

CHAPTER 3

RESEARCH METHOD

The development of Minsheng Bank's personal wealth management business has demonstrated its own distinct characteristics and advantages, but there are also some deficiencies and problems in the actual business development. This is mainly manifested in the irrational product structure, the overall quality of employees can not meet the customer's needs and standards, in the control of risk has not done enough. With the development of personal financial management by domestic commercial banks. The Bank will respond to this challenge by intensifying its “blended finance” operations (where the financing delivered on commercial terms is combined with financial grants or incentives to stimulate a certain market behaviour of either the PFIs or their clients) and by allowing in targeted cases for financing to be priced on the basis of the prevailing market conditions, rather than on the basis of the implied risk (Zheng, 2016).

3.1 The product structure is not reasonable

For all commercial banks, product innovation is a task that requires long-term implementation. In an increasingly fierce competitive environment, banks have taken innovation as an important measure to enhance their competitiveness. However, due to the impact of the policy environment, China Minsheng Bank, like most banks in China, has limited its existing personal finance services to consulting and advice. The wealth management products provided are mostly combinations of existing products. Compared with peers, homogenization of products is still relatively serious and the proportion of short-term products is too high. On the other hand, there may be greater policy risks. The distribution schedule of personal wealth management products issued by China Merchants Bank in 2016 is shown in Table 11 and Figure 2. It can be seen from the comparison between Minsheng Bank and China Merchants Bank that China Merchants Bank has a more reasonable distribution of product terms and provides products for various ranges. Investors choose to have longer product cycles to meet the needs of more customers who expect long-term stable returns.

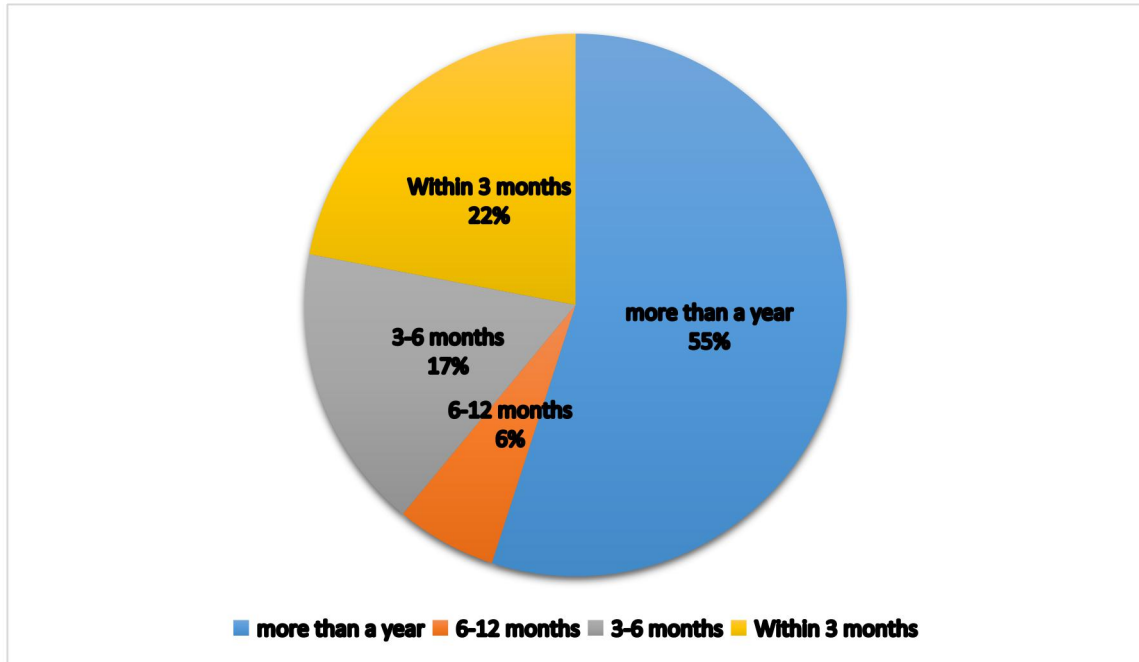
Table 11: Distribution of China Merchants Bank's wealth management products

