

# RESEARCH ON DEVELOPMENT STRATEGY OF WUXI RURAL COMMERCIAL BANK

## CHAPTER 1

### INTRODUCTION

#### 1.1 Background

Rural commercial banks, formerly the rural credit cooperatives rooted in all parts of the country. According to the spirit of the document "decision of the State Council on the Reform of the Rural Financial system", the rural financial system should be adjusted accordingly, that is, the cooperation between commercial finance and policy-oriented finance should be guaranteed on the basis of cooperative finance. At the same time, the document also explicitly requires rural credit cooperatives to separate from the Agricultural Bank of China, and proposes to set up rural cooperative banks in areas with a high degree of urban-rural integration. In 2001, in order to further deepen the reform of the rural financial system, written reply issued by the people's Bank of China on the pilot Establishment of Rural Commercial Banks in Jiangsu Province. In view of the problems of rural financial system reform, the written reply puts forward many concrete suggestions, such as taking Changshu, Zhangjiagang and Jiangyin as pilot areas to carry out the reform of local joint-stock commercial banks. To approve the above three regions to be set up as three rural commercial banks on the basis of the former rural credit union, with voluntary contributions from farmers, individual industrial and commercial households, enterprises of all kinds and other economic organizations, respectively. On the basis of the pilot project of rural financial reform in the early stage, the Circular of the State Council on issuing and issuing the pilot Plan for deepening the Reform of Rural Credit Cooperatives proposes that, according to the principle of "treating measures according to local conditions, treating them differently, and classifying them," Choose the property right mode that accords with the actual situation of the region to promote the reform. According to the above-mentioned documents, rural commercial banks such as Wu Jiang, Kunshan, Shanghai, Beijing, and Shenzhen and so on have been set up since 2004.

Operational strategy is an overall plan that enterprises adopt in order to get a long-term survival and continuous development in the face of changing and challenging

environment. It is a concentrated expression of corporate strategic thinking, a scientific definition of business scope, and also the foundation of making plans. More specifically, the operational strategy defines the relationship between enterprises and environment, formulates business scope, growth direction and competitive strategy, and reasonably adjusts corporate structure and distributes all the resources. This is under the condition that the operational strategy coincides with the corporate mission and can guarantee that the mission could be accomplished, and based on making full use of the existing opportunities and creating new chances.

With economic globalization and the increasing pressure brought by international finance competition, China's financial system is also innovating amid development. So there is a new vigor and vitality appearing in the development of the banking industry, taking on a brand new look. Rural cooperatives nationwide were changed into rural commercial banks or rural cooperative banks. Guangdong Nanhai Rural Commercial Co, Ltd. (hereafter Nanhai Rural Commercial Bank, WuXi), as one of the main forces of China's rural finance, will rise, restructure and develop as a result of China's economic system development. If Nanhai Rural Commercial Bank intends to speed up comprehensive reform and meet the requirement of market development, the bank should thoroughly analyze the market environment, study its operations strategy, and roll out workable operational strategy.

With the continuous development of China's new rural construction, the continuous deepening of rural financial reform and the continuous increase in the country's investment in the construction of new socialist countryside, the rural commercial banks have great development space in the field of rural finance with the advantages of the system and the customer market.

## **1.2 The purpose and significance of the study**

The rural commercial bank of our country was born in the special historical period; it is the special product of the rural financial system reform in our country. With its simple and efficient business and decision-making process, the rural financial institution has comprehensive network coverage in rural areas. In the current social background, financial institutions should actively participate in the construction of new rural areas and provide financial security for construction activities.

