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Specialty:	072 Finance, Banking, Insurance and Stock Market
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QUALIFYING MASTER'S THESIS

on the topic:

DEPOSIT STRATEGY AS A FACTOR ON INCREASING BANK COMPETITIVENESS

higher education student Wang Weijian

The qualifying master's thesis was accepted for defense by the decision of the Department of Banking Business and Financial Technologies

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Head of Department
Doctor of Economics, Professor

_____________________ **Galyna Azarenkova**

Scientific Adviser
Doctors of Economics, Professor

_______________________ **Borys Samorodov**

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MINISTRY OF EDUCATION AND SCIENCE OF UKRAINE
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APPROVED
Head of the Department
of Banking Business and Financial Technologies
Doctor of Economics, Professor

_____________ Galyna Azarenkova
“25” September 2024

TASK
FOR THE QUALIFYING MASTER'S THESIS
of Wang Weijian

1.Topic of the work «DEPOSIT STRATEGY AS A FACTOR ON INCREASING BANK COMPETITIVENESS»

Scientific adviser Doctors of Economics, Professor Borys Samorodov
(surname, first name, patronymic, academic degree, academic title)

Approved by order of the university dated September 17, 2024 No. 4601-5/1025

2. Deadline for the student to submit the work November 18th

3. List of issues to be developed:
In Chapter 1: discusses the theoretical aspects of bank deposit strategy, its significance in enhancing bank competitiveness, the current research status, the methodology and innovation of the study, and the structural arrangement of the paper.
In Chapter 2: provides an in-depth analysis of the current status and issues of interbank deposits at the Z Branch of ICBC. It covers the branch's performance, marketing strategies, product features, interest rate pricing, customer acquisition channels, promotional strategies, team building, and service quality. The chapter also includes a SWOT analysis, examining the strengths, weaknesses, opportunities, and threats related to Z Branch's interbank deposits. Additionally, it discusses macro

and micro environmental analyses, and proposes marketing strategies to enhance the efficiency and innovation of ICBC Z Branch's interbank deposit services.
In Chapter 3: outlines strategies for Chinese banks to enhance competitiveness through product optimization, interest rate flexibility, service innovation, and regulatory safeguards in their deposit strategies.

4. Work plan

No.	Name of work stages
1	The choice of the topic of the qualifying master's thesis
2	Approval of the plan and tasks of the qualifying master's thesis
3	Completion of a qualifying master's thesis
4	Submission of the qualifying master's thesis to the scientific adviser
5	Signature of the qualified master's thesis by the scientific adviser
6	Submission of a qualifying master's thesis to the department to check for borrowings from other documents
7	Admission by the head of the department to the defense of a qualifying master's thesis
8	Defense of a qualifying master's thesis

5. Date of the task issue September 25th, 2024

Student

Wang Weijian
initials, surname

signature

Scientific Adviser

signature

Borys Samorodov
initials, surname

ABSTRACT
ON THE QUALIFYING MASTER'S THESIS "DEPOSIT STRATEGY AS A FACTOR ON INCREASING BANK COMPETITIVENESS" Of WANG WEIJIAN

The qualifying master's thesis contains 90 pages, 29 tables, 6figures, a list of 87 references.

The object of research is the deposit strategy of Chinese banks and its impact on enhancing the competitiveness of these banks.

The subject of research in the provided context is the deposit strategy of Chinese banks.

The purpose of the qualifying master's thesis is to assess a student's research and analytical abilities, critical thinking, and academic writing skills on a specialized topic, contributing to their professional and academic growth.

The tasks of the qualifying master's thesis are:

- Discussing the significance, purpose, and current status of bank deposit strategy in enhancing bank competitiveness.
- Analyzing the theoretical aspects of deposit strategy, including deposit product innovation, deposit interest rate management, and deposit marketing and service.
- Evaluating the impact of deposit strategy on bank competitiveness, including constructing a quantitative evaluation model with indicators such as deposit amount, deposit structure, capital cost, and market share.
- Examining the current form of bank deposit strategy, which is mainly reflected in the innovation and improvement of traditional deposit products and the exploration of new deposit service models.
- Proposing strategies to optimize the structure of bank deposit products and enhance their competitiveness.
- Exploring the flexible use of interest rate strategy to improve the attractiveness of deposits.
- Emphasizing the enhancement of bank service quality and innovation to improve deposit customer satisfaction.
- Proposing countermeasures to improve the competitiveness of banks based on the deposit strategy.

Based on the results of the research, the author formulated theoretical and practical provisions and proposed parameter optimization and suggestions for deposit strategy of Chinese banks

The obtained results can provide theoretical and practical provisions for optimizing the deposit strategy of banks, enhance service quality with a diversified and personalized deposit product structure, and accelerate product innovation through comprehensive use of financial technology, thereby promoting the continuous improvement of bank competitiveness.

KEYWORDS: BANK DEPOSIT STRATEGY, COMPETITIVENESS ENHANCEMENT

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INTRODUCTION.

Goal

The primary goal of this study is to explore the pivotal role of deposit strategies in enhancing the competitiveness of Chinese banks, with a specific focus on interbank deposits at the Z branch of the Industrial and Commercial Bank of China (ICBC). By analyzing the current state, challenges, and potential improvements in deposit strategies, this research aims to provide actionable insights and strategic recommendations for optimizing deposit products, interest rate policies, and service innovations.

Objectives

1. Theoretical Exploration: Discuss the significance, purpose, and current status of bank deposit strategies in enhancing bank competitiveness.
2. Empirical Analysis: Analyze the theoretical aspects of deposit strategies, including deposit product innovation, deposit interest rate management, and deposit marketing and service.
3. Impact Assessment: Evaluate the impact of deposit strategies on bank competitiveness by constructing a quantitative evaluation model using indicators such as deposit amount, deposit structure, capital cost, and market share.
4. Innovation and Improvement: Examine the current form of bank deposit strategy, which is mainly reflected in the innovation and improvement of traditional deposit products and the exploration of new deposit service models.
5. Strategic Recommendations: Propose strategies to optimize the structure of bank deposit products and enhance their competitiveness.
6. Interest Rate Flexibility: Explore the flexible use of interest rate strategy to improve the attractiveness of deposits.
7. Service Quality Enhancement: Emphasize the enhancement of bank service quality and innovation to improve deposit customer satisfaction.
8. Regulatory Safeguards: Propose countermeasures to improve the

competitiveness of banks based on the deposit strategy.

Object and Subject of Research

Object of Research: The object of research is the deposit strategy of Chinese banks and its impact on enhancing the competitiveness of these banks. Subject of Research: The subject of research in the provided context is the deposit strategy of Chinese banks.

Information Base

The study relies on empirical data analysis, literature reviews, and case studies. Quantitative methods such as regression analysis and SWOT analysis (Strengths, Weaknesses, Opportunities, and Threats) are employed to investigate the intricate relationships between deposit strategies and bank performance metrics. Additionally, the study incorporates data from the Z branch of ICBC to provide a practical application of the theoretical findings.

Practical Significance

This study provides actionable insights for banks to optimize their deposit strategies, thereby improving service quality, expanding market share, and strengthening risk management capabilities. Additionally, it fills gaps in the academic literature, offering directions for future research and supporting the sustainable development of financial markets with robust theoretical and empirical evidence.

CHAPTER 1

THEORETICAL ASPECTS OF THE DEPOSIT STRATEGY

1.1The significance, purpose and status quo of the bank deposit strategy in enhancing its competitiveness

1. The significance of bank deposit strategy in enhancing bank competitiveness

The competition in the banking industry is becoming increasingly fierce. As an important basis of banking business operation, the effectiveness of its management strategy directly affects the market competitive position of banks. By affecting the cost of capital, capital source structure and customer service experience, the bank deposit strategy then acts on the balance sheet and profit growth potential of banks, which is the key factor to enhance the core competitiveness of banks[1][2].

Figure 1.1. Bank Deposit

In the modern financial business environment, the deposit strategy not only includes the traditional product category, interest rate policy and other elements, but also covers customer relationship management, information technology application, marketing innovation and other aspects. Therefore, it is an urgent task in the financial field to deeply explore and improve the role of bank deposit strategy in improving the competitiveness. By accurately formulating deposit strategies, banks can effectively reduce the cost of capital, improve the profit margin, expand the market share, and strengthen the ability to resist risks, so as to stand out in the increasingly fierce financial market[3].

The importance of deposit strategies in improving competitiveness can be considered in the following aspects. First of all, a reasonable deposit product design can attract and maintain a wide range of customer groups, and improve the market share of banks. For example, the current market trend shows that customers are increasingly preferring deposit products with personalized and rich functions, and the product innovation realized through scientific and technological means can better meet the diversified needs of customers. Secondly, the flexible interest rate setting strategy plays a decisive role in controlling the cost of capital of banks. The effective interest rate strategy is not only related to the cost control of the bank itself, but also crucial to the market positioning among customers. Furthermore, banks need to rely on efficient customer service, strengthen customer experience, and establish a stable and positive bank image. The deposit strategy oriented by customer satisfaction will help to enhance customer loyalty and improve the conversion rate of demand deposits and deposit stability[4].

In view of the competitiveness of bank deposits, this study proposes to construct a quantitative evaluation model, and systematically evaluate the effectiveness and competitiveness of deposit strategies by using indicators including deposit amount, deposit structure, capital cost, and market share. Banks should not only pay attention to the growth of the overall deposit volume, but also pay attention to optimizing the deposit structure, reducing the proportion of high-cost deposits, and avoid excessive reliance on inefficient or high-risk deposit channels.

The current form of bank deposit strategy is mainly reflected in the innovation and improvement of traditional deposit products and the exploration of new deposit service mode. Deposit product innovation lies in attracting customers from different market segments through the diversification of product structure, the technology of functions and the branding of market positioning. At the same time, the emerging Internet banking and technology-driven deposit service models, such as digital currency, online account opening, efficient money transfer and other innovative applications, are gradually changing the traditional deposit market pattern[5].

To sum up, the relationship between bank deposit strategy and its competitiveness enhancement is multi-dimensional and complex. Decision makers need to consider the macroeconomic environment, market dynamics, technological change and other factors, and comprehensively use qualitative and quantitative analysis methods, such as risk based on risk-The asset and liability matching strategy analysis of the income framework, the use of data mining and customer behavior analysis to optimize customer relationship management, and the improvement of deposit service efficiency with the help of artificial intelligence, so as to systematically enhance the comprehensive competitiveness of the bank deposit strategy at the strategic and operational level.

2. The purpose of the bank deposit strategy research

As a core part of banks business activities, deposit strategy has always been a key factor to e nhance the competitiveness of banks. Bank deposit strategy not only includes interest rate policy, product design, service improvement and market promotion, but also involves the deep integration of complex processes such as customer relationship establishment and maintenance, risk management and asset and liability matching. In the current increasingly fierce competitive environment in the financial market, exploring and optimizing the bank deposit strategy is an important prerequisite for any bank to realize its sustainable development and consolidate its market position. Specifically, the purpose of studying the bank deposit strategy is to play its role in enhancing the competitiveness of banks from the following aspects.

First of all, the research on bank deposit strategy enables banks to design differentiated deposit products according to their own actual conditions to meet the needs of different customer groups. In todays increasingly diversified financial preferences, providing innovative and personalized needs has become the key for banks to attract and retain customers. This not only involves the innovation of traditional deposit products, but also requires the combination of the latest fintech means, such as using blockchain technology to improve the deposit process, and to better predict and meet customer needs through data mining technology[6].

Secondly, by implementing effective deposit strategies, banks can fully cope with market fluctuations and interest rate risks under the context of globalization and macroeconomic policies, and maintain the stability of profit model through flexible interest rate setting and timely adjustment of asset and liability structure, so as to enhance their risk response ability and market competitiveness. For example, banks need to analyze the cost and income of regular deposits, formulate the deposit interest rates in a scientific way, and establish a risk pricing mechanism to optimize the interest margin management.

Thirdly, a perfect deposit strategy helps banks to build a comprehensive and dynamic risk management system. As one of the most important sources of funds, the stability of bank deposit products directly affects the liquidity and solvency of banks. Banks must use evaluation models and management mechanisms, establish targeted risk management systems, and strengthen risk monitoring and risk prevention and control capabilities to ensure that the implementation of deposit strategies can minimize the impact of potential risks.

Finally, the optimization of bank deposit strategy also needs to make full use of information technology and big data. Under the wave of Internet finance, banks are facing a new era full of vitality and opportunities. With the help of big data technology, banks can track and analyze customer behavior, and fully understand the development trend of deposit products in the market, and the demand mode of deposit customers. This can help banks provide more personalized services, enhance customer loyalty and improve market response speed[7].

It can be seen that the purpose of bank deposit strategy research is based on a deep understanding of market demand, customer behavior and fintech progress, and to help banks effectively improve their comprehensive competitiveness in the fierce financial market competition through empirical analysis and innovative strategy design. In practice, it is necessary to conduct in-depth research from multiple aspects, such as product innovation, interest rate optimization, service upgrading and comprehensive risk management, to build a deposit strategy system adapted to the current financial environment, so as to realize the sustainable growth and profit maximization of banking business.

3. Current status quo of bank deposit strategy research

In the current environment of increasingly fierce competition in financial markets at home and abroad, bank deposit strategy, as the key factor for the improvement of bank core competitiveness, has attracted the attention of more and more scholars. Bank deposit strategy not only covers the four dimensions of deposit product innovation, deposit interest rate management, deposit marketing and service, but also its scientific and forward-looking nature are directly related to the steady development of the banking industry and the balance and stability of the financial market. In recent years, many empirical studies at home and abroad show that appropriate deposit strategies can effectively optimize the capital structure, enhance customer loyalty, and enhance the bargaining power and risk resistance ability of banks in the financial market[8][9].

In the research field of the influence of deposit strategy on the competitiveness of banks, China has initially formed a research framework with multiple perspectives. Especially in the aspect of deposit product innovation, many scholars have interpreted the mutual relationship between the deposit product structure and the change of the market environment through the comparative analysis of the deposit products of mature banks at home and abroad, and put forward the corresponding deposit product expansion strategy based on this. In terms of deposit interest rate management, domestic research focuses on the interest rate risk control under the background of the market-oriented reform of deposit interest rate, which involves the impact of the adjustment of benchmark interest rate on the deposit absorption capacity of bank deposits, and then discusses the long-term guiding role of macro-control on bank deposit strategy. When it comes to deposit service and marketing strategy, the research focus turns to the evaluation of customer satisfaction and the quantitative analysis of deposit marketing effect, and reveals the role of different deposit service modes on customer loyalty and the stability of bank funds through empirical data.

With the vigorous development of fintech, digital transformation has also become the marginal field of bank deposit strategy research, and more and more scholars try to examine the deposit strategy from the perspective of scientific and technological innovation. For example, the researchers discuss how to use big data analysis to accurately identify the characteristics of deposit customers and improve the level of personalized design of deposit products. At the same time, how to integrate emerging technologies such as blockchain and artificial intelligence with deposit strategies has also become a new direction of research in this field. In addition, the optimization of user experience-oriented deposit strategies, especially the impact and impact of emerging payment methods such as mobile payment on traditional deposit strategies, is also one of the hot research topics at this stage[10].

