

# Research on the Development of Personal Financial Business of China Postal Savings Bank under the Background of Internet Finance

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**Abstract:** With the increasingly mature development of China's Internet financial market, the continuous improvement of people's income level and the increase of wealth accumulation, more and more individuals and families begin to pay attention to the investment and management of financial assets to maintain and increase the value of financial assets. Postal Savings Bank of China (PSBC) is facing an unprecedented opportunity and challenge in the field of personal financial services. This paper mainly studies the problems and countermeasures of the development of personal finance business of China Postal Savings Bank under the background of Internet finance, and uses SWOT analysis to study the strengths, weaknesses, opportunities and challenges faced by the personal finance business of China Postal Savings Bank under the background of Internet finance; This paper uses comparative analysis to study the problems existing in the Personal Financial Business of China Postal Savings Bank, and puts forward the corresponding countermeasures. The results of this study are expected to provide some reference for the development of personal financial services of commercial banks in China under the background of Internet finance.

**Keywords:** Internet Finance; Postal Savings Bank of China; Personal Financial Business; Development Research

## 1. Introduction

With the development of science and technology, Internet finance has been rapidly popularized. At the same time, thanks to the vigorous development of China's economy, the improvement of people's living standards and the increase of wealth accumulation, more and more people begin to invest in various financial and investment projects. As a banking business with low risk and high income, personal financial services are favored by investors in the context of the Internet era. People pay more and more attention to the liquidity, profitability and security of personal assets, so the demand for personal financial products also shows a sustained growth trend. As a large commercial bank with extensive service network and deep customer base, Postal Savings Bank of China is facing an unprecedented situation of both opportunities and challenges in the field of personal financial services. The rise of Internet finance not only provides China Postal Savings Bank with new business expansion channels and innovative services, but also brings challenges such as intensified market competition, diversification of customer needs and increased complexity of risk management. Under the background of economic globalization and digitalization, the development of personal financial services of Postal Savings Bank of China is not only related to the stable operation and sustainable development of the bank itself, but also to the wealth management and value-added needs of customers, as well as the healthy development of the entire financial industry. Studying the development of personal wealth management business of China Postal Savings Bank under the background of Internet finance and grasping the new trend of financial market, to optimize the business structure of banks, improve service quality and market competitiveness, is also an effective way to cope with the changes and competitions brought about by Internet finance.

The purpose of this paper is to analyze the main problems and their causes in the development of personal financial services of China Postal Savings Bank, and to put forward effective development countermeasures and suggestions on this basis, which will not only help China Postal Savings Bank better adapt to the changes in the development of Internet finance, but also optimize and innovate its personal financial services. It will also provide reference for the development of China's commercial banking industry in similar fields, and provide some suggestions for China's commercial banking industry to seize

opportunities and meet challenges in the wave of Internet finance, at the same time, it also provides theoretical and practical support for the sustainable development and innovation of personal financial services of commercial banks in the new technological and market environment.

## **2. Literature Review**

### ***2.1 Research on Internet Finance***

Lv Zeguang (2022) proposed that Internet finance is an innovative financial service model, which is created by Internet companies in cooperation with traditional financial institutions, using cutting-edge technologies such as cloud computing and big data. This model not only realizes the efficiency and convenience of fund dispatch, payment and settlement, investment management and information intermediary services, but also comes into being with the continuous change of financial needs to meet the new requirements of the market. Internet finance is not a simple combination of Internet and financial industry, but a deep integration, aiming at promoting the continuous innovation and development of financial industry. [1]

### ***2.2 Research on the Impact of Internet Finance Development on Commercial Banking Business***

Feng Tingyu and Li Weigang (2020) point out that the development of Internet technology has changed people's lives and business activities. Compared with traditional financial services, Internet finance uses advanced technologies such as big data, cloud computing, and tools such as the Internet, social media and mobile Internet to make financial services more transparent, efficient and low-cost. However, this change has brought significant impact and challenges to the traditional personal financial services of banks, and the impact is far-reaching and lasting. [2]

