

Research on the Problems and Countermeasures of Personal Financing Products in the City Commercial Banks

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Abstract— As a new rising branch of Chinese city commercial banks industry, its financial aspects should be strengthened. This paper focuses on the problems and the reasons for City Commercial Bank in China in the aspects of financial products, puts forward effective countermeasures.

Keywords- commercial banks; brand value; personal financial product

I. INTRODUCTION

Since the nineteen seventies, Commercial banks in the financial innovation driven, personal finance business has developed rapidly, the number of personal financial products sales growth. The issuing scale size of personal finance products of China's Bank in 2006 reached 400000000000 Yuan. However, from the beginning of 2007, along with the financial industry opening to foreign financial institutions, domestic commercial bank financial business was badly affected, the financial products of domestic commercial banks are lack of diversity and hierarchical, product information asymmetry, the lack of independent innovation ability and so on slowly highlights. As a new rising branch of Chinese city commercial banks industry, its financial aspects should be strengthened. This paper focuses on the problems and the reasons for City Commercial Bank in China in the aspects of financial products, puts forward effective countermeasures.

II. EXISTING PROBLEMS OF PERSONAL FINANCE PRODUCTS OF CITY COMMERCIAL BANKS

- a) Market segmentation and hierarchical service of financial products are still need to be improved are Domestic commercial banks developed much market segmentations focusing on income, family and life cycle, which is single. In fact, you can also press demographic segmentation, comprehensive demographic characteristics such as age, gender, income, occupation and family life cycle stage to divide the market. Generally speaking, customer market segmentation not only to distinguish between different consumer value-added services, such as hedging, steady or risk type, and analysis of their

social class, property, income scale, credit rating, risk tolerance, buying behavior and habits etc.. City Commercial Bank financial products is almost rely on the counter sales, the lack of other sales methods, is not able to provide direct and convenient way for customers to purchase, the product sales have been great limitation.

- b) The product of a single, homogeneous phenomenon is serious, similar products are much. At present our country Commercial Bank launched products mostly just the original bank deposit, loan products and intermediate business products re combination, mostly concentrated in personal credit, debit and credit, information services and other basic financial products. And the city commercial banks because of its smaller, due to lack of R & D, quantity is little, such as Bank of Chongqing, now only a few financial products. The Chongqing Bank launched the "week business" in the case, for a period of 7 days, to contract customers cycle management. The financial product initial purchase amount is 50000 yuan, signed by the customer to buy financial products after the agreement is signed, since the day the system automatically according to the agreement between the methods and the amount of buckle draw a financial funds to finance accounts every day, automatic management. The biggest feature is the automatic cycle of financial management, with the use with the check and the power of compound interest. Liquidity is not only demand deposits, and demand deposits interest rates 4 times the fiscal revenue, is actually a re packaging to bank 7 days notice deposit. Currently on the market similar products are the China Everbright Bank "sunshine finance week plan", Minsheng Bank "money" financial B account, to pay the "Shuangli management accounts" etc.. For this kind of financial products, banks operating technique is almost exactly the same, will raise funds on the interbank bond market, make some gains by buying bonds, bills, bonds and other bonds denominated in RMB. This operation technique arbitrages through the deposit interest rates far below the inter-bank market

investment . At the same time, the RMB financial products in the timing convergence in abnormal, the target customer group selection is also focused on the city elite. This consistent pattern makes the RMB financial products homogenization phenomenon banks interbank seriously, this financial products competition can only rely on improving product sales to achieve better returns to the bank, its profit space has been squeezed more and more small, thereby into a passive situation in business development.

