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Research on building a highly efficient marketing management system of China large banks

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ABSTRACT

In recent years, with the increasing competition in domestic and foreign financial institutions, China's large banks have realized that building a highly efficient marketing management system is imperative. They must change the current passive marketing methods, transforming from passiveness to activeness, strengthening the process control of marketing management, so as to achieve a highly efficient marketing management. Building a marketing system positioned on the customer demand information mining, analysis and response mechanism, and dealing with all levels of responsibility relations scientifically and reasonably, only with this kind of marketing management structure can the banks coordinate the relationship between the marketing and service, making both of them integrate organically. Each large bank should give full play to their own advantages to promote the construction of marketing system, to build a marketing team which can fight and win, and running the system security work well, improving the marketing resource allocation system. Besides, they also need to do a good job of personal marketing resource allocation, by analyzing and researching the current situation of Chinese large banks, the study found that while building and improving the effectiveness of marketing system, the banks should not ignore the following at the same time: firstly, to encourage and support the exploration of the grassroots bank on the allocation of financial resources personally, so as to encourage individuals who has a significant contribution; Secondly, outstanding the specialness competitiveness of individual encouragement, developing the individual initiative at the most. All in all, the ultimate goal of building a highly efficient marketing management system is to stimulate the marketing personnel's enthusiasm and initiative at the most, and enhance the competitiveness of China's large Banks in the world's financial markets.

KEYWORDS

Management system of China's large banks; Building a highly efficient marketing mechanism; Construction of marketing team; Allocation of marketing resource.



INTRODUCTION

Large domestic banks derived from the professional banks that developed under the traditional planned economic system^[1], the credit industry firstly originated in the 1770 s, and the presence of the Irish loan fund system is regarded as the origin of credit industry; Until 1880 s, the Germany established the credit cooperatives; after long time of development, there had been microfinance service platform in the 1970 s. the amount of microfinance credit is usually smaller, whose targeted customers mostly are small and medium enterprises or lower income family, the purpose is to help the financial difficulties of manufacture or support public welfare projects, it is worth noting that microfinance is for production or the development of public, rather than consumption. The microfinance industry is still at the initial stage in China, and going forward while keep trying, but regarding the current development trend, which shows a good impetus and keeps a rapid development, especially the marketing department and marketers of the middle and the grass-root level obviously don't pay enough attention on the depth and breadth of customer needs.

As for the building of large bank's marketing team, the marketing director that has marketing ability and team management ability is in the shortage, private capital can have different ways of definition by extending from different angles, but these definitions have one thing in common, the property of this part's assets belongs to domestic non-governmental capital according to the connotation^[2]. When extending the concept of private capital, there are different distinctions from different angles, private capital can be defined as all the capital from domestic non-governmental sector, the non-governmental capital takes ownership as a standard, emphasizing the standard of property, which defines private capital from the perspective of the ownership. Since the standard of property can be based on the ownership right, it can also be based on the use right, that is to set based on the investment subject, from this perspective, private capital is all of the capita that is invested and controlled by domestic non-governmental sector^[3]. So according to different aspects of the ownership and use right to analyze, it turns out that the connotations are almost the same, but the definitions are not totally similar, which providing the corresponding concepts when researching the different uses of folk capital because of the difference between the concepts, this research preliminarily discussed the common problems and the coping strategies for China's large banks who build a highly efficient marketing system.

TRANSFORMING THE MARKETING CONCEPT FROM PASSIVELY TO INITIATIVELY

Large banks focus on increasing the networks and workers to enhance the marketing ability traditionally, the credit industry firstly originated in the 1770 s, and the presence of the Irish loan fund system is regarded as the origin of credit industry, and the system mainly provided small loans to poor peasant households who didn't have any mortgage; Until 1880s, a real sense of credit cooperatives appear, and the cooperatives were established in Germany; After long time of development, the credit began to emphasize providing low-interest loans to the difficult farmers and small agriculture or small industry with low-income until 1960s^[4], but because there was no regulation for repayment dates and the interest of loans, which resulting in most of the research ended in failure. Until 1970s, microfinance service platform appeared, which helped the poor to form the capital by microfinance, so as to improve the welfare of the poor^[5]. With the development of the credit industry, microfinance is divided into two camps according to the targeted priorities, which were welfarism and institutionalism respectively, the former paid more attention to help the poor in production and life, the latter paid more attention to the sustainable development of the credit industry. At present, with the development of credit technology and the diversification of financial products, welfarism and institutionalism has begun to merge gradually and pursuing a win-win goal commonly, ownership structure when the large banks transformed form passive marketing to the initiative marketing is shown in TABLE 1.

