

Research on Digital Transformation Development Strategy of GX Branch of China Construction Bank

Guangyu Lu

Siam University, Bangkok, Thailand

Abstract: Banking is the main body of modern finance and the hub of national economy. At the same time, the digital innovation boom also provides new development ideas and opportunities for the traditional financial industry. Digitalization not only brings new vitality to commercial banks, but also has an unprecedented impact on them. How to actively cope with the impact of digitalization on commercial banks and smoothly carry out digital transformation has become an urgent problem for all commercial banks to face. On the basis of summarizing the characteristics of digital development and the research results of its impact on commercial banks, this paper takes GX Branch of China Construction Bank as the research object, and analyzes the existing problems in its digital transformation and development from the perspectives of corporate business, retail business and internal management from the perspective of its overall situation and digital development status. The main reasons lie in the lack of differentiation of digital strategy, the lack of fit between business needs and digital technology, and the difficulty of organizational structure to adapt to the agile culture of digital enterprises. Finally, the paper puts forward corresponding countermeasures and suggestions from the aspects of building differentiated digital transformation development strategy and improving business operation capability. Theoretically speaking, it is beneficial to enrich the research of bank digital development and promote the continuous enrichment and development of digital transformation theory. In the practical sense, through the in-depth analysis of China Construction Bank GX Branch, combined with the current problems in the digital transformation of China Construction Bank GX Branch, put forward the corresponding countermeasures and suggestions. This is not only conducive to the continuous improvement of the digitization level of the GX branch of China Construction Bank, but also provides experience for the digital transformation and development of interbank banks under the new situation.

Keywords: China Construction Bank GX Branch, Digital transformation, Business of the company, Retail business, Internal management.

1. Introduction

1.1. Background of the Study

Banking is the main body of modern finance and the hub of national economy. However, with the rise of the global digital wave, the digital transformation of the banking industry is imminent. Through the continuous application and innovation in the financial field, digital technology constantly meets the needs of customers and rapidly updates and iterations. In recent years, mobile payment, big data, cloud computing, blockchain, artificial intelligence and other technologies are combined with the financial industry, resulting in the fintech business form.

Digital transformation has become the consensus of all financial institutions. New products, such as inclusive finance, fintech and rural revitalization strategy, such as digital RMB, intelligent bank and cloud bank platform, have emerged at the moment of digital transformation of the banking industry, which coincides with the development boom of The Times. At the same time, the banking industry is also actively seeking cross-border cooperation with other industries. Banking digitization, in the tide of global economy to realize its own transformation, has important theoretical and practical significance.

At present, China is vigorously developing the digital economy. The banking industry should focus on the national "14th Five-Year Plan", promote the industry digital transformation, increase medium - and long-term capital supply, actively promote the national development, and implement the regional development strategy. For major

projects, banks should lend as much as they can, as quickly as they can. (Guo Chen,2021). Several banking institutions said they will continue to leverage their strengths in financing and digital intelligence to provide high-quality and efficient comprehensive financial services for regional development and construction. We will build a digital smart society and a digital government, and promote industrial transformation and upgrading and coordinated development among regions. The "Fintech (Fintech) Development Plan (2019-2021)" issued by the People's Bank of China provides strong guidance for the transformation of the banking industry to promote regional development, and it is urgent to realize comprehensive digital transformation. (Zhou,2021).

1.2. Problems of the Study

The functions of China Construction Bank can be divided into corporate business, retail business and internal management. So how to better promote the digital transformation of GX branch of China Construction Bank from these three directions has become the three major issues in the research.

First, the digital transformation and upgrading of bank's corporate business is imminent, but thinking about new development concepts according to old formulas and old games seems to lack the motivation to adapt to fast-paced changes (Guo&Chen,2021). What help the enterprise business transformation can bring to the whole is an urgent problem to be solved in the current digital banking business transformation.

Second, the digital transformation of bank retail business is conducive to speeding up information screening and

improving transmission efficiency. Banks tend to ignore more groups in need of service support, while the digital transformation of retail business can better convey the needs of the masses (Ye, Wu, & Lian, 2019). Therefore, how to carry on the digital transformation from the retail business of banks has become a major issue to be considered.

Third, the success of any reform cannot be separated from the positive adjustment of internal management. Internal management of banks can be strengthened by improving agile processing ability, stabilizing data centers, building intelligent digital systems, etc. (Feng Tutor, L Bank Digital Transformation Research). Therefore, how to effectively carry out the digital transformation of bank internal management is also a problem that needs to be paid attention to.

