



中國人民大學  
RENMIN UNIVERSITY OF CHINA

商学院  
SCHOOL OF BUSINESS



# Digital Transformation of Chinese Banks

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## Bank System in China

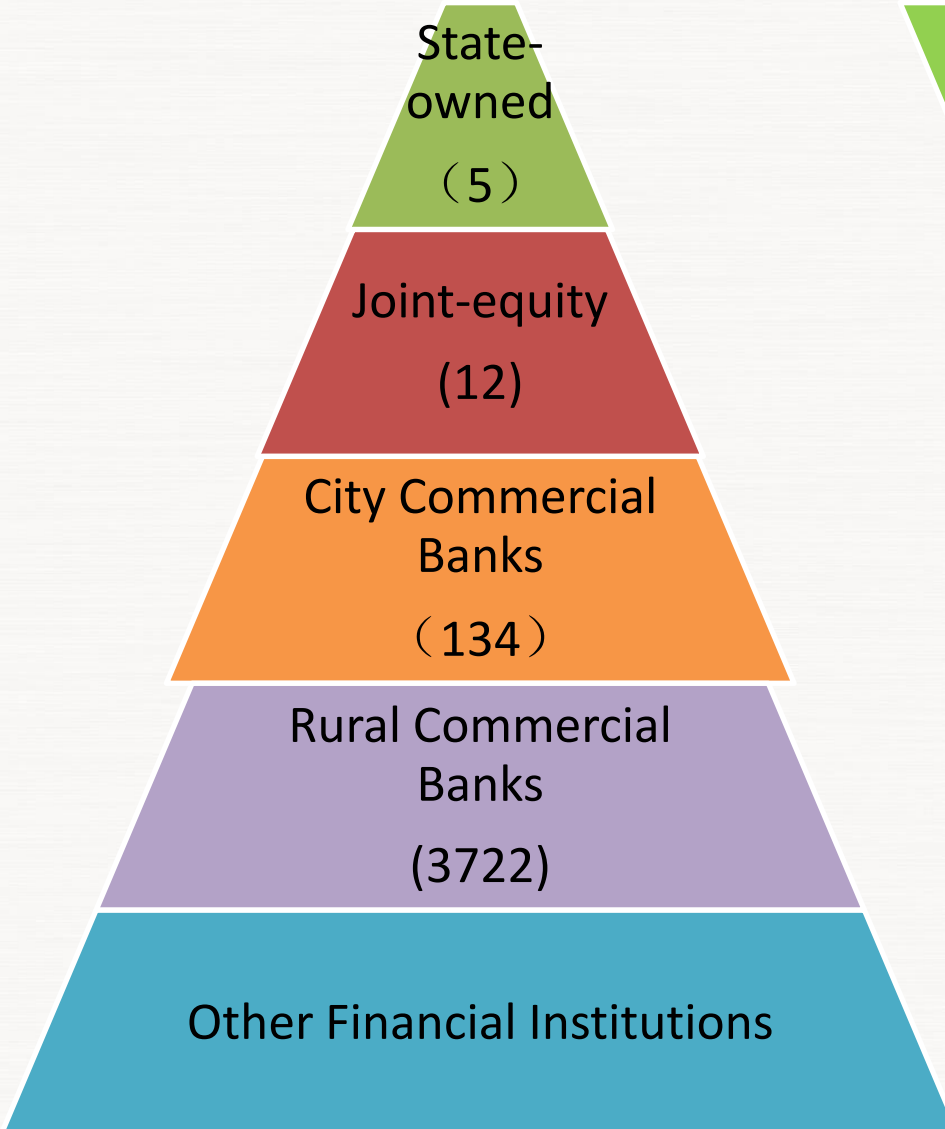


## Challenges from Fintech

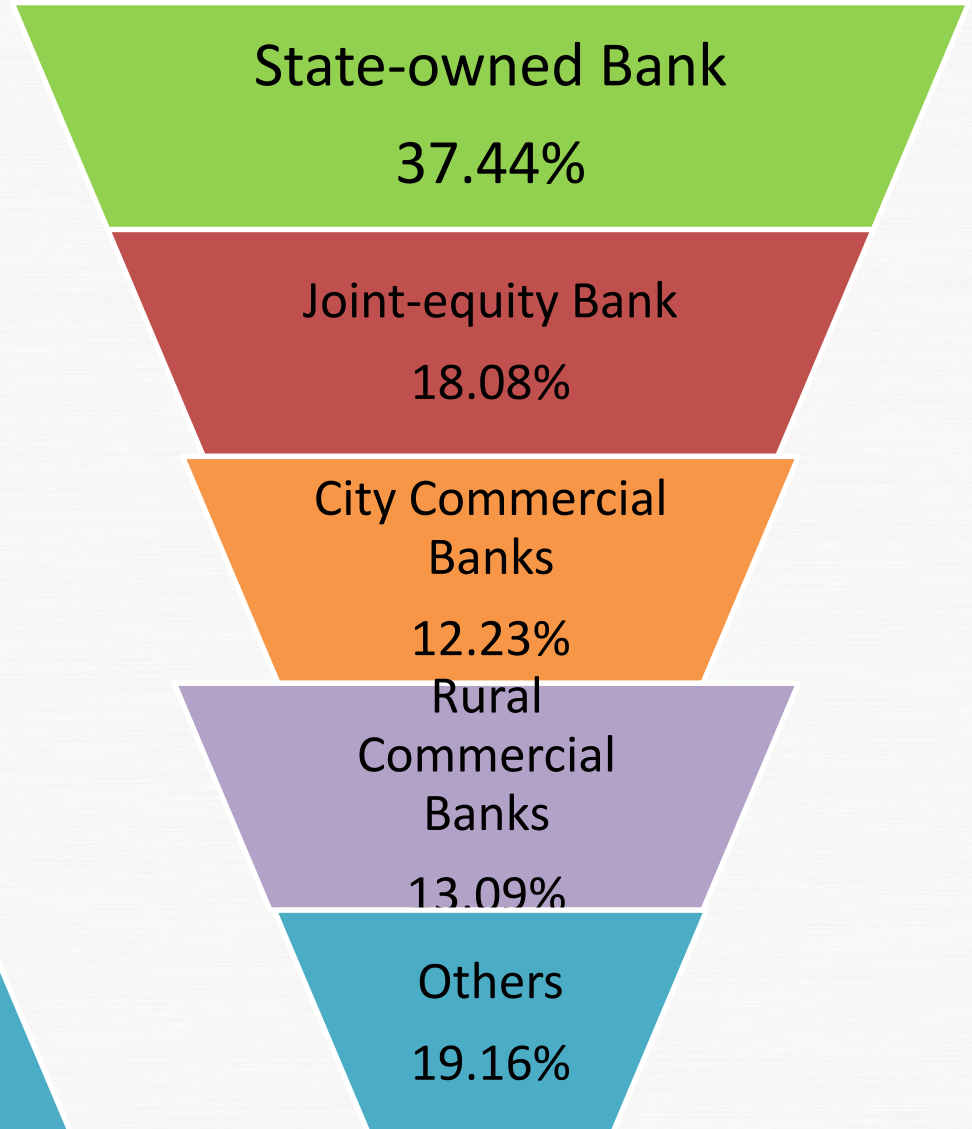


## The Road to Digital Transformation of Chinese Banks

## Numbers



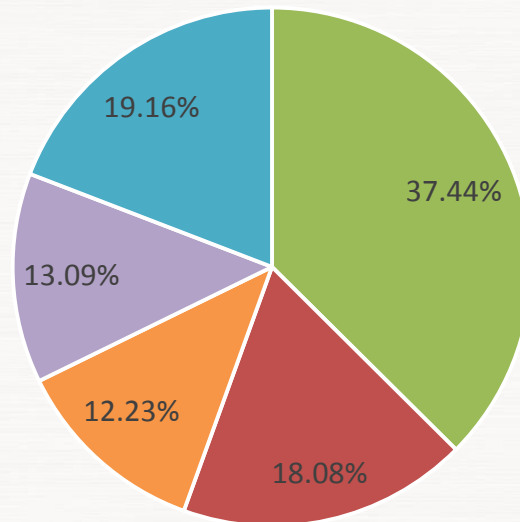
## Ratio of Assets



- **Bank System**

- Large commercial banks have competitive advantages (ICBC, CCB, BOC, ABC, BOCOM)
- Serious homogeneous competition among banks