TABLE 1 : Ownership structure table of large commercial banks (1)

	Industrial and Commercial Bank of China	Agricultural Bank of China	Bank Of China	China Construction Bank	Bank Of Communications
Total equity	3490.83	3247.94	2791.47	2500.11	618.86
Total shares outstanding	3490.83	563.09	2791.47	2500.11	618.86
Circulation of A shares	2622.89	255.71	1955.25	95.94	327.09
Circulation of H shares	867.94	307.39	836.22	2404.17	291.77
Restricted shares outstanding in total	-	2684.85	-	-	-
Restricted circulation A shares	-	2684.85	-	-	-
Restricted circulation H shares	-	-	-	-	-
Restricted state ownership	-	2684.85	-	-	-
Restricted within the territory of corporate shares	-	-	-	-	-

Restricted corporate shares overseas

Bank managers at all levels must put the construction of marketing system in the core of corporate governance. In this paper, we have mentioned that according to the targeted priorities, the focus of microfinance should be different, in the same way, the understanding of microcredit is also different in different countries or different agencies. According to the definition of the Consultative Group to Assist the Poor, microfinance provides more financial services, including loans, savings, insurance, and remittance, the financial services is mainly provided for low-income families, and the loan service can bring production capital to the low-income families, they can make profit and get rid of poverty on the basis of their human capital,; Savings services is to store the existing funds to make it grow into large sums of money, which is ready for use; Insurance services can reduce the investment risk, which guarantees future contingency^[6].

The meaning of microfinance is not only about poverty alleviation, but also a kind of cost-effective operating mode that is in accordance with the development of the economy, which is a sustainable development mode, the aim of microfinance currently is not for consumption, but to promote production, and because microfinance offers the possibility of improving income distribution, which changes the distribution of wealth and income, through the long time of development, now it has been basically confirmed that microfinance does have the effect of increasing the income of the poor. The former of this paper has mentioned that there is welfarism in microfinance, part of its function can help the poor break the poverty situation, and the functions of savings and pensions will provide security guarantee to poor families, the customer's purchase response rate under the marketing mode is shown in Figure 1.

