

Research on Innovation of Commercial Bank Service Model Empowered by FinTech - A Case Study of China Merchants Bank's Digital Transformation Path

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Abstract: This paper aims to explore China Merchants Bank's financial innovation practices in the context of the Internet, analyze its innovation model, achievements, challenges and coping strategies, so as to provide reference for the development of the banking industry in the Internet era. Through in-depth research on China Merchants Bank's business innovation, technology application, risk management and other aspects in the field of Internet finance, this paper reveals how it uses Internet technology to improve the efficiency of financial services, expand customer groups, and optimize business structure, in order to provide useful reference for the sustainable development of the financial industry.

Keywords: Internet finance; China Merchants Bank; Financial innovation; Risk management

1. Active Product Innovation

China Merchants Bank has achieved remarkable results in helping the development of small and micro enterprises. As an outstanding representative of the online loan financing platform, "Flash Loan" fully demonstrates the deep integration of technology and finance. By actively introducing nearly 100 items of internal and external data, and with the help of Internet and big data technologies, it has built a strict and efficient big data risk control and risk quantification model, realizing the transformation from the traditional credit model to an intelligent and convenient one. "Consumption Flash Loan" and "Small and Micro Flash Loan" provide customers with financing support in a purely credit-based manner, without the need for cumbersome paper materials, which greatly improves the timeliness of small and micro enterprises in obtaining funds. "Zhaojie Loan" focuses on the online transformation of traditional mortgages, providing possibilities for small and micro enterprises that have certain assets but are in urgent need of more convenient financing channels, simplifying the complex links in the traditional mortgage process and improving financing efficiency. "Zhaoqi Loan" relies on its online and automated small credit loan characteristics, accurately targets the small financing pain points of small and micro enterprises, and timely supplements working capital for enterprises through a fast and simple process, ensuring that the daily operations of enterprises are not troubled by capital shortages. "Zhaolian Easy Loan" and "Distribution Easy Loan" closely focus on the upstream and downstream enterprises in the supply chain, deeply insight into the difficulties of supply chain enterprises in capital turnover, and ensure the smooth operation of the supply chain by providing customized financing solutions, promoting the collaborative development of the industrial chain, and enhancing the stability and competitiveness of the entire supply chain system. In the sci-tech innovation field, "Zhaochuang Loan" demonstrates China Merchants Bank's strong support for technological innovation. In view of the characteristics of sci-tech enterprises that focus on R&D investment and have a high proportion of intangible assets, China Merchants Bank has abandoned the traditional credit model which mainly relies on fixed asset mortgages.

Xiaoye E - Home is a platform where China Merchants Bank, following the Internet spirit of "equality, openness, collaboration and sharing", innovatively develops a series of Internet financial products and services for the financial needs of small and medium - sized enterprises. It is committed to building a low - cost and fast interactive platform for the financing needs of small enterprises and the financial management needs of social funds, and is the first Internet investment and financing matching platform independently built by a bank in China. It provides enterprise loan services, covering various types such as short - term loans, long - term loans and credit loans, to meet the financing needs of different enterprises; it helps small and medium - sized enterprises improve their credit ratings through an online credit rating system, and provides professional financing consulting services to guide enterprises in their financing activities. It has launched a variety of financial products, such as the E + account, which is a money market fund financial service with good liquidity, low risk, low investment threshold and the ability to deposit and withdraw at any time, suitable for the high - liquidity financial management needs of individuals and enterprises, and

can be opened through the Internet throughout the process without any fees. Through the integration of online and offline information witness services, it realizes the symmetrical information and capital interaction between fund suppliers and demanders, which is quite different from domestic P2P online lending business and bank financial products.

2. Timely Price Adjustment

On September 21, 2015, China Merchants Bank canceled the handling fees for domestic online banking and mobile banking (including inter - city and inter - bank transfers). From the perspective of the market competition pattern, this move allowed China Merchants Bank to seize the initiative in the fierce industry competition. At that time, although some banks had realized the trend of business networking and tried to offer preferential treatment for online transfer and remittance channels, China Merchants Bank took the lead and became the first banking institution to achieve complete free of charge. The data is a strong proof. Only one month after the policy was implemented, the number of customers increased significantly by 14%, and the average daily growth rate was as high as 9.14%. In the national online banking transaction volume of that month, the number of transfer transactions from China Merchants Bank ranked first. In terms of customer experience, the free policy undoubtedly brings great convenience and benefits to users. In the past, when customers went to bank branches to handle inter - city or inter - bank transfer businesses, they not only had to spend a lot of time on the way and waiting in line, but also had to pay considerable handling fees. Now, customers of China Merchants Bank can complete the transfer operation for free and conveniently through online banking or mobile banking anytime and anywhere, completely getting rid of cumbersome procedures and cost burdens, which greatly improves customer satisfaction and loyalty, and makes the bond between China Merchants Bank and customers closer. From the perspective of industry development, it has injected vitality for reform into the entire financial industry.

