

CHAPTER 3

STRATEGIC ENVIRONMENT ANALYSIS

3.1 External environment analysis tools

3.1.1 Analysis of external environment PEST analysis model

The early days of foundation, China was facing the reality of low productivity, and the situation that a thousand things waited to be done. The countryside in China implemented the "three cooperatives", namely producer's cooperatives, supply and marketing cooperatives, and credit cooperatives, which was the beginning of the development of Nanhai's credit cooperation. After the "Cultural Revolution", the nation turned over Rural Credit Cooperatives (abbr. RCC) to Agricultural Bank of China (abbr. ABC) so that RCC was not only the financial collective but also the basic unit of the national bank. Under the leadership of ABC, the business of RCC had got resumed and roughly reformed the management system. However, it made RCC lose the autonomy and step on the official way. Besides, because of the incomplete reform, the principle of cooperative did not attain the results as expected and democratic management become a mere formality.

PEST analysis model is one of the most commonly used models in the macro-environmental analysis of enterprises. The model is based on the four external factors of the political and legal environment, the economic environment, the social and cultural environment, the technological environment, and the following four external factors: the political and legal environment, the economic environment, the social and cultural environment, and the technological environment. In order to provide a reference for the strategic decision of the management of the enterprise, we should deeply understand the macro-environment of the enterprise itself, and dynamically adjust the internal conditions of the enterprise according to the situation and changes under the macro-environment. This article will analyze the Wuxi agricultural firm through the above four angles External environment.

The proportion of revenue from intermediary services is largely positively correlated with the scale and the level of integration in businesses. Compared with state-owned banks and national joint-stock commercial banks, WuXi is weak in scale, market competitiveness and anti-risk capacity. Though it has undergone years' significant development, the Bank is still not large enough intermediary services income, made

transformation and upgrading difficult.

3.1.1.1 Analysis of the political and legal environment for the development

Politically, in terms of the international environment, the international situation has fluctuated in recent years, with Britain leaving the European Union, Trump elected to ISIS terrorist attacks, refugee crises, and disputes in the South China Sea. North Korea's nuclear test and the turn of relations between Russia and Turkey touch the tension of the world, but the theme of the whole era remains "peace and development." Under the background of economic globalization, the new industrial revolution is rising step by step in the world. From the domestic point of view, the overall political situation in China is good, under the leadership of the State Council of the Communist Party of China, the work has progressed steadily. March 2016, March of the fourth session of the Twelfth National people's Congress the 13th Five-Year Plan outline, 2016-2020, was deliberated and adopted on the 16th. The 13th Five-Year Plan is a programmatic plan for the world's macroeconomic downward pressure and for China's economic development to enter the new normal period. It is also a crushing plan for building socialism with Chinese characteristics in an all-round way and realizing the great rejuvenation of the Chinese nation. It is also a basic plan for the overall layout of the next century-old goal. Second, since 2015, the central bank has successively cut interest rates several times, cut the number of standards, and during this period there has also been a targeted cut in the standard, and the use of the medium and short term liquidity delivery tools, such as SLFFML-PSL), has been used since 201. From October 24, 2015, the floating upper limit of deposit interest rate of commercial banks and rural cooperative financial institutions was abolished, which means the coming of interest rate marketization. Third, at the G20 summit held in Hangzhou in September 2016, the "G20 Senior principles of Digital inclusive Finance", formulated and promoted by China, was formally deliberated and adopted to promote the overall development of digital inclusive finance for all countries. The direction is indicated.

Currently, WuXi is still a major rural financial policy executor of the state. The state gives it certain preferential treatment in policies like capital support, floating interest rate, agricultural supporting re-lending, tax exemption and small amount agricultural loan issuance. This gives WuXi advantages in market competition.

In terms of system, the main laws and regulations applied by rural commercial banks and other small and medium-sized financial institutions in rural areas are divided into two parts: basic laws and regulations and trade rules and regulations. The basic laws and regulations include the Commercial Bank Law of the People's Republic of China and the

Banking Supervision and Management Law of the People's Republic of China. Industry regulations mainly involve industry management, corporate governance, business operations, risk prevention and information disclosure. The main ones are: "measures for the implementation of Administrative Licensing items of Rural small and Medium-sized Financial institutions", "guidelines on Corporate Governance of Commercial Banks", "guidelines on the system of Independent Directors and external Supervisors of Joint-stock Commercial Banks", "General principles of loans", "Commercial Banks" Due diligence guidelines for Credit granting, interim measures for the Management of Derivatives transactions in Financial institutions, guidelines on Internal Control of Commercial Banks, guidelines on Market risk Management in Commercial Banks, provisions on Anti-Money laundering of Financial institutions, guidance on Classification of loan risks Principles: measures for Information Disclosure of Commercial Banks. The implementation of the above laws and regulations provides a good guarantee for the development of commercial banks. However, it is undeniable that the legal construction of our country, especially in the field of finance, is still in the stage of gradual improvement, the legal environment is in a state of continuous change, and there is a certain lag relative to market economic activities. The completeness of banking supervision system and the gap between western developed capitalist countries still exists.

3.1.1.2 Economic development of Wuxi agricultural firms

From the overall financial environment, the impact of the financial crisis has not completely subsided, and the financial situation is not generally showing the trend of vigorous development. In this case, emerging economies are not stable. Meanwhile, the fundamentals of the domestic economy have not changed for a long time and the prospects remain bright. For the whole of 2015, China's gross domestic product was 68.55058 trillion yuan, up 6.99 percentage points from 2014. Second, the tertiary industry accounted for 40.5% and 50.5% respectively, and the growth rate of the tertiary industry reached 6% and 8.3% respectively. With China 20 15 years of good development results, the overall financial environment and trade environment has also been greatly improved. First, the market space is wider. Product suppliers, producers, sellers and so on can find the right market, and continue to grow. Secondly, the material base is stronger. The improvement of GDP is directly related to the improvement of economic level. The funds in various aspects such as enterprise management and operation can be guaranteed to a greater extent and the overall financial environment is more stable. Third, the industrial system is more complete. With sufficient financial support and excellent technical support, China's industrial system is gradually improving; many products and technology can be

achieved at home. Finally, human capital is richer. Professional and technical talents are constantly emerging, the human capital needed for the development of industries and enterprises can be guaranteed, and the economic development is more stable. Our country economy appears a lot of new growth point, information, the pace of modernization is faster and faster.

WuXi has long been adhering to the development strategy of keeping a strong foothold in rural financial market. From 1998 onward, the national big four--Industrial and Commercial Bank of China, Agricultural Bank of China, Bank of China, and Construction Bank of China started to withdraw their rural branches, which left wider rural financial market space for WuXi. As a result, it has built up absolute market share in this niche market. At present, business outlets below the township level of many competing rural banks have been pulled out, thus the historical task of supporting and promoting rural economic development now rests on the shoulder of WuXi. It is therefore granted a significant development opportunity.

Wuxi is located in the south of Jiangsu province, where the economy is the most developed. Wuxi is the cradle of Chinese national industry and township industry, and the birthplace of southern Jiangsu model. Wuxi is an international advanced manufacturing base in the Yangtze River Delta, a service outsourcing and creative design base, a regional trade and logistics center, a vocational education center and a tourist resort center. The total area of Wuxi is 4627 square kilometers, and the resident population of Wuxi is 6.511 million. In 2015, the GDP of Wuxi is 851.826 billion yuan, the per capita GDP is 130900 yuan, and the fixed assets investment the per capita disposable income of urban and rural residents was 451, 000 yuan and 24200 yuan respectively. The private economy in Wuxi has developed vigorously since the 12th Five-Year Plan. In 2015, the private economy in Wuxi achieved an added value of 557.946 billion yuan, an increase of 4.5 yuan over the previous year, accounting for 65.5% of the total economic volume, an increase of 8.7% over the previous year. The private economy invested 282.306 billion yuan in fixed assets, an increase of 9.1% over the previous year. At the end of 2015, the city's financial institutions had 1.318125 trillion yuan in deposits and 9525.99 yuan in loans. 100 million yuan, the total amount of deposits and loans in Jiangsu Province are ranked third. Wuxi ranked No. 1 in the ranking of the level of Development of China's Wisdom cities, which was judged by the 2014 China Wisdom cities Development Conference, and ranked among the 2015 best commercial cities in mainland China by Forbes in 2015. Wuxi ranked 8th and Wuxi ranked 10th in the 2015 Blue Book on China's Urban Competitiveness: China's Urban Competitiveness report, published by the

Chinese Academy of Social Sciences in 2015. A good economic environment has given rise to a good financial ecological environment. The steady Development of Local economy to Wuxi Agricultural and Commercial Company It means the increase of excellent customer group, which lays a good foundation for the long-term development of Wuxi agribusiness.