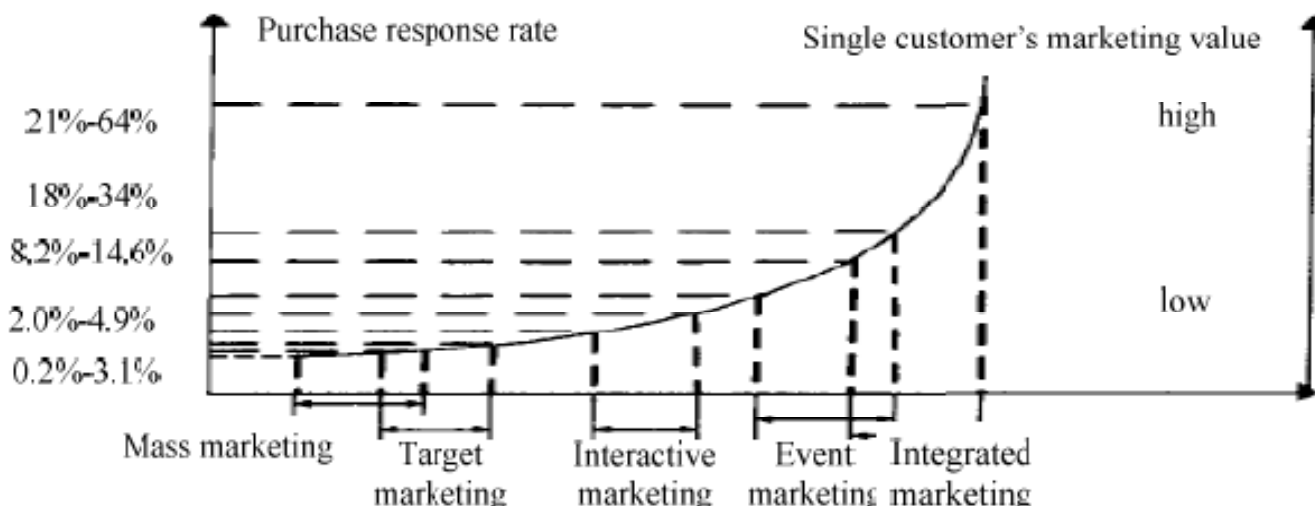


Figure 1 : Customer's purchase response rate under different marketing modes

Building a planning and implementation mechanism of marketing strategy and marketing countermeasures, The premise for microfinance to develop sustainably for a long time is to integrate private folk capital, and then invest it in business, but in our country, it is relatively difficult to the integrate the private capital, because people generally believe more in government financial organization^[7]. To develop microfinance in our country, we need to create a positive atmosphere of the folk finance actively.

In our country, the target group of microfinance is poor and low-income people, which can be easy to confuse with the poverty alleviation projects, but they are significantly different, while the former has welfare nature, but its essence is still the loan, which requires to return the principal and interest on time, poverty alleviation projects has more significance in the nature of social assistance. So we need to adjust different credit models in different regions according to the local economic situation. We have mentioned before in this paper, the funding source of some microfinance is from foreign institutions currently in our country, so there is a lot of uncertainty, once the money can not be collected, the project will not be able to continue, the sense of distrust also produces a certain inhibitory effect on the development of microfinance. Our country has begun to develop its sources of funding on government agencies at present, we believe that it will provide certain help for the development of microfinance in the future. Integrating folk private capital (TABLE 2), and then used in the development of credit industry has become a development model, and there have been the pilot run of microfinance of folk capital, which has played a role in guiding the private capital flows into the credit industry in some way, and can also powerfully promote the

development of small and medium-sized enterprises under the background of financial crisis. How to play a better role of private capital in the industry so as to reduce the impact of economic crisis, which is the issues that we should consider in the next step.

TABLE 2 : Ownership structure of large commercial banks(2) (By the end of September 31st, 2011 Unit: a hundred million shares, %)

	The number of state shares	The proportion of state shares in the total shares
Industrial and Commercial Bank of China	2470.10	70.76
Central Huijin-Investment Co., Ltd	1236.94	35.43
The ministry of finance	1233.16	35.33
Agricultural Bank of China	2687.95	82.76
Central Huijin-Investment Co., Ltd	1303.10	40.12
The ministry of finance	1273.62	39.21
The social security fund council and three accounts it holds	111.23	3.43
Bank Of China	1887.01	67.60
Central Huijin-Investment Co., Ltd	1887.01	67.60
China Construction Bank	1428.36	57.13
Central Huijin-Investment Co., Ltd	1428.36	57.13
Bank Of Communications	164.13	26.52
Central Huijin-Investment Co., Ltd	164.13	26.52

