

Research on the Development Direction of Commercial Banks' Corporate Business— Taking A Commercial Bank as an Example

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Abstract: Against the backdrop of the gradual deepening of interest rate liberalization, the decline in effective credit demand, the intensification of competitive involution among commercial banks, and the complex international economic and trade situation, commercial banks in mainland China have entered a stage of low interest rates and narrow interest margins. Coupled with the continuous exposure of risks in retail customer groups and small and micro enterprises, many commercial banks have chosen to phase in expanding and strengthening their corporate business segments to smoothly navigate economic cycles and enhance operational resilience and sustainability. How the corporate business segment optimizes its asset-liability structure through asset allocation to achieve high-quality development is a major issue worthy of consideration by the entire industry. From the perspective of a medium-sized national commercial bank, this paper explores and proposes four key basic customer groups, six asset allocation models, and fourteen key industries for layout, for reference, and research.

Keywords: Corporate credit; Asset allocation; Business transformation; High-quality development

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1. Introduction

Against the backdrop of profound changes in the current financial market, the process of interest rate liberalization has continued to deepen, effective credit demand has shown a downward trend, competition among commercial banks has become increasingly fierce, and the international economic and trade situation has become complex and changeable. These factors have put pressure on commercial banks' net interest margin management and asset quality management, thereby affecting their operational sustainability. At the same time, risks in retail customer groups and small and micro enterprises have been continuously exposed. In the external operating environment of "low interest rates, narrow interest margins, and high risks", many commercial banks have chosen to phase in expanding and strengthening their corporate business segments, hoping to smoothly navigate the economic cycle

and enhance their operational resilience and sustainable development capabilities^[1].

2. Strengthening four key customer groups to identify business focus

2.1. State-owned enterprise customer group

The report to the 20th National Congress of the Communist Party of China points out: Deepen the reform of state-owned assets and state-owned enterprises, accelerate the optimization and structural adjustment of the layout of the state-owned economy, promote the strengthening, optimization, and expansion of state-owned capital and state-owned enterprises, and enhance the core competitiveness of enterprises. In 2024, the total revenue of state-owned enterprises was 84.72 trillion yuan, accounting for 63% of GDP. The state-owned enterprise customer group has a large market scale and can be regarded as a key direction for asset allocation. Following the pace of state-owned enterprise reform, Commercial Bank A has innovatively launched “state-owned enterprise special bonds” for their major infrastructure and industrial upgrading projects to help enterprises reduce financing costs; it has also joined hands with financial technology companies to build a dedicated treasury management platform for state-owned enterprises, realizing intelligent management and allocation of funds^[2]. At the same time, a dynamic risk assessment model for state-owned enterprises has been established, focusing on the impact of industry policy changes on enterprise operations. Through regular risk investigations and bank-enterprise communication, potential risks are resolved in advance to achieve long-term and stable cooperation.

2.2. Medium-sized private manufacturing company customer group

Following the concept of “low risk, uniform return”, based on full identification and asset inventory, for medium-sized enterprises with “revenue below 1 billion yuan and financing scale below 500 million yuan”, the business cooperation model of “strong guarantee + main settlement bank + lead bank” is adopted. By using the enterprise’s core assets as collateral to enhance credit, the lead bank increases cooperation efforts, reduces the risk of being replaced by other banks, consolidates the customer base, and builds loyal customers. At the same time, adhering to the business philosophy of “customer-centric”, bank-enterprise cooperation is strengthened. Through comprehensive financial services such as credit, online banking, salary payment, and private banking services, customer stickiness is enhanced, striving to become the main settlement bank and further improving asset returns. Commercial Bank A has developed the “Intelligent Manufacturing Quick Loan” product to simplify the approval process and provide rapid financial support for enterprise technological transformation; combined with enterprise export needs, it provides one-stop services such as export tax rebate financing and cross-border settlement. In addition, regular industry salons and management training are held to help enterprises improve their operational capabilities; through the establishment of a customer hierarchical management system, for high-quality customers, combined with the historical cooperation situation between the bank and the enterprise, differentiated interest rate preferences and credit line increase support policies are given to enhance customer stickiness and consolidate market share^[3].

