

Thoughts on the Development of the Community Banks Based on Innovative Development Modes and Construction of Core Value Concepts

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Abstract: In recent years, the reetailed acquisition of customers innovations centered on community operations have become an important direction for the development of the banks' retail business. Doing a good job in the intensive cultivation for customer groups is an important foundation for achieving customer satisfaction, bank brand awareness, outlet customer trust and marketing performance. In this paper, starting from the development stage of the community banks in China, we introduce the development situation of the community banks and put forward the promotion strategy of the community banks from the perspective of customers' demands. The research of this paper is based on the construction practices of the community banks of a large number of domestic financial institutions. It clarifies the positioning of the commercial banks to carry out the construction of the community banks, innovates the development mode of the community banks. Especially, the business ideas of bank business cooperation and innovation produced in this paper, is of great significance for the community banks of small and medium-sized banks to return to the origin of financial service entities and achieve sustainable development.

1. Introduction

In this paper, we consider the innovative development model of China's commercial banks to develop community banks and the construction of core values.

Community banks is a business model full of vitality, and it is also a strategic choice for many financial institutions in the development and transformation. From the development practice of foreign community banks, their rapid development benefits from correct market segmentation and market positioning, clear property right structure and policy support. It is an important stage in the process of economic development and an objective requirement of specialized division of labor.

In the development of the community banks in China, it has experienced several key processes. In Dec. 2013, the CBRC issued the notice on matters related to the establishment of community sub branches and small and micro sub branches by small and medium-sized commercial banks. In Dec.2018, the central economic work conference proposed to deepen the reform of the financial systems with focusing on the adjustment and optimization of the financial system structure, develop

private banks and community banks, and promote the gradual returns of urban commercial banks, rural commercial banks, and rural credit cooperatives. The 2019 government work reports pointed out that we should reform and optimize the financial system structure and develop private banks and community banks under the guidance of serving the real economy. Many domestic scholars have studied the development of the community banks. Y. Wang [1] and others analyzed the models of the community banks. H. Wang [2] proposed a study on the necessity of the community banks. Y. Ma [3] studied community banks from the perspective of Inclusive Finance. P. Fang [4] conducted a comprehensive study on the development process of community banks. See [5-12] for more studies on community banks.

Compared with the previous studies, in this paper, we mainly puts forward innovative marketing methods from the perspective of demands of customers and public people, and proposes that all kinds of commercial banks should seize the opportunity to explore a community financial business model suitable for their own development strategy.

The structure of this paper is as follows. In Section 2, we discuss the current development situation of the community banks. In Section 2, we start from practical problems, think about the development strategy of the community banks, and give some suggestions for the development of the community banks.

2. The Current Development Situation of the Community Banks

2.1 Development Status of the Community Banks in China

The concept of the community banks comes from the United States and other western countries with developed financial systems. "Community" is a concept in a general sense, which can be a city or a county, or even people gathered in cities or villages and a region. The American Association of independent community banks (ICBA) defines community banks as: community banks are independent, locally owned and operated institutions with assets ranging from less than 10million to onebillion dollars.

The basic feature of community banks is their "community nature", which should fully rely on the regional humanity, regional characteristics and social network resources of the community to carry out comprehensive financial business. Now, in China, the main idea of the development of the community banks is still staying on the community financial business of various commercial banks. Such as the "community bank" launched by Huaxia, Minsheng, China Merchants and Bank of Beijing, and the "community financial service" launched by China Construction Bank. But in fact, these commercial banks do not have in mind the concept of "community" and the awareness of "community finance" in their actual work. In some extent, it is only "entering the community", but not really "integrating into the community". There are essential differences about the system compared with the foreign community banks.

2.2 Positioning of the Community Banks under the Impact of Various External Competitive Factors

The development of market economy has promoted the marketization of money supply. The marketization of interest rate has really made the banks face competition. The development of Internet finance has brought more new competitors to the banks. In the process of providing differentiated services for customers, the banks themselves pay more attention to market segmentation, which also gives birth to community banks. For the development of the community banks, the exploration of community bank models should not be stopped at "entering the community" such a simple form. If we only focus on the business of soliciting deposits without

opening other business functions, anymore, the additional costs caused by staggered rush hour, delayed operation and some marketing methods, it will be difficult for a single community bank to achieve revenue and expenditure balance. In most Chinese cities, people live and work in different areas of the city, their financial needs are not concentrated, and the services they seeking in the community are limited; This is also an objective difficulty in developing the community banks.

The development of the community banks needs to be combined with the banks' self-positioning, and more and more joint-stock banks, urban commercial banks and rural commercial banks follow up. For the Chinese banking industry with too homogeneous services, differentiated development will be a very important direction. the Banks should deeply analyze their comparative advantages and resource support capabilities, seek the accurate strategic self-positioning in "global banks, national banks, local banks and community banks", and implement clear ideas in the process of their own development.

