

Analysis on the Evaluation Index of the Core Competitiveness of China's Commercial Banks

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Abstract: In recent years, with deepening China's financial system reform, more and more Chinese commercial banks become a listed company, the market-oriented competition mechanism is deepening; at the same time, with the full liberalization of China's financial sector to foreign investment, foreign banks which have more advantages for a large number of capital structure and organization system constantly into our country, which make China's banking industry face a severe challenge and fierce competition pressure. Therefore, researching on competitiveness of China's commercial banks, choosing the scientific competitiveness evaluation index system, finding out the reasons of competitiveness of the commercial banks, and developing appropriate competitive strategy, is the current problems to be solved.

In this paper, based on the domestic and foreign literature and after the extensive bank field research, construct the index system of the core competitiveness of China's commercial banks have founded. What's more, the usage of the method of factor analysis and principal component analysis method based on data of 11 commercial banks in China, carried out a comprehensive evaluation of China's commercial bank's core competitiveness, the results of the study show that, profit ability, risk control ability (Security), scale and financial innovation ability and other factors which constitute the core competitiveness of commercial banks.

Keywords: Commercial Bank; core competence; index system.

1. INTRODUCTION

1.1 Research background

At present, research on the core competence of commercial banks is a hot research field in our country. Because the banking industry in China China's financial system occupies an absolute dominant position, the level of competitiveness of China's banking industry, to a large extent, determined the efficiency of China's financial system. In addition, the opening of RMB business to foreign capital has become a reality, China's business Banks will face a greater competition and challenge from internationally renowned banks. Therefore, how to enhance the Commercial Bank of China Core competitiveness, has not only become the core of China's financial reform and the key, but also related to our business The bank is of vital importance. In China, a large number of scholars have made useful exploration in the research field of the core competence of commercial banks. And some scholars have established some index system. Yet in this field, there is still no universal Recognized indicator system for the industry reference.

2. THE EVALUATION INDEX SYSTEM OF THE CORE COMPETITIVENESS OF CHINA'S COMMERCIAL BANKS

2.1 Research status at home and abroad

2.1.1 Research status at abroad

Commercial bank competitiveness analysis methods are: DuPont analysis, trend analysis, market value analysis Method, standard & Poor's Bank rating analysis, Moodie credit rating, new camel rating analysis, and other analysis methods.

The comparative disadvantage of the mathematical model method:

The mathematical model method views competitive ability as resources, environment and competitive ability of input, and then through mathematical processing, from the growth rate of output, the resource elements, capacity factor and environmental factor contribution rate, thus the level of comprehensive evaluation method.

3. THE EVALUATION METHOD OF THE CORE COMPETITIVENESS OF THE CORE COMPETITIVENESS OF CHINA'S COMMERCIAL BANKS

As the above bank competitiveness evaluation index system considered, due to a large number of basic indicators, and there is a certain correlation between these indicators, which reflect the information of overlapping each other. Therefore, it is needed to simplify and deal with the econometric methods. From the point of view of the measurement method, the method of factor analysis and principal component analysis are used to simplify the index system and the method of quantitative analysis.

Factor analysis is a method of multivariate statistical analysis, which can be attributed to a small number of comprehensive factors. Its basic ideas are to place the original variables through finding a group of small number, independent common factors. And the common factors selected can reflect most of the information contained in the original variables, which makes the problem simple, intuitive and effective.

In the application of factor analysis methods which can solve the basic index matrix eigenvalue, eigenvalue contribution rate and cumulative contribution rate. And the variance contribution rate can determine the number of common factor. The purpose of establishing the factor analysis model is not only to find out the main factor, but also to know the meaning of each main factor, so as to analyze the actual problem. Therefore, after solving the main factor, because the typical representative of the main factor is not prominent and also need to carry out the factor rotation which means that it can get the meaning of the obvious main factor through the appropriate rotation.

