The Digital Transformation and Development of City Commercial Banks on the Background of Intelligentization

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Abstract. With the rapid development of digital economy and financial technology, the traditional operation mode of banking industry has also changed. In the face of the growing digital economy, the traditional business operation mode is difficult to meet the financial needs of today's digital economy era. Based on the analysis of the digital transformation and development of city commercial banks, this paper starts from three aspects: business, technology and organization, and puts forward some suggestions on how to promote the digital transformation of city commercial banks. The digital transformation of China's city commercial banks can not only provide useful reference for the digital development of China's city commercial banks, but also accumulate experience for the development of China's city commercial banks and promote their development.

Keywords: City commercial banks; Digital transformation; Fin-tech

1 Introduction

With the continuous development of science and technology it has become a new development trend to combine new technologies such as cloud processing with financial services to expand the scope of financial services and form a new financial model[1]. When China's commercial banks enter a new stage of development, they have put forward digital transformation strategies to seek new profit growth points. At present, China's banking industry is facing unprecedented challenges, so we must seize the opportunity of the development of the times and vigorously promote the digital reform of China's banking industry.

This paper takes Huishang Bank as an example to study the digital transformation and development of city commercial banks, and puts forward corresponding suggestions for the problems encountered in order to promote the digital transformation of city commercial banks.

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2 Concepts and Development of Digital Transformation

2.1 Related Concepts

Most of China's city commercial banks evolved from local credit cooperative organizations and provided financial support to local economic development to some extent. Digital transformation is to develop digital technology and technology and build a brand-new and dynamic digital business form. Digital technology refers to a variety of new generation technologies, and its core content is to systematically upgrade and transform enterprises, governments and other institutions through digital technology, and to reconstruct the management system of enterprises, governments and other institutions. The essence of financial technology is its concrete digital technology application and expression in the financial field.

2.2 Digital Transformation Strategy and Transformation Content

The development level of personalized and differentiated financial products and services has been greatly improved, and the efficiency of financial services has been greatly improved. Initially establish an enterprise information operation management system, pay attention to data governance, develop scientific and technological capabilities, and strengthen network security, data security and risk control. Develop personalized financial services for special customer groups. Establish a user-oriented business model, based on user experience, and promote intelligent service. Improve the digital technology level and creativity of relevant departments, and promote the value creation of enterprises by strengthening horizontal cooperation and flat management. Improve the new evaluation system of sharing interests and responsibilities, and improve the incentive mechanism for innovation

2.3 Overview of Digital Transformation of City Commercial Banks

According to the data published on the official website of China Banking Regulatory Commission, In the first quarter of 2024, the assets of urban commercial banks reached 3,679,377 billion yuan, increasing by 9.10% year-on-year, accounting for 85.6% of all banking financial institutions. The data for the other quarters of the urban commercial banks in 2024 are shown in Table 1. Total Assets and Liabilities of City Commercial Banks in 2024.

In order to seek new profit growth points, banks have accelerated the pace of integration of Internet business. By the end of December 2024, 91% of the city commercial banks in China had digitized their digital services, and all the city commercial institutions had established big data centers and recognized their application in the banking industry. For artificial intelligence, cloud computing, blockchain and other technologies, they are still in the development stage, and the application scenarios need further improvement.

Table 1. Total Assets and Liabilities of City Commercial Banks in 2024.

Time / project	2024 Quarter 1	Quarter 2	Quarter 3	Quarter 4
Total assets (100 million yuan)	3,679,377	3,700,235	3,763,359	3,805,153
Growth rate in the same period	9.10%	7.30%	8.00%	7.20%
Proportion of banking financial institutions	85.60%	85.40%	85.60%	85.60%
Total liabilities (100 million yuan)	3,394,068	3,413,042	3,471,866	3,508,728
Growth rate in the same period	9.20%	7.10%	8.00%	7.30%
Proportion of banking financial institutions	86.00%	85.80%	86.00%	86.00%

Source: official website, China Banking and Insurance Regulatory Commission, China.

3 Digital Transformation and Status of Huishang Bank

3.1 Overview of Huishang Bank

By the end of June, 2023, Huishang Bank had 21 branches and 465 foreign business outlets, 534 self-service outlets had been established, and 2,017 self-service outlets had been put into use, including 1,260 ATMs and 757 intelligent self-service terminals. Based on customers and facing the market, Huishang Bank has formulated a five-year development strategy with digital transformation as the main line, which will reshape the retail business system with financial technology and provide new momentum and new direction for the high-quality transformation and development of retail business in the future.

3.2 Transformation Status

With independent research and development, Huishang Bank launched financial products such as "Science and Technology E-Loan" and "Science and Technology Patent Pledge", providing multi-scenario integrated financial services. Strengthen the digital empowerment of serving customers, and explore the establishment of a customer life cycle service management system covering the whole process of retail goods and services based on digital platforms and digital scenes.

Huishang Bank not only invests more in technology, but also solves the service pain points of Huishang Bank by building an intelligent financial service system and builds a scientific financial technology service model for Huishang Bank and effectively promoting the elimination of the "digital divide". Strengthen the sharing and import of information, and vigorously build a digital business system for user service. Using big data modeling method, the whole life cycle pattern group of customers is constructed.

