



The Impact and Analysis of Different Financial Enterprise Management Models on Economic Development

Rong Ye^{1,6,a}, Fulei, He^{2,b}, Xun Xu^{3,c}, Jie Xiang^{4,d}, Kunlin Li^{5,e}, Tong Li^{6,f*}

¹Postdoctoral Research Station, Fudian Bank Financial Research Institute, Kunming, Yunnan, 650100, China

²Smart accounting institute, Yunnan Vocational College of Finance and Economics, Kunming, Yunnan, 650222, China

³School of Management and Economics, Chuxiong Normal University, Chuxiong, Yunnan, 675099, China

⁴Yunnan Forestry Polytechnic, Kunming, Yunnan, 650224, China

⁵Development Research Center of Mengzi Municipal People's Government, Mengzi, Yunnan, 661100, China

⁶The Key Laboratory for Crop Production and Smart Agriculture of Yunnan Province, Yunnan Agricultural University, Kunming, 650201, China

^a15912913557@163.com; ^b2316427385@qq.com

^c2449014156@qq.com; ^d1207950843@qq.com

^e2221089749@qq.com

^{f*}Correspondence: tli@ynu.edu.cn (Li Tong)

Abstract. As the global economic landscape continues to evolve, the core role of financial enterprise management models in resource allocation and risk prevention and control has become increasingly prominent. This study systematically examines the mechanisms of three typical management models-decentralized innovation-driven, centralized risk control, and hybrid collaborative-by constructing a three-dimensional analytical framework that encompasses "model characteristics, mechanisms of action, and economic effects." The research finds that the decentralized management model significantly enhances resource allocation efficiency by stimulating market vitality; however, it may exacerbate systemic risks. Conversely, the centralized management model is particularly effective in maintaining financial stability, yet it poses potential risks of stifling innovation. The hybrid collaborative model demonstrates unique adaptive advantages in cross-border financial regulatory practices. Furthermore, the study reveals that management models affect the quality of economic development through three pathways: capital flow orientation, risk transmission buffering, and innovation incentive transmission, with the application efficacy of regulatory technology and policy coordination mechanisms serving as key moderating variables. Based on the conclusions of the empirical analysis, it is recommended to construct a dynamically adaptable regulatory indicator system, improve cross-border regulatory collaboration mechanisms, and guide financial institutions in optimizing management model selection through differentiated policies. These findings

provide a new theoretical perspective for enhancing the financial system's ability to serve the real economy and hold significant policy reference value for preventing systemic financial risks.

Keywords: Financial Institutions; Management Model; Resource Allocation Efficiency; Cross-border Financial Regulation

1 Introduction

1.1 Research Background

The Core Position of Financial Enterprises in the Modern Economy. In the context of the deep integration of the global economy, financial enterprises serve as the central hub of the modern economic system, undertaking core functions such as capital intermediation, resource allocation, and risk management. With the development of the market economy, these enterprises have evolved from simple capital intermediaries into significant engines driving high-quality economic development, with their operational efficiency directly impacting the health of the national economy [1]. Acting as the circulatory system of economic activities, financial enterprises convert idle social funds into productive capital, providing not only financing support to the real economy but also directing capital flows to strategic areas, including technological innovation and green industries, through credit policies. By utilizing price levers such as interest rates and exchange rates, financial markets can identify high-quality projects, promote the flow of production factors to efficient sectors, and facilitate the upgrading of industrial structures [2]. In the domain of risk management, financial enterprises assist market entities in hedging against uncertainties, such as price fluctuations and exchange rate risks, through innovative financial instruments, thereby maintaining the stability of the economic system. Particularly in cross-border trade and economic activities, services like hedging offered by financial institutions significantly reduce transaction costs [3]. It is noteworthy that the core role of financial enterprises is also evident in their information processing functions. Through information products like price signals and credit ratings, these enterprises effectively mitigate information asymmetry, providing essential decision-making bases for market entities. In the era of the digital economy, this information intermediary function is becoming a crucial mechanism for the optimal allocation of resources [4].

Differentiated Development of Management Models in Traditional Banks, Investment Banks, and FinTech Enterprises. The diversified development of the financial sector has led to the emergence of differentiated institutional management models, primarily represented by three typical paradigms: traditional commercial banks, investment banks, and financial technology enterprises.