The predecessor of Wuxi Rural Commercial Bank Co., Ltd. was Wuxi suburb Rural Credit Cooperative. Later, in order to respond to the national call, to expand the scale of

the former credit cooperative, in June 2005, in the credit cooperative staff, Wuxi private enterprises and other units and individuals under the organization of the establishment of today's commercial banks. The bank has a total registered capital of 400 million yuan, which belongs to a joint-stock rural commercial bank. In 2008, in accordance with the requirements of Wuxi municipal party committee and government to implement a strong financial market and speed up the reform and development of the financial sector, it adopted the introduction of strategic investors. Implementation of targeted additional issuance and capital expansion, enrichment and improvement of capital, so far registered capital has been Reached 750 million yuan, China Banking Regulatory Commission approved in September 2010 to change its name to Wuxi Rural Commercial Bank Co., Ltd. By the end of 2015, Wuxi Agricultural and Commercial Bank had 115.22 billion yuan of total assets, 86.919 billion yuan of deposits, 54.753 billion yuan of loans, 1.025 billion yuan of total profits, 13.72% of capital adequacy and 1.12% of non-performing loans. Wuxi Agricultural Company was officially listed on the Shanghai Stock Exchange on September 23, 2016, under the symbol: 600908. It can be seen that the operating performance of Wuxi agribusiness is in the upstream of similar agricultural firms in China. However, with the gradual intensification of financial disintermediation, the vigorous development of Internet finance, the overall promotion of marketization of interest rates, the increasingly stringent requirements of financial supervision and the emergence of major commercial banks in Wuxi, Wuxi agricultural firm will face a more complex internal and external competition environment. In order to obtain a place in the fierce market competition, Wuxi agricultural firm needs to define the market strategic positioning and formulate a strategic plan in line with its own development path. This paper studies the development strategy of Wuxi Rural Commercial Bank. On the one hand, it is expected to play a certain practical significance in the future steady development of Wuxi agribusiness, and on the other hand, it is expected to play a certain practical significance. It will also play a certain reference role in the strategic research of the similar small and medium-sized rural financial institutions.

### **1.3 The main contents of the research**

The first chapter is the introduction. This chapter is the background support of the research work, discusses the research background, significance and purpose, and determines the practical value of this study. On this basis, clear research content and methods for the content of the following paving the way.

The second chapter is a theoretical review. According to the research needs of this

paper, the research results of strategic management and commercial bank strategic management are summarized and analyzed. At the same time, from the domestic research status and foreign research status, to explore the theoretical content related to this study.

The third chapter is the strategic environment. Based on the realistic environment, this chapter discusses the external and internal environment of Wuxi Agricultural and Commercial Bank.

In the fourth chapter, based on the results of the analysis of the previous chapter, the overall strategic positioning and development goals of Wuxi agricultural firm are determined.

The fifth chapter studies how to comprehensively analyze all aspects according to the requirements of the overall development strategy positioning and objectives, and put forward the corresponding feasible measures;

Chapter six is the conclusion. Summarize the contents and results of the research. At the same time, the shortcomings of this study are analyzed, and a clear direction for further research and discussion is pointed out.

#### **1.4 Methods of research**

1. Literature research method. Through the Southwest University of Finance and Economics Library system, I have consulted a large number of references, using Internet resources and other channels to sort out the domestic and foreign people for corporate strategic management and commercial bank development strategy research results. All these laid a solid foundation for the smooth development of this study.

2. Data analysis. Through the analysis of the development and management data of Wuxi agribusiness and Wuxi local banking and other related data, this paper establishes the data base for the follow-up research.

3. Pest analysis, Porter's five forces model and SWOT analysis. This paper analyzes and evaluates the strategic environment faced by Wuxi Agricultural Commercial Bank, which provides an important basis for the formulation of Wuxi Agricultural Business Bank's strategy.

Some studies refer to predictive and postdictive self-efficacy beliefs. Cramer, Neal, and Brodsky argue that the terms self-efficacy and confidence should not be used interchangeably, because the two constructs differ in important ways: whereas self-efficacy refers to a person's perception of their ability to conduct a particular behavior, self-confidence reflects a degree of certainty about a perception, event, or outcome. Conceptually, confidence can be seen as a self-belief construct, encompassing one's perception of the difficulty of the test item, awareness of his/her own capabilities, and the likelihood that the just-provided answer is correct.

Translations were conducted by each foreign research team, followed by a review of the translation for fluency and faithfulness by a native speaker of that language. Clear instructions regarding the translation and review of items were sent to collaborators.