

## **CHAPTER 4**

### **RESULTS AND ANALYSIS**

The current economic situation has already exerted a strong impact on the business model of commercial banks. For Minsheng Bank, financial disintermediation has reduced the credit demand of high-quality companies, the development of multi-level capital markets, the accelerated establishment and rapid growth of non-banking institutions, and the Squeezing the profitability of banks and transforming the profit model. Therefore, it is of great significance for Minsheng Bank to improve the problems and deficiencies in personal wealth management services.

#### **4.1 Continuously improve product competitiveness**

##### **4.1.1 Strengthen innovation in financial services**

In the era of wealth management customers' financial awareness and diversified demands, for commercial banks, the most effective countermeasure is to carry out innovations in wealth management business, and it is also a key issue that Minsheng Bank urgently needs to solve. First, we must strengthen product innovation. Currently, the financial products launched by various banks are too similar to each other to reflect their respective characteristics. Therefore, in the process of product development and design, it is necessary to brainstorm, grasp the characteristics of banks and customer needs, and design uniquely based on thorough market research. Financial products. Second, we must plan our financial affairs according to the age, career, and personality of our customers. If a customer has a need to buy a house, get married, have a child, or have an old-age plan, they must have different products. It should also implement dynamic management of customers and closely observe the assets of customers. Some customers who are on the edge of financial management may not be satisfied with the financial threshold and may soon be able to meet the conditions. The bank must grasp this potential customer. In addition, Minsheng Bank should combine high-yield wealth management products with fixed income. High-yield and high-risk are corresponding. The most important thing for customers to do asset management is to maintain the value of assets, rather than a higher "expected" rate of return. Only in this way can the customer obtain a relatively stable income, whereas a large number of loss-making wealth management products will cause customers to lose confidence and affect the allocation and use of idle funds by investors. Finally, Minsheng Bank will also learn to "simplify administration and decentralize power," giving all branches and subsidiaries at all levels more space and independent research and development, rather than just being limited to current marketing services. By liberalizing the authority of independent branches to research

and develop wealth management products at all levels of branches, branches can sum up wealth management products and services that are most suitable for local residents and families based on the current situation of wealth management product sales and customer feedback, combined with the local economic development in the century. Combined with the overall development status and development trend of the wealth management industry, we will develop new wealth management products with strong targeting and high usage (Tao, 2007). In this way, we can increase the competitiveness of Minsheng Bank in various regions while meeting the individual needs of investors. However, while deregulating the authority, the head office should pay attention to late-stage supervision and grasp of the overall situation, assign professional talents to branches at all levels and strengthen the guidance and training of employees in business, and timely understand the latest progress, so that there is degree. Accelerating the process of interest rate liberalization has brought greater pressure on the financial innovation and intermediate business development of commercial banks. 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. In this situation, Minsheng Bank should focus on increasing non-interest income while optimizing the pricing of traditional business products. We must attach great importance to the development of new wealth management products, further increase the proportion of income from intermediary businesses, promote product innovation in wealth management services, and accelerate the pace of bank transformation and upgrading. Only by formulating corresponding plans and strategies and intensifying innovation can we effectively reduce the impact of interest rate liberalization on operations and development.

#### **4.1.2 Implementing customer differentiation management**

In the current situation of fierce competition in the financial market, banks have waged a price war. For this, Shen Runtao (2016) believes that the wealth management industry should strengthen self-discipline, reflect its own advantages by improving its marketing and service levels, and eliminate malicious competition in product prices. The majority of bank customers are low-end customers. Their income is relatively low. The bank's main businesses are mainly bank accounts, credit cards, home loans and car loans. Banks should aim at the characteristics of such users' activities and improve their wealth management services to meet their needs based on their business needs. For affluent individual clients, they have a certain amount of disposable income in addition to their needs for living, and their demand for financial investment and asset management has increased significantly. For high-net-worth

customers, such customer groups are relatively small, but they have a large amount of assets. Therefore, they require a higher level of service quality and service content in banks, and banks need to provide them with highly private and tailored financial services. For Minsheng Bank, the specific structure should be improved from these aspects.