Despite the many achievements of the current research, the existing literature still has some limitations. In terms of research methods, most of them still remain in descriptive analysis and case studies, and they are lack of in-depth theoretical deduction and comprehensive multivariate analysis. In terms of research content, it focuses too much on policy analysis at the macro level and product design at the micro level, and pays less attention to the dynamic interaction between the internal management mechanism of banks and the external market mechanism at the middle view level. In addition, the relationship between deposit strategy and the improvement of banks competitiveness mostly depends on static and cross-sectional data analysis, while the research on the dynamic evolution process and internal logic is still relatively weak. The rapid change of market environment and the continuous evolution of consumer behavior have brought new challenges to deposit strategies.

It is necessary to use more advanced statistical methods and models, such as structural equation models(SEM), Event history analysis(Event History Analysis)So as to more accurately reveal the dynamic change law of deposit strategy and its impact on the competitiveness of banks.

In a word, the current situation of the research on bank deposit strategy shows that this field has made a lot of academic progress and practical application results, which provides theoretical support and policy guidance for the survival and development of banks in the fierce financial market competition. The challenge of the future research institute lies in how to combine the emerging technologies, deepen the research depth of deposit strategy, optimize the theoretical model, and provide more scientific basis for the international practice of bank deposit strategy under the background of global financial integration[11].

1.2 The research method and innovation of this paper

Under the background of exploring the deposit strategy as an important factor to enhance the competitiveness of banks, a systematic research methodology is adopted to ensure the rigor and innovation of the research. The core research method of this paper is a multi-case study method combining qualitative analysis and quantitative measurement. By comparing and analyzing the data of different banks, we can explore the specific impact of deposit strategy on the competitiveness of banks. Introducing deposit rate sensitivity for the first time (Deposit Rate Sensitivity, DRS) As an indicator of banks response to market interest rate changes, this index is obtained by regression analysis method, which can more accurately evaluate the effectiveness of bank strategies and the market performance of deposit products. In the rapidly changing financial market, the pricing model of deposit products is adoptedCoxThe proportional risk model can further analyze the dynamic relationship between deposit liquidity and risk, and evaluate the long-term impact of different deposit strategies on the stability and risk exposure of the banking system.

Considering the influence of fintech and the practical application of innovation strategies, this study also focuses on how fintech affects the innovation of deposit products and its correlation with customer satisfaction. Introduce machine learning algorithms, such as random forest (Random Forest) And support vector machines (Support Vector Machine), To predict and analyze the deposit behavior patterns of customers, and the effectiveness of deposit strategies in multi-channel marketing. In addition, it will alter application of technology in personalized product design as a case study object, to study its innovative application in deposit products and to promote its market competitiveness[12].

This study also breaks through the tradition and reveals the far-reaching influence of management leadership style and employee incentive mechanism on the implementation of deposit strategy.on the basis ofHerzbergThe theory of two factors[2], An analytical model including incentive factors and health factors is constructed to investigate how they affect the job satisfaction and performance of bank employees in the implementation of deposit strategy, and then indirectly affect the improvement of the competitiveness of banks.

In terms of innovative research, this paper puts forward a new model to evaluate the impact of deposit strategy on the competitiveness of banks. This model integrates three dimensions of deposit risk management, cost-benefit analysis and market positioning, which can help banks to develop more targeted and high-efficiency deposit strategies. In addition, the study combines market monitoring and influence models[3]To determine the role of deposit strategy in the whole market pricing and asset and liability structure, and to provide banks with strategies to maintain and increase the market share in the dynamic competitive environment.

In general, the methodological innovation in this paper is the organic combination of traditional financial theory and modern financial technology, the mutual verification of empirical analysis and case study, and also emphasizes the importance of humanistic care for the successful implementation of deposit strategy. These studies not only fill the gap in the current literature, provide a new perspective and tool for the follow-up research of the financial market, but also provide empirical basis and theoretical support for the planning and innovation of deposit products of commercial banks[13].

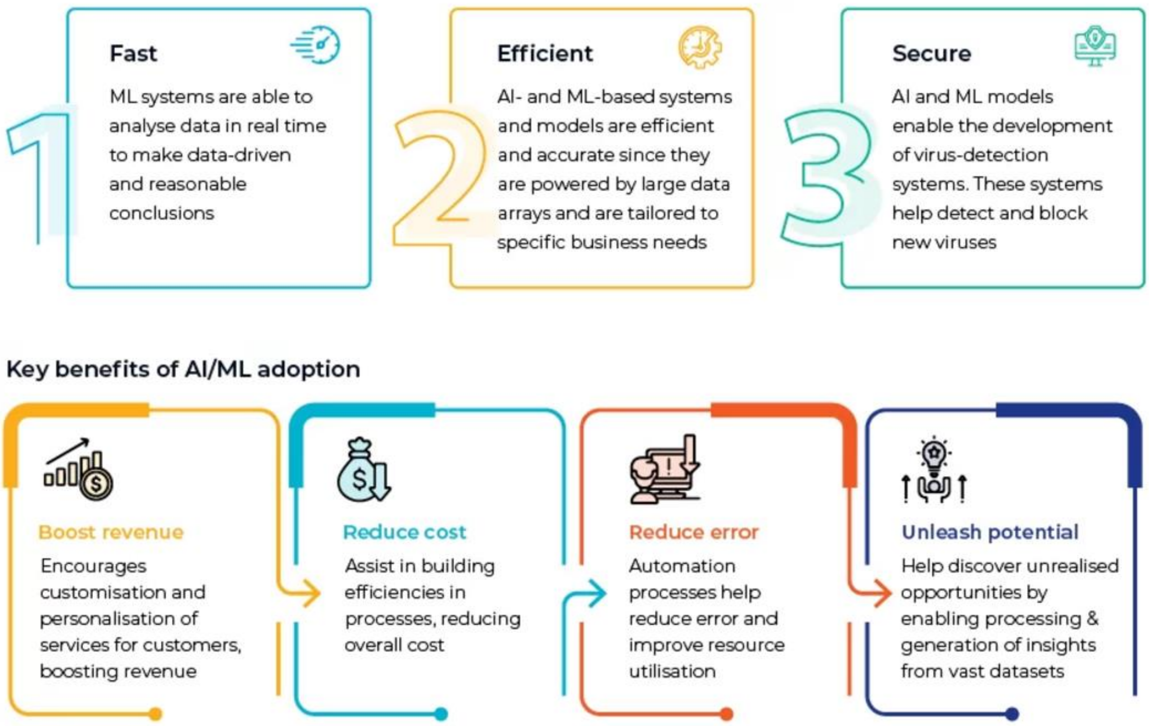

Figure 1.2. Benefits of AI Application in Banking System

As shown in Figure 1.2, the application of AI in the banking system brings numerous conveniences:

1. Fast Analysis: AI systems can analyze data in real-time, making reasonable decisions quickly, especially in fraud detection, customer service, and market analysis.

2. Efficient Processing: AI and ML models are based on large datasets and tailored to specific needs, enhancing operational efficiency and decision quality.

3. Enhanced Security: AI develops virus detection systems, continuously monitoring and analyzing data to identify and mitigate potential security threats.

4. Boosting Revenue: AI personalizes services by understanding customer needs, offering customized products and services, thereby increasing revenue.

5. Reducing Costs: AI automates processes, reducing manual intervention and operational costs.

6. Reducing Errors: Automation improves task accuracy, minimizing human errors.

7. Unleashing Potential: AI analyzes large datasets to discover new business opportunities, such as new market segments or unmet customer needs.

1.3 The structural arrangement of this article

The structural arrangement of this article is designed to provide a comprehensive analysis of how deposit strategies impact bank competitiveness. It begins with an Introduction, which outlines the research focus, objectives, significance, and methodological approach. The introduction establishes the study's relevance and its aim to enhance bank competitiveness through optimized deposit strategies.

Introduction

The article commences with an Introduction that sets the stage for the entire study. This section outlines the research focus, objectives, significance, and methodological approach. The Introduction establishes the study's relevance by highlighting the increasing importance of deposit strategies in the context of heightened financial market competition. It articulates the primary goal of the research—to enhance bank competitiveness through optimized deposit strategies—and provides a roadmap for the subsequent chapters.

Chapter 1: Theoretical Aspects of the Deposit Strategy

Chapter 1 delves into the theoretical foundations of deposit strategies, providing a robust framework for understanding their significance, current status, and methodological innovations. This chapter is divided into several key sections:

1. The Significance, Purpose, and Status Quo of the Bank Deposit Strategy in Enhancing Its Competitiveness: This section discusses the critical role of deposit strategies in enhancing bank competitiveness, exploring how these strategies influence capital costs, customer service experiences, and overall bank performance.

2. The Research Method and Innovation of this Paper: Here, the study introduces advanced quantitative tools such as regression analysis and risk models, emphasizing the innovative application of these methods to evaluate the effectiveness of deposit strategies.

3. The Structural Arrangement of this Article: This subsection, which you are currently reading, provides a detailed overview of the article's structure, ensuring that readers understand the logical progression of the study.

Chapter 2: Analysis of the Current Status and Issues of Interbank Deposits at ICBC Z Branch

Chapter 2 shifts focus to a practical application of the theoretical concepts introduced in Chapter 1. This chapter examines the current status and challenges of interbank deposits at ICBC Z Branch, a specific case study that illustrates the broader principles discussed earlier. The chapter is structured as follows:

1. Current Status and Issues of Interbank Deposits at Z Branch of ICBC: This section provides a detailed analysis of the performance, marketing strategies, product features, interest rate pricing, customer acquisition channels, promotional strategies, team building, and service quality at ICBC Z Branch.

2. Macro Environmental Analysis of Z Branch's Interbank Deposits: Here, the study conducts a comprehensive macro environmental analysis, examining political, economic, social, and technological factors that influence interbank deposits.

3. Marketing Strategies for ICBC Z Branch's Interbank Deposits: This section proposes innovative marketing strategies to improve the efficiency and innovation

of ICBC Z Branch's interbank deposit services, focusing on product, pricing, customer acquisition, promotion, personnel, processes, and services.

Chapter 3: Countermeasures to Improve the Competitiveness of Banks Based on the Deposit Strategy

Chapter 3 provides actionable countermeasures to enhance bank competitiveness, building on the insights gained from the previous chapters. This chapter is structured into several key sections:

1. Chinese Banks Should Optimize the Structure of Deposit Products and Enhance Their Product Competitiveness: This section discusses the importance of optimizing deposit product structures to meet diverse customer needs and enhance market competitiveness.

2. Chinese Banks Should Flexibly Use the Interest Rate Strategy to Improve the Attractiveness of Deposits: Here, the study explores the role of flexible interest rate strategies in enhancing the attractiveness of deposit products, providing practical recommendations for banks to implement these strategies effectively.

3. ICBC Z Branch Interbank Deposit Marketing Strategy Safeguards: This section outlines the regulatory, salary, marketing team, talent, internal control management, and regular inspection and evaluation safeguards necessary to ensure the successful implementation of interbank deposit marketing strategies.

Conclusions

The article concludes with a summary of findings and practical recommendations, emphasizing the integration of theoretical insights and empirical analysis to improve deposit strategies. The Conclusion also identifies limitations and proposes future research directions, providing a foundation for continued exploration of deposit strategies as a driver of bank competitiveness.

The structural arrangement of this article ensures a logical and coherent flow from theoretical exploration to practical applications and strategic recommendations. Each chapter builds on the previous one, providing a comprehensive analysis of how deposit strategies impact bank competitiveness. The Introduction sets the stage, Chapter 1 lays the theoretical foundation, Chapter 2 applies these theories to a specific case study, and Chapter 3 provides actionable countermeasures. The Conclusion summarizes the findings and proposes future research directions, ensuring that the study is both comprehensive and forward-looking.

CHAPTER 2
ANALYSIS OF THE CURRENT STATUS AND ISSUES OF INTERBANK DEPOSITS AT ICBC Z BRANCH

2.1 Current Status and Issues of Interbank Deposits at Z Branch of ICBC

In terms of interbank business, ICBC has strengthened collaboration with development finance institutions and policy banks, leveraging complementary advantages to support national infrastructure and major project financing needs. The bank has enhanced syndicated loan cooperation for strategic projects such as equipment manufacturing, green energy, and infrastructure connectivity. It has also consolidated and advanced cooperation in “Belt and Road” projects, continuously deepened the docking of financial infrastructure services, and achieved several milestones. These include being among the first to obtain the designation of custodian bank for commodity swaps at the Shanghai Futures Exchange, initiating warehouse receipt pledge registration and financing with the Dalian Commodity Exchange, acquiring settlement bank qualifications for domestic bond market connectivity, and managing margin accounts for the Guangzhou Futures Exchange. The bank has also introduced new financial service models for the real economy, innovated in bank-securities-venture-loan integration, and leveraged complementary strengths with insurance companies. Furthermore, it has collaborated with the Dalian Commodity Exchange to establish the "Standard Hog Delivery Warehouse" in Dazhou City, Sichuan Province, promoting local livestock industry upgrades. Additionally, the bank’s bill economy business serves over 8,000 corporate clients, creating new momentum for serving small and micro-enterprises[14].

As a branch of ICBC, Z Branch adheres to the value philosophy of "Integrity Leads to Excellence, Service Brings Success," setting high standards and maintaining a proactive approach. With steady improvements in operational and management indicators exceeding expectations, Z Branch has sustained steady growth in all interbank deposit performance metrics this year.

Introduction to Z Branch

ICBC, one of China's major state-owned banks, had a total of 16,000 institutions by the end of 2022. Among these, Z Branch is a designated provincial capital and secondary branch, a key secondary branch under the Henan Provincial Branch. Z Branch oversees 20 sub-branches, which in turn manage 147 outlets.

At the Z Branch headquarters, there are specialized departments such as Institutional Banking, Corporate Banking, and Personal Banking, totaling 11 business departments; 4 management departments, including the Office and Human Resources; and 6 back-office support departments, such as Finance & Accounting and Financial Technology.

Each of the 20 sub-branches has 4 business marketing departments: Personal Banking, Corporate Banking, Settlement & Cash Management, and Personal Credit; and 2 back-office support departments: Comprehensive Management and Operations Risk Management. The outlets under the sub-branches employ positions such as Branch Manager, Deputy Manager, Business Operations Manager, Financial Advisor, Lobby Manager, and Customer Service Manager.

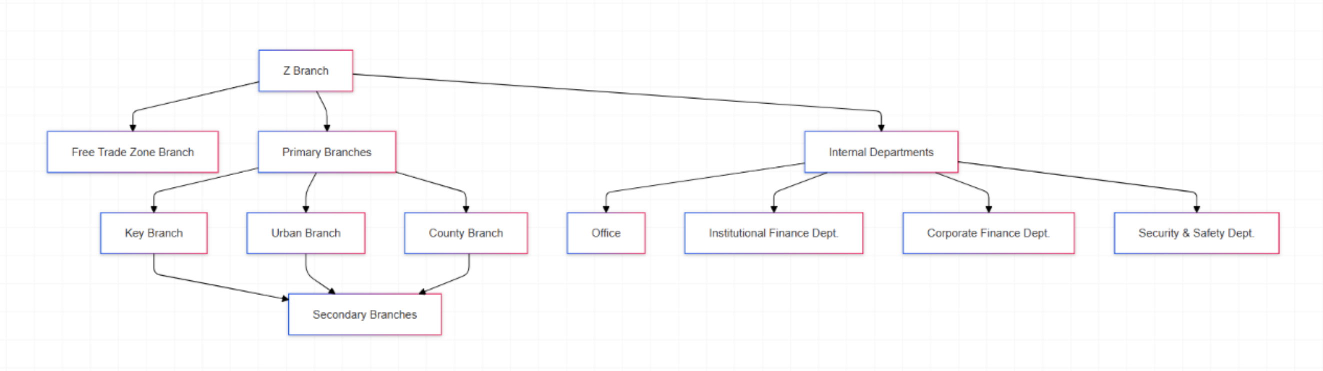

Figure 2.1. Organization diagram of Z Branch

By the end of 2022, ICBC employed 420,000 staff, with the majority (400,000) working in the head office and domestic branches. ICBC’s domestic major holding companies had 7,619 employees, while overseas institutions employed 16,000. Z Branch, a subsidiary of ICBC, had 3,569 employees.