### ***2.3 Research on Commercial Banks' Response to Risks Brought by the Development of Internet Finance***

Zhang Kewen and Chen Yongcen (2022) believe that China's commercial banks urgently need to conduct a comprehensive and detailed cognitive assessment of the risk dimensions and risk levels involved in the Internet financial model, and deeply understand the core role of strengthening risk management in the Internet environment. Based on maintaining the effective operation of the traditional risk management mechanism, banks should enhance their sensitivity to new risks and control consciousness. Through in-depth analysis of the differences in risk attributes between online and offline financial products, we can explore appropriate management strategies and effectively implement relevant risk control measures. [3]

Liu Jiahui (2021) found that in the wave of Internet financial development, commercial banks must keep pace with the times, innovate and optimize their internal operation structure and management mechanism, and meet the diverse and personalized needs of different customer groups to the greatest extent by improving service quality. [4]

### ***2.4 Research on Personal Financial Services of Commercial Banks***

Zhang Ye, Huang Han, Bao Xi and others (2022) found that in the development of personal financial services of commercial banks, the survival of the fittest has become the natural law of industry development. With the promulgation of new asset management regulations, customers began to widely contact with net worth financial products. If the net value of the product is unstable, or the proportion of investors' funds in the total investment of the product is too high, it will cause significant pressure on investors with low-risk preference, thus threatening the long-term stable operation of the product, so banks must adhere to the quality standards of financial products to effectively reduce the risk of investors. It also provides detailed investor education to ensure that investors have a full understanding of the risk and return characteristics of the product. [5]

Liang Xiaoyu (2022) pointed out that there are some obvious shortcomings in the personal financial management business of commercial banks in the financial field, which are the key links that need to be broken through in the personal financial management business of commercial banks. By overcoming these shortcomings, we can not only promote the continuous upgrading of products, but also use them as a guide to clarify the development of personal financial services. At the same time, we must fully

recognize the key role and effectiveness of product refinement positioning to comprehensively improve the standardized management level of personal financial services. [6]

Shan Zhu (2021) pointed out that with the vigorous development of the economy, Chinese commercial banks have won the trust of more and more residents, and their wealth management business has become increasingly popular with the public. Nevertheless, due to the late start of personal financial services in China's commercial banks, the strict constraints of relevant financial laws and regulations, coupled with the relative lack of internal control level and professional competence of business personnel, commercial banks are facing a series of challenges and problems in the field of personal financial services. [7]

Wang Heshan (2023) believes that with the vigorous growth of Internet technology, a series of Internet financial industries, such as third-party payment systems, online loans, crowdsourcing, Internet insurance and wealth management, have emerged in large numbers, which are reshaping the financial market structure in an all-round way. This upsurge of Internet finance is rapidly sweeping the entire financial industry. Compared with traditional finance, Internet finance provides huge profit margins for financial institutions and consumers. [8]

### **3. SWOT Analysis of Personal Financial Business Development of China Postal Savings Bank under the Background of Internet Finance**

#### ***3.1 Advantages***

##### ***3.1.1 Wide Range of Service Outlets***

By the end of 2022, the Postal Savings Bank of China has ranked first among the six major commercial banks in the country, with nearly 40,000 outlets. With such a huge infrastructure and customer base, China Postal Savings Bank has become the commercial bank with the largest network, the widest coverage and the largest number of customers in the country. It can effectively combine traditional personal financial services with Internet technology to provide customers with more convenient and comprehensive financial solutions. This combination not only improves the accessibility of services, but also brings more opportunities to interact with customers, thus enhancing customer stickiness and market competitiveness.

##### ***3.1.2 Good Brand Image***

The deep accumulation of China Postal Savings Bank in traditional financial services has provided a solid foundation for its development in the field of Internet finance. Its brand reputation and sound business strategy have established a reliable image among customers, which is particularly important in the era of Internet finance, because customers' trust in online financial services directly affects their willingness to use and satisfaction. Postal Savings Bank of China can use the trust it has built in traditional financial services to attract customers to use online financial platforms and services.