Traditional commercial banks adopt a hierarchical and centralized management structure, characterized by a strict credit approval process, a capital adequacy ratio regulatory mechanism, and a physical branch-based service system [5]. This model generates profits through the interest rate spread between deposits and loans, holding a

comparative advantage in supporting infrastructure construction and financing for small and medium-sized enterprises (SMEs). However, with the deepening of interest rate liberalization, this profit model faces structural challenges due to a continuously narrowing interest rate spread. In contrast, investment banks exhibit significant decentralization, with management models that feature: (1) project-based business organization; (2) performance-based flexible incentive mechanisms; and (3) flat organizational structures. This model demonstrates strong market vitality in innovative business areas such as mergers and acquisitions and asset securitization. However, excessive reliance on short-term performance evaluations may induce agency problems, necessitating enhanced compliance management to control systemic risks [6]. Fintech companies have pioneered a technology-driven hybrid management model, characterized by: (1) the adoption of agile development methods; (2) the construction of an open platform ecosystem; and (3) the use of big data risk control models to replace traditional manual reviews. This model significantly enhances the efficiency of financial services but also faces the challenge of balancing technological innovation with risk control, particularly in cross-border business issues such as data sovereignty and regulatory coordination [7].

From the perspective of resource allocation efficiency, the three types of institutions have established a complementary financial ecosystem: commercial banks direct the flow of funds through credit rationing, investment banks enhance capital allocation via price discovery, and fintech companies reduce barriers to financial inclusion through technological innovation. This diversified structure not only strengthens the stability of the financial system but also offers institutional support for economic innovation. Moving forward, it is essential to prioritize the improvement of cross-border regulatory coordination mechanisms and the establishment of frameworks for systemic risk prevention.

1.2 Research Significance

The Economic Impact of Financial Enterprise Management Models on Resource Allocation and Risk Control.

The management model of financial enterprises profoundly influences the quality of economic development through two core mechanisms: resource allocation and risk control [8]. Regarding resource allocation, different management models determine the guiding methods and efficiency levels of capital flow. The decentralized management model establishes a market-oriented decision-making mechanism, allowing branch institutions to flexibly allocate resources based on regional economic characteristics. This decentralized decision-making system can quickly respond to changes in market demand, directing funds towards emerging industries with greater innovative potential. In contrast, the centralized management model relies on unified risk assessment standards and credit policies, ensuring that funds are concentrated in national strategic projects and key areas. It particularly demonstrates significant advantages in public sectors such as infrastructure construction and the promotion of inclusive finance. The construction method of the risk control mechanism directly impacts the stability of the economic system. A management model employing a vertical risk control system, by establishing

a regulatory chain that runs through institutions at all levels, can effectively identify and isolate regional financial risks, preventing the cross-market spread of these risks. Unlike traditional financial institutions, this model's stringent pre-loan review and post-loan management systems have proven highly effective in maintaining financial stability. In contrast, risk prevention and control under a decentralized management model relies more on market self-regulation mechanisms. Although it enhances the risk resistance capability of individual institutions through risk diversification, it may lead to the accumulation of systemic risks due to information asymmetry [9].

In the practice of cross-border finance, the hybrid management model exhibits distinct advantages. By integrating a centralized regulatory framework with decentralized innovation mechanisms, it effectively monitors cross-border capital flows while allowing for financial product innovation. The application of digital technologies further amplifies this synergistic effect. Blockchain technology enhances the transparency of cross-border payments, while big data analytics optimizes risk assessment models, resulting in simultaneous improvements in resource allocation efficiency and risk control. However, it is crucial to recognize that the selection of different management models must correspond to the stages of economic development. Overemphasizing risk control may inhibit market vitality, whereas a singular focus on efficiency enhancement may undermine financial security barriers.

1.3 Research Methods

Theoretical Analysis Methods. This study employs a three-dimensional analytical framework to systematically deconstruct the economic impact mechanisms of financial enterprise management models. Initially, it utilizes institutional economics theory to establish a transmission path analysis model of "model characteristics - mechanism of action - economic effects," focusing on the interactions among core elements such as organizational structure, decision-making mechanisms, and innovation incentives. The model simulates the equilibrium state between decentralized and centralized management models concerning resource allocation efficiency and risk prevention effectiveness, thereby revealing the intrinsic logic behind different model choices. At the mechanism of action level, a feedback loop is established by mapping the causal relationships of key variables such as capital flow [10], risk transmission [11], and innovation diffusion [12], identifying the main pathways through which management models influence economic development. Special attention is given to the positive feedback effects generated by the application of regulatory technology, as well as the moderating role of policy coordination mechanisms. The comparative institutional analysis method is employed throughout the research process to systematically compare differences in decision-making efficiency, innovation tolerance, and risk isolation dimensions. Utilizing the theory of institutional complementarity, the study analyzes the adaptive advantages of the hybrid collaborative model in cross-border financial regulation, with a particular focus on the synergistic effects of unified technical standards and the allocation of regulatory authority. The theory of financial innovation diffusion is applied to analyze the evolution of management models, and organizational learning theory is integrated to explain the dynamic adjustment process of management strategies.