asset share

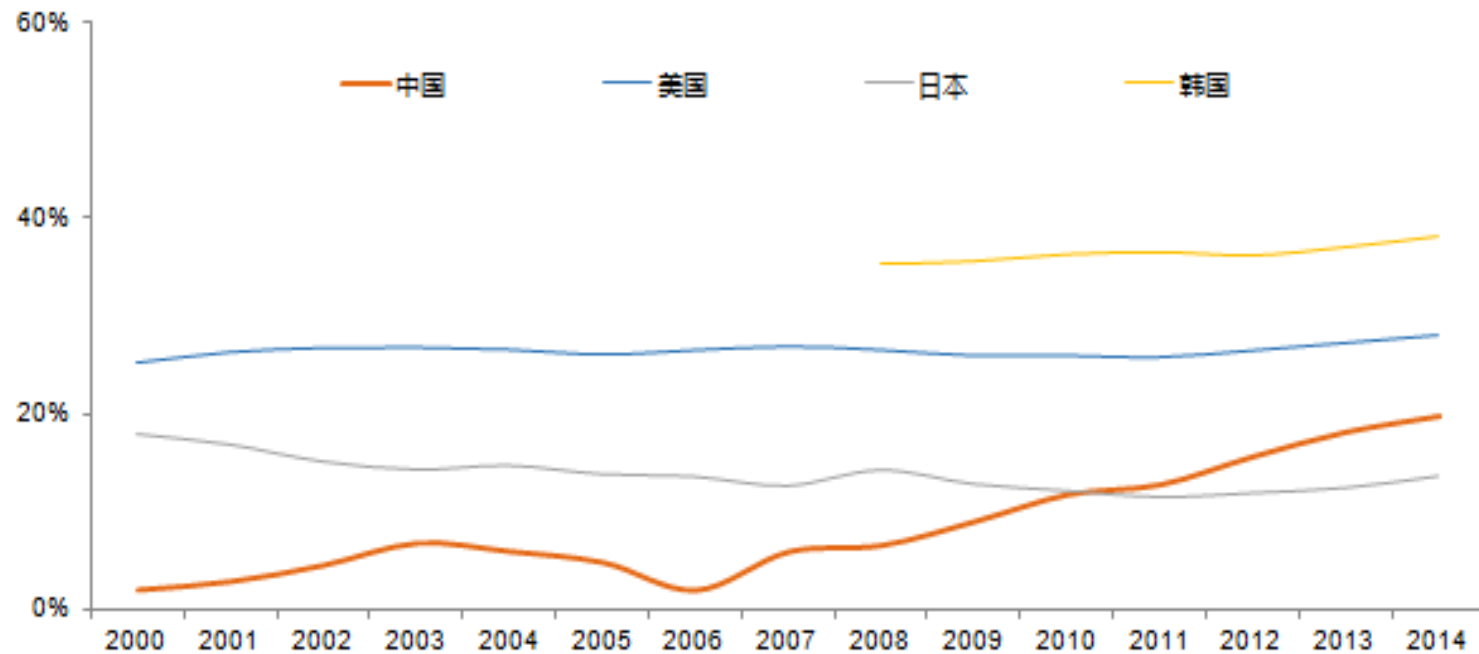


■ 5 large commercial banks ■ 12 joint-stock commercial banks ■ 134 city commercial banks

■ 3722 rural financial institutions ■ other financial institutions

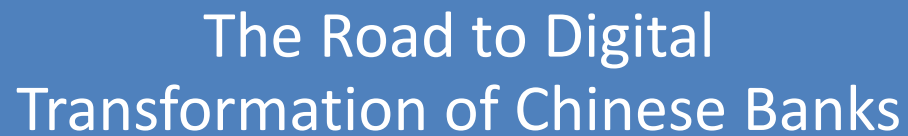
- **Low Coverage of Bank System**
  - **Central Bank Credit Information System Coverage:**  
920m (65.7% ) covered VS 480m (34.3%) uncovered  
440m (31.4%) with loan records VS 960m (68.6%) without
  - **Credit Card Holders:**  
China : 0.39 per capita ; loan balance ratio 4.63%  
US : 2.9 per capita ; loan balance ratio 7.81%  
( Data as of June 2017 )
  - **Bank Account Coverage:**  
21% adults without Bank Account
  - \*Huge Gaps in Financial Demand**