STRENGTHENING THE PROCESS CONTROL OF MARKETING MANAGEMENT, PROMOTING THE EFFICIENCY OF MARKETING MANAGEMENT

Large domestic commercial banks are lack of accumulation of marketing management culture, under the background of economic crisis presently, due to the constant growth of the gross domestic product (GDP), our country's macroeconomic is speeding up in recovery which shows the effectiveness the government fiscal policy has been playing, but the economic development of China is still relying on the government support, the acceleration of the macroeconomic development and the current social consumption growth in our country is out of proportion, which caused some people to worry about the economic structure our country. Because the disproportionate development model can easily lead to the inflationary pressure, and the national macroeconomic policy focus more on monetary tightening, the contradiction between national policies and the development of small and medium-sized enterprises appears. The contradiction can be observed from that although the economy has recovered, the development of enterprises slightly lag, to solve the contradiction, we need to invest more funds into the enterprise to support the enterprise to develop faster. Capital investment way we mentioned mainly means the injection of credit funds, but under the background of economic crisis presently and the trend that country's economic rebound, the macroeconomic policies that nation implements is moderately tight monetary policy, so the amount of bank's loan that based on national government is lower, the large need of funds and the amount of loans has formed a contradiction. Under the background of economic crisis, most small and medium-sized enterprises that are in trouble can not obtain the support of government funds anymore, thus unable to extricate from the trouble of development, the enterprises must explore a different approach to promote the normal operation of the enterprise, under this kind of situation, the integration and injection of private capital have become more urgent, which can provide funds for small and medium-sized enterprises to run normally to some extent, so as to get through the economic crisis. As for now, by attracting the private capital into credit industry, can alleviate the contradiction between the national policy and the development of small and medium-sized enterprises, the ownership structure of large commercial banks is shown in TABLE 3.

We have already mentioned that the contradiction between the national policy and development of enterprise can be solved through the injection of funds, but the source of funds is a major problem. In general, the funds is supposed to come from bank loans, but under the control of national policy, the amount of loan has a limitation presently, so part of funds that support the development of the enterprise come from the international hot money currently, the inflow of these capital can bring vitality to the development of the enterprise, but as it is a short-time investment and it gets into the financial markets through informal channels, once the investors get the profits, achieving the purpose of short-term returns, they will withdraw funds quickly, thereby placing the development of enterprises in an awkward position, which has a very adverse effect on the development of enterprises, because of a lack of funds, the enterprises will introduce the international hot money again, and then investors withdraw funds again, pushing the enterprise into a vicious circle of the development path, severely interfering China's monetary policy, eventually producing a malicious influence on the national economy, when it comes to the

background of economic crisis, this is undoubtedly worse. Comparing to this kind of capital, integrating the folk capital can promote the development of the enterprise more stably, and as for the present situation in our country, the amount of private capital is relatively large, which can solve the problem of financing of small and medium-sized enterprises effectively, bringing a certain development prospects for folk credit on the basis of solving the problems of raising the developing funds, and can also avoid the vicious cycle that caused by the injection of international hot money.

TABLE 3 : Ownership structure of large commercial banks(3) (By the end of September 31st, 2011 Unit: a thousand shares, %)

Name of bank	Name of shareholders	Quantity and category of holding shares	The proportion of holding shares
Industrial and Commercial Bank of China	Central Huijin-Investment Co., Ltd	12369412(A)	35.43
	The ministry of finance	12331645(A)	35.33
	Hong Kong Securities Clearing Company Ltd.	8600556(H)	24.64
	Ping An Life Insurance Company of China-traditional-ordinary insurance products	199985(A)	0.57
	ICBC Credit Suisse Asset Management Co., Ltd.- asset management of Specific customer	105319(A)	0.30
	total	33606917	96.27
	Agricultural Bank of China	Central Huijin-Investment Co., Ltd	13030963(A)
The ministry of finance		12736176(A)	39.12
Hong Kong Securities Clearing Company Ltd.		2919418(H)	8.99
National Council for Social Security Fund		979705(A)	3.02
Ping An Life Insurance Company of China-traditional-ordinary insurance products		314360(A)	0.97
total		29980622	92.31
Bank Of China	Central Huijin-Investment Co., Ltd	18870141(A)	67.60
	Hong Kong Securities Clearing Company Ltd.	8131885(H)	29.13
	The Bank of Tokyo-Mitsubishi UFJ Ltd.	52035(H)	0.19
	China Life Insurance Company Limited-bonus-personal bonus-005L-FH002 Shanghai	42921(A)	0.15
	Asian Development Bank	30400(H)	0.11
	total	27127382	97.18
China Construction Bank	Central Huijin-Investment Co., Ltd	14283587(A+H)	57.13
	Hong Kong Securities Clearing Company Ltd.	6220493(H)	24.88
	Temasek	2265534(H)	9.06
	Shanghai Baosteel Group Corporation	312886(A+H)	1.25
	State Grid Corporation of China	289578(H)	1.16
	total	23082500	93.40
Bank Of Communications	The ministry of finance	1641335(A+H)	26.52
	Hong Kong Securities Clearing Company Ltd.	1356484(H)	21.92
	The Hongkong and Shanghai Banking Corporation Limited	1153047(H)	18.63
	Capital Airports Holding Company	12459(A)	2.01

