

Development and Research of Investment Financing Demand based on National Investment Boom

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Abstract. As most urban households in China lack of in-depth understanding of financial market, they cannot complete the stock and futures investment independently. Thus, more and more people choose to invest in the financing product developed by the bank because such financial product is of less risks compared with the stock and futures and has better profits. As more and more people purchase the investment and financing product, the Chinese investment and financing market develops rapidly and the huge market potential has not been developed yet.

Introduction

At present, Chinese residents have a deeper and deeper understanding of investment financing and more and more people choose to invest in the investment financing product, thus leading to the national investment boom. How to better know the demands and features of investors under this situation and develop more reasonable and suitable personal financing product according to these features and demands becomes the main research subject of commercial bank in China. The competitiveness of commercial bank can be improved essentially only by better developing and studying its own product, ensuring the applicability of this product to a group of people and developing the featured financing product according to different group of people.

Category and content of personal finance service

Main categories of personal finance service in China

The personal finance service can be generally divided into two categories according to the investment objective of residents: one is the investment for the purpose of balancing the revenue and expenditure of family life and improving the basic living standard to a certain degree. This is called living financing; the other is the investment by using the banks' market experience, market viability and talents resources according to the market conditions for the purpose of creating more values for the wealth and appreciating the wealth. This is called investment financing.

According to the different operation mode and service mode, the personal finance service can be divided into two categories: one is that the commercial bank provides investment suggestions and financial analysis to customers and recommend some financing products that are suitable for customers to them by using its talents resources and comprehensive market information and market investment experience, then the customers can know and choose these products and also bear the benefits and risks brought by this financing product, in which the commercial bank only plays a role of providing suggestions and consultant. This is called financial advisory service; the other one is that the bank can make investment on behalf of customer by authorizing the decision-making power of investment to the bank by signing a contract while the bank serves the customer, in which the benefits and risks are borne by the customer and bank jointly. This is called comprehensive financial service.

According to the different service object, the personal finance service is divided into private banking service and financial planning service, for which the former refers to the systematic financial services provided to the rich and their families and the latter refers to the capital investment and management plan developed, designed and sold by the commercial bank for specific target customer group based on the analysis and research of potential target customer group. According to the customers' different ways of income, the financial planning service can be divided

into guaranteed income financial plan and non-guaranteed income financial plan. For the guaranteed income financial plan, the bank promises to pay the fixed income according to the agreed conditions and bear the investment risks arising hereof, or the bank promises to pay the minimum income and bear the relevant risks according to the agreed conditions, and the bank and customer jointly distribute other investment income and bear the relevant investment risks as agreed in the contract. As the guaranteed income financial plan may be a mean of commercial bank to attract deposits with a high interest rate and expand the scale, so as to avoid the interest rate control and conduct unfair competition, the regulatory body should implement strict approval system and procedure of guaranteed income financial plan. For the non-guaranteed income financial plan, it can be further divided into break-even floating profit financial plan and non-break-even floating profit financial plan. The break-even floating profit financial plan is a financial plan that the bank promises to pay the customer's principal according to the agreed conditions and confirms the customer's actual income according to the actual investment income and the customer should bear the investment risks, except principal. The non-break-even floating profit financial plan is a financial plan that the bank pays the income to the customer according to the agreed conditions and actual investment income, but not confirms the safety of customer's principal.

Main content of personal finance service in China

The personal finance service of commercial bank in China is an intermediate business under the supervision of Chinese commercial banking institutions, mainly including personal settlement service, personal investment service, personal loan service and other services. With the development of personal finance service, the value-added services, such as hotel reservation and overseas studying, appear. The residents gain the information of bank by various propaganda channels or conduct activities related to the bank on the self-service terminal or by e-bank, which is a part of personal finance service.

Factors influencing residents' demand for personal finance service

Personal characteristics of residents

Generally, women are conservative and men are adventurous, so women mainly choose the conservative and stable financing product with less risks and men will choose investment products with great risks and incomes. The age also imposes certain impact on the demand for financial service, for example, young people prefer to choose the product with great risks to create better financing income and older people prefer to choose the product with conservative investment. The family type is also an important influencing factor, for example, the unmarried people do not consider the external factors, except the income, when choosing the investment product as they bear less social and family responsibilities and the married people will preferentially choose the stable personal financing product with continuous value added as they may consider the education problem of their children, retainment of property for their children and other factor.