3. Fully Rationalized Channel Construction

China Merchants Bank covers several key areas in the direct channels of financial marketing, laying a solid foundation for its business expansion and customer reach. In terms of outlet layout, China Merchants Bank has carefully planned, with its outlets widely distributed in urban core business districts, around office buildings and in densely populated residential areas. These outlets not only have superior geographical locations, which are convenient for customers to find, but also have a modern and comfortable decoration style and clear functional partitions, with professional financial consulting areas, self - service business handling areas, etc., which can provide customers with one - stop financial service experience. Whether it is consulting on complex large - sum loan businesses or handling convenient daily savings businesses, they can be efficiently satisfied. In terms of online channels, China Merchants Bank's mobile banking APP has powerful functions and is constantly iterated. It integrates various functions such as account management, financial product purchase, transfer and remittance, and living expense payment. Its operation interface is simple and intuitive, and it also accurately pushes personalized financial products and service information to users through big data analysis. The direct sales team of China Merchants Bank is also an important part of the direct channels. After professional training, the direct sales personnel have solid financial knowledge. They are active in various enterprises, chambers of commerce, high - end communities and other scenarios. Through face - to - face communication, they deeply understand customer needs, provide customized comprehensive solutions such as cash management and cross - border finance for corporate customers, and provide exclusive wealth inheritance and private banking customization services for high - net - worth individual customers, accurately expanding high - quality customer sources and helping China Merchants Bank's financial business penetrate deeply into the market.

In terms of cooperation with third - party financial platforms, China Merchants Bank actively joins hands with well - known Internet financial platforms to expand product sales channels. For example, on some large fund agency sales platforms, China Merchants Bank provides a variety of financial products for investors to choose from, and with the help of the platform's huge user traffic pool, it promotes its high - quality financial products to a wider audience, breaks through the boundaries of its own customer groups, attracts potential customers at different levels and in different regions, and realizes the dual exposure of the brand and products. Joint marketing with corporate customers is another important indirect channel. China Merchants Bank has reached in - depth cooperation with many large enterprises to provide exclusive financial welfare packages for enterprise employees. China Merchants Bank also pays attention to using the power of social media and opinion leaders. By launching creative financial knowledge short videos, interactive topics and other contents on popular social platforms such as Weibo and Douyin, it attracts public attention and discussion, and enhances brand popularity.

4. Integrated Marketing with the Help of the Internet and Big Data

In the process of the financial field moving towards Internet transformation, the key is to fully seize opportunities and expand multiple contact channels with the Internet, and in - depth cooperation with Internet enterprises is an important means. With this cooperation model, China Merchants Bank can rely on the strength of partners to promote the networking process of product sales, channel construction and brand communication, and realize all - round upgrading and development. There are various forms of inter - enterprise cooperation, including

cooperation at the product level, collaboration in channels, and joint efforts at the brand level, such as the strategic cooperation alliance built by China Merchants Bank with China Mobile and China Unicom. Working together with Internet enterprises has enabled China Merchants Bank to seize the initiative in the fiercely competitive financial market. The positive effects generated by this win - win cooperation model have widely penetrated into various key links of integrated marketing, such as publicity and promotion, customer acquisition, formulation of combined marketing strategies and brand image improvement, laying a solid foundation for the sustainable development of China Merchants Bank, and also providing a highly referential practical example for the Internet transformation of the financial industry, leading the industry to continuously explore in the wave of digitalization to better adapt to market changes and the dynamic evolution of customer needs.

The massive data covered by big data has long broken through the boundary of traditional financial transaction data and widely includes many life - scenario - based data. With these rich and diverse data resources, financial enterprises can more deeply and comprehensively understand customer needs, accurately grasp the customer consumption habits and investment preferences in the whole process including supply chain and consumer finance, and then design better - quality and more targeted financial products, build a more scientific and accurate risk control model, lay a solid foundation for asset management and customer management work, and make them more scientific and reasonable. Without the strong support and progress of data analysis capabilities and information technology, it is difficult to achieve precision and efficiency in both the product design link and the customer positioning process. China Merchants Bank has foresightedly established a data warehouse system, started the exploration in the field of data mining, and actively engaged in the construction of a big data platform based on cloud computing systems in 2012.

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