# 2000-2014 Penetration Rate of Consumer Credit - China, US, Japan, Korea



来源：Wind万德资讯，海通证券





# TOP 50 Fintech Companies Worldwide

9/50

➤ 共有9家国内金融科技企业跻身世界Fintech 50强

## 2018全球Fintech公司50强

|     |               |   |     |                |   |     |                |   |
|-----|---------------|---|-----|----------------|---|-----|----------------|---|
| #1  | 蚂蚁金服          |    | #17 | Adyen          |    | #34 | Future Finance |    |
| #2  | 京东金融          |    | #18 | Policybazaar   |    | #35 | Neyber         |    |
| #3  | Grab          |    | #19 | Klarna         |    | #36 | 众安保险           |    |
| #4  | 度小满金融         |    | #20 | ACORN Oaknorth |    | #37 | TransferWise   |    |
| #5  | SoFi          |    | #21 | Kreditech      |    | #38 | Pushpay        |    |
| #6  | Oscar Health  |    | #22 | Monzo          |    | #39 | League         |    |
| #7  | Nubank        |    | #23 | 我来贷            |    | #40 | Circle         |    |
| #8  | Robinhood     |   | #24 | N26            |   | #41 | Lendingkart    |   |
| #9  | Atom Bank     |  | #25 | WealthSimple   |  | #42 | Opendoor       |  |
| #10 | 陆金所           |  | #26 | Afterpay       |  | #43 | Metromile      |  |
| #11 | 平安壹账通         |  | #27 | 点融             |  | #44 | Folio          |  |
| #12 | 51信用卡         |  | #28 | VivaRepublica  |  | #45 | Lendix         |  |
| #13 | Revolut       |  | #29 | QUOINE         |  | #46 | GuiaBolso      |  |
| #14 | Compass       |  | #30 | Kabbage        |  | #47 | Starling Bank  |  |
| #15 | Stripe        |  | #31 | Affirm         |  | #48 | Coinbase       |  |
| #16 | Clover Health |  | #32 | OurCrowd       |  | #49 | Airwallex      |  |
|     |               |   | #33 | SolarisBank    |  | #50 | Lemonade       |  |