3.1.1.3 Analysis of the social and cultural environment for the development

Social and cultural factors refer to the general situation of the development of the whole society or region in a certain period of time, mainly including the changing trend of population, the social stratum, the social moral custom, the cultural tradition, the value concept and so on.

WuXi is faced with a new set of challenges and pressure: first, profit pressure. As interest rate liberalization continues to accelerate, spreads in banking will fall gradually and profitability will be severely challenged. With ever increasing regulatory requirements, the regulatory pressure will be greater on the banking sector. The current economic environment will cause huge pressure on managing credit risk, liquidity risk and market risk. Joint-stock commercial banks increase their presence at the communities will cause pressure for WuXi, so does the entry of foreign banks and private banks. Development of Internet finance will bring shock to the traditional banking business model, at the same time, massive restart IPO in stock market also deals a blow to the banking system.

Wuxi is located in the hinterland of the Yangtze River Delta impact Plain, in the south of Jiangsu, in the Taihu Lake Valley, through the Grand Canal. Wuxi lies on the Yangtze River in the north, Taihu Lake in the south, Suzhou in the east and Changzhou in the west. Wuxi is a famous city of national history and culture, which has been the land of fish and rice since ancient times. In addition, Wuxi is an important development area of national industry and township industry. Both industries have achieved good development and are the birthplace of the southern Jiangsu model.

(1) The overall standard of living in Wuxi is relatively high. By the end of 2015, the per capita disposable income of urban and rural residents in Wuxi was relatively high, the Engel coefficient was only 28, and the number of private cars in the city reached 1.1761 million, which was far ahead of the national average in the same period. At present, the urbanization rate of Wuxi is over 70%, which is close to the level of urbanization in

developed countries. With the steady growth of residents' income in Wuxi, people's demand for retail banking business also shows a rapid growth trend, which will continue in the future. On its future development provide a wide range of customer resources.

(2) Wuxi industrial structure upgrade fast. In 2015, Wuxi's second, tertiary industry added more than 400 billion yuan, up from 2014. The added value of the primary industry is 13.772 billion yuan, with a drop of 0.1 percentage points. Wuxi emerged a large number of leading enterprises such as Hailan Group, Yangzijiang Shipping Group, Shuangliang Group, Red Bean Group, and Far East holding Group and so on. By the end of 2015, there were nearly 100 top 500 enterprises in Wuxi. In addition, many national and provincial engineering and technical research centers and research offices have settled in Wuxi and have cooperated with the international community. In the whole year of 2015, the total number of patent applications for inventions in the whole city reached 24197, showing that the city's innovation ability and innovation level are high. Such a large number of patent applications mean high quality and high level of talent. In 2015, Wuxi City was selected by 8 people in the National "Thousand thousands Plan", which provides a basic talent guarantee for scientific and technological innovation and product innovation. In the case of abundant human and material resources, Wuxi has received 488 million yuan of national and provincial funds for science and technology projects. According to the requirements of Wuxi's industrial strategy of strengthening the city, it is necessary to build the "four modernizations" as the guide and to take the emerging as the guide. Industry is the leading factor, advanced manufacturing industry is the main body, and modern service industry is the support of the new highland of modern industrial development. The transformation and upgrading of Wuxi industrial institutions means a huge demand for financial services for local financial enterprises.

(3) The educational level and scientific and cultural level of the residents are relatively high. Wuxi, as the birthplace of Wu culture, has respected teachers and teachers since ancient times. Wuxi Municipal people's Government attaches great importance to the investment in education and culture, and to the cultivation of advanced technical personnel. By the end of 2015, Wuxi had 743600 professionals, 12 colleges and 115300 ordinary colleges. The implementation of basic education has also achieved great results, the gross enrolment rate of each basic education sector reached 100. The educational and cultural level of Wuxi people is generally high, which also provides a strong talent guarantee for the development of Wuxi local economy.

As for business scope and product innovation, WuXi has made its headway, but it is

still outperformed by national joint-stock commercial banks, which have excellent innovation capacity and a far wider range of business. These banks hit credit and intermediary services the hardest, especially private banking businesses such as commissioned wealth-management, financial consultation and service of tax agent tailor-made for high-end customers. Moreover, with advanced high-tech network facilities, these banks provide information services in transportation, travel, reservation etc. The development of electronic network is an important means for banks to innovate products, enlarge market share and materialize sustainable development. WuXi values electronic development and works hard on electronic network service, it still lags behind these banks by a large margin, whether in business innovation or in technical support for electronic network.

The good social and cultural environment of Wuxi provides a good environment for the development of Wuxi agribusiness. Wuxi is the economic center of southern Jiangsu, with excellent cultural tradition, hardworking and honest people, high education level of local people. Wuxi was listed as the first batch of credit demonstration and founding city in 2015. This has provided a good reputation environment for the development of Wuxi agribusiness.

3.1.1.4 Technical environment analysis of Wuxi rural commercial bank development

With the popularity of computer and Internet, financial innovation is no longer satisfied with the traditional product or service innovation, information technology has become a new focus. For banking, both customer relationship management and customer credit evaluation need information technology to complete. In the future, banking financial innovation will rely more on modern information technology. At the same time, the commercial bank service channel has changed from a single business network channel to a comprehensive combination of electronic channel and business network channel. Information technology is widely used in various links and products of commercial banks and becomes commercial banks. Business innovation and management level of continuous improvement of the basic support. On the one hand, information technology has improved the management quality and ability of banks. From the point of view of customer management, credit information system, interactive processing system and so on need to be realized with information technology. These systems simplify many of the onerous procedures of banks and make them more efficient. From the point of view of product management, information technology has promoted the development of financial derivatives and banks can make more profits. On the other hand, information technology

has changed the way banks operate. In the traditional banking activities, customers need to go to the online store to do all the business, which in today's pursuit of speed and efficiency. With the development of information technology, ATM, VTM, mobile banking, etc. The innovation of information technology can be used to erode the traditional financial territory, but also to fill the gap of the previous market, to realize the differentiated and personalized service of its products and services. The combination of Internet and financial industry has promoted the reform of the financial field. Yi's efficiency level has been improved, which is the traditional trading model cannot be compared.

3.1.2 Analysis of porter's five forces analysis model for external environment

Porter's five-force analysis model is a theoretical model founded by Michael E. Porter. The model discusses the scale and degree of competition from five aspects, which are shown below. In order to obtain the favorable situation in the competition, the model should be "standing to the team" and "standing at the head". According to the analysis of Porter's five-force model, the paper analyzes the five aspects above, and can observe directly the threats and competition, opportunities and challenges, advantages and disadvantages faced by banks. Provide theoretical support for the development of Wuxi agricultural firm Support, for its development strategy to provide direction.

3.1.2.1 Bargaining power of suppliers

For commercial banks, suppliers are the suppliers of funds. The suppliers of funds include personal savings deposits, enterprises and institutions, institutional unit's deposits, and loans from the Central Bank. Interbank borrowing and issuing financial bonds and other funds supplement, for the traditional deposit and loan business commercial banks, deposit is the foundation of the bank, there is no deposit protection, and other financial business will be restricted. According to Porter's five-force analysis model, the supplier's bargaining power is greatly affected by the products it can provide. If the supplier can provide a product that is irreplaceable, its bargaining power is strong. In addition, with the supply side of the fund. With the general strengthening of financial management consciousness, the mass introduction of securities and insurance financial management products, the promotion of marketization of interest rates, the impact of Internet finance, and the increasing bargaining power of fund providers, This makes it much more difficult and costly for commercial banks to absorb deposits, so that as a provider of funds, personal savings deposits and public deposits, especially large customers, are often the

object of competition among major banks. Every quarter, especially at the end of the year, commercial banks try their best to fulfill their liabilities.