2 Main Types and Characteristics of Financial Enterprise Management Model

2.1 Traditional Commercial Bank Model

Traditional commercial banks form the foundation of the financial system, characterized by a vertical management structure comprising head offices, branches, and sub-branches. Their core business revolves around the interest rate spread between deposits and loans, providing essential financial services through physical outlets and functioning as economic 'stabilizers.' Organizationally, these banks implement centralized decision-making, where the head office establishes credit policies and risk appetites, while branches are responsible for executing these policies and serving customers. A multi-tier review mechanism ensures compliance and security in fund allocation, which, despite being less efficient in decision-making, effectively mitigates operational risks. Their business operations primarily focus on deposit and loan services, with an indirect financing model that offers extensive service coverage and robust risk control. Cross-border operations facilitate the smooth flow of international trade funds through correspondent banking networks and international settlement systems. The risk management framework is supported by regulatory indicators such as the capital adequacy ratio and the provision coverage ratio. Credit risk management employs a 'three checks' system alongside a five-category classification system, while market risk management employs hedging strategies such as duration matching and interest rate swaps. The role of traditional commercial banks in economic development is significant, as they guide capital flows to key sectors through credit policies and serve as the primary channel for implementing macro-control policies in the transmission of monetary policy. However, under the traditional risk control model, asset-light technology companies face notable financing challenges. Digital transformation is driving the evolution of these banks, with fintech subsidiaries introducing agile development concepts, optimizing credit evaluation models using big data, overcoming efficiency bottlenecks, and supporting the service of the real economy.

2.2 Investment Banking and Securities Institution Model

Investment banks and securities institutions play a crucial role in the capital market, providing direct financing services characterized by a flat organizational structure and specialized business departments that grant project teams significant autonomy in decision-making. Performance-oriented incentive mechanisms foster financial innovation. Their core activities encompass securities issuance and underwriting, mergers and acquisitions, asset management, among others. Multi-tiered capital market services aid enterprises in optimizing their capital structures, integrating and upgrading industries, and directing social funds toward high-quality assets. Risk management is market-oriented, employing dynamic risk assessment models to monitor market fluctuations, alongside diversified investment strategies and derivative tools to hedge risks, although improvements are needed in internal firewall systems. These institutions contribute to economic development by expanding enterprises' direct financing channels, optimizing

resource allocation, and promoting financial product innovation. During the digital transformation process, technologies such as intelligent investment advisory, block-chain, and big data serve to reduce costs and enhance market confidence.

2.3 FinTech Business Model

Fintech enterprises prioritize technological innovation as their core competency, effectively integrating internet technology with financial services to establish a platform-based and intelligent operational system. Their management model underscores the synergy between technology development and business operations. The organizational structure is characterized by a flat and project-based framework, with cross-functional teams that swiftly respond to market demands. Core business activities focus on technology-enabled financial service innovations, which include real-time and efficient payment settlements, big data-driven risk control that enhances credit services, and intelligent advisory systems that offer personalized recommendations, thereby reducing transaction costs and catering to 'long-tail customers.' The risk management system is inherently technology-driven, employing multi-dimensional data collection, block-chain technology, and smart contracts to mitigate risks, while maintaining vigilance against emerging risks such as algorithmic bias and data security concerns. The role of fintech in economic development revolves around addressing information asymmetry, lowering the barriers to financial services, and facilitating the digital transformation of traditional financial institutions. Nonetheless, regulatory arbitrage in cross-border operations necessitates standardization. In light of the challenge of balancing innovation with regulation, future efforts should concentrate on the development of technical standard systems and the implementation of regulatory technology.

2.4 Mixed Financial Group Model

The mixed financial group integrates diversified business resources to establish a matrix management structure, wherein the headquarters centrally controls strategic planning and risk monitoring, while subsidiaries operate in a decentralized manner. Shared service centers enhance operational efficiency. The business model prioritizes comprehensive financial services, with cross-selling facilitating one-stop solutions and collaborative services in cross-border trade improving the efficiency of international business operations, while digital technology bolsters business integration. The risk management system is multi-layered, featuring a unified framework at the group level and differentiated risk controls at the subsidiary level, with risk isolation mechanisms being critical. Furthermore, blockchain technology in cross-border business enhances the effectiveness of anti-money laundering monitoring. The group's role in economic development is evident in its efforts to reduce financial service costs, optimize cross-border capital allocation, and strengthen the resilience of the financial system. In light of challenges in regulatory coordination and interest balancing, future initiatives will focus on leveraging digital technology, developing an intelligent middle platform system, and reinforcing defenses against systemic risks.