Financial product term	Product Type (only)	The proportion of the number
Within 3 months	836	48.60%
3-6 months	623	36.22%

6-12 months	203	11.81%
More than 1 year	58	3.37%

Data Source: Wind Finished

Figure 2: Distribution of China Merchants Bank's wealth management products



Data Source: Wind Finished

Customers are always pursuing high-yield wealth management products, so the competition of similar products is mainly reflected in the market price and profitability competition. However, with the increase in people's financial needs and the lower profit margins brought about by competition, it is difficult to earn customers only by raising the rate of return to become a long-term solution, and it will easily lead to vicious competition in the personal financial market. As shown in Table 12, Table 13 and Table 14, the distribution of the returns of wealth management products issued by China Minsheng Bank and China Merchants Bank in 2016 and the average expected rate of return are shown in Table 12, Table 13 and Table 14. It can be seen that the personal wealth management products of Minsheng Bank are mostly concentrated at less than 4%. The return on wealth management products provided by China Merchants Bank is between 4% and 5%, so Minsheng Bank does not have an advantage in product revenue.

Table 12: Minsheng Bank's Distribution of Financial Product Returns

Rate of return	Accounting
3.25%-3.50%	37.17%

3.50%-4.00%	40.26%
4.00%-4.50%	18.88%
4.50%-4.95%	3.68%

Table 13: Expected Yield of Minsheng Banking Financial Products

Product term	Expected rate of return
Within 3 months	3.71%
3-6 months	4.00%
6-12 months	3.79%
More than 1 year	4.40%
Overall average	3.75%

Table 14: Distribution of China Merchants Bank's Financial Product Returns

Rate of return	Accounting
4% or less	12.62%
4.00%-4.50%	30.10%
4.50%-5.00%	53.40%
More than 5%	3.88%

Data Source: Wind Finished

Assessing whether the impact of financial development on poverty is influenced by institutions has important policy insights; it is no coincidence that two of the World Bank's top priorities are the development of the financial sector and institution-building. At the same time, the financial products of the people's livelihood are more biased towards standardization and subjectivation, and they have not been adjusted in a timely manner based on the characteristics of the customers. The customer's preference for risks and the requirements for profitability are different, and the demand for financial products is also not the same. According to the "28 law," 80% of wealth is in the hands of 20% of customers. Minsheng Bank is targeting 20% of high-net-worth customers in designing personal wealth management products while ignoring the remaining 80% of low-income groups. demand. As shown in Table 15, the personal wealth management products issued by Minsheng Bank in 2016 generally set a higher amount of purchases, which has limited the financial needs of some low-income people. This model will not only lose some common resources, but will also be detrimental to the development of Minsheng Bank's wealth management business. China Merchants Bank has done a more prominent job in customer relations. By providing differentiated products to customers, the initial value of financial products is shown in Table 16. Wealth management products within 50,000 account

for almost 80% of total investment. Provide more diverse options.

Table 15: Distribution of the amount of money purchased by Minsheng Bank's wealth management products

Purchase amount (million)	Product Type (only)	Accounting
1.8	1	0.05%
5	688	33.53%
10	183	8.92%
20	494	24.07%
100	443	21.59%
1000	243	11.84%

Data Source: Wind Finished

Table 16: Distribution of China Merchants Bank's Initial Value of Wealth Management Products

Purchase amount (million)	Product Type (only)	Accounting
1.8 or less	166	9.65%
5	1189	69.13%
6	24	1.40%
10	73	4.24%
20	163	9.48%
50	105	6.10%