#### ***3.2 Disadvantage***

##### ***3.2.1 High Operating Costs***

The business operation of Postal Savings Bank of China mainly depends on its traditional branches and sub-branches all over the country. The core of this mode is to expand the service scope by increasing business outlets, to attract a wider range of customer groups to purchase personal financial products. However, maintaining and increasing business outlets inevitably brings higher operating costs. These include rent, facilities investment, human resources allocation and daily maintenance costs.

##### ***3.2.2 Weak Technical Support***

Although China Postal Savings Bank has carried out some digital transformation of its business, compared with the professional digital Internet financial platform, China Postal Savings Bank still has much room for improvement in user experience, convenience of service process and advancement of technology platform. Professional Internet financial enterprises, with their technology-driven and flexible operation mechanism, can quickly launch innovative financial products and services, while China Postal Savings Bank, as a traditional large state-owned bank, often responds slowly to product and service innovation, which to some extent affects attracting and retaining young customers. To some extent, this has limited its competitiveness in emerging markets and investment products.

### ***3.3 Opportunities***

#### ***3.3.1 Expanding the Scope of Services***

The wide application of Internet technology enables banks to break through the traditional geographical and time constraints and provide round-the-clock financial services for a wider range of customers. The unbounded service not only improves the efficiency of customer acquisition, but also greatly enhances the service experience of customers. Postal Savings Bank of China can use the Internet platform to reach more potential customers who could not be covered by geographical location or other factors through online financial products and services. Under the background of Internet finance, China Postal Savings Bank's personal financial management business can achieve significant expansion of service scope through technology empowerment, to better meet the diversified financial needs of customers and enhance their market competitiveness.

#### ***3.3.2 Improving Service Efficiency***

With the help of online platform and the application of mobile communication tools, such as online banking and mobile banking, China Postal Savings Bank can broaden its service channels and achieve wider coverage. Customers can enjoy 24-hour uninterrupted financial services through online channels, which truly breaks the constraints of time and space, so that customers can get the financial services they need at will. China Postal Savings Bank has carried out a comprehensive digital upgrade of business processes, and through online and automated operation, the original complex business steps have been greatly simplified. Customers can easily complete various operations such as transfer, inquiry, investment and financial management through online banking or mobile banking, without going to bank outlets in person, thus greatly improving the customer's experience.

### ***3.4 Threats***

#### ***3.4.1 Intensified Market Competition***

The rise of Internet finance has promoted the development of the wealth management market. In addition to the competition among traditional banks, many financial technology companies and innovative platforms have joined in, making the competition in the market increasingly fierce. With the emergence of these emerging forces, China Postal Savings Bank is facing unprecedented market competition pressure. By reducing operating costs and improving the efficiency of capital utilization, these emerging forces have introduced various innovative financial products which have certain advantages over traditional banking products in terms of yield and flexibility, attracting customers who might have chosen traditional banking financial products.

#### ***3.4.2 Changes in Customer Demand***

With the rapid development of Internet finance, many financial institutions provide customers with more financial products and investment options, which makes the expectations of customers in the face of financial products significantly different from the past. Customers are more inclined to convenient and personalized products, because this can better meet the diversified needs of their busy life, which makes customers in the choice of bank financial services, but also expect to have more products and investment period options to achieve their investment needs. Many commercial banks are actively adapting to the rapid changes in customer needs. China Postal Savings Bank needs to provide more flexible and diversified wealth management products and services to meet the needs of different groups, which means that China Postal Savings Bank needs to adopt new technologies and innovative tools to meet the needs of customers and ensure that they can enjoy efficient, convenient and personalized wealth management services.

## **4. Analysis of the Development Problems of Personal Financial Management Business of China Postal Savings Bank under the Background of Internet Finance**

### ***4.1 Single Structure of Financial Products***

The main problem of China Postal Savings Bank's personal wealth management business in the structure of wealth management products is the lack of innovation in product design, showing the phenomenon of repeated issuance of a single product, which means that customers have less space and freedom to choose investment, and it is difficult to provide customized investment plans according to the

needs of different customers. For example, in August 2021, China Postal Savings Bank issued two series of bond products, both of which are based on non-guaranteed floating income. There are great similarities in the number of days of the product, the expected return of the customer and the starting amount, and the expected return of the customer is not different because of the level of the customer. The singleness of this product structure makes the whole financial product line lack of difference and innovation, and it is difficult to meet the needs of different customers for personalization, different risk preferences, investment period and expected return.