Employee Education Levels:

- Master's degree: 10.5%
- Bachelor's degree: 62.8%
- Associate degree: 20.5%
- Below associate degree: 6.2%
- Employee Age Distribution:
- Under 30 years old: 20.4%
- 31–40 years old: 29.2%
- 41–50 years old: 21.4%
- Over 50 years old: 29%

Employee Gender Ratio: Balanced distribution.

By the end of 2022, Z Branch's total deposit balance reached RMB 289.3 billion, with various deposit balances totaling RMB 267 billion, comprising RMB 117.2 billion in corporate deposits, RMB 141.4 billion in savings deposits, and RMB 21.7 billion in interbank deposits. Total loan balances amounted to RMB 324 billion, including RMB 178 billion in corporate loans and RMB 140.6 billion in personal loans[15].

By September 2023, Z Branch's total deposit balance increased to RMB 312 billion, with various deposit balances rising to RMB 284.9 billion, including RMB 110.5 billion in corporate deposits, RMB 183 billion in savings deposits, and RMB 28.4 billion in interbank deposits. Total loan balances grew to RMB 357.3 billion, including RMB 208.6 billion in corporate loans and RMB 145.2 billion in personal loans.

Overall Scale

Interbank deposits are a critical performance indicator for Z Branch. To analyze the development of its interbank deposits, data from the past three years (2020–2022) was reviewed. The end-of-period interbank deposit balance grew from RMB 17.057 billion to RMB 22.658 billion, a 34.9% increase. The average daily balance rose from RMB 18.362 billion to RMB 48.893 billion, a 157.7% increase.

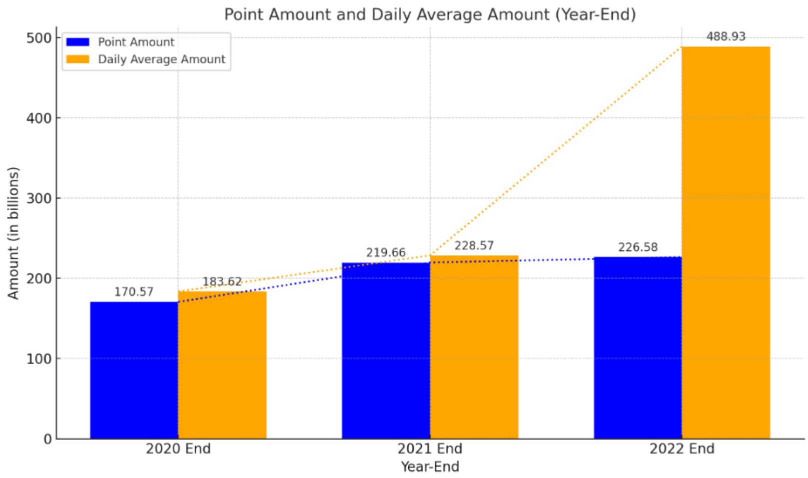

Figure 2.2. Interbank Deposits of Z Branch in the Last Three Years

By the end of July 2023, Z Branch consistently ranked first in interbank deposit performance among the four major state-owned banks in its region for six months (January, February, April, May, June, and July). It ranked second in March. This demonstrates Z Branch's competitive advantage in interbank deposits within its regional market, achieving consecutive first-place rankings for six months[16].

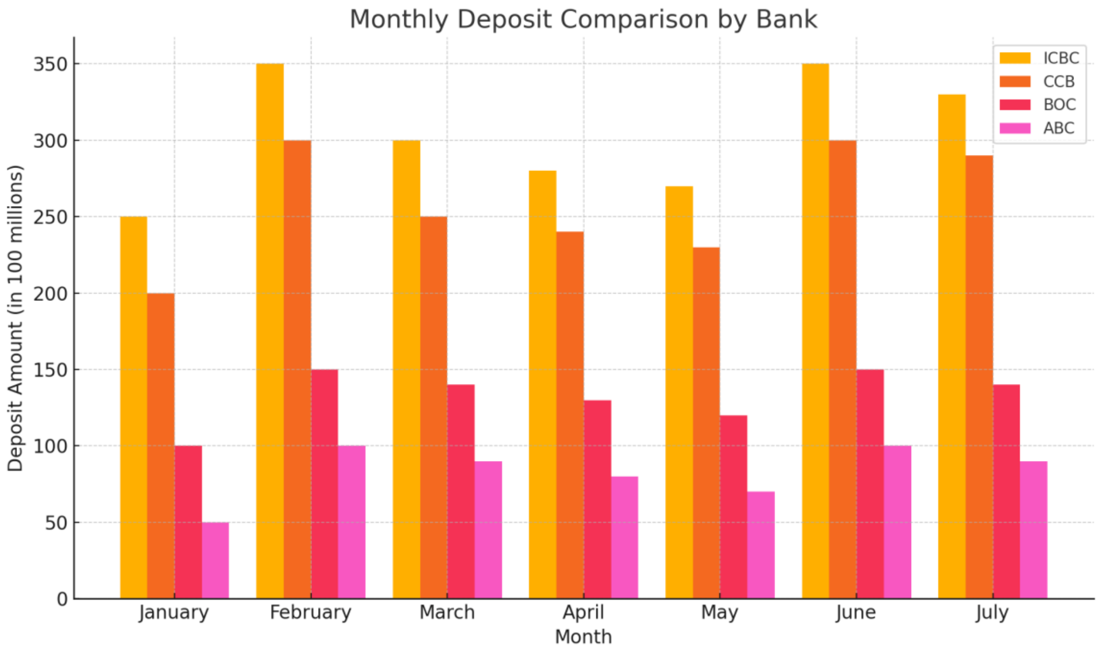

Figure 2.3. Interbank Deposits of the Four Banks in the Region of Z Branch in 2023

Business Categories

Interbank deposits can be categorized based on the source of funds into deposits from deposit-taking financial institutions and non-deposit-taking financial institutions.

Deposit-taking financial institutions primarily gather funds through various deposits, which are then lent to entities in need or invested in securities to generate income. Common examples include commercial banks, credit cooperatives, and financial companies[17].

In contrast, non-deposit-taking financial institutions rely on other means to raise funds, such as insurance premiums, trust funds, and securities issuance, to support their operations.

For this analysis, deposit-taking financial institutions are grouped under the "banking sector," while non-deposit-taking institutions are grouped under the "non-bank sector." Collaboration between non-bank institutions and commercial banks mainly involves clearing and settlement funds, which form the primary source of non-bank deposits in interbank deposits.

Current Status of Interbank Deposit Marketing at Z Branch

In recent years, Z Branch has achieved stable growth in interbank deposits. By applying the 7P marketing theory, Z Branch can comprehensively understand market demands, competitive dynamics, and its own development status. This enables the branch to formulate more precise marketing strategies, better meet customer needs and behaviors, provide products and services that align with market demands, and enhance market share and competitiveness[18].

Product Features

(1) Bank-to-Bank Cooperation Products

Bank-to-bank cooperation refers to the collaborative business between banks. It involves Z Branch engaging in comprehensive financial cooperation—covering assets, liabilities, and intermediary businesses—with banking clients as counterparts or partners, under effective risk control and with the goal of enhancing overall contributions[19].

Located in a significant national transportation hub and trade logistics center, Z Branch collaborates with a diverse range of banks. It remains customer-centric and prioritizes risk control in business partnerships. By establishing specialized marketing teams and utilizing digital tools, Z Branch systematically promotes scenario-based ecosystem cooperation, thereby increasing the overall contribution of bank-to-bank cooperation to the branch. Key clients include 10 joint-stock banks, 2 urban commercial banks, 7 rural commercial banks, and 1 rural credit cooperative, ensuring a comprehensive range of banking clients. Among seven categories of cooperative products, clearing and settlement products are the first choice for banking clients. For instance, branches of joint-stock banks leverage Z Branch's resource advantages to conduct agency cash replenishment and settlement-based interbank deposit businesses.

Table 2.1

Introduction to Bank-to-Bank Cooperative Products

Product Name	Details of Cooperation
Fund Financing	Interbank lending, non-settlement interbank deposits, bond lending, bond repurchase, bill repurchase, interbank payments, precious metals lending/renting, bill discounting and rediscounting, transactions in various bonds, interest rates, and exchange rates.
Capital Supplement	Underwriting and investment in secondary capital bonds, perpetual bonds, and preferred shares.
Asset Management	Lead underwriting of financial bonds and asset-backed securities, investment in financial bonds and interbank certificates of deposit, syndicate loans, investment banking advisory services, and trustee services, among others.
International Business	Credit support from quality financial institutions, international syndicate asset transactions, agency international settlements, trade financing, and overseas entrusted agency business.
Financial Technology	Platforms for anti-money laundering, market risk management, credit management solutions, and corporate customer management systems.
Clearing and Settlement	Establishment of agent bank relationships, agency domestic and foreign currency payment systems, CIPS access, clearing for the Shanghai Clearing House, cash replenishment agency, and interbank deposit clearing.
Innovative Services	Cooperation in digital RMB, bank interconnection platforms, electronic trading platforms, and more.

(2) Bank-Trust Cooperation Products

Trust companies are financial institutions established under the "Trust Law" and related regulations, approved by the China Banking and Insurance Regulatory Commission to operate trust businesses[20].

Bank-trust cooperation refers to the collaboration between Z Branch and trust companies in areas such as financing, investment, underwriting, liabilities, asset management, agency sales, trust property custody, outsourcing, investment banking advisory, family trusts, loan asset securitization, loan asset transfers, and other intermediary businesses. Z Branch collaborates with two local trust companies, primarily offering interbank deposits, non-standard agency cooperation quotas, asset custody services, proprietary investments, investment banking intermediary services, and interbank structured products[21].

Table 2.2

Introduction to Bank-Trust Cooperative Products

Product Name	Details of Cooperation
Fund Lending	Interbank lending and borrowing, bond repurchase.
On-Balance Sheet Investment	Investment in SPVs established by trusts for non-standard assets, investment in pooled non-standard asset packages, and standardized asset-backed securities.
Loan Asset Securitization	Acting as trustee for securitized loan assets issued by Z Branch.
Asset Management Services	Services include underwriting asset-backed securities issued by trust companies, non-standard investment, standardized investment, and asset-backed securities.
Private Banking	Cooperation in personal trust loans and family trust business.

(3) Bank-Securities Cooperation Products

Securities institutions refer to legal entities approved by the China Securities Regulatory Commission to engage in securities business within the People's Republic of China, excluding Hong Kong, Macau, and Taiwan. These institutions include financial infrastructure entities such as the China Securities Depository and Clearing Corporation, Shanghai Stock Exchange, Shenzhen Stock Exchange, and others.

Bank-securities cooperation involves Z Branch leveraging its premium brand, licenses, financial strength, customer resources, and technological advantages to provide comprehensive, high-quality, and professional financial services to various securities institutions. These services encompass liability business, fund financing, fund settlement, bond transactions, asset management, investment banking, transaction services, and more. Z Branch collaborates with one local securities company, primarily providing services such as third-party custody, fund settlement, and margin deposits.

Table 2.3

Introduction to Bank-Securities Cooperative Product

Product Name	Details of Cooperation
Fund Financing	Interbank lending.
Fund Settlement	Third-party custody, margin financing, agency settlement, and broker clearing.
Bond Transactions	Bond lending, underwriting of securities institution bonds, bond repurchase, and bond distribution.
Retail Financial Services	Agency sales of asset management products, payroll services, and retail product recommendations for securities companies and employees.
Asset Custody Services	Capital intermediation, investment management, and fund custody for securities company-managed funds.
Investment Banking	Services include private equity investment, mergers and acquisitions loans, financial advisory, and consulting.

(4) Bank-Futures Cooperation Products

Futures clients include institutions such as the China Futures Market Monitoring Center, Shanghai Futures Exchange, and futures companies with their asset management and risk management subsidiaries[22].

Bank-futures cooperation refers to the collaboration between Z Branch and futures clients across six categories: brokerage business, asset management, OTC business, innovation, internationalization, financial inclusion, and foundational services. With effective risk control, Z Branch integrates internal resources to meet market demands, promoting comprehensive business cooperation. The branch works with two local futures companies, focusing on futures margin deposits and fund settlement.

Table 2.4

Introduction to Bank-Futures Cooperative Products

Product Name	Details of Cooperation
Futures Brokerage	Futures margin deposits and industrial client co-development.
Asset Management	Standardized agency investment and sales.
OTC Business	Standard warehouse receipt pledge financing and OTC derivatives custody.
Internationalization	Listing of international products and NRA account opening.
Financial Inclusion	Bank + Futures + Insurance collaboration.
Foundational Services	Account opening, fund settlement, foreign exchange, and payroll services.

(5) Bank-Finance Cooperation Products

Finance companies are non-banking financial institutions established under the "Administrative Measures for Enterprise Group Finance Companies" to provide financial services to enterprise group members, aiming to centralize fund management and improve efficiency[23].

Bank-finance cooperation refers to Z Branch collaborating with finance companies and their enterprise groups on comprehensive business needs, including asset, liability, and intermediary services. Focusing on market demand and resource sharing, Z Branch works with two local finance companies, primarily offering interbank deposits, bank-enterprise connectivity, payroll services, fund pooling, and flexible account options.

Current Status of Interbank Deposit Marketing at Z Branch

In recent years, Z Branch has achieved stable growth in interbank deposits. By applying the 7P marketing theory, Z Branch can fully understand market demands, competitive conditions, and its own development, enabling the formulation of more accurate marketing strategies. This helps in better understanding customer needs and behaviors, providing products and services that meet market demand, and enhancing market share and competitiveness[24].