Construction Bank GX branch digital transformation is imminent. How to coordinate the digital transformation of the bank's public business, retail business and internal management from the overall level and promote the development of China Construction Bank GX Branch are the three main issues studied in this paper.

1.3. Objective of the study

As mentioned above, traditional commercial banks are facing such problems as changing customer demand, product business innovation and increasingly fierce industry competition, and are in urgent need of transformation and upgrading to realize digital operation, so as to find out the future development direction of digital transformation of GX Branch of China Construction Bank. The main research purposes of this paper are as follows:

1. Discussing the digital transformation of bank corporate business is conducive to the digital transformation of GX Branch of China Construction Bank.
2. Discuss how digital transformation of bank retail business can promote the development of digital transformation of GX Branch of China Construction Bank.
3. Discussing the digital transformation of the bank's internal management can make the digital transformation of GX Branch of China Construction Bank more stable.

1.4. Scope of the study

The focus of this study is to discuss and solve the problems encountered in the digital transformation of GX Branch of China Construction Bank, and give reference suggestions from three aspects: corporate business, retail business and internal management. Through a large number of literature review and theoretical review in the above aspects, the development strategy of digital transformation is discussed from multiple perspectives, and the theoretical framework is constructed. Finally, according to the results of research and analysis, combined with the development characteristics of China Construction Bank GX branch, some suggestions for development reference are put forward.

1.5. Significant of the Study

Accelerating digital development and building a digital China is an important part of the 14th Five-Year Plan. The plan explicitly mentions that fintech will be prudently developed and the digital transformation of financial institutions will be accelerated. From the theoretical perspective, in recent years, commercial banks have carried out a series of theoretical studies to promote the development mode of digital transformation. Through the research on the

development of banking digital transformation, this paper makes up the strategy gap and clarifies the definition of digital transformation.

From the practical point of view, this paper analyzes the digital transformation and development strategy of commercial banks by studying the digitalization and characteristic business of GX Branch of China Construction Bank, and provides relevant countermeasures for the digitalization development of GX Branch of China Construction Bank by combining the theoretical knowledge in the field of economics, so as to enhance the market competitiveness of the bank.

2. Literatures Review

2.1. Introduction

Starting from the three important directions of corporate business, retail business and internal management, this chapter discusses the connotation of digital transformation, the current situation of digital transformation research and the future development direction of digital transformation, and refers to the theoretical research of domestic and foreign scholars. Analyze the current situation, problems and development direction of digital transformation of the company's business, retail business and internal management one by one, so as to explore the importance of the three for promoting digital transformation comprehensively. Also introduce the theory of financial technology, the theory of digital transformation and the long tail theory to provide theoretical basis for the study of this paper, and then construct the theoretical framework of this paper. To facilitate a comprehensive and systematic grasp of the context of this paper, finally, the digital transformation, corporate business, retail business, internal management and other academic terms are explained and defined.

2.2. Literature Reviews

2.2.1. Digital transformation

A country's financial industry structure is generally characterized by a strong bank-dominated financial system, which will reduce the efficiency of resource allocation, while the digital transformation of banks can effectively reduce systemic risks in the banking sector and strengthen intelligent supervision. Digital transformation is a necessary reform to reduce risks and improve financial security. (Liu, 2019) When studying the determinants of profitability of Indonesian banking industry, Indonesian scholars found that through the description and verification of 26 financial statements, they found that the digital transformation of banks was conducive to the improvement of return on assets and reduced the impact of non-performing loans to a certain extent (Hri, 2020) During the study of private banks and regional development banks in Indonesia, it is found that compared with the traditional period, the digital transformation period of banks can help transfer funds from investors, depositors or depositors to borrowers, improve the efficiency of asset recovery and reduce costs. Digital transformation can be integrated into every link of the bank. (Agustin, 2021)

2.2.2. Corporate business

The digital transformation of the company's business has created a new engine for high-quality economic development, promoted the digital transformation of cooperative units and companies, and is an important support for the construction of a modern economic system. It plays an important role in

supporting big data centers, artificial intelligence and other fields (Zheng,Jia,&Yu, 2021) Through the research on the panel data of China in the past 10 years, it is found that the digital transformation development of the company's business has a positive effect on the industrial development, but the impact on backward areas is not significant, and the impact on the secondary industry is low(Zhou,2021) The company's business should take advantage of the opportunity of digital transformation to accelerate product innovation, provide differentiated services, provide a full range of three-dimensional product system, develop targeted products for different customer groups and promote(Yuan,) The business of the company is to focus on serving the source of the real economy, implement new financial actions, guide all business lines and branches to invest in financial services to accelerate the implementation of all stable real economy businesses, go all out to support regional economic development and enhance the vitality of market players(Tan,2022)

