

Commercial Bank's Innovation Research in Personal Wealth Management Products

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Abstract. The personal wealth management products of commercial banks have promoted the transformation of people's asset allocation methods. The personal wealth management business of China's commercial banks is still in the stage of exploration and expansion. It has established a sound and reasonable operation and sales model, and continuously improved the innovative capabilities of commercial bank personal wealth management products.

1 Introduction

At present, the continuous development of the domestic economy has driven the continuous improvement of residents' income levels. However, the interest rate of bank deposits is decreasing year by year. Obviously, the old property management method of depositing money in banks as demand deposits to obtain interest has been difficult to meet people's expectations for the preservation and appreciation of existing funds. Therefore, it is necessary to study the current status of personal wealth management products of commercial banks and further promote the innovation and improvement of wealth management products [1].

2 Definition of personal wealth management products and development history of personal wealth management products of commercial banks

Personal wealth management products refer to the design and release of banks through analysis, research, and discovery of potential target customer groups. Part of the funds raised from the target customers will be invested in relevant financial markets or purchased in accordance with the requirements of the contract. Investment, a type of wealth management product that ultimately distributes investment gains (or losses) to investors participating in the plan in accordance with the contract. The bank only accepts the authorization of the customer to manage the funds, and draws a small amount of service fees from it. The investment income and risk are borne by the customer or the customer and the bank in accordance with the contract. Personal wealth management products were born with the birth of personal wealth management business, first born in Switzerland, and then widely promoted in economically developed regions such as Europe and the United States

and Japan, Hong Kong. China's personal wealth management business started late, and personal wealth management products were born relatively late, most of them also imitated developed countries' wealth management products. China's personal wealth management products started in the mid-nineties of the last century. Although they started later than the economically developed countries such as Europe and the United States, with the vigorous development of China's economy and financial markets, China's personal wealth management products have also achieved scale and variety innovation Leaping Development. As of January 2019, 415 commercial banks in China have issued a total of 247,927 personal wealth management products. Among them, the issuance volume increased by 1809 in January compared with December 2018, and the number of issuing banks increased by 7 compared with the previous month [2]. It can be seen that the scale of personal financial management of China's commercial banks has expanded rapidly in the early stage, especially from 2010 to 2015. The current scale development has slowed down, but it still maintains a rapid development trend.

3 Current status of personal wealth management product innovation in commercial banks

With the competition among peers in the personal wealth management business of commercial banks, and the increasingly fierce competition in the field of personal wealth management between commercial banks, non-bank financial institutions such as insurance companies and securities companies, and foreign financial institutions, commercial bank personal wealth management businesses are forced to design and operate products Sales and other aspects have achieved a certain degree of innovation and development.

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3.1 Commercial bank personal wealth management product design achieves a certain degree of innovation

With the rapid development of personal wealth management business of commercial banks, the bank's personal wealth management products have also developed by leaps and bounds. The sales of personal wealth management products and the scale of types continue to expand. Major commercial banks are expanding market share, attracting more customers and driven by the pursuit of profit maximization, a certain degree of innovation has been made in personal financial products, which is embodied in the innovation of trading methods and the innovation of product types. Major commercial banks have launched personal wealth management products with their own characteristics to build brand awareness, enhance brand power, and gain competitive advantage. At the same time, the variety of products is also increasing.

3.2 The marketing model of personal wealth management products of commercial banks achieves a certain degree of innovation

With the continuous popularization of the Internet and smart lifestyles, the sales of personal wealth management products of commercial banks have begun to use the development of technology to break the traditional model and broaden the sales channels of products. Under the traditional sales model in the past, customers could only handle personal wealth management services and purchase personal wealth management products at physical bank outlets. In this model, the bank's labor cost is relatively large, and information is relatively blocked for customers. At the same time, it also has the risk of inducing sales, and customer acceptance is not high. However, with the continuous development of the Internet and information technology, major commercial banks have launched independent banks, telephone banks and online banks to sell personal wealth management products, which breaks the traditional product sales method, expands sales channels, and realizes personal wealth management products. Innovation in sales channels. At the same time, compared with traditional bank personal wealth management product sales methods, innovative personal wealth management product sales methods are more flexible and convenient, and information is highly liquid, which greatly reduces the human cost of commercial banks and at the same time reasonable avoids artificially induced sales risks Increased customer acceptance.

4 Analysis of the reasons for insufficient innovation of personal wealth management products of Chinese commercial banks

As far as the current domestic situation is concerned, the personal wealth management business of commercial banks still has defects such as insufficient product innovation.