Product Features

Table 2.5

Introduction to Silver Finance Cooperative Products

Product Name	Details of Cooperation
Institutional Business	Establishing domestic agent bank relationships.
Financial Market Business	Specialized business: Bond repurchase, interbank lending (outgoing), interbank payment, non-settlement interbank deposits (incoming), reverse bond repurchase, interbank lending (incoming). Non-specialized business: Foreign currency interest rate derivatives transactions, RMB exchange rate spot and derivatives transactions, bond borrowing and lending, RMB bond interbank market-making transactions, etc.
Asset Management Business	Transfer of financial company loan assets, fund and wealth management product purchases.
Settlement Revenue and Expenditure Business	Agency foreign exchange, targeted collection and payment, payment quota control, payroll services, bank-enterprise connectivity, domestic and global cash management services, and electronic banking for enterprises.
Bill Business	Specialized business: Bill repurchase, reverse bill repurchase. Non-specialized business: Bill rediscounting, direct discounting, and electronic bill agency access.
Clearing Business	Agency clearing for interbank and domestic foreign currency clearing.
Financial Technology Services	Data center hosting services, technology system development services, treasury systems, ICBC Fusion, and financial technology products such as ICBC Finance Cloud.
Online Business	Online financial products and financing products.
Information Services	Financial intelligence services such as ICBC e-Trust, cash management reports, and comprehensive account reports.
International Business	Agency international settlement.
Investment Banking Business	Services include long-term financial advisory, debt financing advisory, merger and acquisition advisory, and financial restructuring advisory.
Corporate Business	Joint lending, fixed-income investment agency, and insurance agency services.

Interest Rate Pricing

Z Branch uses two pricing models for interbank deposit interest rates: floating rates and fixed-term rates.

1. Floating Rate Pricing:

The floating rate for interbank deposits applies to the settlement accounts opened at Z Branch by interbank clients such as banks, securities companies, finance companies, futures companies, and trust companies. Pricing is categorized into key clients and general clients. The current standard floating rate is 0.35%. Key clients may be eligible for preferential rates higher than the floating rate upon application, subject to approvals from relevant departments and headquarters[25].

2. Fixed-Term Pricing:

Fixed-term interbank deposit rates follow a differentiated pricing strategy and are managed centrally by the Financial Markets Department at headquarters. Z Branch gathers client pricing inquiries and submits them for approval through the MMTA system, referencing the daily weighted repo rates published by the China Foreign Exchange Trade System.

Customer Acquisition Channels

As of July 2023, Z Branch's interbank clients spanned nine categories: futures, securities, banking, trusts, finance companies, custody services, financial commodity exchanges, consumer finance, and financial leasing companies[26].

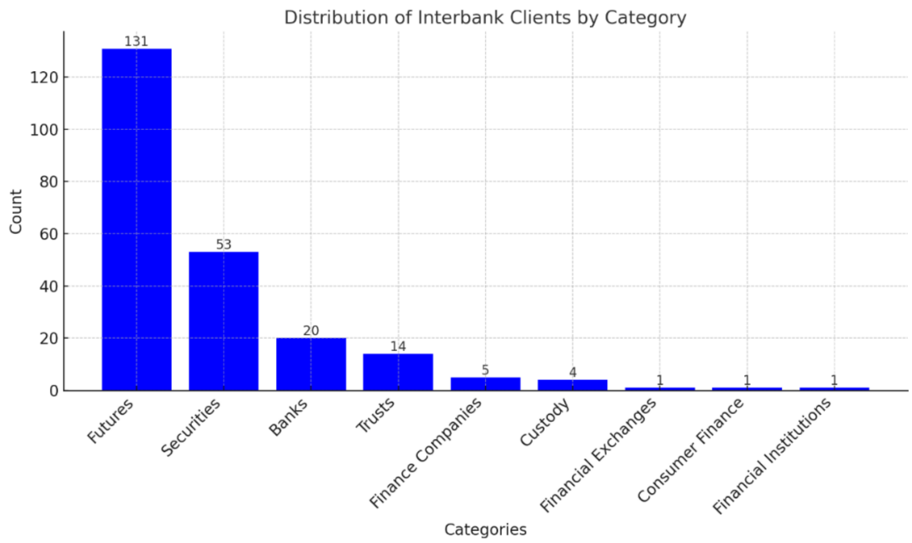

Figure 2.4. Statistics of Interbank Customer Types in Z Branch

Z Branch has 230 interbank clients, with the top three categories being futures companies (131 clients, 57%), securities companies (53 clients, 23%), and banks (20 clients, 9%). Non-bank financial institutions make up the majority of Z Branch's interbank clients[27].

Customer acquisition primarily relies on traditional offline channels:

1. Branch Manager Visits: Sales responsibilities are distributed among branches and staff, who leverage personal networks to attract clients.

2. Referral Model: Senior account managers introduce existing clients to junior managers, who further expand the client base through excellent service.

3. Brand Effect: The reputation of ICBC as a state-owned bank attracts interbank clients seeking to collaborate with a prominent institution.

Promotional Strategies

Z Branch emphasizes brand promotion through the following measures:

1. Branch Promotions: Utilizing digital displays, banners, posters, promotional videos, and leaflets at branches to introduce ICBC products and services.

2. External Media: Advertising on platforms such as TV, Weibo, Xiaohongshu, and Douyin, and placing ads in high-traffic locations like train stations.

3. Internal Media: Promoting interbank products via in-branch screens, WeChat accounts, and counters with brochures, posters, and roll-up banners.

4. Online Campaigns: Hosting virtual events, such as webinars and interactive activities, to engage clients and introduce interbank products.

5. Employee Advocacy: Encouraging staff to share product and service information through their social media accounts to enhance trust and visibility.

Team Building

The Institutional Banking Department at Z Branch has established a dedicated interbank team, led by a deputy general manager, to oversee interbank deposit marketing and strategic planning.

1. Specialized Teams: Each of the 20 sub-branches is required to assign 1–2 account managers specializing in interbank business, with larger branches allocating up to 5 managers or forming flexible teams[28].

2. Training Programs: Regular training sessions enhance team members' knowledge and skills in areas such as product expertise and communication.

3. Cross-Department Collaboration: Interbank business involves multiple departments such as corporate banking, international business, and asset-liability management, necessitating coordinated efforts.

Professional Competence

Z Branch emphasizes expertise in "interbank business," focusing on growth and development trends. Key aspects include:

1. Professional Knowledge: In-depth understanding of market dynamics, policies, and risk control in interbank business.

2. Skills: Proficiency in operations and financial analysis to swiftly adapt to market changes.

3. Industry Insights: Ability to analyze market trends and adjust strategies to meet client needs.

4. Risk Management: Effective identification and control of interbank business risks.

5. Team Collaboration: Strong coordination with other departments to provide integrated services.

Service Quality

ICBC is committed to building a world-class financial institution with Chinese characteristics, emphasizing high-quality services as its cornerstone[29].

Z Branch adopts an integrated service model combining online and offline approaches. It enhances client journeys through digital platforms such as mobile banking, WeChat public accounts, and mini-programs, while promoting its "Cloud ICBC" contactless service brand. Initiatives like "Code Sharing Partners" marketing and enterprise WeChat integration empower offline marketing to better meet client needs.

Marketing Research on Interbank Deposits at Z Branch

To gain deeper insights into the marketing strategies for interbank deposits at Z Branch, this study adopts the 7P marketing theory to analyze the current marketing situation and make targeted optimizations. The analysis spans seven dimensions: product features, interest rate pricing, customer acquisition channels, promotional strategies, team building, professional capabilities, and service quality. Two research methods were used: questionnaire surveys for external interbank customers and field interviews with internal branch account managers. These approaches aim to identify problems and propose effective solutions from multiple perspectives[30].

Questionnaire Survey

1. Purpose of the Questionnaire Survey

A total of 219 interbank clients of ICBC's Z Branch were surveyed to evaluate the current state of interbank deposit marketing from the customers' perspective. The goal was to identify existing problems in Z Branch's interbank deposit marketing efforts[31].

2. Survey Content Planning

The questionnaire was meticulously designed with 16 questions across four main sections:

- Client Background: Information on the clients' operational history and industry to understand their business context.
- Fund Circulation: Questions about circulation channels, interest rate levels, and key client concerns to understand their interest rate preferences.
- Marketing Evaluation: Nine questions addressing product features, interest rates, customer acquisition, promotions, team building, professional capabilities, and service quality to assess client satisfaction and uncover marketing issues.
- Open-Ended Feedback: A subjective question inviting suggestions for improving interbank deposit products and services.

3. Survey Implementation Process

The survey was distributed via the "Questionnaire Star" platform under the title “Survey on Interbank Deposit Marketing” to collect relevant information. The survey began on November 10, 2023, and lasted for one month. A total of 219 questionnaires were distributed, with 198 valid responses collected, yielding a high effective response rate of 90.4%. This data provides valuable insights into customers' perceptions and suggestions regarding interbank deposit services.

Field Interviews

1. Purpose of Field Interviews

In addition to the questionnaire survey, field interviews with branch account managers were conducted to supplement and enrich the data. These interviews aimed to uncover specific issues in Z Branch's interbank deposit marketing efforts.

2. Interview Outline

Interview Topics: Challenges and issues in Z Branch’s interbank deposit marketing.

- How satisfied are you with the current state of interbank deposit marketing at Z Branch?
- How do you evaluate the market competitiveness of Z Branch’s interbank products? What notable issues exist?
- What is your opinion on Z Branch’s interbank interest rate pricing? Are there any issues?
- Do you think the customer acquisition channels for interbank clients at Z Branch need improvement? If so, what are the issues?
- Do you feel that Z Branch’s promotional efforts for interbank deposits are sufficient?
- Are you a dedicated interbank account manager?
- Do you hold professional certifications?
- Do you think Z Branch’s account managers provide excellent service?

3. Implementation of Field Interviews

The interviewees included branch managers, department managers, and account managers, who are key players in interbank deposit marketing. With their grassroots involvement, they offer accurate and effective feedback on market responses. The interviews were conducted over one month, from mid-December 2023 to the end of January 2024, across 20 branches (13 in urban areas and 7 in suburban areas). Approximately six people per branch were interviewed, resulting in a total of 94 participants: 80 account managers and 14 management staff. The detailed interview content is provided in Appendix II.

Existing Problems

Insufficient Competitiveness of Interbank Products

Table 2.6

Summary of Product Questionnaire Survey Results

Question	Response Options	Number of Responses	Proportion (%)
Would your company choose Z Branch's interbank products?	Very willing	24	12.1%
	Willing	40	20.2%
	Neutral	106	53.5%
	Unwilling	29	14.6%

From the survey, only 64 customers (32.3%) expressed willingness to choose Z Branch’s interbank products. Meanwhile, 106 customers (53.5%) were neutral, and 29 customers (14.6%) were unwilling. This indicates a lack of competitiveness in Z Branch's interbank products.

Table 2.7

Summary of On-Site Product Interviews

Question	Response Options	Number of Responses	Proportion (%)
How competitive do you think Z Branch's interbank products are?	Strong	10	10.6%
	Neutral	32	34.0%
	Weak	52	55.3%

Field interviews revealed that only 10 staff members (10.6%) considered Z Branch’s interbank products competitive, while 52 (55.3%) rated the competitiveness as weak. Discussions with branch staff confirmed that Z Branch's interbank products lack competitiveness.

Limited Interest Rate Advantage

Table 2.8

Summary of Survey Results on Interbank Interest Rates

Question	Interest Rate Range	Number of Responses	Proportion (%)
What is the interest rate for your company's interbank cooperation?	0.35%-0.72%	0	0.0%
	0.72%-1%	18	9.1%
	1%-1.5%	32	16.2%
	1.5%-2%	108	54.5%
	Over 2%	40	20.2%

The majority of respondents (54.5%) reported working with an interest rate between 1.5%-2%, while 20.2% reported rates over 2%. This indicates that Z Branch's interbank rates are generally on the higher side.

Table 2.9

Summary of Survey Results on Interbank Interest Rate Pricing

Question	Response Options	Number of Responses	Proportion (%)
How do you perceive Z Branch's interbank rate pricing?	High	0	0.0%
	Slightly High	22	11.1%
	Neutral	108	54.5%
	Slightly Low	68	34.3%

Most customers (54.5%) considered the pricing neutral, while 34.3% found it slightly low.

Table 2.10

Summary of On-Site Interviews on Interbank Interest Rate Pricing

Question	Response Options	Number of Responses	Proportion (%)
How do you perceive Z Branch's interbank rate pricing?	High	5	5.3%
	Slightly High	18	19.1%
	Neutral	32	34.0%
	Slightly Low	39	41.5%

Field interviews revealed that 41.5% of respondents considered Z Branch's pricing slightly low, indicating that its rate advantage is not significant.

Limited Customer Acquisition Channels

Table 2.11

Summary of Survey Results on Customer Acquisition Channels

Question	Response Options	Number of Responses	Proportion (%)
How did your company learn about Z Branch's interbank products?	Website	28	14.1%
	Employee Marketing	80	40.4%
	Branch Posters	34	17.2%
	Peer Recommendation	56	28.3%

Most respondents learned about products through employee marketing (40.4%) or peer recommendations (28.3%).

Table 2.12

Summary of Survey Results on Network Layout

Question	Response Options	Number of Responses	Proportion (%)
How do you rate Z Branch's network layout?	Very Reasonable	0	0.0%
	Somewhat Reasonable	26	13.1%
	Neutral	72	36.4%
	Unreasonable	100	50.5%

50.5% of respondents found the network layout unreasonable, highlighting insufficient customer acquisition channels.

Ineffective Promotional Strategies

Table 2.13

Summary of Promotional Questionnaire Survey Results

Question	Response Options	Number of Responses	Proportion (%)
Has your company received promotional material for Z Branch's interbank deposits?	Yes	54	27.3%
	No	110	55.6%
	Not Interested	34	17.2%

55.6% of respondents stated they had not received any promotional material, indicating poor outreach.

Insufficient Employee Skills

Table 2.14

Summary of Survey Results on Professional Quality of Customer Managers

Question	Response Options	Number of Responses	Proportion (%)
Does Z Branch's customer manager team have sufficient professional skills?	Yes	26	13.1%
	Somewhat	40	20.2%
	Neutral	46	23.2%
	No	84	42.4%

42.4% of respondents rated professional skills as insufficient.

Low Team Building Evaluation

Table 2.15

Summary of Team Building Questionnaire Survey Results

Question	Response Options	Number of Responses	Proportion (%)
Can Z Branch's current marketing team meet daily business needs?	Yes	16	8.1%
	Somewhat	36	18.2%
	Neutral	44	22.2%
	No	102	51.5%

51.5% of respondents stated that the current team does not meet daily business needs.

Subpar Service Experience

Table 2.16

Summary of Service Experience Questionnaire Survey Results

Question	Response Options	Number of Responses	Proportion (%)
How would you rate Z Branch's service quality?	Very Satisfied	22	11.1%
	Satisfied	38	19.2%
	Neutral	86	43.4%
	Unsatisfied	52	26.3%

43.4% of respondents rated the service as neutral, while 26.3% were dissatisfied, indicating room for improvement.

Cause Analysis

Lack of Diversification in Interbank Products

The scope of interbank deposit products is limited by the comprehensive evaluation ratings of interbank customers. According to the headquarters' regulations, customers such as banks, securities firms, futures companies, trust companies, and finance companies are assigned annual ratings (A, B, C, D, E) based on factors like asset scale, profitability, capital adequacy, risk levels, compliance, and their overall contribution to Z Branch. The permissible business operations vary depending on the rating.

1. Bank-Trust Cooperation Dependent on Real Estate Trends

Z Branch works with two trust companies. In recent years, stricter regulations on the trust industry have limited trust accounts to project-specific accounts. Before the pandemic, during a booming real estate market, trust projects often targeted real estate assets, leading to steady growth in interbank deposits. However, regulatory measures on the real estate industry, such as restrictions on purchases, loans, and prices, forced the trust industry to pivot towards family trust models. From January to July 2023, trust companies contributed only 1.86% at peak to Z Branch's interbank deposits, highlighting their low contribution[32].