Data Source: Wind Finished

Minsheng Bank's personal wealth management business involves many departments and is a systematic task. From research and development to management, including product requirements, product design, back-office support, marketing promotion, late-stage feedback, and product improvement, involve multiple departments. However, there is no established inter-departmental coordination mechanism in the internal organizational structure. Each link carries out its own duties in accordance with the division of the department and conducts relatively independent product management work. On the one hand, the demand information for wealth management products could not be delivered as quickly as possible, slowing down the progress of R&D of relevant departments and providing a better match between service supply and demand. Similarly, investors' feedback on wealth management products has not been transmitted quickly, which has affected the improvement and optimization of banking services and has affected the further

marketing. On the internal structure, Minsheng Bank implements a total branch system, and the final decision-making power in major affairs is still in the hands of the head office. For personal finance business, it is also a unified development of the head office and then promoted by various branches. In other words, the mode of development shifted from an inward-oriented accumulation regime with extensive state regulation and intervention to a stance that was export-oriented (Yan & Gao, 2014). Furthermore, because the level of economic development across the country is not balanced and the demand for wealth management products is not the same, the unified distribution of products by the head office cannot meet the needs of various places at the same time.

3.2 The overall quality of employees is not high

The personal wealth management business is a professional and relatively strong business. A team of high-quality financial management personnel is an important embodiment of the core competitiveness of a commercial bank. In late 2003, ICBC launched the core competitiveness development and management project for personal finance to provide customers with quality services. At present, there is still a large gap in the financial management professionals market. Each bank has started to train and promote financial professionals. In the fierce competition situation, with a team of highly qualified and efficient professional financial management personnel, it has already seized the opportunity in the market.

AFP and CFP are steps to enter the wealth management industry. However, from a practical point of view, the proportion of staff passing through the examinations in the Minsheng Bank is still relatively low, and the number of high-quality talents with strong comprehensive financial management capabilities is even less. In recent years, although Minsheng Bank has stepped up the training of financial management personnel, it has regularly cultivated a large number of AFP and CFP each year. However, most of the business outlets do not have full-time wealth management managers. The financial management personnel still use lobby managers as the mainstay, and other departments and front desk tellers. In the process of drawing tune-ups and frequent replacements, the level and efficiency of accepting new business knowledge are limited. The services provided have been theoretically providing clients with professional financial planning and designing wealth management plans and decomposed into simple financial product recommendations. The ratio of college education or above for employees of China Minsheng Bank and China Merchants Bank is shown in Table 17. It can be seen from the table that the proportion of Minsheng Bank employees who have college degree or above is rising

year by year, but there is still a certain gap compared with China Merchants Bank. At the same time, some financial management personnel violate the professional ethics in the marketing of financial products. Most people's livelihood financial planners are served by grassroots sales personnel. In the era of universal marketing for the financial industry, based on the pressure of performance nuclear, the bank's staff are more What counts is its own business volume, followed by the interests of its customers. Given the large heterogeneity of countries covered by multilateral DFIs, and in order to gain a better understanding of the possible different effects that the above variables may have on economic growth, we split our sample into two sub-samples. One includes 59 lower-income countries and the other 42 higher-income countries (Karani & Gantsho, 2007). According to the bank's annual report, the five state-owned banks had a total of 25,000 people leaving in the first half of 2016, and Minsheng Bank had a turnover of 1,046 people. It is not related to the decline of the remuneration and welfare of Minsheng Bank. The emoluments of Minsheng Bank and China Merchants Bank since 2011 are shown in Table 18 and Table 19. In the first half of 2016, the employees' salaries of Minsheng Bank decreased by 22% compared with the same period of 2015, and they ranked first among the announced bank data. Although the increase in the salary of employees of China Merchants Bank slowed down, it still showed an upward trend. Therefore, while establishing a professional financial management team, Minsheng Bank should further improve its retention mechanism.