In this paper, according to the principle and characteristics of the factor analysis method, we can find the components determine the core competitiveness of commercial banks, and then screen bank competitiveness evaluation principal component index.

4. EMPIRICAL RESULTS THE EMPIRICAL DATA ANALYSIS

Using statistical software SPSS20.0 to analyze the reliability of the data. Get the following statistics form:

Table 1: Statistical Quantity

	Item Statistics		
	Mean	Std. Deviation	N
assets utilization rate	52.045000	.6235650	4
Income margin	46.827500	3.3906182	4
Receipt and payment of interest rate	49.520000	5.6958406	4
Store and loan rate	72.462500	.7041484	p4
Asset flow ratio	36.410000	5.6020413	4
capital adequacy ratio	11.812500	.9012722	4
Non-performing loan ratio	.705000	.2665208	4

Table 1 is the analysis of 2011 to 2015 company's assets utilization rate, profit margin, interest rate, loan payment ratio, liquidity ratio, capital adequacy ratio and non-performing loan ratio of the annual average value. The analysis results show that the asset utilization rate of annual average value is 52.045000. And 0.6235650 is the standard deviation; the average income profit rate is 46.827500 and 3.3906182 is the standard deviation and average value of receipt and payment of interest rate is 49.520000. 5.6958406 is the standard deviation; the average deposit rate is 72.462500, the standard deviation is 0.7041484; the average liquidity ratio is 36.410000, 5.6020413 is the standard deviation; the average capital adequacy ratio is 11.812500, 0.9012722 is the standard deviation; the average non-performing loan ratio is 0.705000, 0.2665208 is the standard deviation.

5. STRENGTHEN THE CORE COMPETITIVENESS OF COMMERCIAL BANKS IN CHINA

5.1 Strengthen the supervision of the adaptation

The financial industry is the core of the modern economy, and the banking industry is the theme of China's financial industry. The healthy development of the banking industry has a high degree control over the banking industry in the development of economic construction. As a developing country, China has the first step of modern banking in a long march, which the related laws and regulations are not perfect, and our banks are seeking the road which is suitable for our own development. According to industry development principle, any industry's growth, maturity are reached by market participants and regulators cooperation. From this angle, In terms of the degree of China's commercial banks, how to adapt to the CBRC, the central bank's regulatory measures are Important influencing factors which determine the development of commercial banks. On the contrary, the policy formulation and implementation of bank regulators are also important for commercial banks.

China's specific situation is to maintain the four state-owned commercial banks (industrial and commercial construction) of the absolute control of the industry force status and joint-stock commercial bank (China Merchants Bank, Shanghai Pudong Development) for the second echelon members and other banks Third echelon. From this, we can see that China's commercial banks finding the right development Opportunities has become more important according to their own characteristics.

5.2 Improve the importance of innovation

In this paper, the experts believe that financial innovation capability is the core competitiveness of commercial banks. Banking is a financial services industry and the most important is how to improve high service level. Improving the level of service can be said from two aspects, such as opening a restaurant, first of all , it should burn out a meal which people like to eat. Banks want to improve the level of service, the first is to have service content, so there are some innovative types of customers according to the needs of tailor-made products, so that the bank can have the development of space. As for this reason, the Chinese funded banks carry out a bold innovation from the business, which is to provide customers with higher quality financial products.

6. SUMMARY

(1) There are some limitations in the design of this model:

In the design of the questionnaire, due to the lack of in-depth understanding of the banking industry, most of the knowledge from the book literature and the short bank practice for only one month. it is inevitable that the design of the questionnaire on the topic lost the Lord View property.

(2) The research process evaluation assignment in core competitiveness, China Merchants Bank, has collected from 2011 to 2015, asset utilization rate, profit margin, interest rate, loan payment ratio, liquidity ratio, capital adequacy ratio and the rate of non-performing loans of the 7 indicators of data analysis, and carries on the investigation to the bank the overall level of development. I hope to have the opportunity to be able to do more in-depth, a wider range of research.

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