2. Bank-Securities Cooperation Dependent on Stock Market Trends

Z Branch serves one local securities company and several branches of national securities firms. Deposits from these firms, particularly margin deposits, are significantly influenced by stock market performance. In months when investor confidence surged (e.g., February, April, and July 2023), interbank deposits from securities companies increased, contributing between 12%-18% to Z Branch's deposits.

3. Bank-Finance Cooperation Dependent on Interest Rate Policies

Z Branch collaborates with four finance companies, including two branches of large state-owned finance companies (ZDL and ZSH) and two local finance companies (YT and NY). Finance companies prioritize interest rates on current accounts due to their focus on managing liquidity for group companies. Deposits from finance companies peaked in months where interest rates offered by Z Branch were higher. However, Z Branch lacks products to meet the diversified needs of finance companies[33].

Lack of Flexibility in Interest Rate Pricing

1. Weak Interest Rate Premium Capability and Lack of Policy Support

Z Branch’s interbank deposit rates are managed by the Asset-Liability Management Department, while the Institutional Banking Department is responsible for deposit growth metrics. Unlike competitors such as CCB and ABC, which have flexible rate authorization policies, Z Branch requires multiple levels of approval for offering preferential rates, leading to inefficiencies and weak competitive positioning.

2. Limited Competitive Edge Due to Differentiated Pricing Strategy

ICBC headquarters applies differentiated pricing strategies, favoring major cities like Beijing, Shanghai, Guangzhou, and Shenzhen, which are authorized to offer rates 30-50 basis points above internal transfer prices. This resource allocation undermines Z Branch’s competitiveness and contributes to internal inefficiencies[34].

3. Inability to Respond to Market Changes

Z Branch's rigid pricing structure prevents it from adapting to market dynamics or customer preferences, leading to potential deposit losses and reduced market competitiveness.

4. Impact on Profitability

Low rates may cause customer attrition and revenue losses, while high rates increase cost pressures.

5. Risk Management Challenges

Inflexible pricing hinders risk control, potentially leading to insufficient returns to cover risks or inverted interest rate scenarios.

Unbalanced Customer Structure

1. Disparities Among Branches

Among Z Branch's 20 sub-branches, customer distribution varies significantly. For instance, JS Sub-Branch has 143 interbank clients across diverse industries, while two sub-branches have no interbank clients at all.

2. Concentration on Major Clients

Z Branch serves nine industries, including futures companies, securities firms, and finance companies. However, major contributions to interbank deposits come from a few large clients, leading to unstable deposit sources and higher costs due to preferential rates offered to attract them.

Limited Customer Acquisition Channels

1. Reliance on Offline Channels

Z Branch mainly acquires customers through local relationships and offline marketing. Futures company clients, for example, are sourced through local commodity exchanges, while other clients are limited to local branches or offices.

2. Dependence on Local Resources

While Z Branch has established relationships with local financial institutions, the limited local resources require the branch to expand its reach nationally. Policies and incentives should encourage customer managers to explore financial resources beyond the local market.

Weak Professional Capabilities of Marketing Teams

1. Insufficient Professional Expertise

Customer managers often lack specialized knowledge about industries outside their primary focus. For example, managers at JS Sub-Branch excel in futures industry knowledge but lack expertise in banking or trust products. Inadequate training from upper-level branches further exacerbates the knowledge gap[35].

2. Weak System Operations Skills

Interbank operations involve multiple systems, such as credit, financial markets, and asset-liability management systems. Infrequent use of these systems at branch level leads to inefficiencies and longer response times to customer needs.

3. Uneven Skill Levels Among Customer Managers

While younger managers excel in acquiring certifications, experienced managers are relied upon for maintaining client relationships due to their expertise and networks. However, aging staff often struggle with adapting to rapidly evolving interbank market demands[36].

Inefficiencies in Multi-Department Management

1. Product Management

Interbank deposit products involve multiple departments, such as Institutional Banking, Financial Markets, and Investment Banking, resulting in lengthy processes and inefficiencies due to interdepartmental silos.

2. Interest Rate Pricing

Marketing teams lack autonomy in rate decisions, requiring approvals from the Asset-Liability Management Department, which slows down decision-making and hinders competitiveness.

Lack of Proactive Service Awareness

1. Insufficient Focus on Interbank Clients

Many branches view interbank clients as competitors rather than partners. This perception, combined with declining employee morale and frequent turnover, results in poor customer service and occasional complaints.

2. Limited Understanding of Interbank Deposits

Customer managers lack clear knowledge of interbank deposits, including their types, roles, and market significance. This knowledge gap, coupled with low engagement in training or industry events, hinders their ability to identify risks and market opportunities effectively[37].

2.2 Macro Environmental Analysis of Z Branch's Interbank Deposits

Political Environment Analysis

In 2023, the Chinese government introduced a series of banking-related policies to ensure stable economic operations. These policies aim to align the growth rate of broad money supply and social financing scale with nominal economic growth, reduce financing costs for enterprises and individuals, and maintain the RMB exchange rate within a reasonable and balanced range. Financial institutions are expected to play a critical role in stimulating domestic demand, supporting key infrastructure projects, and facilitating the implementation of major initiatives[38].

The government remains committed to equitable treatment for all enterprises, regardless of ownership structure, with particular attention to addressing financing difficulties faced by private and small enterprises. Key measures include the full implementation of 16 financial policies to support the stable and healthy development of the real estate market. Additionally, financial risk prevention and mitigation are being strengthened through enhanced management of the Financial Stability Guarantee Fund and the optimization of the macroprudential management system. Supervision of systemically important banks and financial holding companies has also been intensified to ensure the stability of the financial system[39].

New regulatory policies have been issued to support the steady development of the banking sector, including:

- Regulations: Measures for the Management of Related Party Transactions of Banking and Insurance Institutions and Implementation Rules for the Expected Credit Loss Method for Commercial Banks.
- Revised Guidelines: Supervisory Evaluation Measures for Corporate

Governance of Banking and Insurance Institutions and Management Measures for Commercial Bill Acceptance, Discounting, and Rediscounting.

－ Other Policies: Financial measures to support small and micro-enterprises, 16 measures to stabilize the real estate market, and the implementation of a personal pension system. These measures also facilitate foreign institutional investors' participation in China's bond market, expanding financial market openness[40].

Economic Environment Analysis

In 2023, the global economy continued its recovery, with inflation in major economies such as the US and EU gradually receding. Monetary policy tightening slowed, and the international financial market showed signs of stabilization despite significant events like the collapses of Silicon Valley Bank and Credit Suisse. However, risks such as geopolitical conflicts, protectionism, and unilateralism continue to pose challenges to global economic order[41].

Domestically, China’s economy returned to normal operations, marked by steady increases in market demand, sustained production growth, stable employment, and effective social welfare measures. Despite a complex external and internal environment, positive factors for growth are accumulating, and the economy is expected to continue its recovery trajectory.

Z Region's Economic Performance

As shown in Figure 2-3, Z Region's GDP has steadily increased over the past five years, reaching a record high of 1.36 trillion yuan in 2023, a 5.4% year-on-year increase. Key contributors to this growth include:

1. Industrial Stability: Manufacturing value-added increased by 4.0%, driving overall industrial growth by 3.1 percentage points.

2. Service Sector Recovery: Service sector value-added rose by 4.5%.

3. Effective Investments: Major project investments played a vital role in driving growth.

4. Consumption Rebound: Retail sales of consumer goods grew by 5.8%, reflecting strong market vitality.

5. Stable Market Prices: Consumer prices increased slightly (0.3%), while producer prices decreased (2.1%).

6. Improved Resource Security: Stable energy production, transportation, and employment conditions supported economic resilience.

Social Environment Analysis

As a core city of China's central plains urban cluster and a national central city, Z Region has benefited from multiple national strategies, such as the Yellow River Basin ecological protection initiative and the Aviation Economic Experimental Zone. These initiatives have significantly enhanced its development potential.

Key Achievements of Z Region

– Economic Strength: Home to 13 enterprises with revenues exceeding 10 billion yuan.

– Industrial Leadership: Produces one-seventh of the world's smartphones, one-eighth of the world's buses, and over 60% of China's frozen food market.

– Technological Infrastructure: Hosts a national internet backbone node with the third-largest bandwidth in China, further consolidating its national importance.

Population and Urbanization

To optimize population distribution, the provincial government has implemented household registration reforms, easing restrictions in urban centers while fully lifting them in other areas. These measures aim to promote population mobility and optimize resource allocation, driving further development in Z Region.

Technological Environment Analysis

ICBC aligns its technological advancements with the goals of the 14th Five-Year Plan, focusing on digital transformation to build a "technologically advanced and digital ICBC." This includes strengthening innovation capabilities, enhancing data governance, and optimizing financial service delivery[43].

Key Technological Initiatives

1. Operational Security: Maintaining a system availability rate of 99.99% ensures robust digital infrastructure.

2. Self-Reliance in Technology: Upgrading the ECOS technical ecosystem and pursuing breakthroughs in critical areas like infrastructure and frontier technologies.

3. Innovation Leadership: Leading the banking sector in patent filings and playing a key role in setting industry standards.

4. Talent Development: Building a strong pipeline of financial technology professionals to enhance innovation responsiveness.

Applications of Technology in Banking

ICBC leverages technology across marketing, risk management, and operations to enhance customer satisfaction. Initiatives include:

- Developing customer-centric digital platforms.
- Building a comprehensive digital financial service system.
- Supporting economic and societal digital transformation through innovative offerings.

These efforts position ICBC as a leader in both technological innovation and high-quality service delivery.

Micro Environmental Analysis of Z Branch’s Interbank Deposits

The development of interbank deposits requires an analysis of not only the macro environment but also the micro environment. Microenvironmental factors include types of financial institutions, their geographical distribution, competitors, customer groups, and business relationships. As a traditional state-owned bank, ICBC is majority-owned by the Ministry of Finance and Central Huijin. Below, we analyze Z Branch's interbank deposits from the perspectives of competitors and customer groups[44].

Competitor Analysis

1. State-Owned Banks

- China Construction Bank (CCB)

CCB focuses on deepening its financial service capabilities, integrating internal resources, and actively expanding interbank cooperation platforms to enrich its product and service offerings. In the digital RMB space, CCB has partnered with 328 banking institutions, including nationwide commercial banks, city commercial banks, rural commercial banks, and private banks. By the end of 2022, CCB’s securities client settlement funds custody business reached over 80 million customers with a total fund management amount of 371.3 billion yuan, maintaining a leading position in the industry. Its innovative "Code Connect" online marketing channel, known for its simplicity and unrestricted geographic reach, has attracted significant securities clients and achieved widespread adoption[45].

- Agricultural Bank of China (ABC)

ABC remains committed to serving the real economy and pursuing high-quality development. By optimizing liquidity management and leveraging tools such as interbank lending, repos, CDs, and deposits, ABC has sustained competitive returns on interbank deposits. Its focus on monetary policy research and market liquidity prediction further enhances operational efficiency, solidifying its position in the interbank market.

- Bank of China (BOC)

BOC excels in financial institution services, ranking first in the custody of bonds for overseas investors in China’s interbank bond market (CIBM). In 2022, BOC played a pivotal role in the integration of the interbank and exchange bond markets, including facilitating China’s first free-trade zone green asset-backed securities issuance. Its foreign currency interbank deposit market share and third-party custody fund volumes also demonstrate its strong market influence[46].

- Bank of Communications (BoCom)

BoCom has made significant strides in financial element market settlement and innovation. It was among the first to achieve connectivity between interbank and exchange bond market infrastructures and has actively supported green finance development. BoCom’s advancements in cross-border payments, including the expansion of the RMB cross-border payment system, reinforce its role in supporting businesses' international growth[47].

2. Joint-Stock Banks

- China Merchants Bank (CMB)

CMB deepens its service to interbank customers by expanding partnerships across various domains. By the end of 2022, CMB collaborated with 105 securities firms in custody services and 141 futures companies in bank-futures transfer services. Its innovative "Zhaoyingtong" platform has attracted over 3,000 interbank clients and facilitated significant transaction volumes, showcasing strong digital transformation and growth[48][49].

- Industrial Bank

Industrial Bank has built a tiered service system tailored to financial institutions, achieving over 95% coverage of interbank customers in major industries domestically. It also plays a key role in promoting RMB internationalization by providing RMB cross-border payment system access to 153 domestic and international banks.

- Shanghai Pudong Development Bank (SPDB)

SPDB focuses on customer-centric strategies, achieving a 64% industry coverage rate for financial institution clients by 2022. Its online interbank platform serves over 2,600 clients and continues to enhance its product and service offerings.

- China Everbright Bank

Everbright Bank prioritizes steady growth in sectors such as manufacturing, small enterprises, green finance, and rural revitalization. By 2022, it had established partnerships with 3,908 interbank clients and achieved an interbank deposit balance of 540.7 billion yuan, demonstrating its robust market presence.

- China Minsheng Bank

Minsheng Bank emphasizes comprehensive management of interbank clients, integrating technological innovation to enhance service quality. Its "Interbank e+ Platform" offers a comprehensive range of services, including investment, custody, and financing, contributing to a 28.62% growth in interbank demand deposits in 2022.

Customer Group Analysis

1. Banking Clients

In the post-pandemic era, commercial banks face challenges such as narrowing interest margins and slowing net interest income growth. While deposit growth is normalizing, increasing competition requires banks to optimize their deposit structures and enhance service innovation. With the accelerating digital transformation of the banking sector, banks are leveraging technologies like big data and artificial intelligence to improve operational efficiency and customer experiences[50].

2. Trust Companies

The 2022 implementation of the Guidelines for Regulating Financial Institutions' Asset Management Businesses has redefined the trust industry. Traditional channels and financing models are being overhauled, with trust companies encouraged to develop green, ESG-compliant, and socially responsible products. Future success will depend on innovation, risk control, and adapting to evolving market demands.

3. Securities Companies

Securities companies are critical to capital markets, supporting technological innovation and entrepreneurship through flexible financing tools. As they transition from traditional brokerage models to diversified services, they must strengthen financial analysis, risk management, and talent development to sustain growth and remain competitive[51].

4. Futures Companies

In line with China’s dual circulation strategy, the futures market continues to expand its global reach. Futures companies are diversifying their business models, transitioning from traditional brokerage to integrated financial services. This evolution requires a focus on capital strength, financial technology, and talent acquisition.

5. Finance Companies

Finance companies play a key role in group-level liquidity management and risk control. To ensure steady operations, they focus on improving financial services, optimizing risk management mechanisms, and leveraging financial technology for data-driven decision-making and risk assessment.

By analyzing competitors and customer groups, Z Branch can better position itself to enhance interbank deposit marketing strategies and meet evolving market demands.

SWOT Analysis of Z Branch's Interbank Deposits

Strengths Analysis

1. Brand Reputation

ICBC strives to build a modern financial enterprise that is uniquely Chinese yet world-class. Its core competitive advantages stem from its high-quality customer base, diverse business system, exceptional innovation capabilities, and significant market competitiveness. ICBC has continuously ranked highly in the Top 1000 World Banks by The Banker and the Fortune Global 500 for the past decade and has led the Top 500 Global Bank Brands by Brand Finance for seven consecutive years[52][53].

