

## PROBLEMS AND COUNTERMEASURES OF DIGITAL TRANSFORMATION OF CHINESE COMMERCIAL BANKS UNDER THE BACKGROUND OF FINANCIAL TECHNOLOGY

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This paper presents the digital transformation strategies and existing problems of Chinese banks, and puts forward suggestions for the digital transformation of Chinese commercial banks.

**Keywords:** Banking; Digitalization; Finance; Big Data; Technology.

## ПРОБЛЕМЫ И МЕРЫ ПРОТИВОДЕЙСТВИЯ ЦИФРОВОЙ ТРАНСФОРМАЦИИ КИТАЙСКИХ КОММЕРЧЕСКИХ БАНКОВ НА ФОНЕ ФИНАНСОВЫХ ТЕХНОЛОГИЙ

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В данной статье представлены стратегии цифровой трансформации и описаны существующие проблемы китайских банков, а также выдвинуты предложения по цифровой трансформации китайских коммерческих банков.

**Ключевые слова:** банковское дело; цифровизация; финансы; большие данные; технологии.

### 1. Introduction

In 2020, the net profit of Chinese commercial banks was 1,94 trillion yuan, down 2,7 % from 2019. The level of economic benefits obtained by banks is decreasing year by year, and digital transformation is an inevitable choice for commercial banks. Digital commercial banks are innovative, break away from the traditional commercial bank model, change the image of traditional com-

mercial banks, reflect their value, and point out the direction for the development of commercial banks. Adequate scene ecology not only provides direction for customers, but also provides customers with the best service experience through the combination of online and offline. In addition, it is also conducive to the realization of efficient operation management and intelligent risk prevention and control. At present, Chinese scholars mainly conduct research on the digital transformation of commercial banks on the entire banking industry, and there are relatively few studies on the digital transformation of individual banks.

## **2. Status Quo of Digital Transformation of Chinese Commercial Banks**

In 2020, China's banking industry will continue to increase investment in financial technology. The investment in information technology of A-share listed banks will reach 207,8 billion yuan, an increase of 25 % compared with 2019, accounting for 10,7 % of the banking industry's net profit of 1,94 trillion yuan that year. This is an increase from 10,19 % in 2019 (Table 1). Large commercial banks invest a higher proportion of fintech than small and medium commercial banks. Combining these figures, it can be seen that the investment of Chinese commercial banks in digital transformation is on the rise.

*Table 1 – Information Technology Investment of Listed Banks in 2019–2020*

<b>Years</b>	<b>Information technology investment (billion RMB)</b>	<b>As a percentage of net profit (%)</b>
2019	1558,5	10,19
2020	2078	10,7

*Source:* [1].

## **3. CCB's Digital Transformation Strategy**

### **3.1. Digital Transformation Strategy of CCB**

As a large state-owned bank, China Construction Bank has made remarkable achievements in digitization in 2020. In 2020, the number of fintech personnel of CCB was 13104, accounting for 3,51 % of the total employees; fintech investment was 221,09 billion yuan, compared with 25,38 % in 2019, accounting for 2,93 % of revenue; 368 invention patents were authorized in 2020, a high in other domestic banks (Table 2).

The specific practice of its digital transformation mainly includes the following aspects: big data precision marketing; establishment of comprehensive and intelligent outlets; exploration of new financial models; establishment of a financial ecosystem

*Table 2 – Digital Transformation of CCB in 2020*

Indicators	Quantity
Number of FinTech personnel (person)	13104
Fintech investment (billion RMB)	221,09
Invention patent (item)	368

*Source:* CCB Annual Report.

### ***3.2. Issues related to the digital transformation of CCB***

The digital transformation of CCB mainly faces two problems: lack of coordination in business innovation; and lack of flexibility in management mode.

## **4. Suggestions for building digital transformation**

### ***4.1. Improve financial technology strategic planning***

In a short period of time, commercial banks must continuously improve their financial technology strategic plans. Faced with the personalized and decentralized needs of large customer groups, emerging technologies such as big data and artificial intelligence will provide efficient support in digital customer acquisition capabilities, business processing, analysis and decision-making. In terms of digital transformation, commercial banks must focus on the cultivation and research of technical capabilities, as well as the cutting-edge, security, stability and openness of technology. Starting from the needs of transformation, skillfully combine digital tools with manual work, use digital technology to improve the environmental design of different travel according to customer preferences, and have industry understanding on the basis of technology. Data is one of the most important new means of production. Mastering more and more customer data will lay the foundation for commercial banks to improve their ability to perceive and understand customers. In order to obtain data-driven capabilities, commercial banks need to open up data circulation at different levels and realize data sharing between departments and operations, so as to form a more comprehensive understanding of products and customer services.

## **5. Improve the business innovation management model**

Chinese commercial banks need to actively explore customer needs on the basis of improving business innovation management models. Commercial banks must optimize the psychological journey of customers from the aspects of marketing concept positioning, marketing team building, and marketing model innovation, and

build different service channels on different foundations [3]. At the same time, a data marketing platform was established to integrate and clean up internal and external customer data, and through various and multi-dimensional customer portraits and customer tags, the customer data was deeply valued and analyzed. From the perspective of offline channels, banks should pay attention to the digital and intelligent transformation and upgrading of outlets, and give full play to the dual advantages of combining manpower and digitalization.

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