2.2.3. Retail business

Taking customer as the center and transaction as the basis, diversified services, cost reduction and efficiency increase have become the goals of digital transformation of retail business of commercial banks.(Zhao,2022) The digital transformation of retail business is still mainly carried out through offline outlets, advertising and other means, with limited coverage area. At present, the cost of acquiring customers is high, and its input-output ratio is seriously inconsistent, which hinders the business development to some extent(Yi,2020)

To break through the digital information barrier from internal digital information and external digital information channels will expand the database and provide data resources for digital transformation.(Shen,2021)

2.2.4. Internal management

The digital transformation of internal management is mainly reflected in the system guarantee for coordinating the cooperation between various departments. It is necessary to strengthen the vertical management system of each department and establish the internal management headquarters system(Gao,2020) At the same time, the external fintech enterprises are constantly crowding the market, and it is urgent to make use of the digital transformation of internal management to enable change.(Yan,2021) So as to promote the digital

transformation of internal management and improve the efficiency of the enterprise.(Jia,2021) To strengthen the digital transformation guarantee of internal management, the success rate can be increased by promoting agile organizational change, reshaping the digital innovation culture, and increasing the training of digital talents.(Hu,2022)

2.3. Theory of Reviews

2.3.1. Fintech theory

Fintech means to provide technical support for the development of the financial industry by meeting the application needs of the financial industry and using science and technology, so as to improve the ability of financial services and reduce the cost of financial services.

2.3.2. Bank digital transformation theory

The theory of bank digital transformation is as follows: channel transformation is essentially integration transformation, which is reflected in the adjustment of bank financial business structure. User-centered transformation is the shift of product innovation, business processes and service models to user-centered transformation. The third transformation of digital transformation is technology-supported transformation, which is the transformation of financial management mode.

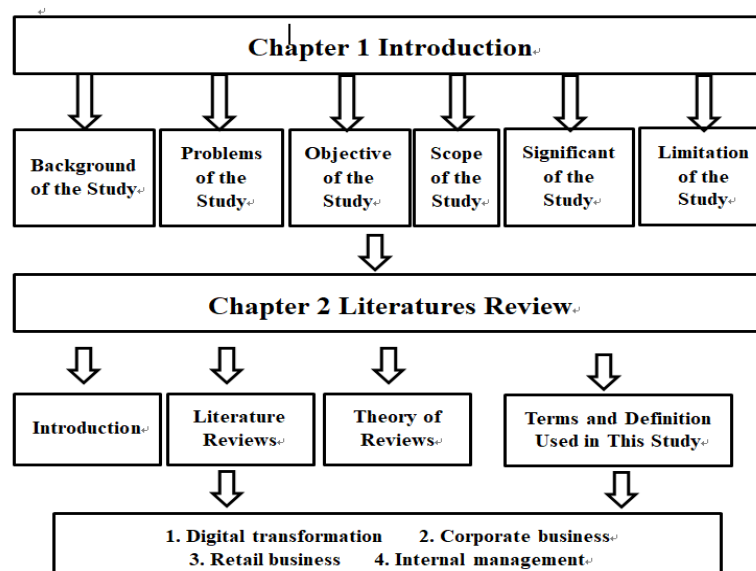
2.3.3. Digital banking Theory

Digital banking means the full digitization of the bank and all its activities, programs and functions. It's not just about digital services and products -- the front end that customers see -- but also about automating processes (the back end) and connecting those worlds to middleware. Digital banking is about automating every step of the banking relationship, and it goes beyond online or mobile banking platforms.

2.4. Research Relevant

Fintech theory, bank digital transformation theory and digital banking theory are all closely related to the corporate business, retail business and internal management of banks, and play an important role in the digital transformation. Moreover, these theories can fit in with the actual development of banks and have guiding significance for the development of banks' digital transformation.

2.5. Conceptual Framework



#

2.6. Terms and Definition Used in This Study

2.6.1. Digital transformation

Digital transformation is to attach great importance to and give full play to the role of data, make full use of the new generation of information technology, build a closed loop of collection, transmission, storage, processing and feedback, break through the data barriers between different levels and different industries, so as to effectively improve the overall operation efficiency of the industry.

2.6.2. Corporate Services

Banking corporate business is the financial service provided by commercial banks for corporate customers. This includes loans to non-financial institutions, finance companies (such as life insurance), government agencies, as well as commercial real estate financing, leasing, and loan collection.