3.1.2.2 Buyer's bargaining power

For commercial banks, buyers are the demand for financial services, which include such as loan funds, financial products, fund products, various agency business, precious metal business, payment and settlement business, international business and so on. Capital demanders can be divided into three types: one is low risk demanders. These organizations and units usually have good credit or strong capital backing, such as government financing institutions and quality large and medium-sized enterprises. Banks have little risk to fund, they are more capable of negotiating with them, and they are willing to work with them. In reality in the inter-market, many individuals or organizations borrow from banks in order to achieve the needs of entrepreneurship or expansion. However, this part of the demanders are mainly small and medium - sized enterprises and individuals, with no capital backing behind them, and their bargaining power is weak. The three are the demanders of diversification. These groups are similar to those of high - risk demanders, i.e. mostly individuals, but they are able to provide corresponding collateral, and the risks required by banks can be dispersed in these mortgages, so their bargaining power is also stronger.

3.1.2.3 Potential competitors' ability to enter

On the one hand, since China's entry into the WTO, China has adhered to its commitment to open market access, the threshold of entry for foreign banks has been lowered, and its business has become more convenient. Foreign banks have seized the domestic market one after another, making the banking market in China. The external competition becomes extremely fierce; the domestic commercial bank's management environment has taken place the significant change. On the other hand, with the further improvement of China's market economy system, the commercial bank groups of large commercial banks, joint-stock commercial banks, urban commercial banks and rural financial institutions have basically formed. More importantly, since 2014, more than 10 private banks have been approved for construction, some of which are privately owned. Banks have opened business, the business characteristics of private banks and shareholders background is closely related. WeBank, the Internet merchant bank, Sichuan wants the banks behind Tencent, Ali, Xiaomi, Internet scene and technology, can turn upstream and downstream enterprises into private bank customers, which has intensified

the regional banking competition pressure. Wuxi Agricultural and Commercial Bank should soberly realize the competitive pressure brought by the changes in various aspects of the situation, actively construct market-oriented, customer-centered, adopt a differentiated management strategy, and avoid excessive competition in the large and medium enterprise markets. Use a unique vision to select banks that are untapped, such as individuals, small and medium-sized enterprises, etc.

At present, there are 5 large state-owned commercial banks, 12 national joint-stock banks, 4 urban commercial banks, 7 foreign banks, 4 rural commercial banks, 5 village banks and 38 postal savings banks in Wuxi. Bank of China (excluding Agricultural Development Bank of China). The banking market in Wuxi is becoming increasingly competitive.

3.1.2.4 Substitution capacity of alternatives

With the liberalization of interest rate liberalization, private banks have been set up in batches. With the liberalization of interest rate liberalization, private banks have been set up in batches. In the large background of the domestic capital market becoming more and more perfect, securities, insurance, trust and fund products are becoming more and more abundant. The assets business of commercial banks will be replaced by equity financing market, bond trading market and paper market. At the same time , the debt service of commercial banks is gradually eroded by the increasingly abundant investment channels such as stock market investment , insurance financing , monetary fund and trust investment . As a direct result of the decline of economic entities' dependence on commercial banks and the significant enhancement of bargaining power of commercial banks, Wuxi Agricultural Bank, which relies on traditional asset-liability business, is challenged. Therefore, Wuxi Agricultural and Commercial Bank must carry out strategic transformation, combine with its own reality, constantly grow bigger, stronger and stronger, do fine and small enterprise business, personal banking business, direct selling banking business, financial market business, investment banking business, asset management business, etc. Look for new profit growth points in the transformation.

3.1.2.5 Competitiveness of competitors in the industry

The excellent financial ecological environment in Wuxi provides a solid material foundation for the prosperity and development of the banking industry. By the end of 2015, 38 banking institutions had entered the city. Including 5 large state-owned commercial banks, 12 national joint-stock banks, 4 urban commercial banks, 7 foreign

banks, 4 rural commercial banks and 5 village banks, as well as postal savings banks, a total of 38 commercial banks (excluding Agricultural Development Bank of China; by the end of 2015, The balance of local and foreign currency deposits of financial institutions in the whole city was 1.318125 trillion yuan; the balance of local and foreign currency loans of financial institutions was 9525 yuan 9.9 billion yuan; the local and foreign currency deposits and loans of financial institutions Prida 72.30; the non-performing loan rate is 2.03. By the end of 2015, the balance of local and foreign currency deposits in Wuxi was 6.86% of the total market in Wuxi, the balance of local and foreign currency loans was 5.67%, and the total amount of deposits and loans was the sixth in Wuxi.

Wuxi Farmers has 103 branches in the city, covering almost all the streets and towns in Wuxi. Wuxi Agricultural Company has been rooted in Wuxi City since its establishment and mainly serves local small and medium-sized enterprises and local residents. With its native advantages and deep understanding of regional economy, Wuxi Agricultural Commercial Bank has gradually grown and strengthened in competition with many banks, including the five major commercial banks, and has established a more advanced market position. As a leading bank in Wuxi, Wuxi Agricultural firm continues to benefit from Wuxi's strong economic growth. Through the full penetration of Wuxi, Wuxi agricultural firm will be able to provide customers with unique insight, thus seize the strong economic growth in Wuxi opportunities.

3.2 Internal environmental analysis

Through the in-depth analysis of the external strategic environment of Wuxi Agricultural Commercial Bank, we have learned the opportunities and challenges of Wuxi Agricultural Business Bank. Similar to corporate core competence, banks are more competitive in the market when they have sufficient resources and capabilities. By analyzing the internal environment of banks, on the one hand, we can understand the actual contents of their resources and capabilities, and then expand these resources and capabilities. On the other hand, it can better combine the internal environment with the external environment, so that the bank can use the effective information more reasonably and promote the development of the bank. Integration of internal and external environment this paper provides a reference for the formulation of the development strategy of the bank, and clarifies its ability and resources to focus on development, as well as the specific development path. The following further analysis of the internal environment of Wuxi agribusiness to fully understand its strengths and weaknesses.

3.2.1 Current status of business development of Wuxi agribusiness

The headquarters of Wuxi Agricultural Company is located in Wuxi. Wuxi is the birthplace of Wu culture, the birthplace of Chinese national industry and commerce, and the creation area of township enterprise model. 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. Since its establishment, Wuxi Agricultural Commercial Bank has made full use of the unique advantages of the small and medium-sized legal person banks, adhered to the correct market positioning, and, in accordance with the requirements for the establishment of modern commercial banks, has been determined to make full use of its unique advantages. Enterprising, pioneering and innovating, after years of unremitting efforts, we have successfully realized the strategic transformation from a local bank to a regional bank. On September 23, 2016, Wuxi Agricultural Company successfully listed on the Shanghai Stock Exchange and publicly issued 185 million shares. The offering price is 4.47 yuan and the net capital raised is 789 million yuan, becoming the first rural commercial bank listed on the main board of shares in China, which opens a new chapter of development.

The second one is the attack-oriented ST strategy. In the fierce market competition, NRCB should aware and tap their own resources to utilize one's strong points to attack others' weak points, such as more flexible marketing tool, more streamlined and convenient financial business processes, more proactive sense of service, more specific target customer, and so on. In terms of target customers, the service for Small and Medium Enterprises (abbr. SMEs) and residents should be regarded as strategic focus for the SME lending market. It needs to improve the attraction of talent and to build a harmonious enterprise culture in order to attract the best talent, in their future development and well-being of remuneration with difference competition with other banks. It could be initiative to improve relations with the local authorities and government, to win the support and trust of government and authorities. It can give prominent support to the business enterprises which government concerned. It must co-operate with authorities to carry out the work actively, compliance with legitimate business in support of regulatory policy, and take concrete actions to support the real economy and small business finance.