3. Reflections on the Development of the Community Banks

For the development of the community banks, in our opinion, it should be promoted from three aspects based on the full study about the needs of customers.

3.1. Smaller Outlets with Excellent Services

To develop community banks, we should actually study the differentiated needs of community residents. Banks are no longer richly decorated and have no luxurious halls, but they are more warm and emotional. In terms of operation, the market positioning is more clear. Community banks take the households within their jurisdiction as the main service objects.

On the one hand, the differentiation of customer positioning has brought competitive advantages to community banks. Focusing on the service areas that are not valued by the traditional banks can enable community banks to concentrate resources, bring more advantageous services to customers, and enhance their core competitiveness. On the other hand, at the service levels, it needs to be more personalized. Community banks should be able to understand the needs of community residents better and make flexible responses according to specific circumstances, so as to provide more accurate and effective personalized services. The regional humanity, regional characteristics make community banks have rich community knowledge, so that they can provide more customized and humanized services to customers. In terms of customer relations, community banks also have more advantages. It is better for community banks that the employees come from their own communities, so as to understand the community better, or letting community residents to participate in the operation and management of outlets, so as to make community residents feel more involved, and create a particular culture of the community banks, and enhance community members' sense of identity and trust in community banks. As a result, community banks get more "soft information", which is also helpful to maintain a good relationship between the banks and the customers.

3.2. Cooperation between Enterprises and Banks with Full Penetrations

In the regional market, community banks should fully penetrate into the surrounding business circles and provide services for customers by using the living platform. The cooperation between banks and business districts is the embodiment of truly serving customers.

In the service, community banks can provide life service packages in addition to financial service packages, such as providing financial needs to consumers including tourism, leisure, shopping, etc. for a family of two; providing education, study abroad and medical services for a family of three ; providing services including pension management and medical care for families with more than

three members. Specific to financial products, loans, wealth management, funds, insurance, mobile banking, inter-bank fund collection, online banking, VIP services, etc should be provided for different customers. According to the customer's asset level, the bank provides different amounts of services such as financial services, gifts, entertainment and leisure, and housekeeping, so that customers can feel that the banks supply them not only the financial needs, but also the needs of life. Just as yu'e Bao has attracted a large number of grassroots groups, its essence is that it meets the financial needs of some groups that are not concerned by the banks.

If the bank can lay down its position, go deep into the community to pay close attention to the residents and really care about the customers, it can finally win customers.

3.3. Constructing Value and Innovating Mode

For the community banks, its community characters is only the superficial recognition. The core value of satisfying customers' comprehensive needs is the fundamental significance of the community banks. It not only determines customers' systematic feelings about community banks, but also determines the sustainable and orderly development of the community banks. In the future, the competition of community banks will focus on the construction of core values. Whoever has made achievements in this aspect will control the commanding heights of community bank competitions.

In the implementation of the future community bank strategy, in addition to strengthen the deep integration of financial services and life services, the community banks should also give play to their advantages of being directly close to customers' lives and productions and operations, focus on strengthening cross selling, and promote the development of the community banks into a marketing front platform for deepening wealth management, mobile finance and e-banking, small and micro enterprises and other strategic key businesses. Rely on the community, study the community, go deep into the community and serve the community, implement the innovation of marketing mode, and apply entertainment marketing, sports marketing, relationship marketing, emotional marketing and word-of-mouth marketing, to win the loyalty of customers.

To sum up, the community banks should really build the core competitiveness to meet the needs of community customers, innovate the brand connotation of the community banks, build the competitiveness of service channels, and truly realize the value of the community banks' development with convenient, differentiated and humanized services.

4. Conclusions

In this paper, we focus on the needs of customers. The marketing activities of the community banks for customer groups should be based on meeting customers' financial and non-financial needs, taking into account customers' emotional and material needs. Especially in the implementation of the activities, it is necessary to ensure that emotional needs are landed and standardized, and that material needs can exceed customers' expectations, combining virtuality with reality, so as to truly improve the marketing efficiency. In the process of development, the community banks should also innovate the brand connotation of the community banks, create the competitiveness of service channels, and truly realize the development value of community banks with convenient, differentiated and humanized services. At the same time, in this paper, we do not make an deep analysis on the intermediary business product marketing of the community banks. This direction will also become the direction of efforts in the development of the community banks in the future. The community banks should change the traditional marketing methods of introducing the advantages of a single product, deeply study customers from the perspective of customers' personality preferences, and provide differentiated marketing methods for different types of

customers, especially make asset allocations from the customers' family life cycle. It is based on the dynamic balance of profitability, liquidity and security of customers' financial assets to realize the sustainable development of business.

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