# Different Type of Fintech Companies in China

Financing

Asset Management

Payment

TECH Enabling

Platform

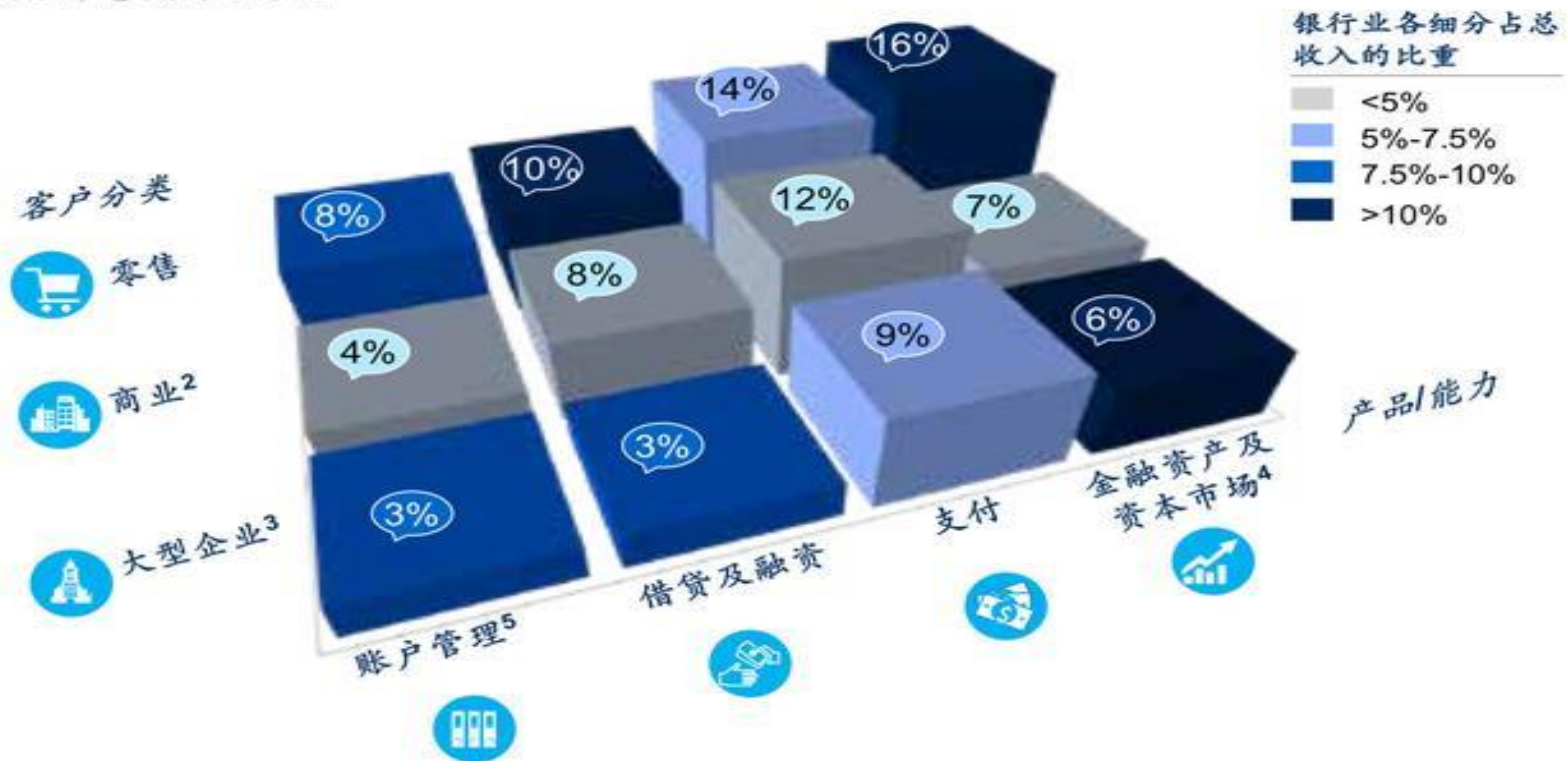


# • Customer Positioning & Products of Fintech

图3 1700家领先金融科技公司的客户定位和产品, 2017

数据库总数的百分比<sup>1</sup>

预测



<sup>1</sup> 截止2017年8月, 数据库包含1,700+个著名案例, 可能并未充分代表全部

<sup>2</sup> 包含小微和中型企业

<sup>3</sup> 包含大企业、公共实体及非银行金融机构

<sup>4</sup> 包括投行、销售及交易、证券服务、零售投资、非CA存款及资产管理工厂

<sup>5</sup> 收入份额包括C/A 存款收入



# Emerging Internet Banks



We Bank  
(2014、12)



My Bank  
(2014、9)



XW Bank  
(2016、6)



Z-Bank  
(2017、4)



SUNING Bank  
(2017、6)

# XW Bank

A Fintech company with bank license

- Established in June 2016
- 70% IT employees
- Consumer loans :
  - 7\*24h
  - 90% consumers no credit records
  - Big data risk control
- Ratio of no-performance loan : 0.48%
- Operating cost : <20 ¥ /per loan