3 The Impact Mechanisms of Different Management Models on Economic Development

3.1 Resource Allocation Efficiency

The decision-making mechanisms of financial enterprise management models directly influence the efficiency of resource allocation [13]. The decentralized model empowers branch institutions with autonomy, enabling them to respond swiftly to market demands. Fintech enterprise teams, by exploring regional markets, can accurately identify the financing needs of local small and micro enterprises, develop tailored credit products, and design differentiated risk control models that align with local industrial characteristics. This approach provides flexible loan solutions for agricultural cooperatives, specialty handicrafts, and similar entities, effectively addressing the service gaps left by traditional financial institutions. Furthermore, this model not only enhances the accessibility of financial services but also streamlines the approval process through big data analysis, significantly reducing the loan disbursement cycle and thereby assisting small and micro enterprises in overcoming short-term liquidity challenges. However, the decentralized management model, if characterized by excessive credit extension in local markets, may lead to the accumulation of potential asset quality risks. Conversely, the centralized model, through unified decision-making and resource allocation, can effectively deploy financial resources, concentrating efforts on supporting national strategic projects. Large commercial banks, by implementing unified credit policies at the head office level, prioritize new loans in critical sectors such as advanced manufacturing and green energy, thereby ensuring the execution of national industrial policies. This approach also enhances financial support for economic transformation and upgrading, proving particularly effective in sectors requiring substantial funding, such as major infrastructure projects and breakthroughs in core technology. The hybrid collaborative model offers distinct advantages in the allocation of cross-border resources. The 'central decision-making + local execution' framework employed by multinational financial groups ensures the consistency of global strategies while accommodating regional market specificities. Headquarters are tasked with establishing unified risk control standards and capital allocation strategies, whereas regional branches adapt implementation plans flexibly to align with local policy environments, market characteristics, and customer needs. This collaborative mechanism markedly increases the success rate of complex projects, such as large-scale infrastructure initiatives and international mergers and acquisitions, while effectively managing cross-border operational risks [14].

Currently, the use of regulatory technology to enhance the precision of resource allocation is constrained by multiple factors across different financial management models. Firstly, an excessive emphasis on risk control may inhibit the innovative vitality of grassroots institutions, while excessive decentralization may trigger systemic risks. Secondly, the disparities in regional economic development levels, industrial structures, and financial demands necessitate that the resource allocation mechanism possesses sufficient flexibility. Therefore, the key to enhancing the overall efficiency of the financial system lies in achieving a dynamic balance across three dimensions: First, constructing a decision-making system characterized by 'headquarters control +

regional adaptation,' which grants local entities appropriate autonomy while maintaining a risk baseline. Second, establishing a differentiated resource allocation model that focuses on intellectual property pledge financing for innovation clusters and strengthens supply chain financial support for manufacturing bases. Third, utilizing regulatory technology to build an intelligent dynamic adjustment mechanism that achieves iterative optimization of resource allocation strategies through continuous monitoring of policy implementation effects and market feedback [15].

3.2 Risk Management and Economic Stability

The risk control mechanisms employed in financial enterprise management models significantly impact economic stability. The centralized model promotes stability through a vertical risk control system; however, the traditional commercial banks' "three checks" system may hinder innovation. Conversely, the decentralized model relies on market mechanisms to distribute risks and employs portfolio investment strategies, yet it is susceptible to hidden risks due to risk accumulation. The hybrid collaborative model exhibits considerable advantages in cross-border risk prevention and control, as financial groups can integrate technologies and regulatory measures from various countries to thwart cross-border financial crimes, facilitate early risk identification and warning, and invigorate economic development.

3.3 Technological Innovation and Industrial Upgrading

The management model of financial enterprises significantly influences industrial upgrading through various pathways of technological innovation [16]. Decentralized models expedite the adoption of emerging technologies; for instance, local teams from fintech companies are developing intelligent credit systems that facilitate the digital transformation of small and medium-sized manufacturing enterprises. In contrast, centralized models are pivotal in achieving major technological breakthroughs, exemplified by large commercial banks establishing blockchain trade financing platforms that promote the intelligent upgrading of industrial chains. Hybrid models exhibit substantial value in fostering cross-border technological collaboration, such as multinational financial groups creating intelligent risk control systems that enhance the integration of global industrial chains. Furthermore, digital technologies are reshaping the pathways of industrial upgrading, with mobile payment platforms utilizing consumer big data to assist manufacturing enterprises in precise strategic planning. The impact of technological innovation varies considerably across different models, highlighting the need for collaborative mechanisms to sustain the systematic nature of technological breakthroughs and invigorate market innovation. A virtuous cycle between technological innovation and industrial upgrading necessitates supportive mechanisms, including intellectual property pledge financing and regulatory sandbox frameworks. Looking ahead, open banking interface technology is poised to provide new momentum for the cultivation of emerging industries.

3.4 Employment and Social Welfare

The management models of financial enterprises significantly influence the employment market. Decentralized models create diverse employment opportunities, foster high-skilled positions, and indirectly support employment in traditional industries. Centralized models ensure employment stability, with traditional large and state-owned commercial banks forming an employment absorption system and participating in the construction of the social security system. Hybrid models possess unique advantages in promoting cross-border employment, focusing on operations and localized talent cultivation, alleviating talent shortages in cross-border projects, and providing elite talent training. Different models exhibit varying focuses on social welfare impacts: decentralized institutions develop inclusive finance to enhance people's livelihoods and well-being; centralized institutions contribute to the construction of the social security system; and hybrid institutions excel in financing cross-national livelihood projects. In light of the current pressures of employment structure transformation, it is essential to establish a vocational re-education system to meet the demand for skill upgrading. At the policy level, financial institutions should be guided to balance social responsibilities by integrating employee training investments into the regulatory evaluation system [17].