#### ***4.2 Risk Management Capability Needs to Be Improved***

With the substantial increase in the issuance of wealth management products of China Postal Savings Bank, the risks of wealth management products have begun to occur frequently and continue to rise. On July 12, 2021, the China Banking and Insurance Regulatory Commission issued a circular on consumer complaints in the banking industry in the first quarter of 2021. According to the notification data, in the first quarter of 2021, China Postal Savings Bank ranked first among all state-owned commercial banks in the number of complaints about financial management business, totaling 1223, with a growth rate of 111.6% annually, accounting for nearly 30% of the total complaints in the same period. In addition, China Postal Savings Bank has been repeatedly named and notified by the regulatory authorities for violations, such as a fine of 45.5 million yuan in January 2021 and a fine of 24.203 million yuan in the first half of 2022, totaling 52 fines, an increase of 39.81% over the same period of the previous year, which is the fastest growth rate among the six major commercial banks.

#### ***4.3 Insufficient Product Profitability***

Data analysis based on the annual report of China Postal Savings Bank, in the first half of 2022, China Postal Savings Bank's financial management business income was 1.019 billion yuan, with a net profit of 671 million yuan; In the first half of 2023, China Postal Savings Bank's wealth management revenue was 739 million yuan, down 27.48% from the previous year, and its net profit was 448 million yuan, down 33.23% from the previous year, indicating that China Postal Savings Bank's wealth management revenue and profitability have declined.

#### ***4.4 Low market Proportion***

Data analysis based on the annual report of China Postal Savings Bank, from 2020 to 2023, the number of financial products issued by China Postal Savings Bank increased from 63 to 345, but the market share increased from 1.9% to 2.7%, and the speed of product issuance was slow, although in 2021, the market share of China Postal Savings Bank increased. However, in the following 2022 and 2023, its market share has hardly changed significantly, indicating that it is relatively conservative in developing new products and has not followed the market trend in product layout, reflecting a decline in market competitiveness.

#### ***4.5 Incomplete Product Marketing Channels***

Driven by digitalization and the Internet, China Postal Savings Bank has been actively developing marketing channels for personal wealth management products since 2022. However, with the expansion of the scale of personal wealth management business of China Postal Savings Bank, the market competition has become increasingly fierce. In order to enhance its competitiveness, China Postal Savings Bank has begun to seek and expand external sales channels. At present, there are three main channels for the sales of wealth management products of Postal Savings Bank of China: the first channel is the bank's own channel, which, as a traditional sales channel, occupies a dominant position in the sales of financial products; the second channel is other banking institutions other than the bank's own channel; and the third channel is the direct external sales path of wealth management institutions.

### **5. Development Countermeasures of Personal Financial Management Business of Postal Savings Bank of China under the Background of Internet Finance**

#### ***5.1 Improving Product Innovation Capability***

Emerging industries and scientific and technological innovation are undoubtedly hot areas of

investment. The postal savings bank of China can try to introduce more types of investment objectives in product design and launch more forward-looking investment themes. For example, the postal savings bank of China can focus on emerging themes such as scientific and technological innovation enterprises with great potential, green clean energy and digital economy, so as to better grasp market dynamics and meet the changing needs of customers. In addition, close cooperation with other fintech companies is also the key to improving product innovation capabilities. The postal savings bank of China can combine the advantages of both sides to jointly launch products by establishing cooperative relations with fintech companies, which is also an effective way to improve product diversity and innovation.

### ***5.2 Using Financial Technology to Improve the Level of Risk Prevention and Control***

The postal savings bank of China can identify and assess the risk of its business by using advanced Internet technologies such as artificial intelligence and big data analysis, establish a more intelligent risk identification and assessment model, improve the accuracy of various risk forecasts, monitor and analyze financial big data in real time, identify risk signals in different situations, and use advanced technology to enable banks to detect and prevent potential risk events in advance and improve the overall level of risk management. In addition, the postal savings bank of China can use block chain technology to record the issuance, trading, liquidation and other information of financial products, realize the supervision of the whole transaction process, improve risk control capabilities, and jointly establish an information sharing platform with other financial institutions to ensure that risk information can be transmitted quickly and respond in time, so as to build a more closely coordinated risk prevention and control network, which helps to improve the risk perception and prevention level of the whole financial system.