2.3. (Prospective) Listed company customer group

Seize the market opportunity of the registration system in the capital market. The science and technology innovation financial customer group can be seized and strengthen the resource allocation of authorizations, credit policies, and performance appraisals for prospective listed enterprises, cultivate future customers, and lay a solid customer base. At the same time, increase credit investment in listed companies and actively expand

business opportunities such as asset mergers and acquisitions and new projects. Commercial Bank A has formed a professional listing service team to provide full-process guidance for prospective listed enterprises from share reform to IPO, and participates in enterprise Pre-IPO investments through the establishment of special funds ^[4]. For listed companies, it has launched “market value-linked loans”, which dynamically adjust credit lines based on stock price performance; it deeply participates in enterprise mergers and acquisitions and reorganizations, providing financing and advisory services. Financial technology is used to real-time monitor enterprise stock prices, performance, and other indicators, and a risk early warning system is built to ensure that business risks are under control and share the dividends of the capital market.

2.4. Overseas-oriented enterprise customer group

The trend of Chinese enterprises growing from weak to strong and moving from China to the world is an irresistible trend. Since the international economic and trade frictions, it has been quite obvious that some manufacturing enterprises have taken the initiative to transfer their production bases overseas to avoid policy risks. It is recommended to focus on domestic high-quality entities and expand their cross-border business financing needs. Commercial Bank A has improved its global service network and joined hands with overseas institutions to provide localized financial services for overseas-oriented enterprises, such as cross-border M&A loans and international syndicated financing. It has optimized the cross-border payment system to achieve real-time settlement in multiple currencies; launched a portfolio of exchange rate hedging products to help enterprises avoid exchange rate fluctuation risks; established a compliance review mechanism for overseas businesses, carried out regular risk assessments ^[5]; strengthened cooperation with international law firms to provide legal support for enterprises’ overseas investments, escorting enterprises to “go global” and achieving the steady development of cross-border businesses.

3. Expanding six asset allocation models to cultivate business growth points

3.1. Layout of medium-to-long-term assets such as project financing

Problems such as the shortage of assets and insufficient effective market demand will continue. It is recommended to increase the allocation of medium-to-long-term assets such as project financing and M&A loans. At the same time, when investing in medium-to-long-term assets, grasp the enterprise’s core assets, negotiate with the enterprise on the comprehensive return requirements of the assets, and thicken the return. For capital-intensive fields such as infrastructure and new energy, Commercial Bank A has designed a “full-cycle project financing plan”, combining construction period loans with operational period revenue right pledges, matching project cash flow characteristics, reasonably determining credit lines and repayment terms to match enterprise operational needs; established a “project white list” management mechanism, giving priority to supporting key projects included in national plans, dispersing risks through syndicated loans, and at the same time embedding account supervision, closed-loop fund operation and other clauses to strengthen risk control and ensure that returns are fully realized ^[6-8].

3.2. Strengthening regional featured industries and making localized operations a new growth pole

With branches as the main body, actively explore the risk evolution and customer structure of featured industries in the branch region, seize opportunities to carry out a batch of businesses, and form phased competitive advantages.

At the same time, the head office should strengthen enabling support, and do a good job in supporting facilities such as credit policies, operational resources, joint research, and differentiated authorizations, and implement them one by one when mature. Commercial Bank A has laid out integrated circuit industry clusters in the Yangtze River Delta and focused on electronic information manufacturing in the Pearl River Delta, formulating regional featured industry credit guidelines through “one branch, one policy”. At the head office level, it has explored the establishment of a special risk compensation fund to provide risk mitigation support for featured industry projects carried out by branches, and at the same time built a regional industry database to provide branches with precise enabling, such as industry dynamics and customer maps.

3.3. Strengthening mature interbank business models and replicating and promoting batch business development

For mature business opportunities that have been explored by local leading banks, we can, on the basis of strengthening regional interbank research, refer to interbank models to explore market opportunities. For example, the Nanning Branch, for the state-owned forest farm customer group with a large number of interbank credit lines, has carried out batch expansion of provincial forest farm business opportunities on the basis of strengthening regional research. Commercial Bank A has established a closed-loop mechanism of “interbank model research - localized adaptation - batch promotion”, such as learning from a certain bank’s “forestry carbon sink loan” model and developing exclusive products combined with regional forestry resource endowments; transforming the management organization, establishing cross-departmental interbank business teams, regularly tracking interbank innovation trends in the region, and quickly forming differentiated competitive advantages through “introduction-digestion-improvement” to avoid homogeneous involution^[9].