4 The Pathways through Which Different Financial Enterprise Management Models Impact Economic Development

4.1 Capital Allocation and Economic Growth

The Essence and Framework of Corporate Strategy Corporate strategy is not merely a plan or objective; rather, it is a comprehensive action scheme formulated by enterprises to achieve long-term development goals in a complex and ever-changing market environment. The Inherent Defects of Traditional Capital Management Models Traditional capital management models primarily focus on short-term financial indicators, such as current profits and return on investment, often overlooking the long-term strategic value and sustainable development of enterprises. This model tends to lead enterprises to sacrifice long-term strategic goals in pursuit of short-term benefits, ultimately harming their long-term interests. The Dilemma of Strategic Diversification and Capital Allocation Amidst scale expansion and increasingly fierce competition, enterprises are adopting diversification strategies to expand their growth boundaries. However, while diversification brings potential benefits, it also significantly increases the complexity of capital management. Under a diversified structure, efficiently allocating scarce resources, achieving synergistic effects among different business units, and avoiding resource misallocation and duplicate investments have become severe challenges for managers. Traditional capital allocation methods are inadequate to meet the heterogeneous demands of diversified operations, thus necessitating a more refined and dynamic capital allocation system. This system must not only support the effective implementation of diversification strategies but also possess proactive risk assessment and value creation capabilities. Specifically, differentiated capital allocation should be based on the

strategic positioning, market potential, risk attributes, and synergistic effects of different business units, with a flexible adjustment mechanism established to respond to environmental changes. Only in this way can enterprises optimize resource allocation in a diversified and complex environment and collaboratively advance the achievement of overall strategic objectives.

4.2 Risk Management and Economic Stability

The risk control mechanisms within financial enterprise management models significantly influence economic stability. When selecting different models, it is essential to balance risk prevention and control with economic development objectives, dynamically adjusting the intensity of risk control while establishing flexible management mechanisms. As the lifeline of enterprises, the security of funds serves as the cornerstone for stable operations and sustainable development. Regardless of whether a decentralized, centralized, or hybrid collaborative model is employed [18], it is imperative to establish a financial sharing model to enhance the management and optimization of fund security risks. This approach is crucial for improving the risk prevention and control capabilities of enterprises.

Through centralized fund management, enterprises can better leverage the scale effect of funds, thereby reducing financing costs and fund occupancy costs while improving fund utilization efficiency. Under the financial sharing model, it is essential for enterprises to establish and enhance risk prevention and control systems, as well as internal control mechanisms, to effectively identify, assess, and manage fund security risks, including credit risk, market risk, and operational risk. Strengthening risk management not only ensures fund security but also provides a solid foundation for improving fund operational efficiency. The management and optimization of fund security risks within the enterprise financial sharing model are crucial for enhancing operational efficiency. This approach accelerates fund flow, optimizes fund allocation, and reduces costs, while simultaneously strengthening risk management to ensure fund security. In advancing the financial sharing model, enterprises must prioritize the management and optimization of fund security risks, continuously improving relevant systems and processes, enhancing the level of financial management, and providing robust support for sustainable development and the achievement of strategic goals.

4.3 Technological Innovation and Industrial Upgrading

From the perspectives of technological innovation and industrial structure upgrading [19], the management model of financial enterprises can enhance the resilience of the high-tech industry chain by improving the level of technological innovation and promoting industrial structure upgrading. In terms of technological innovation, the advancement of digital finance enables the high-tech industry to timely acquire external resources necessary for innovation through cooperative research and development or collaborative innovation. This approach reduces financial pressure and innovation risks during the innovation process, promotes continuous technological improvement, and enhances the ability to prevent and mitigate risks. Furthermore, with the progress of

technological innovation, the high-tech industry can utilize increasingly refined production processes and technical workflows to adjust the input ratios of production factors, thereby improving industrial production efficiency, ensuring the security and stability of the industrial chain, and strengthening the resilience of the high-tech industrial chain. Regarding industrial structure upgrading, the development of digital finance offers more convenient, inclusive, and efficient financial services to the high-tech industry, facilitating the effective integration of upstream and downstream resources, increasing industrial added value, and stimulating the innovative enthusiasm of high-tech industry entities. This, in turn, drives the upgrading of the high-tech industrial structure, enabling the high-tech industry to pioneer new digital product and service routes, establish a high-quality product supply system, create a favorable external development environment, and enhance the resilience of the high-tech industrial chain.