4.1 The homogenization of products is serious, and the funds invested have not played a corresponding role

The innovation of personal wealth management products of commercial banks not only requires corresponding professionals to exert their creativity, but also requires corresponding incentive mechanisms. Only by guaranteeing the corresponding product innovation incentive mechanism can the corresponding professionals better create innovative, personalized personal financial products that meet customer needs. However, at present, most commercial banks in China do not have a good personal financial product innovation incentive mechanism.[3] The so-called product design is to rearrange existing existing products, lacking innovative design concepts, and creating personalized and unique products. There is a serious shortage, not to mention meeting customer needs. The design of wealth management products of many commercial banks is almost the same, and the phenomenon of homogenization is serious. They simply put the product's cycle time and rate of return on the market and simply modify it. The funds invested in the innovation of personal wealth management products have not attained their due incentives, which also limits the innovation and development of wealth management products to a certain extent.

4.2 The popularity of personal wealth management products is not wide enough, and the demand has not been maximized

The innovation of wealth management products requires constant promotion and continuous feedback of information. However, as far as the current development of personal wealth management business of domestic commercial banks is concerned, customers are mostly middle-to-high income groups among urban residents, and personal wealth management products have not been promoted and penetrated into the vast rural population. The vast number of people in rural cities and towns do not know enough about personal financial products, or even do not understand them at all. Considering that urban and rural people are still a large potential customer group in China, from this perspective, the demand for personal wealth management products of commercial banks is far from being maximized. Inadequate promotion and insufficient demand directly led to commercial banks' feedback on customer needs and wealth management product use information has not yet reached a sufficient state, and insufficient understanding of information, which has resulted in the continuous innovation and specialization of commercial bank personal wealth management products Great resistance.

4.3 The financial market is not perfect

The innovation, improvement and development of personal wealth management products of commercial banks not only require the promotion of internal power, but also the guidance of the external environment. Although

the rapid development of China's economy has promoted the improvement of China's financial market to a certain extent, on the whole, China's financial market, a large external environment, still has problems such as weak investment awareness and a single business model. Compared with European and American countries, although China's savings rate is relatively high, the investment awareness and professional investment philosophy of our residents are relatively weak and not mature enough. Most residents are risk-averse, so they tend to prefer the way of saving money with low return but low risk. This external environment-to a certain extent, also hinders the innovation of personal wealth management products. Furthermore, the mode of separate operation of China's financial market has restricted the expansion of wealth management business to a great extent. At present, China has not formed a unified financial system, and the banking, insurance, and securities industries operate independently, which greatly affects the capital increase and utilization of assets. Personal wealth management business cannot be effectively expanded, which has a certain negative impact on the innovation of wealth management products.

5 Suggestions for improving the innovation ability of personal wealth management products of commercial banks

5.1 The government provides corresponding policy support

"Green channel". At the same time, market competition mechanism is introduced for the sales of personal wealth management products. Only under the fierce market competition environment can we continuously stimulate the continuous innovation and improvement of personal wealth management products of commercial banks.

5.2 Strengthen the popularization of personal wealth management products of commercial banks

With the continuous innovation of technology and the continuous development and popularization of Internet technology, the promotion and popularization of personal wealth management products of commercial banks have achieved certain results. For example, major commercial banks have developed APPs to promote their personal wealth management products, which makes it easier for customers to understand and purchase personal wealth management products, and to a certain extent has achieved the popularization and promotion of personal wealth management products. However, from the current situation, the promotion of personal financial products among rural and urban residents is not optimistic.[4] Therefore, the major commercial banks should next target rural and urban residents as a huge potential customer group, and actively promote individuals in this potential target customer group through regular publicity, active search for potential target

customers, and advertising. Wealth management products cultivate the personal financial awareness of this target customer group, and get more feedback information on the use of personal wealth management products from the huge user volume.

5.3 Establish and improve internal incentive mechanism

The innovation of personal wealth management products of commercial banks requires not only the guarantee of the external environment, but also the promotion of internal incentive mechanisms. Insufficient capital input for internal incentive mechanisms, professional wealth management developers may face the risk of insufficient power to develop and innovate wealth management products, and wealth management products will lack the motivation to innovate, easily leading to serious homogeneity of wealth management products. Therefore, the establishment and improvement of the corresponding financial product innovation reward mechanism, increase the incentive for financial product innovation, and gradually form a demonstration effect of innovation and improvement of financial products, and then expand the positive effect of the reward mechanism, in order to stimulate individual commercial banks Wealth management products maintain strong innovation power, thereby promoting the improvement and innovation of personal wealth management products.