3.4. Seizing asset appreciation expectations and carrying out business opportunities under collateral and pledge

Under the continuous and substantial growth of M2, asset appreciation is an inevitable trend. With the continued rapid growth of M2 and the downward trend of interest rates driven by interest rate liberalization, the appreciation expectations of core assets will become more obvious. We can focus on exploring businesses under core assets (such as real estate in first-tier and strong second-tier cities, industrial plants in the Yangtze River Delta/ Pearl River Delta, equity of high-quality listed companies, equity of financial institutions, etc.). Commercial Bank A has built a dynamic valuation system for core assets, introduced AI valuation models for collateral such as real estate and industrial plants, and real-time monitors market price fluctuations^[10]. For listed company equity pledge businesses, it has set up an intelligent control mechanism of “early warning line + liquidation line”, dynamically adjusts the pledge rate combined with stock price volatility, and at the same time explores a dual credit enhancement model of “equity + cash flow” to enhance risk mitigation capabilities.

3.5. Accurately capturing “small cycle” business opportunities in the “big trend”

The big trend means big opportunities, but at the specific operational level, attention should be paid to the fluctuations of small cycles. For example, regarding the development trend of the real estate industry, the evolution from “urbanization” to “metropolitanization” should be observed and actively grasp the real estate market opportunities in the Yangtze River Delta, Pearl River Delta, Beijing-Tianjin-Hebei, and Chengdu-Chongqing economic circles. In the event of short-term fluctuations, consider extending the business term to provide tools for

enterprise fund recovery and lock in high-quality assets at the underlying level.

3.6. Strengthening research to improve the competitiveness of new fields and new product businesses

For industries or business models that have just emerged in the market, timely follow up and strengthen research, carry out special training, enhance risk control capabilities, and take the initiative to explore business market opportunities. Strive to create the first national order to form a demonstration effect. Commercial Bank A has formed research teams for strategic emerging industries such as new energy and biomedicine, and jointly released industry white papers with securities firms and consulting institutions to identify potential high-quality customers in advance; established an “innovation business incubator”, and for cutting-edge fields such as hydrogen energy infrastructure and commercial aerospace, encourages grassroots exploration through mechanisms such as “forward-looking risk provision + special assessment” to create industry benchmark cases.

4. Layout of fourteen key industries, continuously researching and adjusting access standards

4.1. Wind power

Focusing on the wind power operation subsidiaries of the “Five Major and Six Small” central enterprise power generation groups, provincial energy groups, and leading complete machine manufacturers, as well as domestic wind power equipment complete machine manufacturers ranking among the top ten in market share, focus on expanding supply chain business and investment banking business.

4.2. Photovoltaic

Implement the credit strategy of “following the mainstream, seizing the leading enterprises, and controlling risks”, and focus on expanding the silicon material and centralized photovoltaic power generation industries, as well as enterprises that have achieved integration of the silicon wafer and module industries.

4.3. Hydropower

Focus on intervening in various types of traditional hydropower projects with investment by large central and state-owned hydropower enterprises and their subsidiaries and confirmed grid access, as well as pumped storage projects approved by the development and reform commissions of provinces and municipalities directly under the Central Government, mainly through liquidity support products.

4.4. Hospitals

Focus on intervening in tertiary and above hospitals, and select public hospitals, private hospitals with good reputation and good profitability, and local hospitals with high market share as the customer group, mainly through liquidity support products.

4.5. Pharmaceuticals

Focus on expanding project loan opportunities such as bond issuance, new projects, renovations and expansion, and M&A of large and medium-sized pharmaceutical enterprises and high-quality listed companies. For market segment leaders or small and medium-sized enterprises specializing in characteristic drugs, the products are

mainly liquidity support.

4.6. Medical devices

Focus on products such as asset pools, receivables chains, and ultra-short loans to intervene in medical equipment and medical consumables companies with technological advantages, as well as market leaders in niche areas of in vitro diagnostics. Medical equipment enterprises can also be intervened through the channels of financial leasing companies.

4.7. Iron and steel smelting

In terms of region, focus on expanding customers in East China and South China, or enterprises located near coastal (river) ports, railway trunk lines, or mines (iron ore, coal mines) with obvious transportation cost advantages. In terms of customer selection, priority should be given to expanding cooperation with central and state-owned enterprises, leading private general steel enterprises, and competitive small and medium-sized private special steel enterprises operating in niche segments. Strictly control the access of small and medium-sized private steel enterprises in regions with severe supply and demand imbalance.