Table 17: Proportion of Education of Minsheng Bank and China Merchants Bank

Year	2016	2015	2014	2013	2012	2011
	First half					
Minsheng Bank's total number	56182	57228	57406	53064	47650	39885
College degree or above people	54780	55536	54880	49166	44023	39885
College degree or above proportion	97.5%	97.0%	95.6%	92.7%	92.4%	91.8%
China Merchants Bank College Degree or above proportion	98.6%	98.4%	98.8%	98.3%	98.1%	97.68%

Sources of data: China Minsheng Bank and China Merchants Bank

Table 18: Remuneration of Minsheng Banking Staff and Proportion of Increases and Decreases over the Same Period (Unit: Million)

Year	2016 First half	2015	2014	2013	2012	2011
Employee compensation	8740	24074	22427	19145	18851	15603
Increase and decrease over the same period	-22.06%	7.34%	17.14%	1.56%	20.82%	-

Source: China Minsheng Bank's Annual Report

Table 19: Remuneration of China Merchants Bank's employees and proportion of increase and decrease over the same period (in millions of dollars)

Year	2016 First half	2015	2014	2013	2012	2011
Employee compensation	16359	31394	29179	26990	23932	20316
Increase and decrease over the same period	2.81%	7.76%	8.11%	12.78%	17.80%	-

Source: China Merchants Bank Annual Reports

3.3 The level of risk management needs to be improved

With the deepening and development of China's personal wealth management business, our residents' investment awareness and financial management awareness have become more mature. For most investors, especially some risk-averse customers, they are more inclined to purchase wealth management products that are safe and available for long-term and stable investment returns. This requires commercial banks to make greater efforts in risk control.

Minsheng Bank has always been committed to ensuring the safety of customer capital and maximizing the return on investment while developing personal wealth management services, but there is also the possibility of risks occurring. At present, personal wealth management products that are being sold include the series of profit-raising, safe-winning, super fund, Tsui Chuk, and Zhi-Yong. Most of them are non-guaranteed floating income products. So the principal and income cannot be guaranteed. If the issuer breaches the contract when the financial product expires, it will result in a loss of the financial product. At the same time, high-yield companies are accompanied by high risks, and wealth management products that can provide higher expected returns are at greater risk. The trust of our residents for a long period of time has caused most customers to ignore the risks. Subjectively, we believe that financial management is a class of savings products guaranteed by bank credit. The

occurrence of risks will also bring reputation losses to banks. In addition, many of Minsheng Bank's wealth management products are linked to financial derivative products, but they lack the hedging methods for these derivatives risks, and do not have a sound risk management system. This methodology uses an approach similar to clinical trials where access to a specific new drug is randomly assigned, and the impact of a change in access on a group is then compared to a second group that does not have the same access but is otherwise indistinguishable. However, all of Minsheng Bank's wealth management funds are subject to unified management and management by the head office and investments are made in the financial market. Therefore, funds from branches at all levels are outflowed and do not hold cash positions. In addition, some financial products have a long period of time and reduce the liquidity of bank funds. In the absence of other risk diversion, it may bring liquidity risk to the banks.

According to the “Planning of Banking Financial Capacity Ranking Report” published in the fourth quarter of 2016 in accordance with the general benefit standards, as shown in Table 20, Minsheng Bank’s personal wealth management business is ranked third in the nation’s commercial banks, with good results but risk control. The capacity is only ranked seventh, which shows that Minsheng Bank has a large gap with other similar banks in the risk control of wealth management business.

Table 20: Overall Ranking of Banking Capacity in the Fourth Quarter of 2016 (Unit: Points)

Rank	Bank name	Risk Control	Synthesis Score
1	China Merchants Bank	17.70	89.97
2	Industrial Bank	17.59	89.95
3	China Minsheng Bank	16.59	88.19
4	CITIC Bank	17.46	87.58
5	HSBC Bank	17.33	87.35
6	ICBC	16.72	86.19
7	China Everbright Bank	17.56	85.51
8	Shanghai Pudong Development Bank	16.40	83.92
9	China Postal Savings Bank	17.30	81.59
10	Guangdong Development Bank	11.85	81.37