- c) Personal finance product marketing is lack of overall planning and creativity, marketing ideas are behind. Personal finance product varieties of domestic commercial banks are convergence, price competition is intense. But the marketing planning is not of importance and creative. But now the marketing behavior of many commercial banks personal financial products is the same, many banks are eager to seize market share, pre work product marketing is not perfect, not deep enough for localization, and sometimes are not clear whether they are suitable to launch a product, anxious to compete with other banks, the marketing effect doesn't work as well as they'd hoped.
- d) Marketing personnel quality is not high, the incentive mechanism is not perfect, prone to moral hazard. City Commercial Bank financial business started late, had a low starting point. Marketing personnel training and incentive mechanism are not as good as the foreign banks. The city commercial banks occupied the market share through the sale of financial products , led to the marketing personnel performance pressure, the sales staff is prone to moral hazard. For example, only emphasize financial products income, do not talk about risk, exaggerated "the highest yield, and the emergence of the" high risk "not floating benefit" products sold to the kind of risk averse clients like the retired , the reputation and credibility of banks were hurt hardly. In 2008 April, the CBRC has informed the part of commercial bank financial products problems, said: "part of the commercial banks do not accurately understand the client's financial situation, investment objectives, investment experience and risk perception and ability; not evaluate whether it is suitable for the client to purchase the recommended products, and will inform the customer about the evaluation opinions."
- e) Brand building is not perfect, the brand value cannot be reflected Domestic joint-stock commercial banks in personal financial product brand construction in the forefront, the merchants bank "golden sunflower" series, the Minsheng Bank's "extraordinary" series, the Everbright Bank's "sunshine" series have been known and understood through the good marketing . City Commercial Bank is limited by its smaller size, for financial products in the promotion is smaller. Even in the local, financial products, influence and recognition

is also much lower than the brand construction of joint-stock commercial banks. Some of the time, the quality of the products is better than that of joint-stock commercial banks circumstances, product sales is still far lower than the same period in the same type of joint-stock bank financing products. The emergence of "a difficult situation with no one knows"

III. ANALYSIS OF THE CAUSE OF THE PROBLEM

A. *Analysis of the causes of market segmentation and hierarchical service defects of financial products.*

In the beginning ,the market positioning of City Commercial Banks is "service to serve the local economy, small and medium-sized enterprises, service city residents", not paying enough attention to the development of the intermediate services including personal financial business. Financial products in the domestic appeared even before some city commercial banks set up time. The city commercial banks will be more focus on traditional banking services, financial management products for market segmentation and hierarchical service input is far less than other commercial banks. In the hierarchical service financial products is subject to the small scale, insufficient number of employees, not the shunt more hands to support financial products promotion and sales of the original transactions and customer manager, as a professional financial account manager. More is to choose the counter operation personnel to carry out financial products marketing and sales integration type sales model.

B. *Financial products are single, analysis of the causes of serious homogenization phenomenon.*

The city commercial banks personal financial market practice time is short, financial engineering talent is useless, do not know enough about the individual customer's actual financial needs and risk preferences, coupled with the current financial separate operation of banking financial products investment limits in the field of personal financial products, so that commercial banks now launched relatively relatively simple, relatively similar varieties. Although the financial products of domestic commercial banks development has reached a certain scale, especially have absolute predominance in the RMB financial products, but from the personal financial product development and profitability, Chinese banks are still insufficient, the product quantity to be huge, but the actual species homogenization of serious, especially in domestic small and medium-sized city commercial banks, it is in order to re packaging products joint-stock banks mature. Listed in 2007 to purchase new financial products and asset management products, together with the credit assets as the foundation, is the domestic commercial banks follow the simple imitation. In product development aspect, city commercial banks, as small banks ,copy other domestic commercial bank products as the main mode of product development at the present stage.

C. *Analysis of the causes of financial products marketing ideas behind.*

"Marketing concept to customer demand as the center" marketing concept is not deep into our city commercial bank's financial products, as the marketing to sell, that sporadic use advertising, promotional strategy is the marketing. Not really aware of the importance of customer needs; lack of emerging market consciousness, provides the high quality door to door service for the customer less, still using the kind of "waiting" approach, ignore the research and development of potential customers. These backward marketing concept leads to excessive bank client focused on direct interest and immediate interests, ignoring the long-term and comprehensive development. Only pay attention to seize the existing customers and the market, ignoring the existence and value of potential customers, the lack of overall planning for the focus on marketing strategy and the development direction of the current.

D. *Analysis of the causes of financial products marketing personnel quality is not high..*

In the commercial bank, the production department of financial management products belongs to the financial markets department, also known as the Treasury Department, the Department in the head office directly on the personal financial business is in charge of the vice president. Financial products sales department is personal financial department, financial management division, the lobby manager belong to personal finance ministry, who exists in each branch, branch of a large number of. Although before each product was push-off, designers of the market financial products are responsible for the training of personal financial department to the main product sales, design concept, mode of operation and risk products. But the personal financial products are not only relate to the basic business bank, more requirements in the financial products marketing personnel should possess the qualities of professionalism and the financial industry. Personal finance manager of commercial banks in China are mostly from the temporary staff training from the cabinet, they know very little about product development ideas and personal financial products operation knowledge, their understandings of personal financial products and financial comprehensive quality is also difficult to adapt to the increasingly specialized, complicated personal finance product marketing requirements, not conducive to personal financial product marketing..