First of all, Minsheng Bank should increase its emphasis on low-end customers. At present, Minsheng Bank mainly relies on high-net-worth customers in its personal wealth management business, but long-term and stable low-end customers are still few. With the rapid development of the national economy, the middle class will rise rapidly and become the backbone of China's personal financial management business. Their income is relatively stable, and they need to manage their investment through personal financial services, so as to maintain the value of their assets and increase their quality of life. This will be the largest potential group of customers in the financial market in the future, and it is also the key for Minsheng Bank to emerge from such fierce competition. If these low-end and middle-end customers lose their support, they may not have enough stamina in their business development, encounter bottlenecks, and lag behind other competitors. Therefore, people's livelihood should actively explore new customer groups and explore potential customers on the basis of grasping existing customer resources.

Second, Minsheng Bank should speed up the development of private banking. The main service targets of private banking are high-net-worth customers. According to "China Private Banking 2016" issued jointly by Industrial Bank and Boston Consulting Group, as of December 2015, China's total personal investable financial assets amounted to 113 trillion yuan, an increase of 24% compared to 2014; The report predicts that in the next five years, the annual growth rate of China's personal wealth will be about 12%, and it will exceed 200 trillion yuan in 2020. Minsheng Bank began private banking business in October 2008. As of the first half of 2016, the scale of private bank financial assets management was 299.739 billion yuan, an increase of 26.731 billion yuan from the end of 2015. Private banking customers reached 15,517 households, compared to the end of 2015. Increase 345 households. Therefore, high-net-worth customers are still the customer groups that Minsheng Bank cannot relax in its personal wealth management business. Minsheng Bank should continue to establish and improve the personal wealth management service system, comprehensively promote personalized service to high-net-worth customers, and meet the diversified investment needs of customers in order to form long-term partnerships with these high-end customers and create a stable customer relationship chain. To achieve the maximization of the commercial value of Minsheng Bank and

the value of high net worth customers' personal wealth. Minsheng Bank should change its previous product-led competition strategy and be guided by customer needs. In terms of product design and marketing methods. We must stand in the perspective of customers pay attention to improving the service quality of personal financial services and customer satisfaction. Achieve an equal and mutually beneficial cooperation relationship with customers. For example, innovative products such as “oil-gold linked structured deposits” and “Standard & Poor's/Aquaria Water Index Linked Structured Deposits” launched by ABN Amro in the domestic wealth management market are expected to have higher yields. The financial customers who have relatively high affordability and who expect a higher return on investment have great appeal. At the same time, Minsheng Bank should form a reasonable and effective feedback mechanism, pay attention to the assessment and reflection of banking services by financial customers in real time, make timely adjustments, and do their utmost to improve personal wealth management products and services.

Finally, Minsheng Bank should actively expand the rural financial market. With the acceleration of urbanization in China and the increase in per capita income in rural areas. Farmers have gradually begun to pay attention to personal finances. However, at present, the development of personal wealth management services in rural areas is still relatively backward, and facilities and equipment cannot keep up with the needs of development. First of all, there is a general lack of hardware facilities in rural areas. Commercial banks have directly given up their penetration in rural areas considering the cost of funds. As a result, many rural communities do not have bank outlets. Coupled with the development of information technology, the backwardness of rural electronic construction has caused greater difficulties in the promotion and management of bank wealth management services. In addition, rural residents are less educated and have less ability to identify and bear risks. With little knowledge of financial management knowledge and financial management channels, farmers may have cognitive biases in financial products. If the investment channels are not properly selected, it may cause huge losses. At present, there is great potential and room for development in the rural personal wealth management market. Minsheng Bank should firmly seize this development opportunity, broaden the information channels for rural residents to understand financial products, and distribute loose-leaf pages and readers of basic knowledge to the people. The financial popularization lectures cultivated the financial awareness of rural people. At the same time taking into account the residents' risk tolerance and the seasonal characteristics of income and expenditure, we can design some rural market guarantee income financial products that are suitable for farmers to purchase for a short period of time, actively expand business, and seize the rural financial market.