Source: Universal Standard

First of all, Minsheng Bank has a low risk identification capability. When a customer purchases a personal wealth management product through an offline channel, the staff member conducts a risk assessment test on the customer and divides the customer according to the test results, the amount of the customer's assets and financial management experience, and then introduces the customer to a suitable wealth management product and investment portfolio. At the same time, the customer will be given a risk warning during the transaction. Although the control of the people's livelihood in the sales process is relatively strict, in practice, every link may be flawed. For example, during the process of conducting risk testing and customer-related information communication, customers may misrepresent some key information and influence the test results. believe that customers understand the financial products mainly from money managers, banks and money managers in the case might take the initiative of individual interests above professional ethics (Yi, 2016). As per the Enhanced and Structured Approach to Policy Reform Dialogue at the EBRD paper, investment projects will continue to form an essential base for a more proactive EBRD policy reform engagement.

3.4 Intense external competition

Personal wealth management business is an important part of the profit sources of commercial banks. With the development of social economy, wealth management business has entered a period of rapid expansion, attracting various types of financial institutions to join. In addition to internal development bottlenecks, Minsheng Bank's wealth management services also face external competition from various sources. Apart from domestic state-owned banks, joint-stock commercial banks, city commercial banks, and rural commercial banks, these competitors also face pressure from foreign banks.

Table 21: Balance of Money at the End of Month of Financial Products of Different Types of Banking Institutions (Unit: trillions of yuan)

Time	State-owned bank	Shareholding system bank	city Commercial Bank	Foreign bank	Rural financial institutions	other organisations	Total monthly balance
2014.1	5.97	4.04	1.07	0.44	0.31	0.23	12.05
2014.2	5.87	4.17	1.10	0.41	0.33	0.24	12.12
2014.3	5.09	4.20	1.08	0.41	0.33	0.26	11.37
2014.4	6.34	4.68	1.24	0.44	0.38	0.29	13.36

2014.5	6.53	4.99	1.32	0.43	0.40	0.30	13.96
2014.6	5.64	4.59	1.32	0.41	0.38	0.30	12.65
2014.7	6.70	5.17	1.50	0.44	0.42	0.31	14.54
2014.8	6.64	5.40	1.53	0.43	0.43	0.32	14.75
2014.9	6.37	5.53	1.57	0.40	0.43	0.33	14.64
2014.10	6.69	5.80	1.63	0.41	0.46	0.33	15.32
2014.11	6.62	5.89	1.67	0.41	0.45	0.33	15.38
2014.12	6.47	5.67	1.70	0.39	0.46	0.34	15.02
2015.1	6.54	6.12	1.78	0.41	0.48	0.34	15.67
2015.2	6.81	6.49	1.86	0.39	0.52	0.35	16.42
2015.3	6.32	6.59	1.87	0.37	0.54	0.37	16.05
2015.4	7.00	7.50	2.03	0.39	0.59	0.40	17.91
2015.5	7.35	7.93	2.21	0.37	0.65	0.42	18.93
2015.6	6.67	8.15	2.27	0.34	0.66	0.43	18.52
2015.7	7.71	8.92	2.47	0.36	0.76	0.44	20.56
2015.8	7.81	9.32	2.58	0.36	0.81	0.49	21.37
2015.9	7.81	9.30	2.70	0.34	0.81	0.52	21.48
2015.10	8.17	9.32	2.84	0.33	0.84	0.57	22.07
2015.11	8.25	9.53	2.94	0.31	0.88	0.62	22.53
2015.12	8.67	9.91	3.07	0.29	0.91	0.65	23.50
2016.1	8.39	10.06	3.20	0.29	1.00	0.68	23.62
2016.2	8.80	10.41	3.36	0.31	1.10	0.73	24.72
2016.3	8.46	10.30	3.48	0.31	1.19	0.76	24.50
2016.4	9.03	10.65	3.63	0.334	1.31	0.82	25.78
2016.5	9.16	10.64	3.69	0.33	1.38	0.85	26.06
2016.6	9.00	10.89	3.74	0.30	1.44	0.91	26.28