E. *Analysis of cause of financial products brand building is not perfect, brand value can not be reflected.*

Because of its strong local characteristics, scale is small, local government investment background and other defects, even if there are some city commercial bank have some knowledge of financial products brand on the necessity and importance, but City commercial banks are far less than large state-owned commercial banks and joint-stock commercial banks in the understanding and attention degree. Brand building is more rely on traditional propaganda like mouth to mouth of the city residents because of quality products. Its

brand promotion is not as good as the large state-owned commercial banks and joint-stock commercial banks in the depth and breadth,. With the major joint-stock commercial banks, whose domestic financial brand promotion is outstanding, in the competition, even if the product is better than the same type of joint-stock bank products, but still at a disadvantage in the purchase amount.

IV. *ADVICE OF OPTIMIZING CITY COMMERCIAL BANKS PERSONAL FINANCIAL PRODUCT*

We focus on city commercial banks problems and the difficulties encountered by the personal financial business in the city commercial bank, the geographical position is superior, the close relationship between employees and customers, and personal finance in China is at the stage of development of the thriving. Can say, the development of city commercial banks personal financial services, share "day, geography, and the advantages of". How to play the advantages of city commercial banks, to solve the present unfavorable situation in personal finance market, out of the local city commercial bank has the characteristic of personal financial business development path, the author put forward the following views:

A. *The establishment of service database.*

First, adhere to the customer as the center, to determine the key customer, customer structure analysis. Through the establishment of data warehouse of large, large customer data to accumulate in the banks using the advanced data warehouse and data mining technology, according to the age, occupation, income, investment experience and other re classification, starting from the aspects of its trade preferences, induction, analysis, comprehensive analysis, reveal the actual demand characteristics. According to the characteristics of the personal financial management business of city commercial banks, and the local actual situation, city commercial banks has three elements of market segmentation according to the interest, the population and the psychological. From the interest factors that benefit pursuit, orientation is different, different human pursuit of interests willing to bear the risk degree is different, specific financial products, the tendency is different. From the population factors, people in different age, because they have different concepts of life, consumption concept and life experience, the risks and benefits of the different attitude. From the psychological factors, different people have different life and mode of spending time and money, and different people accept different degrees of financial products and these actual market demands are closely related to financial products. City Commercial Banks on the basis of but not limited to these three elements, can be successfully put the customer market segmentation into several different sub markets, including any sub market have similar needs of target customers. City commercial banks can be reasonably according to the market environment, its resources and business characteristics, select the target customers, and target market selection, according to different customer's different needs of financial products, to provide different financial products for customers to design different levels.

B. On the customer segmentation, provide the service level for different customer needs.

Hierarchical service does not represent a discriminatory service or only provides the service for the customers. Due to the different target groups of clients with different personal financial product demand, city commercial banks shall, according to their actual financial needs, combined with their contributions to the banks, to provide differentiated services for different levels of customers, in favor of personal financial products and the increase of bank profit. At present, China's large commercial banks in the personal finance is mainly for high-end customers, through the introduction of various types of silver card, gold card, platina card, VIP card, VIP plan, set up financial studio, providing exclusive privilege and the opening of the corresponding fast service channels and other measures for VIP customers, realize the special service to the customers. But the large commercial banks ignored the other numerous, in marketing also mostly high-end customers, not for personal finance customer knowledge, even never heard. Therefore, city commercial banks can jump out of fierce competition for high-end customer markets, into the vast blue sea and customer management. Small and medium-sized customers are the city commercial bank's basic customer group. At the same time, the national social security system, medical care system, education system reform also causes people to pay more attention to your financial status. Through the reasonable financing plan, ensure their future life in financial security and independence to independent, objective, the basic target that the people pursue has become better enjoy life. The rapid expansion of the middle class and the urban residents' income growth provides a broad market for city commercial banks. An average annual growth of 30% financial needs, but also requirements of city commercial bank must give full play to their own advantages, the segmentation of target market, small and medium-sized customer management market force.