Stratification of customers is the key to achieving differentiated competition in commercial banks, and resources can be better utilized through effective segmentation. Minsheng Bank should focus on building a multi-level and full-scale financial management system of “low-cost standardized public finances and private banking high-end financial management”. Strengthen communication and interaction with financial institutions and wealth management institutions in the same industry, actively develop high-end wealth management product sales, improve private bank wealth management product lines, form a multi-level product layout, and provide differentiated product services for target customers.

#### **4.1.3 Establish a financial brand**

At present, the personal financial management market is developing in full swing. As the main source of profit for intermediate businesses, competition is also showing a stalemate. The brand management of personal wealth management has become a strategic move for various commercial banks to seize the wealth management market share. Now all banks have developed their own brands, and their types are numerous and complex. Under such circumstances, the establishment of a unique and specialized wealth management brand can better distinguish the Bank's products and services from other similar products and increase product identification. At the same time, it also helps banks to market and promote wealth management products. It can communicate more information to customers, increase the influence and scope of products, and cultivate brand loyalty of customers by increasing popularity to achieve differentiated product competition. Minsheng Bank has a large gap in terms of popularity compared with state-owned banks, and social recognition is relatively low. The audience of personal wealth management services is mostly urban and rural residents. Most customers have relatively low awareness of wealth management products and are apt to confuse products with brands. This has also seriously affected the expansion of wealth management products. As a result of the bank's design, products can easily be copied and imitated by competitors. However, after the brand is established, it can gradually accumulate resources in the society and become a unique identifier for banks. Now Minsheng Bank's “extraordinary wealth management” brand has become a typical representative of the wealth management market. It has a certain influence in the wealth management industry. It has been recognized by investors in terms of capital security, profitability, etc., but there is also some opposition. Therefore, the development status and social influence of “extraordinary wealth management” are still far from meeting the development of Minsheng Bank's personal wealth management business. There are still many

opportunities and opportunities for the development of personal wealth management brands. The branding of personal wealth management is not only reflected in the design and marketing of products, but also the overall planning, strategic orientation, and corporate culture of the bank. Through a series of commercial publicity campaigns, public welfare activities, and corporate cultural communication, the publicity channels have been broadened to demonstrate the brand image of Minsheng Bank to the public and individuals, to highlight their own characteristics and advantages, and to increase awareness of the people's livelihood brand in the society and to expand Influence.

## **4.2 Attaches great importance to talent management and construction**

In the development of personal wealth management business, financial managers bear an important role. It is not a simple and unchanging service, but a process that truly embodies the level of employees, and it is also a comprehensive embodiment of commercial bank services. Therefore, Minsheng Bank should cultivate a batch of high-quality, high-quality financial managers. Minsheng Bank has already realized this and repeatedly pointed out in the annual report that it is necessary to attach great importance to the training of employees. The Bank's training is to "focus on development. "Focus on demand, accelerate change, and promote transformation" as the guiding ideology, combined the training of employees' professional skills with career development planning, and created a career development and learning system for all careers. At the same time, Minsheng Bank should strengthen the training of management personnel, play a good role in decision-making, and improve the retention mechanism from the material and professional planning, so that talented personnel can be used for their own purposes.

### **4.2.1 Improve the professionalism of financial staff**

The professional level and accomplishment of wealth management managers is a manifestation of the financial capacity of commercial banks. The financial management staff's ability to demonstrate to customers that the business capabilities and overall quality demonstrated by the financial products will also affect the customer's acceptance of the bank and determine the development of the bank's personal wealth management services. Now, Minsheng Bank's financial staff are mostly selected from the tellers of the outlets. Although their familiarity with products and professionalism in finance are higher than others, the overall service level is still relatively low, and the needs of customers are also relatively low. There is a big gap and it is completely unable to meet the bank's business development needs. Minsheng

Bank needs to improve from the following aspects.