2.6.3. Retail Services

Commercial banking is divided into wholesale banking and retail banking from the perspective of service objects. Among them, the banking mainly for enterprises or other institutions and organizations is called wholesale banking

2.6.4. Internal Management

The digital transformation of bank internal management is a comprehensive transformation of bank operation and management using digital technology. It is important to use digital technology to analyze customer needs, analyze customer risks, and innovate the process and way of serving customers, but this is only one aspect of bank operation and management.

3. Research Methods

This paper mainly adopts the following two methods to carry out research:

(1) Literature research method: literature review and study are carried out through network resources such as library, CNKI and various journal networks, and relevant literature on digital transformation, corporate business, retail business and internal management is carefully studied. Concepts and models to be mastered are summarized as the theoretical basis of this paper. learn the latest theories of financial technology, and grasp the relevant information as a whole, so as to provide basic help for the development of the full text.

(2) Case analysis: This study takes GX Branch of China Construction Bank as a typical case, because it is a representative bank with clear digital development strategy and process in recent years. In combination with the opportunities and challenges brought by Internet finance and fintech to commercial banks, this paper analyzes its development status and existing problems, so as to combine the overall theory with the actual situation. Put forward the operable strategies and suggestions, but also for the digital development of other banks to bring certain reference.

4. The Analysis of Digital Transformation Development of GX Branch of China Construction Bank

4.1. Basic Information of GX Branch of China Construction Bank

China Construction Bank GX Branch was established in 1986 as a first-level branch under the jurisdiction of China Construction Bank. Over the years, the GX Branch of China Construction Bank has always taken supporting the economic development of Guangxi as its mission. By December 2022, the current balance of RMB deposits in GX Branch of China Construction Bank was 462.1 billion yuan, with a cumulative increase of 37.39% or 116.3 billion yuan in the past five years (Data from GX Branch of China Construction Bank)

4.2. PEST Analysis of GX Branch of China Construction Bank

4.2.1. Political environment

A domestic political environment is stable, relatively favorable international environment, for the banking industry's rapid and sustained development has laid a good good political environment. Since the 19th CPC National Congress, socialism with Chinese characteristics has entered a new era and the development of the financial sector is in a period of important strategic opportunities.

4.2.2. The economic environment

The digital economy promotes the transformation and upgrading of the financial sector. In 2020, the scale of China's digital economy reached 39.2 trillion yuan, accounting for 38.6% of GDP.

4.2.3. The social cultural environment

One is that demographics have changed. Depth has entered the aging society in the city, the education level of the population has significantly improved. On the one hand, the improvement of citizens' education level promotes the gradual transformation of demographic dividend into talent dividend.

4.2.4. Technical environment

Global fintech is developing rapidly. With the deep integration of science and technology and finance, many commercial banks have begun to establish financial technology subsidiaries or financial technology divisions to respond to internal and external technological needs, further expand the scope of services, and promote financial services to digital, scenario-based and intelligent.

5. Conclusion

At present, the economic situation at home and abroad is changing with each passing day, and the traditional business of banks is becoming increasingly saturated. The digital transformation process of China Construction Bank GX Branch is relatively slow, and it is in the initial stage. The digital transformation of banks means to understand the needs of customers. In the above research, I analyzed the internal and external environment of GX branch of China Construction Bank, and found that the digital transformation of China Construction Bank needs to be carried out in three aspects: corporate business, retail business and internal

management, and carry out the digital transformation in the form of business + management.

Based on the actual situation of GX Branch of China Construction Bank and related theories of management and digital transformation, this paper analyzes the causes of the problems and puts forward ideas and countermeasures for GX Branch of China Construction Bank to further improve its digital transformation work. In terms of basic ideas, this paper insists on the combination of long-term planning and short-term planning.

In the long run, no matter in operation, business marketing or management, it will be deeply integrated with digital transformation. Therefore, in the future, we will continue to put forward specific digital transformation scheme design from the three aspects of corporate business, retail business and internal management, and jointly recommend the digital transformation development of GX branch of China Construction Bank.

6. Suggestions

1. Clarify the strategic positioning of digital transformation

The strategic positioning of digital transformation is the foundation of digital transformation and affects the overall direction of digital transformation. The strategic positioning of digital transformation of CX Branch of China Construction Bank, in the larger framework of the head office, can be combined with its own situation, customize specific goals, and take the digital transformation of the company's business, retail business and internal management as the main driving force to achieve business reform, competitive advantage and value maximization, and then implement it in a planned way.

2. Improving the development level of digital transformation

Enterprise-level architecture construction is a systematic construction of the overall business capability of the enterprise, enabling the bank to have the structural ability through technology, and meeting the requirements of "customer-centered" agile response.