Source: Annual Report of China's Banking Financial Market in Each Year

According to the bank wealth management capability report published in the fourth quarter of 2016 by Puyi Standards, the top ten national joint-stock commercial banks in the nationwide bank accounted for most of the seats by 80%, and Minsheng Bank ranked third. According to the scores of various commercial banks in six aspects (as shown in Table 22). Return of 4.3%-4.55%, Everbright Bank's yield of 2%-4.57%,

Industrial and Commercial Bank of China's yield of 2.1%-6.4%. And Agricultural Bank's yield of 1.4%-6.7%. As a result, China Minsheng Bank has no major attraction in terms of profitability. At the same time, Agricultural Bank of China has not set up the purchase amount in several open financial products, and has greater flexibility in terms of funding. The following table shows the personal financial products of major commercial banks in China, as shown in Table 23.

2.Competition from Foreign Banks

After the 1970s, under the impact of the financial innovation wave, various commercial banks vigorously developed their personal wealth management services. Since China's accession to the WTO. In 2001, China has fully liberalized foreign-funded financial institutions. On the one hand, it has removed restrictions on territories and objects in foreign exchange operations, and on the other hand, it allows foreign banks to conduct RMB business. For high-quality customers, they do not have enough time and energy to research financial products. Therefore, high-quality bank personnel who have a thorough understanding of the financial market, master marketing skills. And understand customer psychology become their best choice. The opening of the Chinese market by foreign banks happens to satisfy the needs of this group of people. In addition, there is a large gap in the completeness of financial products that domestic commercial banks can provide compared with foreign banks. On the one hand, the practice of mixed business operations abroad allows banks to carry out securities, insurance, and fund operations at the same time. Investors can complete multi-channel investments at the bank, eliminating the hassle of re-selection. Banks can also raise more funds. In contrast, domestic banks have few types of wealth management products and their financial management costs are relatively high. On the other hand it is manifested in the fact that foreign banks not only have a large variety of products but also can designate individualized asset management plans for their customers. This is the fundamental reason for winning the market. In addition, the wealth management products of foreign banks are updated quickly. The average cycle is about two months. This is far beyond the reach of domestic commercial banks. The following analysis focuses on the personal banking business of the U.S. banking industry.

Through analysis of the personal financial management business of commercial banks in the United States. We can see that it has handled customer relations very well and is customer-centric. Providing customers with the most appropriate wealth management products and assets based on in-depth understanding of the real needs of customers. planning. In terms of customer management. Hang Seng Bank provides three types of personal wealth management services, namely "Premium Banking",

“Operational Finance” and “Commercial Banking”. At the same time, it has a highly qualified professional team and attaches importance to strengthening the examination and training of staff qualifications. For example, a commercial bank in the United States requires financial managers to pass CFP. In terms of product diversification, both break the industry's limits and provide customers with more comprehensive financial products to meet their different requirements. Minsheng Bank's management of wealth management business is still the “follower” of foreign banks. There is also a large gap between the richness of products and the degree of professionalization of employees and foreign banks. These are areas where Minsheng Bank needs improvement.

3.Competition from other financial institutions

After the reform and opening up, China's financial industry has practiced mixed operations, and banks can carry out securities and trust business. However, due to the chaos in the financial market, the government proposed separate operations in 1993. In the "Commercial Banking Law" in 1995. It stipulated in the form of legislation that "commercial banks must not engage in trust investment and business investment within the territory of the People's Republic of China." This has played a significant role in regulating China's financial order and preventing financial risks and the development of the financial industry. In November 1999. The United States promulgated the "Graeme-Ritchie Billy-Lee Act," giving up the separate business model since 1933, and began to shift to mixed-business operations, establishing The United States' mixed industry structure. With the acceleration of the global financial integration process and the opening of the Chinese market by foreign financial institutions, domestic banks are facing greater pressure for survival. The government has gradually liberalized the restrictions on separate operations and the domestic banking industry has begun some exploratory attempts. The liberalization of payment licenses has made it difficult for banks to rely on traditional deposit and loan spreads, and the banking industry is also desperately required to penetrate other businesses. The end of the business monopoly intensified the speed of mixed operations, and wealth management and investment banking became the bank's new profit point. The Securities Trading Regulatory Commission issued the "Trial Measures for Securities Company's Client Asset Management Business" issued in December 2004 and the Securities Industry Commission's Implementation Regulations for Collective Asset Management Services issued by the Securities Regulatory Commission in 2006. Allowing brokers to carry out collective asset management plan business. As the first financial institution to enter the wealth management market, insurance companies are relatively rich in financial management experience and have accumulated a wide range of customer groups in China.