Wuxi agricultural firm mainly engaged in business including corporate banking, personal banking, electronic banking and financial markets. While serving the local economic construction in a comprehensive way, the banks themselves have also made relatively good development. All the bank's various businesses have grown substantially, the quality of assets has improved significantly, and the level of profitability, the capital strength, and the ability to resist risks have been greatly enhanced. The contribution to the local and society is increasing, the image and service level of the banks are improving constantly, and the status of the main force of the local finance is becoming more and more prominent. As at September 30, 2016, the total assets of Wuxi agricultural firm (consolidated statement) were 119.311 billion yuan and the balance of deposits were 94 in 2016, the World Bank ranked 638th in the UK Bankers Magazine rankings for the World Bank, with a loan balance of 60.369 billion yuan.

3.2.2 Organizational structure

The bank carries out the authorized management system under the first-level legal person. The responsible persons of each functional department and branch are responsible to the president and exercise the management power within the scope of the governor's delegation of authority. Each department of the bank is the construction and execution department of the internal control system. It is responsible for building the internal control system of the line, formulating the internal control system, procedures and methods, and organizing the implementation of the internal control system. Identify and report problems in the internal control system and improve them in a timely and effective manner. The branch does not have legal personality, is responsible for the implementation of the bank's internal control system.

According to the post - engineering business and management process , the bank has set up the management departments , such as the office of the board of directors , the HR department and the party group working department , and also has the operation departments such as the Ministry of Science and Technology Information , the Company ' s Business Department , etc . Currently, there are 23 big departments in Wuxi Rural Commercial Bank, and the organizational structure is relatively mature and perfect.

3.2.3 Risk management and internal control

The objective of the bank's risk strategy is to strengthen the risk supervision of the bank through the construction and improvement of an efficient management and control

system and information data system, taking the risk directive of the board of directors as the direction. A sense of risk management and a set of risk supervision and warning system are formed from top to bottom, which makes the bank become a modern joint-stock commercial bank with strict internal control, smooth operation mechanism of risk management, sufficient capital and clear responsibility of risk management.

The bank adheres to the principle of overall risk management under the constraint of capital. Through the construction of a comprehensive, independent and prudent risk management system that matches the bank's business, internal control measures are permeated into various business processes, links and positions. Achieve full coverage of the bank's risk management. The risks that the bank may now encounter are the following: credit risk, market structure risk, practice risk, system implementation risk.

Since its inception in 2005, the bank has been working to improve and strengthen the level of risk management. Over the past few years, the bank has been involved in organizational structure, risk management culture, management systems and processes, internal management systems and measurement tools, risk early warning systems, A series of measures have been taken in the construction of risk reporting system and assessment system, including:

The risk management system of the bank is divided into two parts. The first part is to establish the whole bank's risk culture system. The second part is to form an effective risk management system. Since its inception, the bank has continued to improve its risk management system, such as:

Since its inception, the bank has set up a credit review committee under senior management to focus on credit approval for large loans.

In 2005, the bank set up risk management department under senior management to conduct credit review management.

In 2005, the bank set up a risk management committee, a related party transaction control committee and an audit committee under the board of directors, which are mainly responsible for the bank's systemic risk, the risk of large assets, the control, management, supervision and evaluation of the related party transaction risk. Audit function under the authority of the board of directors; asset liability management and internal control throughout the bank.

In the 2009 year, the bank established the compliance management department. In 2010, it changed its name to the risk compliance department. In 2011, it was renamed the compliance management department, which is responsible for the internal control and compliance management of the whole bank.

In 2010, the bank set up a credit review and evaluation department to separate the loan review and loan, before the formation of the three departments to operate independently.

In the 2011 year, the bank's credit review department was renamed the risk management department, and its responsibilities were adjusted to the overall risk management, large credit review, credit assets early warning and risk classification.

Strengthen the institutionalization of risk management. In view of the business and management of the bank, the bank has established the risk management system in advance and in the course of the event and after the occurrence of the incident. The bank has carried out the detailed rules and regulations for the conclusion of the various risks, the conclusion of the specific rules and regulations, the key points of the risk management with a more powerful and authoritative means, and the strengthening of the concrete implementation of the responsibility system.

Establish a good risk Management Culture and cultivate a High quality risk Management team. The bank attaches great importance to the spread of a culture of risk management. It will talk to every employee about the concept of risk management. On the one hand, it will make employees aware of the existence and importance of risk. On the other hand, employees should learn how to deal with and deal with risks. Risk is not all wrong, catastrophic, it has dual characteristics, not only brings crisis, but also contains opportunities, many enterprises lose in the risk, and many enterprises also find new opportunities in the risk, take advantage of the waves, and climb the peak. Therefore, the awareness of risk should be propagandized in place, cannot blindly guard against, and cannot blindly meet. We should make a good forewarning plan in advance and grasp the opportunity to reject the crisis.

In strengthening risk awareness, we must also start to set up risk management teams. On the one hand, we must improve the professional quality, conduct, and skills training of personnel; on the other hand, we must also adjust the relevant systems of enterprises. For example, improve the compensation mechanism, so as to build efficient and professional

risk management team.

In carrying out the risk management work, the bank should combine the practice and pay attention to the use of methods. The author suggests that qualitative and quantitative methods complement each other to promote the development of risk management, and at the same time, store the relevant data through qualitative and quantitative methods. At present, the bank is exploring the development of credit risk internal rating method, operational risk standard method and other risk quantitative management tools, and gradually transition to economic capital management objectives.

In order to promote the awareness of risk management in the whole bank, promote the establishment and perfection of risk management mechanism, and urge all departments and staff to take the initiative to grasp risks and control risks in their work, Consciously combining the pursuit of short-term benefits with the long-term development of the bank, the bank incorporated risk management indicators into the Bank's assessment system, such as:

For the newly generated non-performing loans, the bank will make a proportionate deduction of the branch's assessment profits and the corresponding proportion of the annual salary of the bank's president.

The bank evaluates the credit assets according to five levels. The reserve is calculated by forecasting the single item and the combination of the credit assets and is reflected in the appraisal.

The bank will directly pursue the responsibility of those responsible for assets that form a risk, including withholding bonuses, transferring jobs, removing jobs, removing labor contracts, expelling them until they are handed over to judicial organs, and so on.

The bank assesses the incidence of cases, operating irregularities, and takes administrative warnings, notes and fines, and so on.

3.2.4 Human resources management

The bank has always attached importance to talent training, optimize the structure of staff, improve the comprehensive competitiveness of the bank, to provide a solid and effective human resources support for the strategic transformation of the bank. The bank actively promotes the talent development strategy, focuses on the needs of the future

sustainable development, and accelerates the construction of the talent team through the combination of "based on the internal training, appropriate external introduction". By the end of 2015, Wuxi Agricultural and Commercial Company had 1279 employees, including professional and academic qualifications. The age structure is as follows:

The professional composition of its active staff as at 31 December 2015 is shown in the following table:

Table 1: Staff professional composition

Professional category	December 2015	
	Number of people	Proportion (%)
Business personnel	1,059	82.80
Administrative staff	152	11.88
Clerical staff	68	5.32
Amount to	1,279	100.00

As at 31 December 2015, the composition of the academic qualifications of the Bank's active staff is shown in the following table:

Table 2: The composition of the employee's educational background

Education category	December 2015	
	Number of people	Proportion (%)
Postgraduate and above	88	6.88
Undergraduate college	827	64.66
Junior college	244	19.08
Below university level	120	9.38
Amount to	1,279	100.00

The age composition of its active staff as at 31 December 2015 is shown in the following table:

Table 3: Age composition of employees

Age Category	31 December 2015	
	Number of people	Proportion (%)
Under 30	597	46.68
31-40 years	255	19.94
41—50 years	311	24.32
51—60 years	116	9.07
Amount to	1,279	100.00

The future long-term business development of Wuxi agribusiness depends on the personal quality and education level of the bank staff. Because Wuxi, where the bank is located, has no advantage over Beijing, Shanghai, Nanjing and other central cities in attracting financial professionals, although the bank can rely on the financial market department (Shanghai) and the provincial campus recruitment methods to attract talented people. But in the fierce talent competition, the bank's appeal to senior and professional talent is still relatively weak. Therefore, if it is not possible to recruit, training and retaining sufficient qualified staff, especially high-level management and professionals, may not contribute to the management and business development of the bank Benefit influence.

