Analysis on the Development of Electronic Banking Business of Commercial Banks in China

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Abstract. China's commercial bank e-banking business is still in the development stage. But it has become an important part of banking business and change people's way of life. Therefore, it is necessary to study the development of electronic banking business of commercial banks in China. This paper analyzes the current situation and problems of e-banking, and then puts forward some suggestions on the development of e-banking.

The Overview of Electronic Banking Business

Concept of Electronic Banking

According to CBRC (China Banking Regulatory Commission) on March 1, 2006 implementation of the "e-banking business management approach", China's e-banking business is defined as: commercial banks and other banking financial institutions use open communication channels for the public or open public network, and special network established by banks for specific self-service facilities or customers, to provide customers with off-board financial services, mainly including online banking, mobile banking, telephone banking, self-service banking and other off-board business.

Characteristics of Electronic Banking

Electronic banking is the product of financial business innovation under the new technology. With the help of electronic information technology, the service can better meet the business needs of customers, provide more convenient financial services for customers, and effectively reduce the service cost. Compared with the traditional banking, the summary of the characteristics of electronic banking has the following points.

Virtualization of Banking. Commercial banks need to rely on outlets to open counter services when handling traditional business. However, electronic banking relies on electronic technology to realize the virtualization operation of banking financial services. By building a banking website, bank clients can easily conduct financial operations by simply entering accounts and passwords into the website. In addition, customers can also open the mobile banking client to conduct business operations. Virtualization is an important feature that distinguishes e-banking from traditional banking.

Lower Operating Costs. The cost of establishing information system in the early stage of electronic banking is relatively high, but the cost of system maintenance in the later stage is low, and the marginal cost of banking services is almost zero when in the bearing range. Compared with bank network services, e-banking can also save network land leasing, equipment and other operating costs.

Humanization of Banking Services. With the rapid development of the internet, e-banking business can get rid of the restriction of time and space, and customers can choose diversified banking services within the global internet coverage. What’s more, the self-service of the customer reduces the queuing time of the bank, effectively improves the service efficiency of the business.
The Development Status of Electronic Banking Business

E-banking in China relatively started late. As we know, Bank of China Limited took the lead in self-help banking in 1997. Soon after, China Merchants Bank launched a "all in one net" banking business, and quickly set up China's first online banking. After more than 20 years of development, China's commercial bank electronic banking business has made great progress in product types, business scale and so on.

Rapid Growth in the Scale of Electronic Banking Business

Compared with the traditional counter business, China's commercial bank electronic banking business growth rate is far ahead. As early as 2015, the personal electronic banking business replacement rate of China Citic Bank, China Merchants Bank, SPD Bank and other commercial banks was as high as 90%. ICBC, ABC, BOC and CCB's e-banking business development is slightly slower; in 2016, the replacement rate of e-banking business of the four major banks in turn was 92%, 96.0%, 90.74%, 97.82%. At present, China Guangfa Bank is the bank with the highest replacement rate of electronic banking business, and the replacement rate of electronic channel counter across the bank exceeds 99%. As of September 2017, the bank's mobile banking customers more than 20 million, the forefront of the industry, mobile banking has become the first choice of customer service.

Rich Product Variety

With the rapid development of economy, the demand of bank customers for e-banking business is no longer limited to the previous transfer, storage, query and other aspects, people also need to experience information services, transaction services, etc. In order to better meet the needs of customers, commercial banks continue to develop electronic banking products, enrich the function. Bank customers can now learn from banks about the interest rates on various loans, investment and financial advice, etc. Besides, banks provide personalized services for different needs of individuals and enterprises. For individuals, the e-banking business will provide relevant transfer remittance, housing mortgage, payment of living service fees, etc.; for businesses. Electronic banking provides settlement, international business and so on. As far as possible, the bank can meet the functional requirements of the customer from various aspects, so that the customer can enjoy a better transaction experience.

Preliminary Formation of Management Mode

Compared with developed countries, China's e-banking business is still in the development stage, the corresponding regulatory and credit system are also in the exploration stage. After nearly 20 years of development, the e-banking business management model has taken shape. From the point of view of the central bank, the central bank plays a role in formulating relevant laws and regulations on electronic banking and supervising the implementation of the laws. From the point of view of financial certification center, certification center is responsible for providing all kinds of digital certificates related to e-commerce, so as to ensure the security of electronic transactions. From the point of view of financial certification center, certification center is responsible for providing all kinds of digital certificates related to e-commerce, so as to ensure the security of electronic transactions. From the perspective of the third-party payment platform, the platform is the medium that connects banks, consumers and merchants.

The Development Problems of Electronic Banking Business

Marketing Management Lag

At present, many banks are relatively extensive in marketing management, and marketing methods are relatively backward. Of course, marketing scope is relatively narrow. The bank’s marketing in electronic banking has exposed several shortcomings. For example, the bank's front-line staff’s understanding of electronic banking business is not deep. Employees are not only unable to fully introduce product features to customers, but also under internal task pressure to
resist Product introductions. This has led to an increase in the number of electronic banking services, but not quality. And customer viscosity is not high. Such as the bank's marketing channel layout, at present, the important channel of bank marketing is the physical network. But in the emerging media, the bank's marketing strength is not enough. Although some banks have already released some product information on WeChat Official Account, the level among banks is uneven and banks generally not communicate much with customers.