C. The development of new products should be based on "customer satisfaction" principle.

As China's financial market is opening to foreign banks, financial product market competition will be more intense. Chinese banks, foreign banks through mutual participation and M & A, not only make their own capital gained rapid promotion, more make the service levels continue to improve, especially in the development of personal financial products, more to be way ahead in city commercial banks. Furthermore the earliest personal financial products of the joint-stock commercial bank financial products are more abundant and diverse; the marginalized position of city commercial banks is more serious. City Commercial Bank must identify the target customers, through the continuous development in line with the actual needs of target customers, with its own characteristics of the financial products, and constantly open up the market, and their market share gradually stabilized, in order to better survival and development in the fierce competition in the market. Although the ultimate goal of city commercial banks to develop personal financial business is to increase income, improve the level of profitability, but the short-term goal should be to "customer satisfaction, capital preservation profit"

principle for the development of financial products. One is to retain customers, city commercial bank staff and customer relationship is close, easy to make the customer dependence. If the city commercial banks to personal financial products to customer assets reasonably stable, reflecting a certain strength from two aspects of marketing services and the quality of the products, not only can make banks more closely relationship with customers, improve customer satisfaction and loyalty, and ultimately to retain customers purpose; two is through the new financial product later independent research and development of the personal assets, meet customer demand, outside the city commercial banks to give customers a "financial ability" impression, and attract growing customer; three is a typical set of personal financial products, enlarge the potential customers, through existing customers and marketing their own levels continue to rise, to improve the quality of the products, drive more potential customers to participate in the personal financial management business, to tap its full potential; four is the client steadily increase or decrease based on speed loss, financial product innovation with local characteristics, to meet the high quality financial needs of customers, so that the city commercial banks have gradually "boutique banks" road.

D. Create the financial elite management team.

Bank financing is a strange and frightening concept of city commercial banks, horrible lies in the lack of financial backbone -- financial talents. Create elite management team has become a pressing matter of the moment of city commercial banks. First, personnel training. Our financial adviser and development is accompanied by the sustained growth of national wealth. In order to adapt quickly to the growing financial needs, develop domestic qualified management experts, published in 2003, the national Ministry of labor and social security of the fifth batch of 53 occupation standard, financial management division was formally incorporated into the national occupation ceremony. In December 11, 2004, the Chinese financial education development foundation Financial Planning Standards Board passed the "Interim Measures for the financial planner certification". China Institute of Certified Financial Planners (The Chinese Institute of Certified Financial Planners, referred to as: CICFP) was established in 2005, is China's financial management division fast training, laid the foundation for growth. City commercial banks must catch the bus, to speed up the training of financial personnel. Second, long talent. Talent is the core competitiveness of modern social organization. The former Citibank CEO Gao Tillman Rockefeller pointed out in 1965: "if we have done in the last few years things all down, and then put them back together, then we can see, for so many years, we have the most energy, spent most of the time, and will continue to do so thing is -- people's problems, on this point should be no doubt. In Citibank, staff recruitment, hiring, training, staffing and development is always in the first row." "Reuse talent, talent, talent award, long talent" is to select talents Citibank outlook. Success is the modern bank. Chinese city commercial banks to make his team into the elite team, strive for in the financial markets rely on superior force, strong

onslaught, maximize financial market share. Cultivation of talent, talent is the key to the success of a long stay.

E. Carefully build financial products brand, achieve financial products brand loyalty.

City commercial banks to talent showing itself in the fierce market competition, must have their own brand. As the competition among today's enterprises more and more fierce, "wine is also afraid of deep alley". So the city commercial banks to design a good product, must use of television, radio, movies and other media, to strengthen publicity and breadth of financial products, to enable more customers to understand it, set a powerful, full range, multi function for city commercial banks personal financial products and service provider the image, in order to stimulate customer consumption desire. Brand is an asset, but the real assets is the consumer brand loyalty. The United States of America, Professor Telunxi Shimp mentioned "brand is not an asset in his monograph about integrated marketing communication, brand loyalty is the asset. No customer loyalty, the brand is purely a trademark, is a kind of symbol can be owned, recognizable, but it has no value." Brand awareness can be created, as long as the financial industry brand invested large amounts of funds for the brand promotion, brand awareness in a short period of time can quickly realize. However, consumer loyalty to the financial industry brand, from brand consumption in the process of accumulation of service satisfaction. City commercial banks through advertising, publicity, sales promotion to build up "the brand", must careful maintenance, to meet the consumer's

cognition, so as to keep the brand image consistent, only to consumers of products, services and brands are satisfied, can eventually build customer loyalty.

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