2. Deposit Advantage

ICBC emphasizes building a strong customer base and achieving high-quality deposit growth. By the end of 2022, ICBC's domestic deposits in local and foreign currencies surpassed ¥30 trillion, marking a historic achievement. With a focus on stable and sustainable growth, ICBC's deposits exhibited steady upward trends, ensuring its leadership in both deposit volumes and average daily balances in the industry.

3. Professional Services

ICBC is dedicated to improving its branch network and services, emphasizing green, low-carbon renovations and age-friendly facilities. By the end of 2022, ICBC had 15,639 branches, 22,636 self-service banks, and 60,204 ATMs. Through initiatives like the “ICBC Service Station+” public benefit system and “Customer Service Enhancement Season,” ICBC has made significant strides in delivering efficient and customer-centric financial services.

4. Internal Control and Compliance

ICBC continues to optimize its internal control systems to ensure operational stability. With robust governance structures, enhanced risk management capabilities, and the implementation of digital tools, ICBC has built a strong framework for process control, fraud prevention, and decision-making support, further strengthening its internal compliance culture[54].

Weaknesses Analysis

1. Pressure from Funding Costs

Interbank deposit interest rates are highly susceptible to market fluctuations. To remain competitive during market rate hikes, ICBC might have to raise its interbank deposit rates, increasing funding costs.

2. Uncontrollable Operational Risks

Although interbank market participants generally have high credit ratings, market risks such as price volatility and liquidity challenges can still result in significant losses.

Opportunities Analysis

1. Technology Empowerment

Advancements in technology provide commercial banks with opportunities to enhance operational efficiency, customer experience, and risk management. Innovations like AI, big data, blockchain, and cloud computing enable personalized services, new business models, and robust risk monitoring systems.

2. Policy Support

Recent regulatory policies, such as classifying insurance asset management deposits as interbank deposits, broaden the customer base and potential deposit volumes for interbank business.

Threats Analysis

1. Financial Information System Security Risks

The rapid adoption of digital transformation exposes financial institutions to increasing external and internal security threats, necessitating heightened vigilance and advanced defensive measures.

2. Diversion of Bank Deposits by Third-Party Payment Platforms

E-commerce platforms like Taobao and JD.com that use third-party payment systems may temporarily hold large transaction funds, diverting potential deposits from banks and impacting their active deposit volumes.

As shown in Table 2-20, ICBC Z Branch can leverage its brand reputation to promote interbank products across multiple channels, diversify its offerings, and improve customer satisfaction through technology. Enhancing system usability and expanding product diversity can help increase market share and customer loyalty.

Table 2.17

Summary of SWOT Analysis Matrix

Internal Factors	External Factors
Strengths (S)	**Weaknesses (W)**
1. Brand reputation	1. Funding cost pressure
2. Deposit advantage	2. Uncontrollable operational risks
3. Professional services	
4. Internal control and compliance	
Opportunities (O)	**Threats (T)**
1. Technology empowerment	1. Financial information system security risks
2. Policy support	2. Deposit diversion by third-party platforms

SO Strategies

– Leverage brand reputation to promote interbank products across multiple channels and increase market share.

– Use technology to innovate differentiated products, enhance system usability, and improve customer satisfaction.

ST Strategies

– Strengthen system development and upgrades through ICBC’s dual technology R&D centers to enhance payment security.

– Use brand reputation to boost existing customer loyalty.

WO Strategies

– Flexibly apply technology to establish smart systems, strengthen internal controls, and prevent operational risks.

− Promote interbank deposit goals across all levels of the organization to enhance marketing awareness.

WT Strategies

− Adopt diversified product strategies to balance funding costs and pricing competitiveness.

− Leverage technology to control operational risks effectively.

2.3 Marketing Strategies for ICBC Z Branch's Interbank Deposits

To improve the efficiency and innovation of ICBC Z Branch's interbank deposit marketing strategy, efforts must focus on products, pricing, customer acquisition, promotion, personnel, processes, and services. This will help the branch adapt to the digital era, optimize its marketing model, and enhance its market competitiveness[55].

STP Analysis

The interbank deposit market involves various financial institutions, such as banks, insurance companies, and securities firms, each with different needs, risk preferences, and capital scales. By employing market segmentation, targeting, and positioning (STP), Z Branch can identify customer needs, allocate resources efficiently, and differentiate itself from competitors to improve its brand visibility and market influence[56].

Market Segmentation

1. By Customer Industry

Table 2.18

Number of Interbank Customers in Z Branch Over the Past Three Year

Industry	2021 (units)	2022 (units)	2023 (units)
Banks	32	29	31
Trusts	24	20	20
Securities	59	59	59
Futures	138	138	137
Financial Companies	11	11	11

Table 2.19

Proportion of Interbank Customers in Z Branch Over the Past Three Years

Industry	2021	2022	2023
Banks	12.1%	11.3%	12.0%
Trusts	9.1%	7.8%	7.8%
Securities	22.3%	23.0%	22.9%
Futures	52.3%	53.7%	53.1%
Financial Companies	4.2%	4.3%	4.3%

Analysis of the past three years shows that futures companies dominate in terms of customer numbers and proportion, followed by securities companies and banks.

2. By Total Deposits

Table 2.20

Total Interbank Customer Deposits in Z Branch Over the Past Three

Industry	2021 (billion CNY)	2022 (billion CNY)	2023 (billion CNY)
Banks	56.2	56.1	59.7
Trusts	9.5	9.1	9.2
Securities	40.5	34.6	39.6
Futures	71.6	32.9	51.8
Financial Companies	30.1	37.1	14.0

Table 2.21

Total Interbank Customer Deposits in Z Branch Over the Past Three Years

Industry	2021	2022	2023
Banks	27.0%	33.0%	34.3%
Trusts	4.6%	5.4%	5.3%
Securities	19.5%	20.4%	22.7%
Futures	34.4%	19.4%	29.7%
Financial Companies	14.5%	21.8%	8.1%

The analysis shows that bank deposits are the most stable and largest, followed by securities and futures companies. However, futures and financial companies exhibit high volatility in their deposit amounts[57].

Target Market

Based on customer numbers, proportions, and deposit volumes from the past three years, the most concentrated and viable target markets for Z Branch are banks, futures companies, and securities companies.

Table 2.22

Z Branch Interbank Deposit Segmentation and Target Market

Category	Segmentation Characteristics	Target Market
Banks	Few customers, large and stable deposits	Yes
Trusts	Few customers, small but stable deposits	No
Securities	Many customers, large and relatively stable deposits	Yes
Futures	Many customers, large deposits with high volatility	Yes
Financial Companies	Few customers, small and unstable deposits	No

Market Positioning

Based on market segmentation and target market analysis:

– Banks: Z Branch faces challenges in customer acquisition and service improvement due to a limited number of banking clients. Efforts should focus on quality enhancement and expanding customer acquisition channels.

– Futures Companies: With a significant number of clients but volatile deposits, Z Branch should focus on offering competitive deposit rates and current deposit products tailored to futures clients' needs.

– Securities Companies: With stable customer numbers and deposits, Z Branch should prioritize maintaining existing relationships and ensuring steady growth in this segment.

Product Strategies

Diversifying Interbank Product Categories

As illustrated in Figure 2-4 Fishbone Diagram of Interbank Products, ICBC Z

Branch's current interbank products are primarily used by banking clients. However, non-bank clients, such as financial and futures companies, also have strong liquidity demands. At present, the main product offered to these clients is Current Account Convenience, which is often used during critical deposit evaluation periods (15–30 days). This product features short terms and high interest rates, making it a key tool for boosting end-of-season interbank deposits. However, its use as a regular product is limited by several factors:

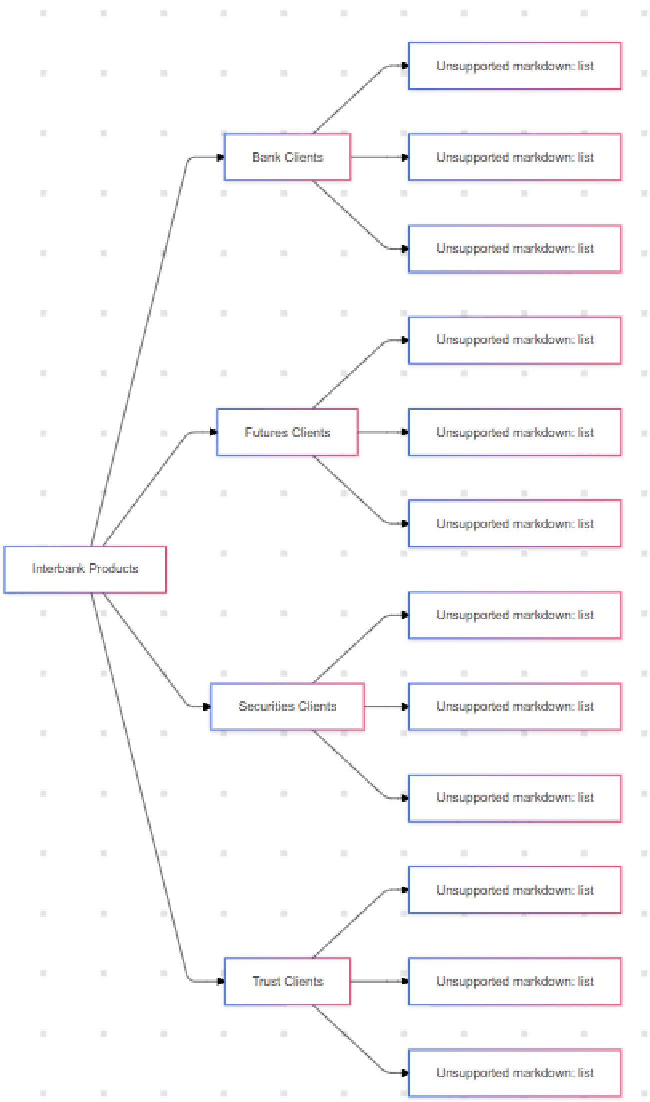

Figure 2.4 Fishbone diagram of industry product

1. It is primarily available to local legal entities.
2. Clients must hold a comprehensive evaluation rating of A or B by the head

office.

3. The product's availability is restricted by head office limits on quotas and scales.

Using the Current Account Convenience product as a regular offering may increase costs and reduce profitability. Given the liquidity demands of non-bank clients, Z Branch should prioritize promoting other products, such as Interbank Deposits, Interbank Borrowing, and Bill Discounting. Diversifying product offerings can reduce dependency on a single product, decrease risk concentration, and foster stronger partnerships with both bank and non-bank clients. This approach will also broaden collaboration channels[58].

Enhancing and Optimizing Existing Products

ICBC's interbank products are highly regarded in the market, but their high thresholds and scale restrictions limit comprehensive collaboration with many interbank clients[59].

1. Specialized Interbank Financing Business

Interbank financing products are divided into banking and non-banking financial institution categories. Available services include non-settlement interbank deposits (outgoing and incoming), interbank borrowing, and interbank payment agency.

Currently, Z Branch mainly collaborates with banking financial institutions, focusing on non-settlement interbank deposits (outgoing). Going forward, Z Branch should expand cooperation with non-bank financial institutions, such as commodity exchanges, to grow the scale of non-settlement interbank deposits (incoming). Particular attention should be paid to the business needs of financial leasing and consumer finance companies, exploring interbank borrowing opportunities with eligible non-bank clients[60].

2. Current Account Convenience Products

The head office mandates that clients using Current Account Convenience products must generally have a comprehensive rating of B or above. For financial institutions not yet included in the comprehensive rating system, they must be head-office-approved interbank clients. Currently, Z Branch collaborates with futures and financial companies on this product. However, given its short-term nature and high-interest rates, the branch should focus on expanding cooperation with two local city commercial banks, rural commercial banks, and provincial credit cooperatives to secure month-end interbank deposits[61].

3. Bill Discounting and Rediscounting

Bill discounting and rediscounting are essential tools for commercial banks to manage liquidity.

- Bill Discounting: A holder transfers an unexpired bill to a bank or financial institution for liquidity. The bank deducts a pre-agreed discount rate from the bill amount and pays the remaining sum to the holder.

- Rediscounting: A bank holding an unexpired bill transfers it to another bank or financial institution for liquidity. The receiving institution deducts a rediscount rate from the bill amount and pays the remaining balance to the transferring institution.

Currently, Z Branch works with two local city commercial banks for bill transactions. These activities require head office approval for dedicated interbank financing credit lines with these banks. Within approved credit limits, these transactions can generate profits for Z Branch[62].

Next steps include applying to the head office for interbank financing credit approval for local financial companies and strengthening collaboration on bill discounting and rediscounting with these clients. This strategy will enhance efficiency and profitability for Z Branch.

Pricing Strategies

Establishing a Competition-Oriented Pricing Mechanism

Customer surveys indicate that interbank clients prioritize high interest rates when selecting partner institutions. For non-bank institutions like futures companies and finance companies, the primary business goal is to maximize revenue, making these clients highly sensitive to interest rates. ICBC Z Branch must balance market competition and client profitability objectives, leveraging reasonable pricing to strengthen client loyalty[63].

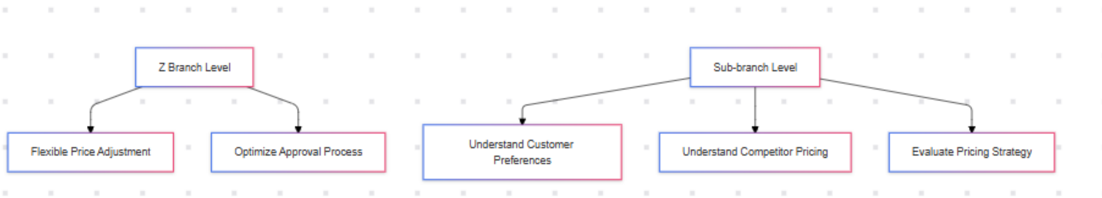

Figure 2.5. Competition-Oriented Pricing Mechanism

1. At the Z Branch Level

Z Branch should formulate flexible market strategies based on market demand, interbank client profiles, and risk conditions. By strengthening communication with interbank clients, understanding their needs and feedback, Z Branch can adjust its product and service pricing dynamically. It should establish a flexible price adjustment mechanism to respond to market changes and customer demands, thereby improving market competitiveness. Future steps include optimizing internal processes, enhancing service efficiency and quality, reducing costs, and achieving sustainable development[64].

2. At the Sub-Branch Level

Sub-branches must deeply understand the market environment, including competitors' pricing strategies and customer preferences, to clarify their market positioning and formulate competitive pricing strategies. They should thoroughly assess operating costs, including personnel, operational, and risk costs, to identify the minimum acceptable price that ensures profitability in a competitive market. Additionally, sub-branches must continually evaluate the effectiveness of their pricing strategies and adjust them based on market changes and customer needs to maintain competitiveness, improve customer satisfaction, and expand market share[65][66].

Establishing a Demand-Oriented Pricing Mechanism

Z Branch should utilize market research and customer surveys to deeply understand interbank clients' needs and preferences, establish a client segmentation system, and further refine banking and non-bank customer categories. Customized financial products can then be designed for different client segments, meeting their specific needs. Additionally, a customer feedback mechanism should be implemented to collect and analyze client requirements continually, ensuring the ongoing optimization of products and services.