Risk Control Needs to be Improved

At present, due to the electronic banking business is in the development stage, many banks have not yet established a perfect and effective prevention and control system for the risk of the business, and lack a set of perfect management mechanism. For example, in order to attract customers, some banks deliberately reduce product safety tips, which will undoubtedly increase customer operational risk. Besides, we have to talk about e-banking network security issues. E-banking can only be carried out under the condition of network coverage. When customers operate in an open network, the bank's current technical level cannot completely avoid security risks. Computer crime, network hackers and the lack of system security mechanisms will always threaten customer security. Once the customer's information is leaked or tampered with, or the system is paralyzed, these directly harm the customer's vital interests. For example, on January 16, 2016, ICBC's commemorative coin system was paralyzed. Although raising the level of bank risk control requires a large amount of investment in the early stage, and such investment may not immediately get significant return, banks need to improve the level of risk control, in order to ensure the rapid development of e-banking business in the late.

Lack of Professionals

To some extent, the market competitiveness of e-banking can be reflected by the comprehensive quality of the talent team. The recruitment of many commercial banks focused on campus recruitment, through the written interview layer by layer screening, the whole recruitment process completed for months. However, many internet companies are gaining popularity among young people through flexible recruitment processes and generous benefits. There are more and more people to give up bank opportunities. Moreover, the growth rate of bank talent scale lags behind that of e-banking. E-banking needs complex talents who are proficient in finance and information technology. However, there is a lack of talent in most banks.

Electronic Banking Business Development Proposals

Optimize Marketing Model

The customer is the important cornerstone of electronic banking business development. Commercial banks need to optimize their own marketing model in order to promote the rapid development of e-banking business. First of all, the diversification of marketing model is conducive to expanding customer resources. Banks can combine media marketing with network marketing, so that e-banking can penetrate into other business units to achieve cross-marketing. Secondly, to enrich the advertising and wechat propaganda content, make the propaganda more attractive. In addition, we can also use internet thinking mode to carry out innovative marketing, enhance customer participation in e-banking business, and improve customer turnover rate. Finally, in order to better serve customers, banks should integrate customer data and expand the database to achieve the purpose of precision marketing.

Promote Product Innovation

Customer demand is constantly changing with the times, so financial products need constant innovation. Financial product innovation has become a key driving force for banks to improve their competitiveness. Taking the initiative to promote innovation of products, banks can start from the following aspects. First of all, banks should actively learn from the advanced experience at home and abroad, combined with in-depth market research, and effectively classify customers after
understanding the needs of customers. For example, learn from foreign virtual wallet product services, China's commercial banks should develop some more practical innovative products, so that customers can carry out capital management, payment, if possible, it is best to help customers to develop a more reasonable financial planning according to their own situation. The second important thing is to strengthen unit cooperation and enrich platform services. For example, with the cooperation of colleges and universities, through innovative design in the platform, students can pay tuition fees, living expenses and so on in the platform. Of course, banks can cooperate with a lot of units, such as hospitals, water and electricity companies, etc. In addition, the bank should do a good job of information feedback processing. Through processing customer feedback on product services, banks constantly optimize the electronic product service, operation process and other details, to promote the development of electronic banking business.

**Improve the Level of Risk Control**

Through the network platform or communication tools, electronic banking can smoothly operate. Therefore, the development of banks should not neglect to prevent risks and reduce risks and losses. In order to improve the level of risk control, banks must first improve the relevant restraint system. Commercial banks need to analyze the risks of e-banking business, and establish a more perfect prevention and control system for business risks. When dealing with business risks, banks should strictly abide by the rules of identifying risks, analyzing and evaluating risks, and preventing and monitoring risks. In addition, commercial banks need to strengthen the risk event responsibility identification management, the business risk responsibility to the specific staff, and even as a performance appraisal matters. This enables employees not only to become actively familiar with business expertise, but also to make important risk alerts for customers. Secondly, commercial banks need to do a good job of risk protection. Once the risk of electronic banking is found, it is necessary to actively start the risk control work. Finally, in order to better control risks, banks need to use technology flexibly and use modern methods to prevent and control risks.

**Promote the Construction of Talent Team**

The construction of talent team affects the development of electronic banking. With the rapid development of electronic banking, banks need to strengthen the training of "financial + it" compound talents, professional marketing personnel and other personnel. Only a strong talent support can create better quality products and services. First of all, commercial banks need to start from the salary to attract talents. And through the scientific promotion mechanism, let the candidate see the future development opportunities and growth space. Secondly, flexible recruitment system can maximize the introduction of electronic banking related personnel. Whether by way of social recruitment, campus recruitment or foreign introduction, the focus is to give full scope to the talents through rotation system. Finally, the bank needs to carry on the business training to the bank personnel stage by stage. On the one hand, cultivate employees' habit of constantly learning knowledge, on the other hand, enhance the business skills of employees. Banks have diversified training methods. They can not only hire experts from different positions to the bank to hold knowledge lectures, but also through cooperation with professional colleges and universities, to jointly establish a talent training base to train professional talent.

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