3. Accelerating the transformation and upgrading of business products

In the context of the great development of the Internet, the gradual application of blockchain technology, and the constant changes in customers' financial needs, the competition among commercial banks is, to a large extent, the competition of business products. With the development of the Internet and fintech, the competition of business products has expanded from offline to online. In view of the fierce competition of financial business in GX region, China Construction Bank GX Branch should establish a complete business transformation process in the digital transformation and development of corporate business and retail business, increase investment in scientific and technological research and development.

4. Strengthening digital organizational support

The digital transformation of the company's business and retail business should simultaneously promote the transformation of the internal management structure. The internal management structure is the guarantee of the organization, system and talents of the strategy. After the construction of digital organizational structure, the bank can't run efficiently without the transformation of supporting internal management structure, organizational structure and management mode.

5. Increasing the training of digital talents

We will increase the training program for interdisciplinary talents. The existing departments of GX Branch of China Construction Bank are divided into functions. Most employees only know the business and knowledge of their own departments, but do not know the work content of other departments or have relevant skills. If the digital transformation can realize that under the same goal, employees of different functions and positions can work together, and employees of upstream and downstream relationship can understand each other, to create compound talents, the work efficiency will be greatly improved.

References

- [1] Gao Xiaocui. (2020). Case analysis of Fintech's contribution to the development of Ping An Bank (Hebei University of Finance).
- [2] Guo, W.F., & Chen, Z.X. (2021). Bank of Jinzhou: Digital transformation enables high-quality development of regional economy and society. *China Financial Computer*, 2021(09), 12-16.
- [3] Hamdi, A. (2016). Financial performance Islamic banking unit in Indonesia: A comparative study private banks and regional development banks. *IJER* (2016), 1400-1409.
- [4] Hu Ying. (2021). Research on Digital Transformation and Development of JX Branch of Bank of China (Master's thesis, Jiangxi University of Finance and Economics).
- [5] Legowo, M.B. (2017). Monitoring and Evaluation Information System Modeling for Banking Credits. *International Journal of Computer Science Issues* (IJCSI), 14(5), 21-30.
- [6] Li Hao. (2020). Research on the Transformation Strategy of Z Bank under the background of Fintech (Master's thesis, Zhongnan University of Economics and Law).
- [7] Li Pengjian. (2022). Theoretical and practical research on digital transformation of banking industry. *The age of wealth*.
- [8] Liu Juanwen. (2021). Research on Digital Transformation Development Strategy of A Branch of Agricultural Bank of China (Master's thesis, Inner Mongolia University of Finance and Economics).
- [9] Liu Ye. (2020). Study on the impact of Fintech Development on commercial banks' risk-taking (Master's thesis, Zhongnan University of Economics and Law).
- [10] Liu Zelin. (2022). A Comprehensive Evaluation Study on the effectiveness of Digital transformation of Retail Finance of A Bank (Master's thesis, Zhejiang University).
- [11] Qin Jiankun. (2020). Research on Y Bank's Digital Transformation Strategy (Master's thesis, Zhengzhou University).
- [12] Su Bowen, Xiao Min, & Xie Zhaohua. (2021). Theoretical and Empirical research on the driving factors of high-quality development of Chinese banking industry. *Price theory and practice*.
- [13] Wang Qing, Liu Jun, & Jin Zhiwen. (2018). Correlation analysis between regional financial risk and regional economic growth. *Reform*, 5, 66-75.
- [14] Wang, S. (2021). Study on the influence of financial development on Industrial structure upgrading in Jiangsu Province (Master's thesis). Qufu Normal University, Qufu.
- [15] Yan Jianye, Wu Junxian, & Kang Jian. (2021). The Impact of banking structure on Regional economic Development: Based on the theory and empirical test of New Structural Finance. *Journal of Lanzhou University (Social Sciences Edition)*.

- [16] Yang,L.(2019).Regional financial development to economic growth impact study (Master's thesis). Sichuan Normal University,Sichuan.
- [17] Ye,X.,Wu,F.,&Lian,S.N.(2019). Financial Development, Local government behavior and Regional Technological innovation. Reform of the economic system,2019(03),129-134.
- [18] Yi Wen. (2019). Y-city Commercial Bank Digital Transformation Development Strategy Research (Master's thesis, Zhengzhou University).
- [19] Zhou Lingli. (2021). Research on Digital Transformation and Development of Huishang Bank (Master's thesis, Anhui University).
- [20] Zhou,C.(2019). Empirical analysis of the influence of inclusive finance and banking structure on industrial development in different regions. The Practice and Understanding of Mathematics, 49(20), 320-328.
- [21] Zhou,C.(2021, August 6). Finance has accelerated the development of the major instruments of a major country. Financial Times.p.4.