First, we must strengthen the professional training of wealth managers. From the campus recruitment stage, Minsheng Bank should focus on the overall quality of applicants, and select a group of talented individuals with high academic qualifications and good communication skills to join the people's livelihood. For employees engaged in wealth management services, internal screening of the industry should be conducted at all levels, and employees with high professional qualifications and high knowledge levels should be selected. At the same time, it formulated a set of reasonable training systems to urge employees to continuously improve their capabilities, and selected employees to participate in financial planner certification training in batches, organize employees to perform financial planners and international financial planners examinations. Securities practitioners. Fund operations. Insurance Qualification exams such as sales and precious metals traders will improve the overall quality of financial management staff in an all-round way. Gradually realize that all wealth management managers can hold certificates. At the same time, we must pay attention to the training of employees in psychology and customer relations, provide employees with practical opportunities. Allow financial personnel to accumulate experience in practice. Build a group of comprehensive financial management personnel improve the market competitiveness of Minsheng Bank. Even better products require the recommendation of financial management personnel, otherwise they will not be able to open the market. Therefore, it is very necessary to strengthen the training of marketing managers of wealth management managers. To enhance the competitive advantage of Minsheng Bank's personal wealth management business, a highly qualified team of experts is a powerful backup. Therefore, the people's livelihood needs to form a team of personal financial management experts, but this is a long-term task. It can fill teams through in-line competitive bidding and out-of-office hiring methods to provide front-line support for first-line wealth managers. At the same time. It is necessary to introduce international advanced experience, create a certification system that conforms to the actual conditions of the people's livelihood with reference to the overseas financial management personnel's business standards, and increase the opportunities for communication and communication during the business development and strengthen team building.

Second, we must improve the professionalism of financial management personnel. Face-to-face communication between wealth management managers and customers and the rituals and attitudes displayed are also representative of banks. People's livelihood should pay attention to the improvement of the quality of

employees and the education of professional ethics. We must love and respect our work, treat our customers with peace and patience, and stand on the customer's point of view. We must focus on the interests of our customers. We sincerely consider our customers sincerely and not because of our business pressure. To bully customers. In the practice of implementing wealth management services, differentiated services are provided to customers. When communicating with customers, customers are more likely to learn about their interests and hobbies, provide financial solutions objectively, and use their own sincere attitude and professional services. We will impress customers and continue to accumulate quality customers and resources in practice. Over time, customers will trust financial staff and establish good communication relationships with each other. This kind of good service quality can enhance customer loyalty on the one hand, and can also enhance the competitiveness of people's livelihood, leaving a stable customer resource for Minsheng Bank.

#### **4.2.2 Strengthen the training of management personnel**

Managers play an important role in the development of the bank's strategy. Only by understanding the relevant knowledge and development trends of the wealth management business can banks determine the correct direction and path for development. Managers should be familiar with the macroeconomic development situation and national policies and regulations, have a keen sense of business insight and judgment, so as to play a good decision-making and overall regulation and control, and guide the frontline staff's financial management. Therefore, Minsheng Bank should strengthen the training of management personnel. Apart from training in basic business and professional knowledge, it is more important to cultivate decision-making ability. The management of branches and sub-branches should grasp the relationship between the main business and wealth management business in daily operations, establish and improve the internal incentive system, and increase employee enthusiasm and execution.

#### **4.2.3 Sound mechanism for retention**

After all aspects of employee training, it is more important to establish a sound internal retention mechanism. A scientific and reasonable performance appraisal and incentive system is an important part of commercial bank operations. Through perfect assessment methods, wealth managers are more stressed in their work and are more fully devoted to work. A good compensation incentive system can motivate employees, have more enthusiasm in their work, and gain advantages in the competition by improving employee contributions. With regard to the rise in the