3.2.5 Level of IT development and innovation capacity

Information technology is increasingly playing an irreplaceable supporting role in the work of banks. The bank relies on information technology systems to handle large volumes of transactions, storing and processing most business and operational data. Financial control, risk management, accounting, customer service and other data processing systems, as well as the normal operation of the communication network between the branches and the master data processing center, all play a key role in the normal operation and effective competition of the bank.

3.3 SWOT analysis of Wuxi agricultural firm

SWOT Analysis is K. J. from Harvard Business School. The .SWOT analysis, first proposed by Andrews in 1971 in his book, the concept of Corporate Strategy, also known as the Dawes Matrix, is one of the most efficient and pervasive analytical models for businesses. It is an abbreviation of four English words. That is to say, Strengths

Weakness ship opportunity threat, which means strength, inferiority, opportunity and challenge, is analyzed from both internal and external aspects of the enterprise. At present, both at home and abroad, this method is used for enterprise analysis, and then the development strategy is put forward. Because of the rationality and precision of its four components, the development strategy based on these four parts is generally objective and just. This analysis method is very simple to operate, the logic decomposition method is to analyze the internal elements of the enterprise first, and for example, what kind of situation the enterprise is in at presents, what are the favorable and unfavorable conditions and so on. Then the external environment of the enterprise is analyzed to find the contact point related to the enterprise. Finally, based on the market situation and the situation of national conditions, and referring to its own advantages, a more suitable plan for the development of the enterprise is established, which can be used to guide the future development of the enterprise. . Relatively speaking, the analysis method takes into account all aspects of the enterprise comprehensively, but also grasps the market and the environment change, so the conclusion or the plan, can better close to the market, better guide the enterprise out of the predicament, Looking for hope from the crisis, forming the future development strategy, leading the enterprise to a higher platform, to achieve greater development. Generally speaking, after the use of SWOT analysis, most enterprises will use growth, transfer, defense and other strategies, or several strategies in parallel to promote the future development of enterprises.

3.3.1 Competitive advantage analysis

(1) Rooted in the heart of the Yangtze River Delta economic circle, it has unique geographical advantages and great potential for development.

The bank is located in Wuxi, one of the core cities in the Yangtze River Delta economic circle. It is based on Jiangsu Province, where the economic base is strong, the government administrative efficiency is leading, the natural endowment is good, the private enterprises are booming, and the overall comprehensive competitiveness is strong. As one of the leading economic development of Jiangsu Province, Wuxi has a gross domestic product of 851.826 billion yuan in 2015 and a per capita disposable income of 45100 yuan for residents living in cities and towns. Due to good income growth and stable consumer prices in Wuxi, the total retail sales of consumer goods in the whole city increased steadily in 2015 to 284.76 billion yuan, an increase of 9.5 percent over the same period last year. Wuxi ranked eighth among the 2015 best commercial cities in mainland China, according to Forbes' Chinese version, and the 2015 Blue Book on China's Urban

Competitiveness: China's Urban Competitiveness report, released by the Chinese Academy of Social Sciences in 2015. Wuxi City comprehensive economic competitiveness ranked 10th.

(2) Dot all over the whole city, deep ploughing subdivide the market, have extensive distribution network and deep customer relation foundation, geographical and popular advantage is obvious.

The bank has more than 100 branch offices in Wuxi and has more than 350 self-service teller machines and more than 70 multimedia self-service terminals, covering the entire Wuxi urban area. Since its establishment in 2005, the bank has been rooted in Wuxi and mainly serves local SMEs and local residents. With its native advantages and deep understanding of the regional economy, the bank has developed a large number of high growth small and medium-sized enterprises (SMEs) customers in the long process of exploration and practice. The bank's grassroots business staff and management are made up of experienced and familiar with local conditions, extremely convenient and local customers. Through communication and the transmission of relevant information, the bank has been able to introduce a series of special enterprise loan products, such as accounts receivable pledge loan, equity pledge loan, patent mortgage loan, movable property mortgage loan, according to the management characteristics of small and medium-sized enterprises. Such as operating property mortgage loans, the above characteristics of enterprise loans for the pledge of a more flexible setting, and the loan interest rate has been targeted concessions, on the basis of effective risk control, meet the financing needs of small and medium enterprises.

In addition, Wuxi agribusiness is the designated cooperative financial institution of Wuxi Social Security Citizen Card, but there are no semicolons. By the end of 2015, the number of cards issued by citizens had reached more than 3.3 million, basically covering all social security users in Wuxi urban area. They had borrowed the basic customer resources of citizens' cards to practice inclusive finance and build "community banks". Therefore, the bank has a very broad and quality personal customer base.

At the same time, as a local legal person bank, it has received high attention and policy support from the local governments at all levels since its inception. Governments at all levels have given great support to the development of the bank, such as the special account for financial funds and the special account for social security funds. Wuxi

agribusiness also has a close relationship with local governments in Wuxi. The bank has responded to the government's call to vigorously support the real economy, especially the "agriculture, countryside and farmers", small and medium-sized enterprises, and to help them grow and grow. At the same time, concentrate on the "citizen card" operation protection work, to provide local residents with close, convenient financial services, inclusive finance "take root", won the local government and residents of a wide range of praise.

(3) Flexible and efficient organizational structure and decision-making system.

As a local rural commercial bank, compared with other large and medium-sized commercial banks, the bank has a flat organizational system, less information transmission links, shorter business approval chain, and efficient decision-making and full management autonomy. It can focus on meeting the needs of customers in time, which provides favorable conditions and foundations for improving the market response ability, speeding up the pace of financial innovation and expanding the business fields.

(4) Comprehensive systematic management, careful planning of risk control steps.

At present, the development direction of the bank is to construct the flow bank, but in order to realize this goal, it must be carried out from the following several steps, the first is to strengthen the infrastructure construction, that is, to set up a framework on the whole, to make it take shape on a scale. And in the specific business, it also optimizes the configuration, adopts the way that each business has a set of rules separately, does well the business flow. For example, the construction of different business models should be based on the characteristics and attributes of the business, at the same time; it should conform to the overall development style of the bank, and constantly update the model with the changes of market and demand. The third part is to do well the risk control and to strengthen the early warning, management, supervision and prevention of various risks, so as to promote silver. The flow of the line goes smoothly.

(5) Diligent and dedicated senior management team and dedicated staff.

Wuxi Agricultural Company has an experienced, dedicated, professional, efficient business management team. The bank's core senior managers have more than 10 years of banking experience, most of the bank since the establishment of the bank since the establishment of the bank, the bank's main business and Wuxi financial industry has a high degree of familiarity. In addition, the bank inherits the characteristics of the former Wuxi suburb Rural Credit Cooperative United Society, most of which are local residents, able to get close to each street and township grassroots customers, based on knowing their

own customers. So Wuxi Agricultural and Commercial Company can grasp all kinds of enterprises in time, accurately and fully.

Moreover, since the bank was founded in 2005, most of the bank's leaders and employees held stakes in the bank, so in some ways ESOs can bind employees' own interests to the bank's interests, prompting the leadership to be diligent. To promote staff love and dedication, for the rapid development of the bank laid solid human resources foundation.

3.3.2 Competitive disadvantage (Weakness) analysis

(1) The scale of operation is relatively small, and the ability to resist risks is relatively poor.