Strength of bank

As a provider and developer of personal financing product, the strength of bank decides the quality of its personal financing product. The bank can decrease the risks of its personal finance product only with strong strength, sufficient talents resource, good information channel and higher competitive strength. As Chinese residents have a shallow understanding on the personal financing, they mainly consider the strength and reputation of the bank when choosing the personal finance product, thus the bank with good reputation can gain trusts of residents ideologically. As an important part of bank strength, the bank staff is one of the important factors that decide whether residents choose the personal finance product of the bank. In the process of serving customers, the staff can leave a good impression to the customer and gain trust of customers only with good professional quality and strong professional knowledge reserve as the basis for service.

Product features

The commercial bank has many personal financing products and each product combines various investment means to develop a combined financing product. Thus, the risks faced by each product are different, so does the income channel. This is the features of these products and these features

decide the applicable group of people of this product. Residents will choose the personal financing product according to their evasive psychology of certain risk or their trust on certain income channel.

External environment factor

The commercial bank in China cannot directly involve insurance, stock, futures, fund and other industry, but integrates it through a personal financing product to play a role of intermediate communication. Thus, the financial market environment decides the profitability and risk of a certain product, and customers are affected by the external environment in the selection of product. The development of China also affects the personal financing demand of residents to a certain degree. If Chinese economic development is stable and rapid, the residents' living standard will be improved continuously, so they would be inclined to choose the personal financing.

How to promote the development of the investment financing of Chinese residents

Create good external environment

The external environment is an important factor that decides whether the personal finance service in China is of better and rapid development. The creation of a good external environment can promote the development and operation of personal financing product by the commercial bank.

The innovation of traditional mode and management method cannot be realized only relying on the work of the bank because the financial market environment and national financial policy impose great influences on such innovation. To better and greatly cooperate with the securities company, insurance company and other financial institutions, the commercial bank must be supported with good financial policy. The commercial bank can further develop only without the limitation of national policy. With the personal ID information database system in China, the data and information of the same person are integrated to greatly improve the data accuracy in the credit report, thus optimizing the Chinese credit environment. In addition, Chinese residents are required to have a correct and in-depth understanding of the personal finance product, to know that the personal finance product is the best way of handling the family idle fund, and to fully understand the development trend of Chinese financial market and investment market now. For this purpose, it is a must to strengthen the propaganda efforts and expand the information transmission way.

Innovate the service concept and expand the financing channel

The traditional service concept is to better serve the customers entering the business hall, but it is required to actively lead the customers to the business hall under the new development trend and then serve them. To make customers actively enter the business hall, the customers must have a detailed understanding of the personal finance product and then the interested customers will actively enter the business hall after understanding, in which how to make customers have a understanding of product is the basis. The main measures to strengthen this basis is to enhance the propaganda efforts, such as brochure, knowledge lecture, outdoor advertising and other means.

There must be a channel for customers to invest in the personal financing items, which cannot be met only by the business hall of bank. Thus, customers can conveniently and quickly understand and invest in the personal financing product only by expanding the channel, by which the bank can also serve the customers in the first time. The method of solving this problem is to increase the service outlet and develop the electronic and network channel.

4.3 Strengthen the talents cultivation strength

For an excellent financing center, the professional talents are the main composition. As the personnel that directly faces the customers, they are the direct manifestation of the strength and reputation of a commercial bank. The financing personnel should have good service attitude, rich and systematic financing knowledge as the basis for serving customers to better help customers understand the risks, profitability of product as well as the unapprehensive problem in the investment. At present, there is no clear standard to measure the professional standard of financing personnel in China and also not systematic cultivation mode, thus leading to uncomprehensive professional knowledge, poor business capacity, and increased problem of many financing personnel. The financing personnel can have good professional skills only by strengthening the

teaching and assessment of professional skills in the cultivation of financing personnel and enriching their knowledge with supplementary courses. In addition, a set of complete assessment system should be established to measure the actual level of financing personnel.

Highlight the development and innovation of product

At present, the commercial bank in China has vigorously developed the financial service, but the concept of personal financing is not accepted by many residents mainly because the commercial bank starts from its own situation for most times in developing the new personal finance product, rather than from the perspective of residents. Thus, although some commercial banks have sufficiently publicized their product, the residents still have no in-depth understanding of the product because they find the product is not suitable for them after preliminary understanding. To solve this problem, it is required to develop and innovate the product from the perspective of residents based on the situation of residents, so as to make the financing product meet the situation of residents.

Conclusion

It is clear from a series of analysis of investment financing demand in this paper that to create more values with personal investment financing service, the commercial bank must adhere to the concept of “people first” and fully combine the residents’ living standard and situation with the financial market environment to develop better products. Meanwhile, in the process of serving customers, it is required to consider every aspects of a matter to avoid any disputes and blind investment of residents. The personal investment financing product brings a development opportunity for the commercial bank, so the commercial bank can have further development only by grasping this opportunity.

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