### ***5.3 Strengthening the Construction of Professional Talent Team***

In recent years, due to the slowdown in the construction of the professional team of the postal savings bank of China, which restricts the development of its financial management business, the postal savings bank of China needs to strengthen the introduction of professionals in the fields of financial science and technology, risk management and financial analysis, better adapt to and grasp new technologies and market trends, and improve competitiveness and profitability. To achieve this goal, we first need to pay attention to the construction of internal training mechanism. Postal Savings Bank of China can carry out various training courses to enhance the professional ability and comprehensive quality of employees and encourage employees to continue to learn and innovate. At the same time, the introduction of professionals from outside is also a crucial step.

### ***5.4 Improve Service Quality and Customer Experience***

In terms of improving service quality and customer experience, the postal savings bank of China can achieve its goals by providing convenient service processes. For example, in opening accounts, business consulting and settlement, it should simplify the approval process, shorten the processing time, and introduce service means such as smart customer service and 24-hour online consulting, which will effectively reduce user waiting time and bring better user experience. At the same time, strengthening customer communication is also one of the important ways to improve the quality of personal financial services and enhance customer stickiness. The postal savings bank of China can also use big data analysis and artificial intelligence to develop an advanced operation management system, so that the internal operation of the bank can be more automated and intelligent, so that the work efficiency can be improved rapidly, which can not only significantly improve the operation efficiency, reduce the operation cost and reduce human operational errors, but also use big data analysis to gain in-depth insight into key information such as customer investment preferences and risk tolerance.

### ***5.5 Improve Diversified Sales Channels***

The postal savings bank of China can establish closer cooperative relations with fintech companies, e-commerce platforms, Payment institutions and so on through the open platform of banks, which usually have a large amount of user data and marketing channels. Through cooperation, the postal savings bank of China can reach a wider range of potential customers, achieve cross agency sales of financial products, broaden sales channels, attract more potential customers, and improve the market share of financial products. In addition to cooperating with third-party institutions, it can also strengthen content marketing. Specifically, the postal savings bank of China can build a professional online content marketing center, regularly output valuable financial knowledge, investment advice and other content through the Internet

platform, so as to expand the exposure of products and attract the attention of potential customers. By answering user questions and sharing successful investment cases, it can further consolidate contact and trust with customers, which will bring more opportunities for the postal savings bank of China to obtain customers and help to establish long-term customer relations.

## 6. Conclusion

This paper mainly studies the development of personal financial management business of Postal Savings Bank of China under the background of Internet finance, and reveals the advantages, disadvantages, opportunities and threats of Postal Savings Bank of China in this emerging field by exploring the development status of personal financial management business of Postal Savings Bank of China under the background of Internet finance. Driven by Internet finance, the postal savings bank of China has opportunities for the expansion of service scope, the improvement of service efficiency and the innovation of products and services. At the same time, the intensification of market competition and the change of customer demand have also put forward higher requirements and challenges for the postal savings bank of China. The analysis of the current development situation of personal financial management business of Postal Savings Bank of China shows that although Postal Savings Bank of China has made some progress in service scope and product types, it still faces some problems, such as single structure of financial products, risk management ability to be improved, insufficient profitability of products, low market share and imperfect product marketing channels. The reasons for these problems lie in the insufficient innovation of financial products, the defects of risk management, the narrowing of interest rate spreads, the insufficient development of financial management scale and the lack of diversified sales strategies. In view of the above problems, this paper puts forward corresponding countermeasures, including improving product innovation ability, using financial science and technology, improving risk prevention and control level, strengthening professional team construction, improving service quality and customer experience, and improving diversified sales channels. These countermeasures aim to help the postal savings bank of China make full use of the opportunities brought by Internet Finance and effectively cope with challenges, so as to maintain a leading position in the fierce market competition and better serve customers.

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