4.4 Social Equity and Inclusive Development

The management model of financial enterprises significantly influences social equity and inclusive development through its service strategies. The relationship between the efficiency of human capital allocation and inclusive growth, as well as common prosperity, is rooted in economic growth theory. The unrestricted flow of human capital fosters a convergence of productivity across various sectors, industries, and spatial dimensions. During the transfer of human capital, high-productivity sectors (or regions) receive supplementary factors from low-productivity sectors (or regions), optimizing the input factor structure. Scale effects reduce production costs while enhancing learning opportunities, further promoting human capital accumulation. From a consumption perspective, mobile human capital enters high-productivity sectors (or regions), leading to increased actual income. As the quantity of human capital in low-productivity sectors (or regions) diminishes, per capita income for consumers gradually rises, benefiting middle- and low-income earners. This process contributes to the gradual expansion of the middle-income group, stimulating household consumption and further promoting production expansion, thereby achieving sustainable development. Consequently, improvements in the efficiency of human capital allocation not only drive economic growth but also effectively narrow regional development disparities and per capita income gaps, creating more productive employment opportunities that align seamlessly with the essence of inclusive growth. The decentralized model extends financial services to remote communities, necessitating the development of mobile credit products by local rural banks to mitigate rural financial exclusion. Conversely, the centralized model, spearheaded by state-owned banks, fosters regionally balanced development through policy guidance and the establishment of special funds aimed at reducing regional disparities. The hybrid collaborative model advocates for simplified account opening services, the creation of cross-border payment platforms, and the promotion of global shared development opportunities. Furthermore, digital technology is transforming the equity of financial services; AI-driven customer service reduces usage barriers, while blockchain technology enhances the transparency of poverty alleviation funds. Nonetheless, it is essential to remain vigilant against the risks associated with the 'digital divide' [20].

5 Optimization of Financial Enterprise Management Models and Policy Implications

5.1 Existing Issues and Challenges

Homogenization of Models: Blindly Following Trends Leads to Service Overlap Among Some Financial Institutions. The financial industry exhibits a pronounced trend of model convergence, with numerous institutions imitating each other in their digital transformation efforts. This leads to severe homogenization of products and services. Such a "one-size-fits-all" approach not only results in the wastage of financial resources but also exacerbates disorderly market competition. The root cause of this issue lies in ambiguous strategic positioning; some small and medium-sized banks, driven by short-term gains, replicate the models of larger institutions while neglecting local demands. For example, the inclusive financial products offered by several city commercial banks in coastal areas are strikingly similar. These issues are particularly pronounced in the digital finance sector, where consumer finance platforms often rely on uniform risk control models. Additionally, internet wealth management products predominantly target young white-collar workers, leading to a lack of customized offerings for special demographic groups. Consequently, this results in an excessive concentration of financial resources and insufficient supply in critical areas. The convergence of models has also instigated fierce price competition, diminished the impetus for innovation, and created service blind spots, leaving vulnerable sectors—such as small and micro enterprises and rural areas—without targeted services. On the regulatory front, existing indicators struggle to identify substantive innovations, there is a lack of cross-border financial regulatory collaboration, and regulatory arbitrage occurs frequently.

Regulatory Arbitrage. The phenomenon of regulatory arbitrage is significant, as some institutions exploit discrepancies in regulatory standards across regions and sectors to evade compliance through complex transaction designs. This behavior distorts market order and triggers systemic risks. In cross-border financial activities, multinational banks often transfer high-risk operations to regions with lenient regulations by establishing offshore subsidiaries, which leads to an accumulation of risk. The advent of digital technologies has opened new avenues for regulatory arbitrage; for instance, the anonymity feature of blockchain is frequently misused, and virtual currency trading platforms exploit legal definitional discrepancies to establish servers, thereby facilitating money laundering. Regulatory coordination mechanisms are lagging, and the differences in regulatory requirements among countries create opportunities for institutions to selectively comply with rules. For example, multinational insurance companies in developing countries may transfer high-risk policies to jurisdictions with lower capital requirements. Furthermore, existing regulatory technologies are inadequate in identifying innovative arbitrage practices, and there is a notable absence of cross-border regulatory data-sharing mechanisms. To effectively govern regulatory arbitrage, it is imperative to establish a dynamic regulatory framework, enhance cross-border

regulatory collaboration, and strengthen the coordinated development of regulatory technologies.

Technical Risks: Data Security and Algorithmic Bias in FinTech. Fintech introduces significant risks related to data security and algorithmic fairness. The risks associated with data security are multifaceted; the proliferation of biometric technology has made biometric data a critical vulnerability, while the data management deficiencies of third-party service providers are particularly concerning. Furthermore, regulatory arbitrage in cross-border data flows exacerbates these risks. Algorithmic bias poses a serious threat to financial fairness, as intelligent credit assessment systems often yield discriminatory outcomes due to biased training data. Additionally, health insurance pricing algorithms in the insurance sector can result in 'digital discrimination' against patients with chronic diseases. The technological risks exhibit a chain reaction characteristic: data breaches can trigger crises in customer trust, algorithmic discrimination can exacerbate financial exclusion, and there are notable shortcomings in countermeasures, such as outdated regulatory standards, a lack of algorithmic audit mechanisms, and insufficient cross-border collaboration. To address these challenges, the government should establish a new framework for technological governance, implement a dynamic data classification and protection system, enforce mechanisms for algorithm registration and explanation, promote mutual recognition in cross-border supervision, and strengthen ethical reviews in financial technology.