At present, the development of personal finance business of China's commercial banks is still affected by the business model of the financial industry. Banks, insurance, securities and other financial services are carried out in their respective fields. At present, most types of wealth management launched by Minsheng Bank are still traditional businesses such as savings and loans. They cannot participate in the business of other financial sectors. They can only be used as an intermediary to sell products of other financial institutions. It is difficult to effectively communicate and communicate with other competitors. Service flows to the surface. Although there are cooperations among various financial institutions. They are only related to securities, funds, insurance, trusts. Other primary projects such as account escrow and agency payments. Under the trend of mixed operation across the country, various commercial banks are accelerating the pace of applying for full financial licenses, but Minsheng Bank has only obtained three of the seven financial licenses for banking, insurance, securities, funds, futures, trusts and leases. Compared with other banks, there is still a certain gap (as shown in Table 24), and Ping An, CITIC, and Everbright backed by a strong holding company have all achieved full licences.

Table 22: Financial licenses held by some domestic commercial banks

Mechanism	Bank	Insurance	Securities	Fund	Futures	Trust	Lease	Total
Ping An Bank	√	√	√	√	√	√	√	7
CITIC Bank	√	√	√	√	√	√	√	7
Everbright Bank	√	√	√	√	√	√	√	7
Bank of China	√	√	√	√			√	5
ICBC	√	√	√	√			√	5
Agricultural Bank of China	√	√	√	√			√	5
China Construction Bank	√	√	√	√	√	√	√	7
China Bank of Communications	√	√		√		√	√	5
China Merchants Bank	√	√	√	√			√	5
China Industrial Bank	√	√	√	√	√		√	6
Minsheng Bank	√		√	√			√	4

Source: Banks' annual report for the first half of 2016

With the development of the economy, non-bank financial institutions have launched wealth management services throughout the country. Although the risk of trust, funds, and insurance wealth management products is much higher than that of bank finance, high risks are accompanied by high risks. These wealth management products have a great advantage in terms of yield. Although in 2016, as financial de-leverage progressed, market liquidity declined and the entire wealth management market showed a downward trend, but relatively speaking, the return rate of these products remained attractive. For example, the average trust yield in 2016 reached 6.99%. The insurance industry's yield was 5.66%. The QDII fund's yield was 6.56% over the same period. Some risk-preferred individual customers may prefer to choose high-yield financial management. The continuous development of non-banking financial institutions will definitely impact the development of banks' personal wealth management services. The one-year financial product revenue comparison is shown in Table 25 below.

Table 23: Comparison of One-Year Financial Product Revenue

Financial Type	Rate of return	Risk
Bank Finance	3%-4%	Low
Fund Management	6%-7%	Tall
Trust financing	6%-8%	Tall
Insurance Finance	5%-6%	Tall

Data Source: According to wind data sorting

4. Competition from Internet Finance

Internet finance is a kind of emerging finance that utilizes Internet technologies such as payment, cloud computing, social networking, and search engines to develop financial communications, payment, and information intermediary services. It challenges the traditional financial industry with its unique business model and value creation.