In terms of total equity, the bank had a total equity of 1.663 billion yuan by the end of 2015, a far cry from the tens of billions of dollars of equity held by the big four state-owned commercial banks and joint-stock commercial banks. In terms of total assets, by the end of 2015, the total assets were 115.491 billion, which is far from the total assets of the four state-owned commercial banks and joint-stock commercial banks, which mean that the ability to resist risks is relatively insufficient. The business of banks is based on public trust in commercial banks. The total equity principal and total assets of state-owned banks and national joint-stock banks are completely at the level of On the other hand, on the other hand, the small scale greatly restricts the development of a lot of large-scale high-quality business. For example, the asset management model of rural commercial banks is more traditional and obsolete, that is, using the management mode of asset liability and equity allocation, the user can only rely on the equity principal invested or the amount of assets owned to make a limited amount of loans. This approach is not in line with the current market development and user demand is extremely inconsistent, resulting in the loss of many major customers, such as many large enterprises unable to borrow money in the agribusiness bank, so they turn to state-owned banks or joint-stock banks.

(2) The support of information technology cannot keep up with the needs of the expansion of banking business.

With the deep integration of information technology and modern finance industry, information technology has infiltrated all fields of commercial bank management. Information system and information construction are the support of commercial banks '

business development. At the same time, it is the driving force to promote business transformation and innovation development. It plays a very important role in promoting commercial banks to accelerate innovation, improve working efficiency, improve service level, expand business scope, prevent financial risks, optimize organizational structure, and improve core competitiveness.

At present, Wuxi agricultural firm in information technology support there are some weak aspects. First of all, like most small and medium-sized banks, the bank's science and technology information department is understaffed, and its independent operation and maintenance capabilities need to be improved. The bank's science and technology information department has set up an operation and maintenance center and a software development center. The safety management center and the quality management center, besides the administrative personnel direct mail more than 40 people, this compares with the day by day strict supervision request and the fast development business demand has the very big contradiction, and also has no superiority compared with the surrounding agriculture business in the profession. Secondly, due to the shortage of scientific and technological personnel, the bank's independent R & D and management capacity is lacking. Relying on technology services companies to provide outsourcing services, long-term is not conducive to the bank to improve its own R & D strength. Third, because of the number of outsourcing companies, different situations, outsourcing personnel are uneven, which also makes it more difficult for the bank to manage the outsourcing staff. Fourth, the construction of channel system needs to be accelerated, and the user experience needs to be improved. With the prosperity of Internet finance, big data's analysis technology, mobile interconnection, cloud computing and other scientific and technological factors are constantly changing people's financial consumption mode. Although the bank is closely following the times, it has launched telephone bank, short message bank, internet bank, mobile bank, WeChat bank and Alipay Quick payment, quick payment by JingDong, and new electronic banking channels such as Ah Fu Bao, but due to the relatively short time in the early stage of research and development and the lack of analysis of user usage habits and transaction data, the user experience is not very good. The convenient and practical degree of financial consumers is not high.

(3) The cultural quality of employees is relatively low, and the attraction to high-end talents such as compound type and creative type is relatively weak.

Professional talents are the most precious resources of commercial banks, the amount of talent reserves is the embodiment of the core competitiveness of banks, and the

competition among commercial banks is, in a sense, the competition between talents and talents. As rural credit cooperatives from the transformation of Wuxi agribusiness, there is a shortage in talent reserves. First of all, the predecessor of Wuxi Agricultural and Commercial Bank is the Wuxi suburb Rural Credit Cooperatives United Association. Many old employees were recruited in the vicinity of the Rural Credit Cooperatives or transferred into the nature of collecting geotechnical work. The cultural quality of the employees is generally on the low side. This is the objective result of historical factors. Secondly, as a result of the cuts in employee benefits in recent years following the implementation of the "eight regulations", banks As a result of such objective reasons as the slowdown in the growth rate of profits in the industry, the salary of employees in hand has declined relative to the price level in recent years, and the competition in the banking sector in Wuxi has become more intense, the major joint-stock banks and agricultural and commercial banks in the country are scrambling to set up branches in Wuxi. This has also led to the loss of some bank backbone staff phenomenon. Third, the income level, the development space and the degree of internationalization of Wuxi region are relatively small in the Yangtze River Delta region, coupled with the lack of first-class ordinary universities and professional research institutions in Wuxi region. So Wuxi has no advantage over Beijing, Shanghai, Nanjing and other central cities in attracting financial professionals. These factors are direct. It affects the business upgrading and financial product innovation of Wuxi Agricultural and Commercial Bank. Therefore, the bank needs a large number of complex and creative talents with the ability to open up the market, have the advantage of foreign language and master the international banking business.

(4) The sources of income are mainly concentrated in the traditional loan business, the loan concentration is higher and the profit channel is narrow.

By the end of 2015, more than 95.81% of the loans of Wuxi Agricultural and Commercial Bank had been invested in Wuxi City. 27.89% of the loans to the public were in the manufacturing industry. 18.04% of the loans to the public were invested in the leasing and business services industries. The bank's operating income was 2.397 billion yuan, of which the net income of interest was 2.163 billion yuan, accounting for 90.27 yuan, and the net income of commission and commission was 160 million yuan, accounting for 9.73yuan. The main source of income of Wuxi Agricultural and Commercial Bank is still relying on the traditional interest income of deposit and loan. Although the income of intermediate business has increased rapidly in recent years, the total amount is still less. Accompanied by a slowdown in macroeconomic growth with the promotion of interest rate marketization, the opening of private banks and the prosperity

and development of Internet finance, the net interest rate and net profit margin of the bank have been further narrowed, and the profitability and sustainable development ability are affected.

Table 4: The comparison of net interest margin and net interest rate between Wuxi Agricultural Bank and listed banks in the same industry is as follows:

Unit: %

Project	2015		2014		2013	
	Net interest rate	Net interest margin	Net interest rate	Net interest margin	Net interest rate	Net interest margin
China Merchants Bank	2.75	2.59	2.52	2.33	2.82	2.65
China Citic Bank	2.31	2.13	2.40	2.19	2.60	2.40
Industrial Bank	2.45	2.26	2.48	2.23	2.44	2.23
Shanghai Pudong Development Bank	2.45	2.26	2.50	2.27	2.46	2.26
Minsheng Bank	2.26	2.10	2.59	2.41	2.49	2.30
Everbright Bank	2.25	2.01	2.30	2.06	2.16	1.96
Ping An Bank	2.77	2.63	2.57	2.40	2.31	2.14
Stock Bank Average	2.46	2.28	2.48	2.27	2.47	2.28
Ningbo Bank	2.70	2.40	2.51	2.50	2.51	2.46
Nanjing Bank	2.61	2.44	2.59	2.41	2.30	2.09
City Commercial Bank Average	2.65	2.42	2.55	2.46	2.41	2.28
Wuxi Agricultural Firm	2.11	1.88	2.40	2.13	2.53	2.28

3.3.3 Opportunity analysis

(1) Wuxi "12th Five-Year Plan" has been successfully completed, and the 13th Five-Year Plan has been launched to promote the opportunity of transformation and development.

During the 13th Five-Year Plan period, Wuxi fully implemented the spirit of the

18th National Congress of the Party, with the aim of creating a new Wuxi with material civilization and spiritual civilization as its goal, carrying out the party's policy thinking, improving the people's economic level, and strengthening social aesthetics. Build a clean and peaceful social environment, further promote the construction of a harmonious socialist society, and contribute to the great rejuvenation of our country. Taking advantage of Wuxi to promote economic restructuring, cultivate and expand strategic emerging industries, vigorously develop modern service industries, strengthen the establishment of intelligent Wuxi, constantly strengthen the construction of Wuxi, strengthen the social security system, and promote the development of culture and civilization. Wuxi agricultural firm can rely on root the geographical advantages of planting localities and their close ties with small and medium-sized enterprises and governments at all levels are all devoted to Wuxi's construction of the Central District in all aspects of the 13th Five-Year Plan to promote regional economic prosperity and growth. In the process of raising the people's living standard, we should realize the leapfrog development of ourselves.

(2) The country's first commercial bank listed on the main board of the Shanghai Stock Exchange has a wide range of brand awareness and continuous effective capital replenishment channels.

