and Vahlne, 1977
Relative Distance (i.e. Psychic Distance)	Forsgren and Hagström, 2007; Johanson and Vahlne, 1977; Kogut and Singh, 1988; Xu and Shenkar, 2002; Kostova, 1999; Tihanyi et al., 2005; Zaheer et al., 2012
Cultural Differences	Loane and Bell, 2002; Johanson and Vahlne, 1977

TABLE III: The Uppsala Model of Internationalisation: Consolidated Representation of Factors

Factor	*Assumption*
Market Commitment	Amount of resources invested that are not easily replaced and increases the link between a firm and a market
Commitment Decisions	Define the rate at which a firm gradually enters a market and resources committed to it
Experiential Knowledge	Influences and shapes how a firm can perceive and take advantage of opportunities and possible problems
Physical Distance	Companies prefer to enter markets similar to them or markets which they know better
Current Activities	An enhancing source in terms of added experience to better capture opportunities
Relationships and Networks	Required the development of international activities

TABLE IV: Applications of the OLIFramework

Ownership Advantage	*Location Advantage*	*Internalisation Advantage*
Capital	Access to resources	Control of supply and price
Technology	Raw material costs	Exploiting technology
Organizational skills	Labor costs	Reduction of transaction or information costs
Trade marks	Legislation	Brand reliability
Economies of scale	Governmental policies	
Market access	Geographic proximity	

Source: Dunning, 1980

TABLE V: Eclectic ParadigmMarket Entry Mode Selection

Ownership	*Location*	*Internalisation*	*Market Entry Mode*
X	x	X	FDI
X	-	X	Export
X	-	-	Licensing

Source: Dunning, 1980

TABLE VI: Case Study Comparison: InternationalisationStrategy (Author's Compilation)

Criteria	*Company X*	*Deutsche Bank AG*
Market Entry Strategy	Partnerships and acquisitions	Partnerships, wholly owned subsidiaries
Internationalisation Pace	Globalisation from inception	Iterative and gradual internationalisation
Physical Presence	No physical presence	Fully owned branches and representative offices