4 Problems

Commodities are the best service means for customers. According to the actual needs of the market, we should provide users with convenient e-commerce and non-business services, and at the same time, we should expand the innovation of non-financial services and products[2]. However, in practice, Huishang Bank still faces challenges that are difficult to complete. Due to the high cost, low efficiency, low digitization level and imperfect system of credit products, Huishang Bank urgently needs to strengthen the innovation of financial products and services. The conflict between the Fin-tech development system of Huishang Bank and its digital transformation process leads to the lack of advancement and creativity in the transformation of digital economy. At present, the business scene of Huishang Bank is limited to a single customer, and it is urgent to make great efforts in mass marketing and integrated services. The emergence of internet finance has greatly subverted the consumption habits of consumers, especially young people, and maximized the value of online financial management by using the long tail effect[3].

With the development of Huishang Bank, it is in the forefront of the province in terms of the accumulation of customers and the amount of capital, but compared with other big commercial banks such as ICBC, Huishang Bank has no obvious advantages. Due to the restriction of capital, Huishang Bank itself lacks strong capital strength for digital conversion. At the same time, the transformation of digital economy has brought greater challenges to Huishang Bank. It is necessary to have a certain computer foundation and corresponding financial management knowledge, and the training of complex digital technicians will directly affect the information construction of enterprises. Huishang Bank is located in a second-tier city, which lacks compound digital technicians. It is difficult to recruit people and educate people, which makes it difficult for Huishang Bank to achieve remarkable innovation results in the process of digital development, thus affecting the soft power of Huishang Bank's comprehensive market.

Huishang Bank has specific innate conditions in Anhui. Because of its unique system orientation, it has close relations with local governments and citizens in Anhui, and at the same time, it has created favorable conditions for local financial markets and consumers[4]. But Huishang Bank is located in a second-tier city, which lacks compound digital technicians. Huishang Bank has not formed a perfect differentiated digital strategy, which leads to the problems of unclear orientation and lack of differentiated competition in digital transformation strategy.

5 Suggestions

Strengthen the foundation of data, innovate online business, expand credit line, develop personalized services and personalized products that meet their own characteristics, accurately match the most suitable wealth management products for customers, and expand the service scope of customers. Through digital means, we will innovate online business, expand credit line, develop personalized services and personalized products

that meet our own characteristics, accurately match the most suitable wealth management products for customers, and expand the service scope of customers. In order to meet the needs of social development and diversification, Huishang Bank should push the traditional service industry to the development of network integration, build an integrated empowerment platform, and integrate leap-forward resources on the platform[5]. By introducing compound digital technicians, it can provide human resources guarantee for Huishang Bank to realize digital transformation. To further expand the existing team of digital technology talents, Huishang Bank must adhere to the principle of internal training and external introduction. First, Huishang Bank should organize inter-departmental talent training on the basis of "internal training" so that employees can better understand the business and work between enterprises, thus helping employees of Huishang Bank become high-quality, high-quality and high-quality digital talents. Second, professional and technical personnel with "external introduction" numbers. With the rapid development of digital economy in China's city commercial banks, the cultivation of digital talents has been far from being able to adapt to the development of China's city commercial banks, and high-quality professional and technical personnel must be introduced. In view of the complex shortage of digital technicians, Huishang Bank must recruit professional digital technicians to improve the informatization level of enterprises[6]. Third, according to the needs of customer experience designers, data scientists and other related functions, we should design the corresponding development path of phased target talents, so that the comprehensive quality of digital talents in enterprises can be fully developed, so that compound digital talents can develop in the process of digital transformation of Huishang Bank. Make use of local advantages to expand the unique customer base of Huishang Bank and realize the online characteristic business of Huishang Bank.

6 Conclusion

Through the above analysis and discussion on the digital transformation and development of Huishang Bank, we can see that Huishang Bank plays an important role in Anhui, and it has achieved certain results in the digital transformation, which not only improves the overall strength of the bank, but also promotes the economic development of Anhui. There are still many problems in the process of digital transformation of Huishang Bank at present. In order to solve these problems better, we must improve from three aspects of business technology organization according to our own advantages, so as to achieve the goal of comprehensive digital transformation. Through the case analysis of Huishang Bank, this paper discusses the achievements and existing problems in the digital transformation and development of China's commercial banks, and puts forward some suggestions. However, due to the limitation of research time and my ability, there are still many shortcomings, which need further analysis and summary.

At present, China's city commercial banks are in a historical interactive era of technological change. New technologies not only play a decisive role in the bottom structure of the financial system, but also play a decisive role in leading the top inno-

vation process. The development of digital economy needs to be realized from the aspects of "intelligence", "generalization" and "unbounded", and the development of finance needs digital promotion.The author thinks that at present, most of China's city commercial banks face the same problems as Huishang Bank, such as the shortage of digital talents, the innovation of digital service products, and the imbalance between supply and demand of financial products. Thus, through the case analysis of Huishang Bank, we can draw some enlightening suggestions for commercial banks in other cities in the digital transformation as follows:

First, in the business transformation, we should actively develop industrial digital finance, build a digital industrial financial service platform and realize "one-stop" financial services.

Second, in the process of technological transformation, it is necessary to increase the flexible supply of data center infrastructure and improve the flexibility and sustainable supply capacity of infrastructure resources.

Third, in the process of organizational transformation, it is necessary to speed up the introduction and training of digital compound talents, scientifically formulate and implement the digital transformation strategy, incorporate it into the overall strategic planning of the organization, clarify the implementation objectives in stages, and make long-term investment and continuous progress.

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