**Pioneers:** Joint-equity Banks

CMB、Ping An、CIB

**Followers :** State-owned Banks

Joint-equity Banks

CCB、ICBC、BOC、CMSB

**More followers:**

Joint-equity Banks/City Commercial Banks

State-owned Bank

37.44%

Joint-equity Bank

18.08%

City Commercial  
Banks

12.23%

Rural Commercial  
Banks

13.09%

Others

19.16%



# Strategic Action 1: Set Up Fintech Subsidiaries



- Financial information cloud service
- Fintech Solutions

## Strategic Action 2: Partner with Tech Companies

Financial  
Institutions

bank

Insurance company

Investment bank

Tech Companies

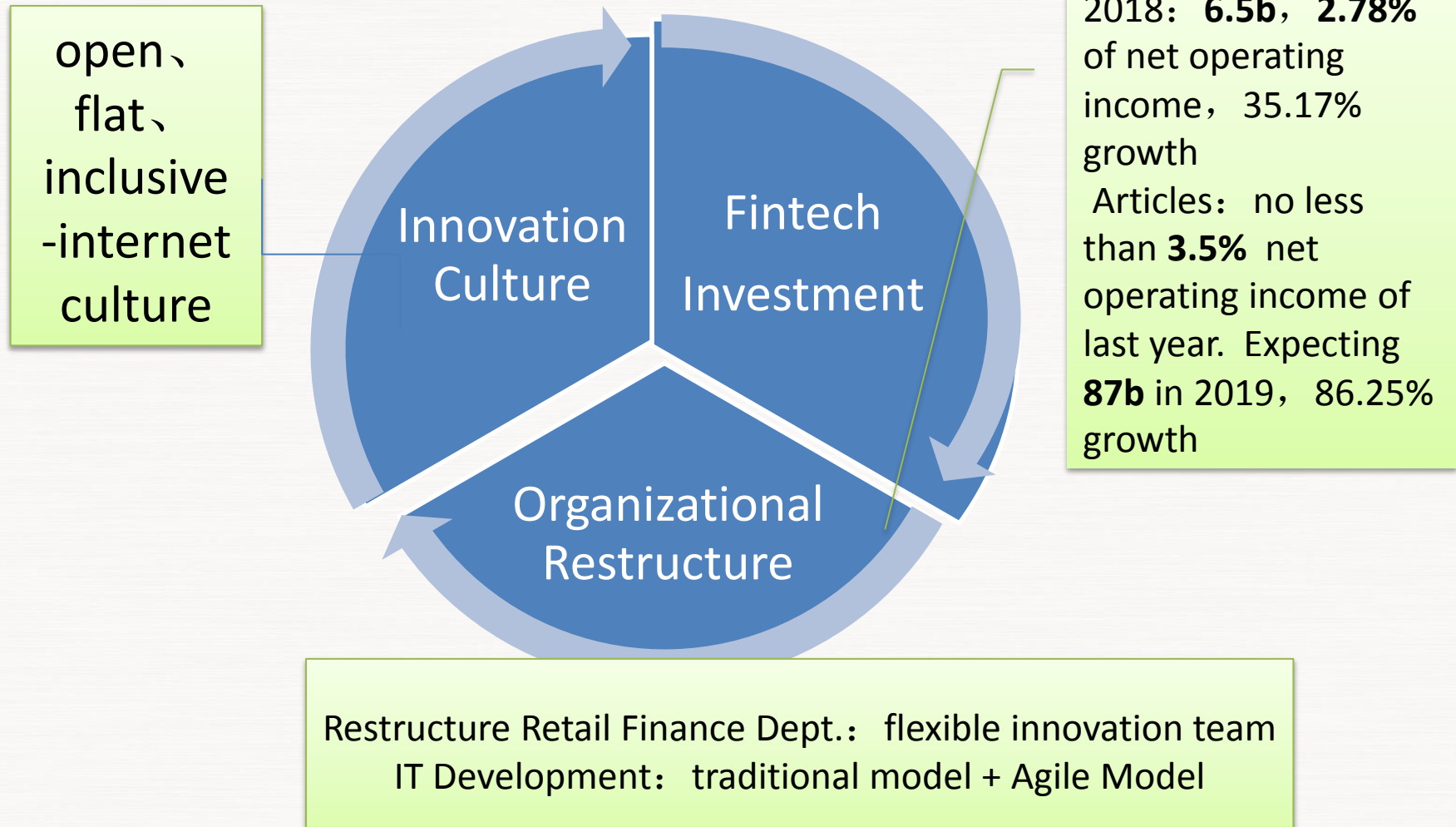
AI、 Big data

Cloud computing

Block chain.....

# CMB (China Merchants Bank)

Strategic Objective: To become a Fintech Bank (2017)



# CMB (China Merchants Bank)

- APP Era:
  - “CMB”、“Handheld Life” APP MAU 81m (2018)
  - 2<sup>nd</sup> largest after ICBC (83m)
  - 92% customer flow
  - 80% personal financial product sales



# Challenges facing Banks' Digital transformation

- Strategy Implementation
- IT Governance
- Organizational Restructuring
- Incentive System
- Innovation Culture



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Thanks !

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