4.8. Education

Focus on expanding ordinary undergraduate and private undergraduate and junior college schools in the higher education stage, with products mainly including working capital loans, project loans, and M&A loans; select and intervene in high-quality private schools in key cities at the high school, secondary vocational, and compulsory education stages. Prohibit intervention in new school projects with diversified group investments and organizers without educational experience.

4.9. Warehousing and logistics

Focus on expanding state-owned petroleum warehousing enterprises in coastal areas, state-owned and leading private petroleum warehousing enterprises along the river region. State-owned enterprises with certain competitive advantages and private enterprises with chemical vessel transportation capabilities. High-standard warehouse businesses in cities with spillover demand from core logistics cities in economically developed regions such as the Yangtze River Delta, Greater Bay Area, and Bohai Rim.

4.10. Vehicle manufacturing

Continue to implement the list system management, focus on expanding mainstream vehicle manufacturers with obvious competitive advantages and strong brand influence, and focus on the six major industrial cluster regions such as the Yangtze River Delta cluster led by SAIC Group, the Pearl River Delta cluster led by Guangzhou Automobile, the Liaoning-Jilin cluster led by FAW Group, the Beijing-Tianjin cluster led by Beijing Automobile, the Hubei central cluster led by Dongfeng Motor, and the Chengdu-Chongqing cluster led by Changan Automobile.

4.11. Auto parts

Focus on expanding the top 100 national auto parts enterprises (groups), subsidiaries in China of the global top 100 auto parts enterprises, auto parts manufacturing enterprises subordinate to world's top 500 or domestic leading vehicle manufacturing enterprises, and first-level parts suppliers of leading mainstream vehicle enterprises.

4.12. Coal

Continue to implement the list system management, “first access, then credit”, maintain reasonable and appropriate credit investment, focus on expanding large coal groups ranking among the top 30 in national coal production capacity, groups with resource advantages, main coal types of better quality, and enterprises with a combined annual coal production of 15 million tons and above. Strictly prohibit entry into backward and eliminated coal mines and coal enterprises listed in the local government’s capacity reduction list.

4.13. Dairy products

The focus is on supply chain business, expanding upstream breeding and midstream dairy product processing enterprises. The downstream mainly relies on supply chain finance to expand sales of well-known brands among distributors and agents; in terms of industry segmentation, it can focus on expanding low-temperature milk, high-end fermented milk, and dried dairy products, etc. Actively introduce policy guarantee companies, local agricultural industrial funds, insurance institutions, etc., to play a role in risk mitigation.

4.14. Home furnishings

In the major household appliance industry, focus is directed on expanding leading enterprises, as well as upstream enterprises of leading enterprises and OEM manufacturing enterprises that provide OEM services to leading enterprises; in the small household appliance industry, focus is put on expanding enterprises with market shares in the top three in niche areas. In the furniture industry, expanding enterprises should focus that have a certain brand recognition and distinctive products in specialized fields.

5. Conclusion

To sum up, taking Commercial Bank A as an example, this paper has carried out in-depth research on the development direction of commercial banks’ corporate business. It proposes to strengthen the four key customer groups of state-owned enterprises, medium-sized private manufacturing companies, (prospective) listed companies, and overseas-oriented enterprises to identify business focus points; expand six asset allocation models such as medium-to-long-term assets including project financing, strengthening regional featured industries, and replicating and promoting mature interbank business models to cultivate business growth points; at the same time, layout fourteen key industries such as wind power, photovoltaic, and hydropower, and continuously research and adjust access standards. The proposal of these development directions is of great practical significance for Commercial Bank A to optimize its asset-liability structure, enhance its operational resilience, and promote its own high-quality development in a complex financial environment. In the process of implementing these development strategies, commercial banks need to pay close attention to changes in the macroeconomic situation, adjustments in policy orientation, and dynamic evolutions in market demand, continuously strengthen the application of financial technology, improve risk control capabilities, and optimize service models to better meet customer needs, gain a favorable position in fierce market competition, promote the sustained, healthy, and stable development of commercial banks, and continuously create long-term value.

Disclosure statement

The author declares no conflict of interest.

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