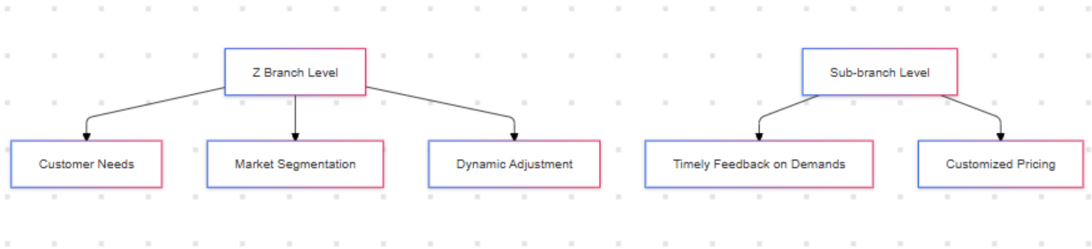

Figure 2.6. Demand-Oriented Pricing Mechanism

1. At the Z Branch Level

Z Branch should:

– Deeply understand customer needs through market research, client interviews, and data analysis to assess their financial demands and price sensitivity.

– Segment the market into categories such as state-owned banks, joint-stock banks, city commercial banks, rural commercial banks, and village banks for banking clients; and futures companies, securities firms, finance companies, trusts, and consumer finance firms for non-bank clients. This segmentation enables the provision of differentiated products and services[67].

– Establish a dynamic pricing adjustment mechanism to adapt to market and client demand changes.

2. At the Sub-Branch Level

Sub-branches should:

– Implement a feedback mechanism to collect customer opinions on pricing and services, adjusting strategies to meet client expectations.

– Offer personalized pricing tailored to different client groups, aligning with a demand-oriented pricing mechanism.

Client Acquisition Strategies

Enhancing Online Client Acquisition Mechanisms

Many interbank products, such as specialized financing, bill discounting, and interbank deposit and withdrawal transactions, are initiated through online systems. Given the convenience of online channels, Z Branch should focus on strengthening its online service capabilities, improving efficiency and security, and establishing a flexible online client acquisition team. This team would analyze the market and competitors to develop precise marketing strategies, boosting online acquisition effectiveness.

1. Leverage Big Data Analysis for Precision Targeting

Interbank clients can utilize big data analysis to assess customer profiles, transaction behavior, risk preferences, and business needs, creating comprehensive client profiles. These profiles enable market segmentation into distinct client groups, identifying the most promising and valuable customers for targeted marketing efforts[68].

2. Utilize Existing Systems for Source Acquisition

Z Branch should maximize the use of head-office-developed systems and integrate existing platforms to ensure seamless data flow and sharing. For example, combining the Gongtong Win System with the corporate online banking system can enhance system functionality, supporting interbank clients' integrated financial needs. Data mining techniques can extract valuable client information, such as transaction records and behavioral preferences, to support source acquisition[69].

Expanding National Client Resources

The interbank market is diverse, with client groups spread across the country.

1. Banking Clients

Z Branch should actively market to nationwide branches of joint-stock banks, encouraging them to open investment and financing accounts and participate in non-settlement interbank deposit transactions to enhance their contribution to interbank deposits.

2. Non-Bank Clients

– Collaborate with commodity exchanges to attract nationwide futures companies to open accounts at Z Branch, facilitating deposit and withdrawal settlements through ICBC's channels.

– Expand client resources among financial institutions such as wealth management subsidiaries of banks, consumer finance companies, and financial leasing companies. By offering asset custody and specialized interbank services, Z Branch can boost its interbank deposit market share.

Promotion Strategies

Leveraging Systems for Promotion

In recent years, ICBC has launched convenient and integrated online systems to build a comprehensive digital bank. Promoting these systems can enhance the efficiency of interbank deposit operations and attract more interbank clients to collaborate with Z Branch.

1. Gongtong Win System

Gongtong Win is a one-stop financial interbank service platform offered by ICBC. It features ten modules, including account payment, asset allocation, interbank deposits, brokerage services, financial markets, risk management, precious metals, custody services, smart cloud, and information exchange. This system facilitates account management, investment in funds and financial products, current deposit convenience, bill brokerage, and securities intermediation for interbank clients[70].

2. Rong'an e-Xin System

ICBC's Rong'an e-Xin system focuses on risk list management. By integrating authoritative information from various public trust systems, it provides a comprehensive risk information service, supporting interbank clients in anti-money laundering checks and promoting stable development.

Optimizing Branch Promotion Layout

Z Branch can utilize its extensive branch network to optimize promotional efforts, raising awareness about interbank services.

1. Designing Engaging Content

Promotional content should be carefully crafted to ensure accuracy, clarity, and appeal. Diverse formats, such as infographics and videos, should be used to make the content more engaging. For example, in securities cooperation, Z Branch can promote three-party custody services under the principle of resource exchange with interbank clients, strengthening its marketing efforts in this area[70].

2. Planning Promotional Areas

Z Branch's 147 outlets vary in size. Promotional areas should be planned based on each outlet's characteristics, creating a comfortable and inviting atmosphere for clients.

3. Leveraging Digital Tools

Digital channels like mobile banking and online banking can be used for online promotions. By integrating these with interbank collaboration systems, a complementary online-offline promotional mechanism can be established.

Personnel Strategies

Enhancing Employee Training Mechanisms

1. Establishing a Comprehensive Training System

Z Branch should develop a systematic training program covering planning, content, methods, and evaluation. Focus areas include professional knowledge of interbank deposits, marketing skills, service awareness, and risk management to improve employees' overall capabilities.

2. Strengthening Internal Training

The Institutional Financial Business Department, responsible for interbank deposit marketing, should conduct systematic annual training on product features, business processes, and risk management. Practical exercises and case studies should be included to enhance employees' knowledge and skills.

3. Regularly Evaluating Training Effectiveness

After participating in various training modes, client managers should take assessments to evaluate training outcomes. Feedback mechanisms should be established to continuously improve training content, ensuring optimal learning results and work efficiency.

Improving Line-Specific Performance Evaluation

1. Defining Clear Objectives

Z Branch should set annual and periodic targets for interbank deposits, aligning them with branch realities to optimize deposit structures.

2. Setting Evaluation Metrics

Evaluation criteria should be tailored to different interbank client types, such as banks, securities, trusts, and futures companies. Metrics like point-in-time balance, incremental changes, daily average balance, and daily average growth should ensure measurability and feasibility.

3. Establishing a Performance Evaluation System

A transparent and fair evaluation process should be implemented, linking results to client managers' bonuses and career growth to motivate better performance.

Process Strategies. Simplifying Business Processes

1. Streamlining Approval Processes

Z Branch should convene relevant departments to review and standardize current approval processes, removing redundancies and delays to improve efficiency. Information sharing and inter-departmental collaboration should be enhanced to facilitate seamless operations.

2. Digitization

Digital tools can enable electronic documentation and agreements, creating a convenient marketing environment. Technologies like big data and predictive modeling can enhance client interaction and streamline business processes.

Promoting Specialized Interbank Branches

Z Branch manages 20 sub-branches in various regions. Establishing specialized branches for futures, securities, and trusts can enhance service quality and efficiency.

1. Optimizing Resource Allocation

Personalized and convenient services can improve client loyalty and retention.

2. Innovating Business Models

Specialized branches can leverage new technologies to develop innovative financial products and services, boosting competitiveness and profitability.

3. Strengthening Risk Management

Specialized branches can implement precise risk control measures, reducing potential losses.

Service Strategies. Increasing Client Managers’ Awareness

1. Education and Training

Use internal and external training programs and workshops to enhance client managers' understanding of interbank deposits and improve service quality.

2. Clarifying Responsibilities

Assign clear responsibilities and hold regular meetings to improve efficiency.

3. Incentive Mechanisms

Incorporate interbank deposit performance into evaluations and offer rewards for exceptional client managers to boost motivation.

4. Collaboration Platforms

Establish forums for client managers to exchange ideas, share best practices, and collectively drive business growth.

Strengthening Communication with Interbank Clients

1. Experience Sharing

Interbank clients can share best practices to improve their business models and risk management, fostering overall industry growth.

2. Building Trust

Communication helps establish mutual trust, reducing misunderstandings and friction in collaborations.

3. Adapting to Market Changes

Strengthened communication enables joint responses to market trends, enhancing resilience.

4. Expanding Business Opportunities

Organizing interbank exchange meetings can facilitate networking, learning, and collaboration, unlocking new business opportunities.

CHAPTER 3
COUNTERMEASURES TO IMPROVE THE COMPETITIVENESS OF BANKS BASED ON THE DEPOSIT STRATEGY

3.1 Chinese banks should optimize the structure of deposit products and enhance their product competitiveness

In the face of the new economic environment of market financialization and increasingly fierce international competition, the competition of banking business tends to be more heated. Optimizing the deposit product structure and enhancing product competitiveness have become the key measure for Chinas banking industry to enhance service quality and enhance sustainable competitiveness[71].

As one of the most traditional business forms of banks, deposit products occupy an important position in the balance sheet. However, the previous relatively single deposit product structure has been difficult to meet the diversified and personalized market demand. By reforming the deposit product structure, it can not only meet the diversity of customer needs, but also enhance the risk resistance ability of banks and enhance the overall competitiveness of banks[72][73].

In the modern financial theory, the optimization of deposit products involves both the differentiation strategy of deposit products and the elasticity of the price mechanism of deposit products. The strategy of differentiated deposit products is mainly based on the market segmentation theory, while the elasticity of the price mechanism is rooted in the Fisher equation and the deposit insurance pricing theory. The practical application of these theories can effectively enhance the attractiveness of deposit products in the market, thus enhancing the market competitiveness of banks[74].

Banks should take customer needs as the guidance, deepen the classified management of deposit products, and introduce a more reasonable product structure.

For example, for high-asset customers, banks can launch structured deposit products with high yield, while for ordinary customers, they can provide convenient savings products. In addition, further promote the innovation of deposit products, increase investment in research and development, and develop intelligent deposit products integrating modern scientific and technological elements. With the help of artificial intelligence, big data and other information technologies, to realize precision marketing and personalized customer service, and improve the market competitiveness of deposit products.

For the deposit product price strategy, banks should make full use of the opportunity of market-oriented reform to optimize the deposit interest rate mechanism. Increase the investment attractiveness of financial products by establishing a floating interest rate system linked to the benchmark interest rate of the central bank. At the same time, we should adopt the risk-adjusted deposit premium system and incorporate market risk factors into the pricing strategy, so as to ensure that the basic risks are effectively controlled while banks pursue competitive growth[75].

In terms of deposit service quality, banks also need to increase the research and development of digital banking platforms and improve the technological content of deposit business. Establish an efficient online service platform, innovate non-cash payment methods, and provide customers with a full range of financial solutions. Relying on the advanced payment and settlement system, banks can provide more secure and convenient deposit services, enhance the added value of products, and enhance customer stickiness.

In addition, banks should also strengthen communication and cooperation with regulators, pay close attention to international experience, and study a deposit insurance system suitable for the domestic market. A sound deposit insurance mechanism helps to enhance the credibility of deposit products and enhance the reputation of banks, so as to occupy an advantage in the fierce market competition.

In short, under the background of the current rapid transformation of the financial industry, we should fully realize the importance of the optimization of the deposit product structure in enhancing the competitiveness of banks. Banks need systematic product strategic planning, combined with modern financial theory and practical experience, to further explore the potential of deposit products, improve service quality with diversified and personalized deposit product structure, make comprehensive use of financial technology to accelerate product innovation, and promote the continuous improvement of competitiveness. Through the implementation of a series of comprehensive strategies, banks can establish competitive advantages in the complex and changeable market competition environment and achieve sustainable development[76][77].

3.2 Chinese banks should flexibly use the interest rate strategy to improve the attractiveness of deposits

Banks are faced with competitive pressure from many factors inside and outside the market, such as the homogenization of financial products, the change of service mode brought about by technological innovation and the continuous improvement of financial regulation, and the deposit strategy plays a role that cannot be ignored. For banks, deposits are not only an important means to attract customers, but also a key indicator to measure the liquidity capacity of banks. The amount of deposits indirectly affects the credit ability and market competitiveness of banks. In the financial environment with increasingly fierce deposit competition, Chinas banks should flexibly use the interest rate strategy to improve the attractiveness of their deposit products and form a differentiated competitive advantage[78][79].

At present, the market-oriented reform of deposit interest rate in China continues to advance. Under such a macro background, the formulation of bank interest rate strategy is particularly critical. First, banks need to establish a customer-centered interest rate decision mechanism, pay attention to customers capital cost sensitivity, and implement stratified pricing for different customer groups. Through the scientific analysis of customer segmentation and interest rate elasticity, using data mining and customer relationship management (CRM) A large number of customer data in the system to identify the needs and preferences of each customer group, and then realize personalized interest rate quotation[80].

Secondly, banks need to make full use of the opportunities brought about by the monetary policy changes, and quickly respond to the interest rate changes in the money market with a flexible interest rate adjustment strategy, so as to enhance the competitiveness of deposit products. The change of monetary policy usually affects the level of market interest rate, while banks should take active interest rate management measures and explore interest rate risk management and spread optimization strategies through information technology and financial engineering means[81].

Thirdly, the bank should regularly evaluate the effectiveness of the interest rate strategy. Using advanced quantitative methods such as time series analysis, volatility analysis and simulation test can accurately evaluate the effects of past interest rate strategies, identify the advantages and disadvantages in interest rate adjustment strategies, and provide data support for the formulation of future strategies.

When developing specific interest rate strategies, banks should take into account the deposit maturity structure. The short-term deposit rate is appropriate to maintain a certain flexibility to attract depositors who are sensitive to interest rate changes, while the long-term deposit rate should be set at a relatively stable and competitive level, while providing a liquidity premium that cannot be withdrawn in advance or limited by conditions within the term. The implementation of long-term deposit strategy helps banks to lock in funds, hedge interest rate risks, and enhance the stability of bank operation[82][83].

What needs special attention to is that, with the continuous development of Internet finance and fintech, banks have gradually clearly realized the limitations of traditional deposit products and services, and should focus on strengthening the interest rate decision system supported by technology, and accurately formulate deposit interest rate strategies for different customer groups with the help of big data analysis. The application of fintech can not only improve the scientific and accurate nature of banks interest rate strategies, but also bring a significant improvement in the operational efficiency and decision-making speed for banks[84].

In the process of formulating the interest rate strategy, the risk management requirements should be fully considered. Use risk to adjust the return on capital(RAROC)The model integrates multi-dimensional factors such as market interest rate, credit risk and operational risk, to achieve a balance between risk and return, and to ensure the healthy and stable development of banking business through continuous asset and liability management.

To sum up, in the process of improving the competitiveness of their deposit strategy, Chinese banks should deeply realize the importance of flexible use of interest rate strategy. Banks need to establish a unified and efficient interest rate management structure, use modern financial tools and means, combined with the development trend of the macro economy, and timely adjust the interest rate policy of deposit products, which is not only the need of financial market competition, but also the internal requirements of banks to transform and upgrade and realize the sustainable development strategy. By continuously deepening the reform of interest rate liberalization and the innovation of financial technology, and the optimization of interest rate strategy, Chinas banks will gain a firm foothold in the deposit competition, give full play to the core competitiveness, and win wide recognition from the market[85].