resignation rate of employees in various commercial banks, the arrival of the departure wave, and the phenomenon of serious staff turnover, scholar expressed his opinion that the salary level of employees in the commercial banking business line has a strong correlation with job performance, but has reduced their contribution. The treatment of employees is unreasonable, which reflects the large problems existing in commercial banks in improving the incentive system. For Minsheng Bank, it is important to cultivate excellent financial management personnel, but it is important to understand how to retain these talents. Because it is this type of employee that brings profits to the bank. The development of bank personal wealth management services can also promote the development of other businesses. As a wealth manager, an employee who is in direct contact with investors, the loss of good financial staff may also lead to the loss of customers. Recultivating a good financial management personnel requires more manpower, material resources, and financial resources than retaining a financial management staff. In this regard, Minsheng Bank should reflect on its own deficiencies and deficiencies in employee training and employee benefits, and increase efforts to change the status quo, strive to allow more outstanding employees to stay in the people's livelihood, not to "do others to do wedding dress." On the one hand, people's livelihood should provide employees with competitive salary and pay a certain reward based on the performance indicators of employees on the basis of basic salary and benefits, and can consider adopting employee stock ownership plan as a long-term incentive to fully solicit employees. Opinions adjust the compensation system. On the other hand, Minsheng Bank should strengthen communication and exchanges with employees, understand employees' life planning and professional appeals, and provide employees with suitable promotion channels in order to stimulate the enthusiasm of financial management personnel and a sense of belonging among banks. In addition, Minsheng Bank should pay attention to the cultural construction of banks. Minsheng Bank, starting with the core concept of "people-oriented" homeland culture, pays attention to employee satisfaction, improves employee communication management mechanisms and complaint channels, conducts diversified employee care activities, and promotes employee career development. Create a harmonious atmosphere, enhance humane care, and improve employee satisfaction and well-being throughout the company. Individual competence, professional ethics, etc. in the selection of talents should also serve as an important reference for creating a harmonious relationship among colleagues.

#### **4.3 Strive to strengthen risk prevention system construction**

Minsheng Bank shall internally improve its risk identification, risk control and risk feedback systems, strengthen risk management from the entire process of

financial management, and enhance investors' risk identification capabilities through adequate information disclosure and increased risk education for customers. With the joint efforts of Minsheng Bank and investors, we will try to reduce the risk in personal wealth management business and promote the healthy development of wealth management business.

#### **4.3.1 Strengthen risk internal control**

A complete internal risk control system is the first line of defense for risk management. If we can do this well and improve our internal construction, we can maximally avoid risks. The optimization of internal risk control systems by commercial banks can be carried out from the following aspects: At the macro level, attention should be paid to the formation and cultivation of internal control structures and concepts; in terms of the system, the identification criteria of various risk factors should be clarified, and sound risk control should be established. Measures; In the operation, each business line should work together to strengthen communication and sharing of information, comprehensively screen the hidden risks of various businesses, and maximize the risk of internal control efficiency. For Minsheng Bank, it mainly starts with the following aspects.

In short, Minsheng Bank should strengthen risk management in the whole process of personal wealth management business. First of all, in the aspect of product development and design, we must adhere to the principle of prudence, set risk limits, improve the management system in the development of new products, and improve the safety of products; secondly, in the process of product sales, we must do the customer's risk tolerance. Good rigorous assessment and recording. According to the results of investors' assessment, Minsheng Bank classified customers into five categories: conservative, secure, stable, growth, and active. Minsheng Bank stipulates that financial management personnel must inquire about the customer's economic strength, investment experience and risk bearing capacity when selling to customers who purchase wealth management products with a risk rating of 2 or higher for the first time, and provide financial management services by analyzing test results and requirements. The financial management personnel shall present the risk disclosure book and the product specification to the customer, and ensure that the customer has carried out detailed explanations and explanations on the specific conditions of the purchase start point, risk level, funds direction, fund raising method, expected return rate, etc. of the wealth management product; It is necessary to improve the monitoring and management throughout the entire process so that the front, middle, and back offices are separated from each other in product innovation and risk management.

#### **4.3.2 Improve clients' ability to identify risks**

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 DFI 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.

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.