Assessing whether the impact of financial development on poverty is influenced by institutions has important policy insights; it is no coincidence that two of the World Bank's top priorities are the development of the financial sector and institution-building. It also puts them into the context of current international development policy priorities, including the creation of sustainable employment opportunities and the reduction of poverty levels in low income countries. This level of investment corresponds to roughly 6% of Official Development Assistance provided by the governments of the DFIs' 14 home countries. The Least Developed

Countries are the poorest countries with a GNI per capita below US \$750. The three private sector segments - large businesses, small and medium enterprises (SMEs), and micro-businesses. Have different degrees of access to finance.

Which is equivalent to the development of new customer resources. Activating the dormant funds in the personal finance market changing financial management. The customer structure in the market has played a certain role in alleviating financial exclusion in the past and it is also conducive to raising the level of social welfare. Third. The information asymmetry under the bank's wealth management model has been changed and the ability of the financial industry to resist risks has been enhanced. Under the Internet model the fund company and the customer directly trade through the Internet platform. The Bank will respond to this challenge by intensifying its "blended finance" operations (where the financing delivered on commercial terms is combined with financial grants or incentives to stimulate a certain market behaviour of either the PFIs or their clients) and by allowing in targeted cases for financing to be priced on the basis of the prevailing market conditions, rather than on the basis of the implied risk.

The rapid development of Internet finance has accelerated the speed of penetration into traditional banking core businesses, changed the traditional banking business model, and is not a small pressure and challenge for the Bank's wealth management business. According to scholar, the main reason for the large impact of Internet wealth management products on financial services of commercial banks is that fund companies can use Internet platforms to expand their influence and sales volume. Break the monopoly of wealth management market in commercial banks. Divert the bank's Deposits and intermediary business income. Through fragmented financial management enabling customers to obtain investment returns without affecting the liquidity of funds. The current stage of Internet finance mainly includes third-party payment services, financial product sales channel services, crowdfunding models, and Internet credit services represented by P2P.

On February 28th, 2014, Minsheng Bank complied with the development trend of Internet finance, and the direct banking business was successfully launched. It also launched the "Ruyibao" wealth management product, which broke the traditional restrictions on the operation of physical outlets and expanded customers through the Internet. The purchase amount of Ruyibao is shown in Table 26. Although both the number of customers and the size of products are increasing, there is still a large gap between the audience and the overall amount of assets compared with other Internet wealth management products.

Table 24: Minsheng Bank Direct Banking Customers and Ruyibao Subscription Amount

Years	Direct Banking Customers (10,000)	Ruyibao purchase amount (100 million yuan)
2014	146.81	2366.87
2015	286.72	8475.32
2016First half	360.92	11902.21

Source: China Minsheng Bank Annual Report

In 2015, the central bank lowered the interest rate on many occasions and raised the liquidity of market funds. The return on internet financial management showed a declining trend. However, it still had a greater advantage over the yield of cash management financial products in commercial banks. Banks were obviously in this respect. Insufficient competitiveness. With the rapid development of science and technology, the scope of influence of the Internet is also expanding. The social environment in which wealth management customers are affected is also being increasingly affected. At the same time, products in the Internet era are changing with each passing day, and more and more innovative Internet financial platforms will continue to emerge in the future. These will subtly affect the consumer's consumer behaviors habits gradually increase the financial customers' psychological recognition of the Internet's financial management methods. Traditional wealth management services are more marginalized. Which brings greater pressure on commercial banks.

It also puts them into the context of current international development policy priorities, including the creation of sustainable employment opportunities and the reduction of poverty levels in low income countries. Another concern with the estimations is the potential influence of outliers. We have used the Hadimvo procedure for outlier detection available in Stata for multivariate data. This result provides evidence in favour of a pro-poor impact from financial development, which is the expectation and is in line with the findings of previous studies on the financial development-poverty nexus. Similarly, the coefficient of the institutional variable is negative and statistically significant, meaning that the impact of institutional development is also pro-poor (Beck & Levine, 2007). Access to finance is particularly a challenge in countries that are either rated —non-investment grade or not rated at all. Excluded countries are those that do not issue debt on global markets and where market information tends to be very limited.