Strengthen bank service quality and innovation, improve deposit customer satisfaction

In the current market environment of increasingly fierce competition in the banking industry, the optimization of bank deposit strategy is particularly important, which is not only related to the capital cost and profit space of banks, but also directly affects the market competitiveness of banks. Therefore, strengthening bank service quality and innovation, and improving deposit customer satisfaction have become one of the key strategies to enhance the competitiveness of banks[86].

There is a close correlation between customer satisfaction and loyalty, which is particularly important for banks to maintain a stable deposit base. Based on the market research data, through the customer satisfaction index (Customer Satisfaction Index, CSI) It can detect customers recognition of banking services to guide the improvement of service quality. Banks need to gradually establish a comprehensive customer service satisfaction evaluation system, including quantitative analysis of key dimensions such as service response time, service attitude, and business capability, and adopt statistical methods such as multi-factor regression analysis to accurately locate improvement measures.

Service quality innovation aims to enhance the customer experience through continuous improvement and technology applications. For example, using artificial intelligence (AI) Technology, the intelligent customer service system development, can provide7x24Ten hours of non-real-time consulting service greatly improves customer experience and service efficiency. By implementing a user-use behavior analysis (User Behavior Analytics, UBA), Banks can predict customer needs based on big data and machine learning algorithms, realize personalized service configuration, and improve customer satisfaction and stickiness[87].

In addition, banks also need to deepen the integration of multi-channel services to realize the seamless connection of multiple platforms such as online banking, mobile banking and social media banking. Make full use of big data analysis, conduct comprehensive analysis of users online behavior, optimize customer path design and product recommendation algorithm, enhance personalized and exclusive services, and maximize customer experience. On the channel service, by setting the customer manager and online services, from traditional business guidance to customer demand guidance, take the customer as the center to carry out a series of innovative service mode, including but not limited to booking queue, professional consulting, face to face service, improving service quality, to meet the diversified needs of different customers.

In terms of product and service quality innovation, banks need to exert the driving force of technological innovation. Promote the application of cutting-edge technologies such as mobile payment, electronic wallet and blockchain in deposit services, and provide customers with a safe and fast financial service experience. For example, the application of blockchain technology can enhance the transparency and traceability of deposit transactions, which in turn enhances users trust in the banking system. At the same time, the integrated application of fintech (such as Internet financial services) can not only provide convenient and personalized services, but also provide banks with insight into product innovation through data analysis, and provide data support for the optimization of bank deposit strategies.

For the performance of service innovation, banks should set up a tracking and evaluation mechanism, such as customer feedback mechanism and customer relationship management (CRM) System, continuously track the implementation effect of service innovation, regularly adjust and optimize the service process and strategy. While improving service quality, banks should also pay attention to the continuity of service innovation, ensure that service upgrading is constantly synchronized with customer needs, and cultivate customers long-term trust and loyalty to the bank brand.

To sum up, by improving the service quality and innovation, the banks can achieve the continuous improvement of the deposit customer satisfaction, which can not only strengthen the customer base, but also promote the banks to stand out in the fierce market competition. In the current customer-centered era, banks should pay more attention to the all-round improvement of customer experience, and truly optimize the customer-demand-oriented deposit strategy, so as to provide a solid foundation for the continuous growth and competitiveness of banks.

3.3 ICBC Z Branch Interbank Deposit Marketing Strategy Safeguard

Regulatory System Safeguards

Under the current complex and uncertain economic and financial environment, developing a sound and scientific set of regulations is essential to ensure the implementation and execution of interbank deposit marketing strategies while maintaining compliance and stability.

1. Clearly Define Objectives and Scope:

Clearly state the purpose and scope of the regulations, identify the behaviors, activities, and processes to be standardized, and specify the teams or organizations these regulations will serve.

2. Research and Analyze Existing Policies:

The Z branch should evaluate its current interbank business and interbank deposit regulations to identify strengths and weaknesses. Collect feedback from employees to better align regulations with practical needs.

3. Seek Feedback and Suggestions:

Share the draft regulations with branches and outlets through email to gather feedback and suggestions from front-line employees. Refine the draft based on this feedback.

4. Review and Approval Process:

After finalizing the regulations, submit them for review by the manager responsible for interbank operations. Present the finalized draft at an administrative meeting for discussion and approval. Publish the approved document officially.

5. Training and Awareness Programs:

Conduct training sessions to explain the new regulations to front-line employees. Ensure that branch managers understand and comply with the new policies to enhance awareness and adherence.

6. Periodic Evaluation and Adjustment:

Evaluate and update the regulations annually based on practical implementation to ensure their effectiveness.

Emphasize the Improvement of Regulations

The Z branch should consider actual market demands and changes while drafting regulations. It is essential to combine the needs of individual branches with clear standards and processes to ensure the marketing strategies are practical and executable.

1. Continuous Review and Updates:

Assign the marketing team to periodically review and update the regulations to ensure they align with real-world requirements and legal standards.

2. Establish Supervision Mechanisms:

Submit interbank marketing policies to the internal risk committee for supervision. Implement penalties or corrective measures for violations, ensuring strict compliance and effectiveness.

3. Encourage Interdepartmental Collaboration:

Strengthen communication and cooperation across departments to ensure unified execution of policies.

Salary and Performance Safeguards

1. Develop Clear Salary Policies:

Establish clear interbank deposit salary policies that outline employee compensation structure, calculation methods, and payment processes. Provide training to staff on these policies and performance-based rewards.

2. Transparent Information Dissemination:

Share salary policies through internal communication channels such as email or document management systems to ensure easy access.

3. Ensure Fair Implementation:

Guarantee fairness, impartiality, and transparency in implementing salary policies. Address violations promptly to maintain consistency and trust.

Supervise Salary Distribution Effectively

1. Establish a Scientific Salary Distribution System:

Conduct objective and fair assessments of salary distribution related to interbank deposits. Employee performance evaluation and incentive policies should align with overall branch goals.

2. Set Up an Independent Oversight Committee:

Create a salary supervision committee composed of department heads or senior staff. These members should not participate in salary distribution to ensure impartiality.

3. Strengthen Internal Auditing and Compliance:

Investigate any non-compliance with salary policies through the internal audit and disciplinary committee.

Marketing Team Safeguards

To maintain its outstanding performance, ICBC Z branch must establish an efficient marketing promotion mechanism to improve resource utilization. A flexible interbank deposit team should be formed, including customer and operations managers from 20 branches and outlets, to directly engage in client acquisition and business expansion.

1. Define Team Objectives:

Set clear goals for the team structure, member roles, and working methodologies. Encourage senior team members to mentor newcomers to achieve collective success.

2. Adopt a Flexible Organizational Structure:

Implement a flat structure that facilitates rapid decision-making and response. Enable self-management and adaptability within the team to respond to dynamic requirements.

3. Encourage Cross-Departmental Collaboration:

Promote knowledge sharing and skill exchange among team members to strengthen collaboration across departments.

Build a Talent-Driven Organization

To align talent development with strategic goals, ICBC Z branch should cultivate a professional team familiar with product marketing and approval processes, ensuring seamless handovers and continuous business operations.

1. Define a Talent Strategy:

Develop a talent strategy to attract, train, and retain individuals who can drive the bank's business growth. This involves understanding market trends and internal skill requirements.

2. Enhance Recruitment Mechanisms:

Utilize diverse recruitment channels, including campus hiring, lateral hiring, and internal referrals, to attract skilled professionals. Emphasize assessing both technical and soft skills.

3. Provide Comprehensive Training Opportunities:

Offer specialized training in product knowledge, leadership development, and career planning to enhance employee skills and loyalty.

4. Foster a Positive Work Environment:

Focus on creating a supportive and harmonious work culture to increase job satisfaction and productivity.

Internal Control Management Safeguards

ICBC Z Branch should formulate and issue an “Interbank Deposit Marketing Internal Control Management Policy” to all branches. Establish an internal control review group composed of experienced personnel from the Internal Control, Risk, and Institutional departments. This group will be responsible for reviewing and filing large-scale interbank deposit marketing activities to ensure compliance and standardization. Additionally, the branch should:

- Strengthen training for relationship managers to improve their understanding of internal control mechanisms.
- Encourage employee participation in the implementation of internal controls.
- Enhance communication and collaboration with other departments to establish cross-departmental mechanisms for effective implementation.

Key measures include:

1. Develop a Comprehensive Internal Control System:

Z Branch should tailor internal control systems based on its business characteristics and risk profile. These systems should cover risk management, authorization approvals, internal auditing, and compliance. Responsibilities and processes should be clearly defined to ensure operational compliance and stability.

2. Enhance Risk Assessment and Management:

Regularly conduct risk assessments to identify and analyze various risks.

Develop and implement corresponding risk management measures. Establish risk monitoring mechanisms to detect and address potential risks in a timely manner.

3. Strengthen Internal Auditing and Compliance Management:

Conduct regular audits and inspections of departments and business processes to ensure effective implementation of internal controls and compliance with policies. Additionally, provide compliance training to employees to enhance their awareness of compliance and risk.

4. Establish Information Reporting and Communication Mechanisms:

Set up mechanisms for departments and employees to promptly report and communicate on business risks and management updates. This helps in timely identification and response to risks, improving the efficiency and accuracy of internal controls.

5. Leverage Technology for Support and Supervision:

Use technology to enhance the efficiency and accuracy of internal controls. For example, implement risk management and internal auditing systems to enable real-time risk monitoring and management.

Regular Inspection and Evaluation

To ensure the sustainable development of interbank deposits, Z Branch must conduct regular inspections of interbank activities at its sub-branches. Key areas to check include:

1. Compliance of interbank deposit balances and fund flows to ensure transparency and security.

2. Proper and compliant execution of interbank deposit agreements.

3. Adherence to compliance standards in interbank business operations.

Z Branch should strictly implement interbank business regulatory requirements, improve its management system, and balance risk management with profitability. Specific measures include:

1. Establish a Dedicated Evaluation Team:

The evaluation team should possess solid professional knowledge and maintain independence. Their role includes periodic inspections and evaluations of the bank's business operations, risk management, and internal controls to ensure objectivity and accuracy.

2. Develop a Detailed Evaluation Plan:

Create a comprehensive evaluation plan tailored to the Z Branch’s business characteristics and risk profile. The plan should outline objectives, scope, methodologies, and timelines to ensure smooth execution.

3. Use Multiple Evaluation Methods:

Employ diverse evaluation techniques, such as on-site inspections, surveys, and data analysis, to comprehensively understand the bank’s operations and risk management. Communicate with business departments to gather accurate information.

4. Focus on Key Business Areas:

Pay special attention to critical business areas like credit, financial markets, and cross-border operations to ensure risk is effectively managed. Evaluate risks associated with new businesses, products, and technologies to adapt to the changing market environment.

5. Timely Reporting and Rectification:

The evaluation team should promptly report findings to Z Branch’s management and propose rectification measures for identified issues. Management should prioritize the evaluation results and implement corrective actions to ensure compliance and stability.

6. Continuous Improvement and Optimization:

Z Branch should continuously improve its regular inspection and evaluation practices. Update and refine evaluation methods periodically, enhance professional training for the evaluation team, and improve the accuracy and effectiveness of evaluations.

By implementing these safeguards, Z Branch can ensure that its interbank deposit marketing strategies are executed in a compliant and risk-controlled manner while fostering sustainable business growth.

CONCLUSIONS

This study has conducted an in-depth analysis of the influence of deposit strategy on the competitiveness of banks, yielding convincing research results through a rigorous theoretical structure and empirical methodology. The study employs mathematical statistical methods such as multiple linear regression and co-integration analysis to demonstrate that the bank deposit strategy has a positive and significant effect on improving the overall competitiveness of banks. The multi-dimensional adjustment of deposit strategy—whether in terms of the flexible setting of deposit interest rates, the differentiated design of deposit products, or service innovation—is significantly related to performance indicators, market share, and risk prevention and control capabilities of banks. This detailed exploration of the relationship between deposit strategy and bank competitiveness fills a significant gap in the existing literature.

Specific Directions for Deposit Strategy Optimization

It is noteworthy that the research provides specific directions for the optimization of bank deposit strategies. These include:

1. Improving the Design of Deposit Products: Banks should enhance the design of deposit products to meet diverse customer needs. This involves creating products that are not only competitive in terms of interest rates but also innovative in terms of features and benefits.

2. Increasing Product Transparency: Based on behavioral finance and customer trust, banks should increase the transparency of their products. Clear and concise information about deposit products helps build customer trust and loyalty.

3. Combining Deposit Interest Rate Strategy with Interest Rate Liberalization: Banks should align their deposit interest rate strategies with the trend of interest rate liberalization. This involves building a closer risk pricing mechanism with the market to ensure that banks can effectively manage and control financial risks while maintaining competitiveness.

4. Service Innovation and Digital Transformation: Further service innovation, especially when combined with digital transformation, will not only improve user experience but also enhance the adaptability and predictability of banks to market changes through big data analysis.

Business Model Implications

At the business model level, the correlation study between deposit strategy and bank competitiveness helps banks identify their core competitiveness and make strategic adjustments and resource allocations accordingly. Banks can innovate through differentiated deposit products and services, enhancing market competitiveness, improving profitability, and bolstering brand image. This study supports banks in actively exploring multi-channel and multi-way deposit strategies, which is particularly important in today's rapid development of fintech. The expansion and optimization of digital banking channels will have a profound impact on bank deposit strategies, involving not only technical innovation but also the innovation of service concepts, business processes, and other levels.

Addressing Complex Financial Environments

Facing the complex and changeable financial environment, the key role of bank deposit strategy in enhancing bank competitiveness cannot be underestimated. This study shows that banks should adhere to a market demand-oriented approach, based on efficient capital operation and risk management, to formulate reasonable and effective deposit strategies. According to balance sheet management theory, the security, liquidity, and profitability of bank assets must be taken into account, and an optimized deposit strategy is an effective means to balance these relationships.

Future Research Directions

Future research can be conducted in several directions:

1. Refined Classification of Deposit Strategies: Further refine and deepen the classification research of deposit strategies to explore the heterogeneous impact of different types of deposit products on bank competitiveness.

2. Influence of Customer Psychology and Behavior: Study the influence of customer psychology and behavior on the effectiveness of deposit strategies. This

includes understanding how customer perceptions and behaviors affect their choice of deposit products.

3. Macroeconomic Environment and Emerging Financial Trends: Investigate the influence of the macroeconomic environment on the relationship between deposit strategy and bank competitiveness. Additionally, study the impact of emerging financial trends such as sustainability and responsible investment on bank deposit strategies and propose countermeasures.

In conclusion, this study not only analyzes the importance of deposit strategy to the competitiveness of banks but also points out the new direction of financial market development in the future. It is believed that the theoretical creation and practical application suggestions of this research can provide certain theoretical guidance and strategic support for the sustained growth of the banking industry. By addressing the complexities of the financial environment and leveraging advanced analytical methods, this study offers valuable insights that can drive the continuous improvement and competitiveness of banks in an increasingly dynamic market.

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Сертифікат: Кваліфікований

Підписувач - 2: Омеляненко Денис Олегович
П.І.Б.: Омеляненко Денис Олегович
Країна: Україна
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