Wuxi Agricultural Commercial Bank was successfully approved by the China Securities Regulatory Commission (CSRC) in January 2016 and became the first rural commercial bank in the country to be listed on the Shanghai Stock Exchange in September 2016, making it the first agricultural and commercial bank in China to list on the A-share market. After listing smoothly, the popularity of the bank in China's capital market was greatly enhanced with the intensive research on the bank by securities research and analysis institutions, fund companies and asset management companies. After the successful landing of A-shares, the bank's financing channels are diversified, compared with the traditional endogenous financing channels of agribusiness banks, the financing level after listing has a huge advantage. In the future, the bank can A series of capital tools , such as issuance of preferred stock , targeted increase of shares and convertible bonds , make up for the capital gap caused by the expansion of the business , further expand the development space and improve the anti - risk ability .

(3) The smart city construction of Wuxi City is successful, and the application of wisdom series will continue to promote the implementation

In the construction of intelligent city, Wuxi can be described as the country's only sensor network innovation demonstration zone, the only national cloud computing

innovation service pilot city at the prefecture-level, at the same time, it is also a cloud computing service security review national standard application pilot city. The first batch of pilot cities for the construction of intelligent cities in the country, pilot cities for the next generation of Internet, pilot cities for the integration of three networks, pilot demonstration cities for electronic commerce, and pilot cities for information benefits to the people, The International Association of Electrical and Electronic Engineers (IEEE) is the only pilot city in China, and there are nearly 20 national pilot cities such as National Gold Card Engineering and Software cities.

In the future, Wuxi will continue to promote the development of intelligent application, focusing on industries such as industrial adjustment, innovation and technological innovation of the Internet, to jointly build the economic operation of Wuxi, to do a good job of information services, and to establish an information city in the new era.

As the local legal person bank of Wuxi, compared with other commercial banks, Wuxi Agricultural Commercial Bank has unique geographical and kinship advantages with local governments, enterprises and residents. By combining the customer resource advantages of "citizen cards", we can smoothly shuttle between the various development sectors of intelligent cities, such as from intelligent electricity to directing traffic, from intelligent education to intellectual culture, from intelligent communities to intelligent logistics. From intelligent commerce to intelligent finance, the market of Wuxi agricultural firm is further improved, and financial services of intimate, professional and local nature are everywhere in the city of wisdom.

(4) Suntech's pragmatic social atmosphere, healthy and orderly credit environment

Wuxi is one of the birthplaces of Wu culture, with more than 2000 years of excellent cultural accumulation; Wuxi people respect teachers, hard-working and honest, pragmatic and introverted. Wuxi is also the cradle of Chinese national and township industries. With the optimization and upgrading of industrial structure, Wuxi has become an important base for strategic emerging industries. Now, the basic framework of the social credit system in Wuxi has been completed, and various kinds of systems are constantly improving. Now more complete mechanisms such as information collection, exposure, credit inquiry, and other mechanisms have been formed, and relevant security systems and guidelines are also in the process of being formulated. The whole Wuxi city public credit service is improving day by day; the whole city citizen may carry on the letter at any time Query. The good financial ecological environment provides a broad

development space for the local Wuxi agricultural and commercial banks. Based on this, the probability of credit risk in Wuxi is obviously lower than that in most parts of the country.

(5) The state policy guides the commercial banks to accelerate their comprehensive management, and a new profit growth point comes into being.

In June 2008, the CBRC issued the measures for the implementation of Administrative Licensing items for Rural small and Medium-sized Financial Machinery, which strongly advocated the joint operation of agricultural and commercial banks and rural cooperatives, such as the establishment of branch networks outside the registered area. In November 2013, the CBRC revised and issued the Financial Leasing Company Management measures, which encourages financial leasing to absorb all kinds of capital, thereby promoting the development of commercial banks' pilot work on financial leasing. Comprehensive management is the mainstream mode of international banking development. After repeated practice, Chinese and foreign banks have come to the following conclusion: if the risks are relatively small, When it is possible to prevent or control in advance, commercial banks should be brave enough to accept various business challenges, broaden their business scope, and reduce capital investment. In August 2016, Wuxi Agricultural and Commercial Company was approved by Jiangsu Banking Regulatory Bureau to establish Wuxi Silver Financial Leasing Company with Wuxi newspaper, Boer Software and Jiangnan Water Co., Ltd. Wuxi Agricultural Commercial Bank Suzhou Branch opened and settled in Suzhou Industrial Park; in January 2017 Wuxi Agricultural Commercial Bank set up Changzhou Branch to obtain approval from Jiangsu Banking Regulatory Bureau.

3.3.4 Threat analysis

(1) Comply with the demand of Supervision, strengthen the exposure of Information and improve the Competitiveness

New Basel Capital Accord has three important contents, that is, abundant capital, strict supervision and market regulation. Agricultural and commercial banks want to step into the international banking system, must first achieve these three requirements. On the one hand, they should be subject to an international financial examination of their own capital, to see whether their quality is up to standard and whether their assets are adequate, and on the other hand, they must also be subject to domestic judicial review. And if the agricultural and commercial bank has already listed on the stock market, It is also necessary to abide by the standards of the Securities Regulatory Commission and the Shanghai Stock Exchange, and to carry out timely information disclosure, which is

conducive to the formation of a strict, fair and standardized market management mechanism, and is also conducive to preventing risks and killing them in the cradle, thus optimizing agriculture. Commercial banks them, but also upgraded to optimize the securities market environment.

(2) The challenges posed by the financial boom of the internet

Internet finance, represented by Yue, has obviously impacted on traditional finance and is influencing and changing the pattern of traditional finance. Internet finance will gradually break the existing market pattern, and the financial products with new technology and Internet thinking will probably change the traditional banking business model. In the new trend of Internet finance, Internet platform uses services and technology to weaken the connection between banks and users, diverts sales channels, and accelerates the financial disintermediation of the banking industry. Internet companies, e-commerce platforms, Internet loan platforms and other external institutions will penetrate into the traditional areas of commercial banks, which will impact on the business of traditional banks.

Although the development of Internet finance will bring new development opportunities and development space to the banking industry, it will help to change the status quo of homogeneous competition and a single profit model in the banking industry, but if the bank cannot effectively cope with the changes in the competitive environment of the industry, The bank's market share could also be squeezed by other market players, which could pose greater risks to the bank's operations.

(3) The influence and result of interest rate marketization

In recent years, the pace of the development of market interest rate in our country has obviously accelerated. In 2013, our country fully liberalized the control of loan interest rate. In November 2014, the interest rate on deposit in financial institutions was continuously raised, and from January to June 2015, China's deposit interest rate rose by 1.5 percentage points; in October 2015, the ceiling on the floating deposit rate was completely liberalized. Although the interest rate marketization is helpful to establish a complete market-oriented interest rate communication system, accelerate the resource allocation rate of commercial banks, widen the freedom of commercial banks to operate, and make it develop in a more loose and informal environment. But at the same time, it will break through the fixed interest rate policy to commercial silver. The natural scope of protection formed by the banks has brought more risk challenges to commercial banks. For example, when interest rates fluctuate up and down, the past advantages of low-cost

debt will gradually collapse, and the upward trend of capital costs will gradually become apparent. Bank deposit and loan spreads continue to narrow, the traditional profit model is unsustainable. The environment of commercial banks is becoming increasingly difficult and the competition is becoming increasingly cruel, which will greatly increase the operational risk of commercial banks and significantly reduce the profits of banks. In addition, the faster the pace of marketization of interest rates, the more optimized and updated the pricing system of financial products of commercial banks will be. Only in this way can the pace of interest rate change be kept up to date, and the possible risk control will emerge. The system is under control.

(4) Challenges from growing competition in the same industry

Wuxi Farmers faces competition from other commercial banks and financial institutions in Wuxi. Wuxi banking industry has formed a competitive pattern of large commercial banks, agribusiness banks, city banks, joint-stock banks, foreign banks and many other financial institutions. At the same time, the emergence of private banks further intensified the competition in the banking system. The rich experience of the shareholders in the private banks, the background factors of serving the small and medium-sized enterprises and the advantages of Internet technology will make the private banks pose a great threat to the SMEs business of the existing banks.