Yingda International Holding Group Co., Ltd.	57107(A)	0.92
total	4332632	70.00

In the above section, we analyze the promotion effect that is brought by the absorption of folk capital in credit industry under the background of economic crisis from two aspects: the national macroeconomic policy and the stability of the private capital (Figure 2), in addition, the investment of private capital can also use the folk private idle funds effectively, before this part of the money is put into the credit industry, it tends to be idle, and the amount is relatively large when we integrate it, if we can use this part of the idle fund effectively, and then used it as credit funds, and we can use the funds that is integrated to help small and medium-sized enterprises who is trapped in the financial difficulties, on the basis of it, we can not only promote the development of these small and medium enterprises and help them to seize the opportunity to grow rapidly, and getting rid of the problems that are caused by economic crisis, but also can activate the funds, making more profit, so as to promote the recovery of the local economy, helping the local economy get rid of the negative impact of economic crisis, it has played a relatively significant role in some places presently.

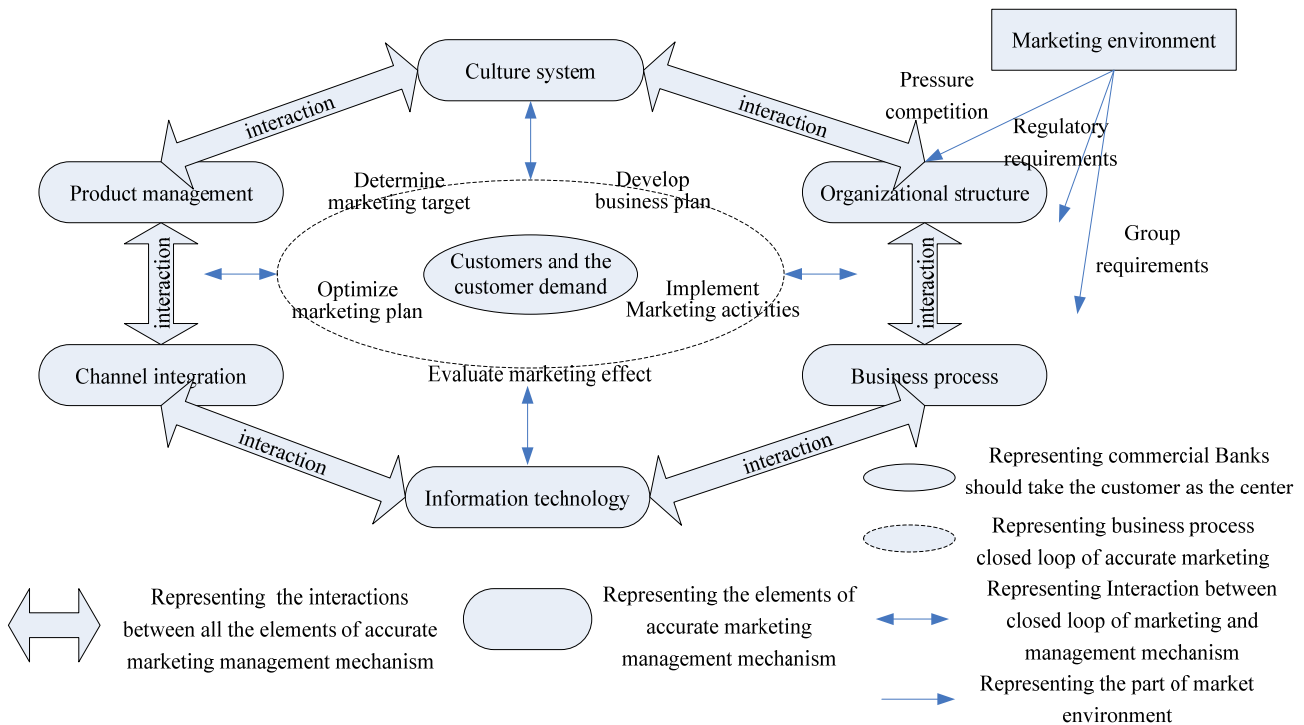


Figure 2 : Schematic diagram of the effective marketing management mechanism in large commercial banks