5.2 Optimization Directions for Management Model

Differentiation Positioning. In recent years, financial enterprises have increasingly explored differentiated control models. However, the majority of state-owned financial enterprise groups continue to exhibit strong tendencies towards administrative control, adhering to a 'one-size-fits-all' management approach. Through departments such as planning, investment, finance, human resources, operations, and legal affairs, these enterprises uniformly regulate all aspects of production and operation across numerous subordinate small enterprises, resulting in excessively detailed management and deep intervention. From the perspective of corporate headquarters, the habitual reliance on traditional administrative and document-based management has led to a lack of initiative, enthusiasm, and creativity in exploring differentiated control over subsidiaries and other invested enterprises. There is concern that due to loss of control or inadequate management, they may bear responsibility for poor management and insufficient supervision, or even be suspected of causing significant asset losses. Furthermore, there exists an inconsistency between market-oriented goals and social responsibility objectives. As market entities, financial enterprises possess attributes akin to general enterprises, necessitating survival and development, as well as the pursuit of efficiency and profitability. However, they are also required to undertake essential social responsibilities and maintain social fairness and stability. In emergencies, they must act irrespective of economic costs, playing a crucial role as a mainstay and stabilizer as state-owned enterprises. When the market-oriented reform of state-owned enterprises does not align

with the functional particularities of these enterprises, the formation of market-oriented mechanisms is constrained, negatively impacting the development of market-oriented management models. Financial institutions should establish distinctive development paths based on their resource endowments and market environments. They ought to leverage the combined advantages of state-owned financial capital and non-public financial capital, establishing a robust regulatory system for financial capital investment and operational companies that emphasizes capital management, gradually adapting to the fundamental development laws of enterprises. Regional institutions should focus on developing tailored services for local industries, while cross-border operating institutions should adopt a "global-local" dual perspective. The differences in institutional scale determine the direction of strategic choices, while variations in technical capabilities create unique development trajectories. At the regulatory level, it is essential to establish a classification evaluation system to guide institutions towards differentiated development, thereby fostering a diversified development landscape and avoiding homogeneous competition [21]. An active transition from administrative control to governance-based control should be pursued, with innovative exploration and implementation of a list-based control approach for various matters.

Risk-Return Balance. In the management of financial enterprises, balancing risk and return resembles the art of tightrope walking, necessitating precise control over the dynamic relationship between safety and development. While a decentralized management model can invigorate market vitality, excessive delegation of authority may lead to uncontrollable risks. Conversely, a centralized management model, although conducive to risk prevention and control, may result in missed market opportunities. Consequently, establishing a scientific mechanism to balance risk and return is essential for optimizing management models. Firstly, maintaining financial stability is crucial in the diversified investment and financing models of financial enterprises, where risk prevention is vital for safeguarding financial stability [22]. By identifying and assessing liquidity risks, market risks, operational risks, and others, enterprises can promptly implement measures such as establishing emergency fund pools and hedging operations to ensure sufficient cash flow under uncertain market conditions. This proactive approach helps avoid financial crises caused by liquidity shortages and ensures sustained and stable operations. Secondly, the risk prevention mechanism assists enterprises in optimizing their capital structure, evaluating the risks and returns of investment projects, and selecting projects that align with long-term development strategies while maintaining controllable risks. This process enhances capital utilization efficiency and reduces financial losses resulting from investment decision errors. Thirdly, a robust risk management system enables enterprises to identify and address potential financial issues proactively, preventing sudden risk events from disrupting the capital chain or causing significant financial losses, thereby ensuring financial stability. Ensuring sustainable development requires financial enterprises to identify, assess, and control various risks, thereby avoiding significant losses stemming from short-sighted investment decisions. This approach ensures that resources are allocated rationally and utilized efficiently. Adopting a long-term perspective allows enterprises to progress steadily, preventing the compromise of long-term interests for immediate gains. Furthermore, risk

prevention strategies enhance enterprises' adaptability and resilience to external changes. In an increasingly complex and volatile global economic environment, those enterprises that can effectively respond to diverse risk challenges are more likely to thrive in market competition and achieve sustainable development. Lastly, the sustainable development of financial enterprises is intrinsically linked to their social responsibilities. Through effective risk management, state-owned enterprises can not only shield themselves from financial crises but also sustain their contributions to economic development, social employment, and environmental protection.