Competing with the bank by multiple competitors over essentially the same loan, deposit and intermediate customers could adversely affect the bank's business and future prospects, such as:

- To reduce the market share of the bank in the main products and services;
- Slowing the growth of the bank's loan portfolio, deposit portfolio and other products and services;
- Reducing the bank's interest income or increasing its interest expenses, thereby reducing the net interest income;
- Reduce fees and commission income;
- Increase the bank's non-interest expenses, such as marketing expenses;
- It has a negative impact on the quality of the bank's assets;
- The competition for senior managers and qualified professionals will be intensified.

At the same time, with the sustained development of China's capital market, the bank may face competition from other forms of investment and financing. As the stock and bond markets in China continue to develop and have become attractive investment channels, the bank's depositors may choose to transfer their funds to equity or bond investments. Loan clients may choose other sources of financing to raise the required funds, which in

turn may affect the bank's deposit and loan business and adversely affect the bank's financial position and operating performance.

(5) The management of shareholders is more difficult, and there is the risk of being acquired.

After the bank's listing, major operations and management decisions need to be deliberated at the general meeting of shareholders and approved by public shareholders. After listing, the management should not only make the strategic decision according to their own wishes, but to obtain the support of the broad public shareholders, which means that the original shareholders' control over the bank has weakened after the listing. After the bank went public, especially after all the shares were in circulation, the shares of the bank were all freely traded, because the qualification of shareholders to buy shares in the secondary market could not be examined. It is difficult to manage the qualification of shareholders in accordance with the regulations on the implementation of Administrative Licensing matters of rural small and Medium-sized financial institutions of the CBRC Yes. At the same time, because the bank's equity is relatively small and shareholders' holdings are scattered, there is the possibility that outside investors will acquire control of the bank through a variety of channels without prior notice.

(6) The challenges of cross regional development

Since 2009, Wuxi agricultural firms in Jingjiang City, Feng County, Rugao City, Yizheng City, Huaian City Chuzhou District, Jiangyin City, Yixing City set up a total of 8 branches, in Xuzhou Tongshan and Taizhou Jiangyan initiated the establishment of two holding village banks. The bank has transformed itself from a regional rural commercial bank into a cross-regional commercial bank. As the bank may not have a good understanding of the economic development, credit and human environment of the relevant regions in the argumentation and evaluation of cross-regional business projects, can the management mechanism and experience of the bank be fully applied in the development of cross-regional business, also needed in the future Test in practice. Therefore, the bank cannot fully guarantee that in the future it will be able to establish or achieve stable and sustained development in the central and northern parts of Jiangsu. If the bank loses in the process of seeking cross-regional operations, the bank's operating performance will be improved. Financial position and business development prospects may be adversely affected.

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. Translation review or double translation is the method used in large-scale educational studies such as PISA and TIMSS. Clear instructions regarding the translation and review of items were sent to collaborators. The Chinese instruments used in Hong Kong and Taiwan were both based on the same translation. Reliability statistics were excellent for all scales reported here. The data cleaning process included inspection of the distribution of each item in each country, together with factor analysis and reliability analysis on each scale in each country.

Related to the above, boys in our study have average overconfidence of 18% and girls 9%; it is known that young men in industrialized countries and those of lower ability in particular are at highest risk of an early death because they are risk-takers. What is not known is how generalized the overconfidence of young men is, how problematic it is, and whether attempts to reduce their overconfidence might have adverse effects. Given the evidence for confidence as a general trait, this may be a fruitful avenue for further research. In particular, longitudinal developmental studies may reveal much about the influence of sex hormones on the development of confidence.

An alternative view is simply to accept that there may be cultural and gender differences in overconfidence and that both overconfident and well-calibrated or underconfident individuals have important roles to play. While too much caution can result in missed opportunities and risk-taking may result in higher rewards, risk-taking carries higher costs; in this sense it should not be assumed that one is necessarily better than the other. What does seem to be problematic is high confidence combined with low accuracy.

In a discussion of differences between Confucians and Europeans, suggested that culture might be a reason for higher anxiety and self-doubt among Confucian Asian students. One of the implications of self-doubt and anxiety is caution and hesitancy to take chances. This is important in a knowledge economy, since those who exhibit caution and wait for others to lead may be left behind. Risk-taking and entrepreneurship by definition require some level of overconfidence in one's own abilities, because if people were wholly realistic about the objective probability of success, many would never take the chance. Accordingly then, it may be worrisome that students in Singapore and Hong Kong have very low levels of overconfidence – around 5 or 6% – in comparison to their high-performing European counterparts at around 10%. Two other studies with Singaporean students involving both mathematics and English tests resulted in a similar level of bias to this study. It is too early at this stage to read too much into these

differences, but further studies may elucidate whether there is an optimum level of overconfidence.

It may be useful to re-iterate that, at the country level, our results show that there are virtually no differences in confidence, especially if we remove Finland from consideration. The main differences are in attainment and these are due to the low performing Serbian and Latvian/Russian students, not to better performing Europeans. Country-level differences in bias scores that reflect the correlation between accuracy and confidence are due entirely to differences in attainment. Thus, one interpretation of our findings is that countries differ in terms of attainment while the differences in confidence are not pronounced. This general finding may point to a survival value of confidence in our contemporary societies – it may cushion low achieving countries from experiencing too much stress. This finding also speaks against the claim that our results may be a methodological artifact due to the possibility that increased confidence may be related to mathematical ability at the country level. Thus, although Confucian countries score high on mathematics items, their confidence is the same as most European countries.

The unexpectedly poor mathematics performance of the Finnish students offered us an opportunity to explore another important feature of confidence: self-monitoring. Looking at Figs. 8 and 9 it is clear that Finland is more like Serbia and Latvia on accuracy, yet more like The Netherlands and Denmark on bias. Based on previous PISA results we would expect the mathematics performance of Finnish students to be more like Confucians' or The Netherlands and Denmark. We speculate that (normally high-achieving) Finnish students knew that they were performing poorly. The same did not happen to Serbs and Latvians who, on this interpretation, were less aware than those from high-scoring countries about how much they know and do not know. At an individual level, bias scores could offer useful feedback to students about how well they can monitor their performance – this may assist students to plan their study and revision more effectively.

One feature of these results is that as self-belief items go from the general to the specific, prediction of mathematics accuracy improves. In other words, the weakest predictor, MARCI, represents the general domain of memory and reasoning; mathematics self-concept and anxiety is domain-specific; mathematics self-efficacy is task-specific, and confidence – the strongest predictor – is item-specific. Some would argue that the levels of measurement alone are sufficient to explain the results. We believe confidence ratings may be evoking a different kind of knowledge or belief – we may refer to it as

self-monitoring – that is not being captured by the other “self-belief” constructs such as anxiety, self-efficacy and self-concept. An important aspect of monitoring in comparison to other self-beliefs is in terms of the ‘frames of reference’. Monitoring is focused on the immediately preceding cognitive act whereas self-concept and anxiety evoke comparison of oneself with others. As measured in the present study, self-efficacy is linked to a particular item but since the item is not attempted, one’s self-efficacy has to be expressed with respect to some external or internal frame of reference as well.

Perhaps the most striking finding from this study is the strength and consistency of the confidence construct in relation to the other self-belief constructs that were studied in PISA 2003. In each of the countries surveyed in our study confidence was the variable most closely related to accuracy, and confidence could also account for most of the variance in mathematics performance that could be explained by self-efficacy and other self-constructs. The multi-group analyses indicated that the same pattern of non-cognitive variables in relation to accuracy obtained irrespective of culture, gender, or educational system.

Our findings support the view that the ability to accurately self-assess immediate past performance is a more salient indicator of performance than self-concepts, anxiety, and self-efficacy. We argue that this is because asking students to reflect on an item or test just completed invokes different psychological processes including metacognitive monitoring, which may in turn prompt deeper reflection on the items just completed. We explore these themes below.

The present paper combines these two lines of research on non-cognitive variables, to determine whether measures of confidence add comparable incremental validity over the aforementioned three self-belief constructs in an international sample.