The amount of bank loan has reduced because of national policy, while the development of the enterprise can depend on the injection of folk capital in the credit industry, most companies tend to bank loan, because of the cost of private lending is higher than a bank lending. According to the results of statistics, the interest rate of private lending is commonly 3%, some of them can even reach above 10%, comparing with the interest rates of bank lending, it is undoubtedly that the burden of private lending is heavier. The reason that small and medium enterprises need to loan generally is because of financial difficulties, if the interest rate private lending is is too high, then the pressure of development and paying debt will undoubtedly push the development of the enterprise into another trouble again. At present, in order to get rid of the negative impact of economic crisis, many small and medium-sized enterprises in China have to rely on private credit for development, though it indeed solve the problem of the present financial difficulties, virtually increasing the financial risk, the enterprise raise funds to develop, but most of the profits has been arranged to pay high interest, in the long run, actually, the pressure and risk of the enterprise have virtually increased, which is very adverse to the development of enterprises.

Because the interest rates of private lending is relatively higher, it is very easy to cause to invest its funds for pursuing profit blindly, which has a great risk. on one hand Owners, the aim of investing funds is to chase profits for people with surplus, they often ignore some practical problems when they put their money, once problems occur, the capital owners will suffer a huge economic losses. These practical problems including, if the money has really been used in the development of enterprise, if the borrowers have the ability to pay the high interest and principal, and so on. On the other hand, part of

these idle funds has come from the idle funds of the enterprise, they put the funds into credit markets for pursuing high profits, but these companies often do not consider that under the background of financial crisis, the development of every enterprise is unstable, once the idle funds flow into the credit market, loan crisis is prone to arise when the enterprise comes to financial difficulties or when there is problems with the capital that has been delivered, which will generate more serious impact on the enterprise, and bringing huge economic losses to both sides in the end, so in order to avoid the economic losses of the main body of loan, the private lending mechanism needs urgent perfection, the specific organizational structure is shown in Figure 3.

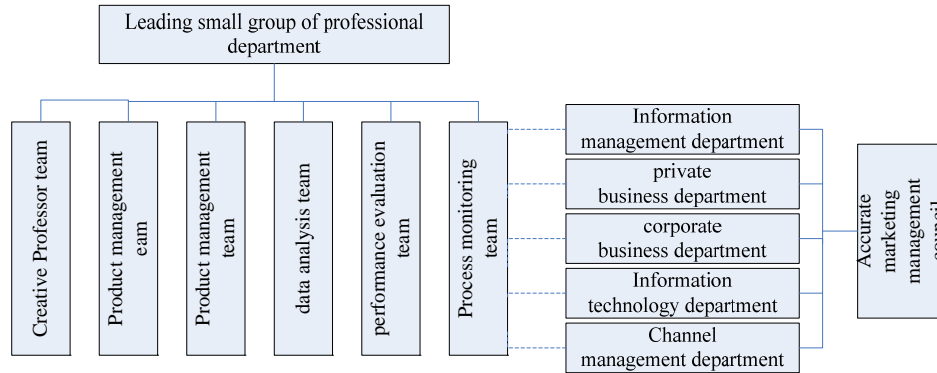


Figure 3 : Schematic diagram of the effective marketing management organizational structure in large commercial banks

CONCLUSION

This paper has analyzed and studied about the present condition of China's large banks in detail, and then put forward a highly efficient marketing management system on the basis of the research,. The key is to change the current passive marketing methods, transforming from passively to actively, strengthening the process control of marketing management, so as to achieve marketing management that is highly efficient. Building a marketing system positioned on the customer demand information mining, analysis and response mechanism, and dealing with all levels of responsibility relations scientifically and reasonably, only with this kind of marketing management structure can the banks coordinate the relationship between the marketing and service, making both of them integrate organically. Each large bank should give full play to their own advantages to promote the construction of marketing system, to build a marketing team which can fight and win, and running the system security work well, improving the marketing resource allocation system.

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