6 Conclusion

Hierarchical Supervision: Precise Implementation of Policies, Categorized Management. In the context of diversified development within the financial sector, establishing a tiered regulatory system has become a crucial measure to enhance regulatory effectiveness. Given the distinct characteristics of traditional financial institutions and emerging fintech companies, regulatory authorities should formulate differentiated standards to achieve an organic integration of precise policy implementation with risk prevention and control. Overall, the local financial regulatory system in the People's Republic of China has evolved through four stages: the integration of regulation and business, local participation in regulation, single-tier central regulation, and tiered central-local regulation. The division of responsibilities between central and local governments has been a fundamental aspect of each reform in the local financial regulatory system, characterized by three distinct features: first, a top-down reform strategy has been adopted; second, the parallel assignment of authority and responsibility has been a significant theme in the evolution of the local financial regulatory system, with the central government delegating regulatory powers to local governments while also consolidating the responsibility for financial risk resolution; third, the reform of the local financial regulatory system has progressed in tandem with government institutional reform. It is essential to optimize the responsibilities of local financial regulatory departments to resolve the dilemma of their role and positioning. Provincial, municipal, and county-level local financial regulatory departments will exclusively undertake regulatory responsibilities, maintaining a degree of independence from the entities they regulate. This structure helps to avoid the conflict of interest inherent in the dilemma of "regulating while supporting." Furthermore, the non-regulatory functions of local financial regulatory departments will be clearly delineated and transferred, ensuring that financial regulatory institutions established by local governments focus solely on regulatory duties without engaging in financial development activities [23].

Incentive Mechanisms: Guiding Financial Resources to Vulnerable Sectors through Tax Incentives or Subsidies. To guide financial resources towards critical areas, it is essential to establish precise and effective incentive mechanisms that organically integrate policy tools with market principles. Implementing income tax reductions for financial institutions serving rural revitalization, particularly for banks with over 60% of their branches in county areas, by lowering the VAT rate on their

agricultural loan interest income to 3%, can stimulate their enthusiasm for deepening their presence in county markets and significantly enhance the efficiency of financial resource allocation towards agricultural modernization. In the cross-border service sector, offering foreign exchange reserve ratio benefits to institutions involved in infrastructure financing for initiatives like the "Belt and Road" can reduce their cross-border capital allocation costs. Differentiated subsidy policies should focus on key areas with precision and impact. Establish a special subsidy fund for technology finance, providing risk compensation of 1% of the loan balance to banks with non-performing loan ratios within the tolerance limit for loans to technology innovation enterprises; in terms of green credit, establish a carbon emission reduction support tool by referring to international experience, and exempt capital gains tax on investments in green bonds that meet the standards; in terms of inclusive finance, provide fiscal interest subsidy support for consumer finance products serving the new citizen group based on the number of people served. In addition, promote the signing of supplementary clauses to avoid double taxation agreements, and implement preferential tax sharing between the home country and the host country for inclusive finance business conducted by multinational banks in developing countries. Establish an international financial public goods fund, and set up a dedicated guarantee pool through multilateral development banks for institutions participating in global vaccine financing, climate finance, and other projects, to reduce the risk costs for financial institutions serving underdeveloped regions.

International Cooperation: Unifying Standards to Mitigate Cross-border Risks.

Building a multi-level information sharing mechanism is the foundation for preventing risk transmission. The "Single Supervisory Information Platform" established by the European Union is worth referencing, as it connects regulatory authorities from 28 countries and shares real-time data on cross-border capital flows of financial institutions. Similar mechanisms can be promoted in the Asian region by establishing a regional regulatory database through cloud computing technology, enabling automatic alerts for suspicious transactions. A central bank in a Southeast Asian country, through this platform, promptly identified and halted abnormal impacts of cross-border hot money on its domestic stock market; establishing a joint risk resolution mechanism is crucial. For systemically important financial institutions, "cross-border crisis resolution agreements" should be established to clearly define the responsibility sharing between home and host countries. In addressing market resonance risks triggered by algorithmic trading, major financial centers could jointly formulate circuit breaker mechanisms that automatically trigger trading suspensions when multiple markets experience synchronized abnormal fluctuations. Strengthening international cooperation in regulatory talent development is equally crucial. It is recommended to establish a "Regulatory Capacity Building Fund" under the framework of the Bank for International Settlements to support developing countries in participating in cross-border regulatory training. An African country, through a personnel exchange program with the European Central Bank, cultivated its first professional team familiar with digital financial regulation within three years, while establishing a "Regulatory Knowledge Sharing Repository" that compiles typical risk cases and resolution experiences from various countries for global regulators to access and reference online. In the process of standard coordination,

it is necessary to balance principle and flexibility. A model of "unified core rules + autonomous supplementary rules" can be adopted. This flexible arrangement not only safeguards regulatory sovereignty but also ensures the effectiveness of joint risk prevention and control.

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