6 Measures to innovate personal wealth management products

6.1 Strengthen personal financial business innovation

Many surveys show that there are still many customers who are willing to invest their funds in life and investment. People of different ages have different requirements for financial management, but the ultimate goal is to obtain asset appreciation. Now personal finance is mainly carried out by means of network and electronic services. As a global financial service platform, e-banking includes self-services such as telephone banking. Through the expansion and integration of the network, the service is more extensive and complete, the service system is more perfect, and customers can get stable and high-quality services. At present, more than half of commercial banks in China do not set up counters but use the Internet to integrate and provide more convenient and fast financial consulting and various package services to customers. Businesses across the country have gradually formed a complete wealth management service chain, and many banks have introduced and adopted professional wealth management systems. Set up an integrated financial information center, combining the two methods of network and counter, and update and modify the financial information of each period.

6.2 Innovate wealth management business based on currency market

Foreign currencies are recognized in the Chinese market, so China can consider occupying some foreign markets, promoting the wealth management products of our banks abroad, combining domestic and foreign excellent wealth management products, taking its essence, and discarding its dross. There are also many domestic and international-related brand products, so according to domestic market conditions, we must meet customer technical requirements for products, master the core points of technological innovation, and do a good job in the exchange of domestic and foreign currencies.

6.3 Make bank wealth management products liquid

The most prominent advantage of fund management is that it has a certain liquidity. No matter whether the fund is stranded or released, it has specific recovery arrangements. What investors want is the freedom of this kind of funds. However, many banks now do not give customers the right to use products, and even if they give the right, they will lose part of their interests. Bankers can develop a financial management model for fund recovery in response to these problems and implement partial borrowing to meet consumers' capital needs, and also bring them more trust.

6.4 Improve brand marketing ability and business innovation ability

At present, many banks will be influenced by other banks. They imitate each other and manufacture the same products. At this time, one-of-a-kind products suitable for personal finance will undoubtedly attract more customers' attention and favor, and the bank's popularity will also increase rapidly. In the eyes of consumers, the bank is a unique investment target with potential. Relying on brand marketing innovation and the establishment of a perfect image can quickly occupy the wealth management investment market, attract more discerning and wealthy customers to add people, expand the overall size of the bank, and open up your own wealth management world. Of course, the premise is that banks must have control and understanding of the currency-related aspects, market assessment, and other financial-related aspects. This is still important. Banks should choose reasonable innovation models, such as improving the image of products, improving product quality, adding product features, and making them more versatile. In addition, to carry out a reasonable split and combination, the mode change will bring different effects to the product. Of course, do not forget to innovate yourself while imitating, especially to integrate products into international brands according to the characteristics of your country, and jointly create a brand new domestic brand.[5]

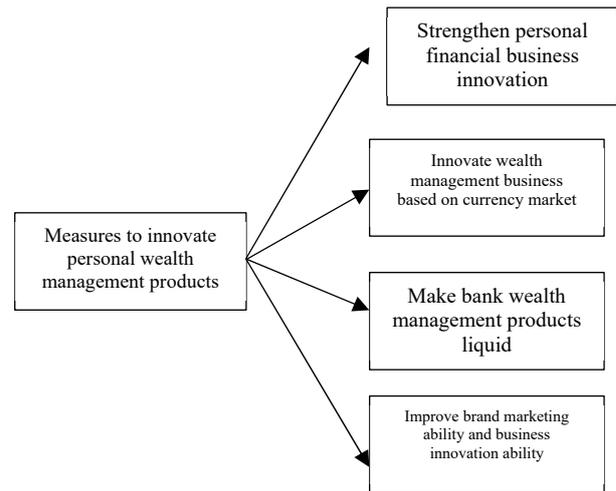


Fig1. Measures to innovate personal wealth management products

7 Conclusion

At present, China's economy still maintains a relatively rapid development, and the income level of residents will continue to rise steadily, and residents' demand for property preservation and appreciation will continue to expand. Therefore, the personal wealth management business of commercial banks still has great development potential. Commercial banks in China must extensively investigate customer needs, analyze the market and the structure of customer groups in an in-depth manner, and constantly establish and improve reasonable business and sales models. Experience to innovate and improve one's own wealth management products will help China's overall commercial bank personal wealth management business to mature.

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