

Bank & Financial Transaction

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Abstract

This report provides an in-depth analysis of the integration of four major banks and several other corporate banking solutions with **Wealth Manager**, ERP systems, and Bank-Enterprise Direct Connection (H2H). The primary focus is on the advantages and challenges businesses face when utilizing these systems for financial management and automation. The report explores the functionality and benefits of Wealth Manager, which centralizes account management, optimizes cash flow, and ensures compliance in cross-border transactions.

Additionally, the paper examines the role of ERP systems and H2H connections in automating financial operations, offering seamless integration with multiple banks. The comparison between these banking solutions will help businesses choose the most suitable platform for enhancing operational efficiency, risk management, and financial compliance.

The "Big Four" State-Owned Banks

China's four largest banks, commonly referred to as the "Big Four," are state-owned commercial banks that play a dominant role in the country's financial system. These banks offer extensive networks, global presence, and strong government backing.

Industrial and Commercial Bank of China (ICBC)

- **Overview:** The largest bank in China and the world by total assets.
- **Services:** Corporate banking, trade finance, wealth management, and international banking.
- **Global Presence:** Branches in major financial centers worldwide.
- **Suitability for Foreign Enterprises:** Strong in corporate financing, cross-border settlements, and trade finance.

China Construction Bank (CCB)

- **Overview:** Known for its strong capabilities in infrastructure financing and real estate.
- **Services:** Corporate loans, investment banking, international trade finance.
- **Global Presence:** Operations in over 30 countries.
- **Suitability for Foreign Enterprises:** Good for companies involved in real estate, construction, and infrastructure projects.

Agricultural Bank of China (ABC)

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- **Overview:** Originally focused on rural banking but now a major commercial bank.
- **Services:** Agricultural finance, corporate banking, retail banking.
- **Global Presence:** Expanding international reach with growing foreign business services.
- **Suitability for Foreign Enterprises:** Suitable for agribusiness and supply chain financing.

Bank of China (BOC)

- **Overview:** The most internationally oriented of the "Big Four," with a strong presence in trade and forex services.
- **Services:** Trade finance, forex services, wealth management, and global banking solutions.
- **Global Presence:** Extensive network in over 60 countries.
- **Suitability for Foreign Enterprises:** Ideal for multinational corporations requiring international banking and forex transactions.

Other Key Banks

Besides the "Big Four," there are several other significant banks that foreign enterprises should consider when doing business in China.

Bank of Communications (BoCom)

- **Overview:** One of China's oldest banks and a major joint-stock commercial bank.
- **Services:** Retail banking, corporate finance, trade services, and investment banking.
- **Global Presence:** Expanding international operations, particularly in Asia.
- **Suitability for Foreign Enterprises:** Strong in corporate lending and trade finance.

China Merchants Bank (CMB)

- **Overview:** A leading joint-stock bank with strong retail and corporate banking services.
- **Services:** Wealth management, fintech solutions, international banking.
- **Global Presence:** Growing presence in Hong Kong, New York, and London.
- **Suitability for Foreign Enterprises:** Excellent for innovative banking services and fintech solutions.

Ningbo Bank

- **Overview:** A regional commercial bank with a reputation for innovative financial services.
- **Services:** SME financing, trade finance, digital banking.
- **Global Presence:** Limited international branches but strong domestic connections.
- **Suitability for Foreign Enterprises:** Good for companies looking to engage in regional trade and local partnerships.

Wealth Manager***

Wealth Manager is an enterprise-level financial management and service platform, typically provided by large commercial banks, designed to help businesses centralize account management, control cash inflows and outflows, manage investments, and handle payments and settlements.

Main Features:

- Multi-bank account management
- Cash concentration and allocation
- Intelligent investment and financing management
- Real-time transaction monitoring

Suitable for foreign enterprises:

Ideal for businesses with multiple bank accounts that require centralized management of cash flows.

Bank-Enterprise Direct Connection (Host-to-Host, H2H)

Bank-Enterprise Direct Connection (H2H) is a system integration method between businesses and banks that allows enterprises to access banking services directly through their financial or ERP systems.

Main Features:

- Automated reconciliation
- Payment instruction submission
- Cash concentration and distribution
- Account balance inquiry

Suitable for foreign enterprises:

Ideal for businesses with high demands for cash flow efficiency and the need for automated financial operations.

ERP/TMS Financial Management System***

Through ERP (Enterprise Resource Planning) or TMS (Treasury Management System), multiple banks can be integrated, enabling advanced cash flow management and financial automation.

Using Wealth Manager Benefits:

- **Optimization of Cash Allocation and Cash Flow Management**
Wealth Manager provides specialized tools for cash allocation and cash flow forecasting, enabling businesses to optimize fund distribution, enhance the efficiency of fund usage, and avoid idle funds.
- **Intelligent Risk Control and Compliance Assurance**
Wealth Manager helps businesses manage the compliance of cross-border transactions and provides multiple risk control mechanisms, such as anti-money laundering tools and tax compliance, ensuring that fund flows meet regulatory

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- **Integrated Financial Management**

Wealth Manager integrates multiple value-added services such as financial management, cash allocation, and investment management, allowing businesses to complete various financial tasks through a unified platform, reducing system maintenance costs.

In Cases Where Wealth Manager is Not Used:

If Wealth Manager is not used, businesses can still manage funds through Bank-Enterprise Direct Connection (H2H) and ERP systems, but they may face the following challenges:

1. **Lower Automation in Cash Allocation and Cash Flow Management**

Without the intelligent cash allocation features provided by Wealth Manager, businesses may need to rely more heavily on manual adjustments to manage cash flow and forecasts, increasing management complexity.

2. **Lack of Specialized Compliance and Risk Control Tools**

Wealth Manager offers numerous compliance and risk control tools, such as checks for cross-border transaction compliance and monitoring of fund flow risks. Without Wealth Manager, businesses need to rely on alternative methods to ensure fund flows meet regulatory standards, adding complexity to management.

3. **Complexity in Connecting Multiple Banks**

While Bank-Enterprise Direct Connection (H2H) can integrate with multiple bank accounts, without Wealth Manager, businesses may need to manage the integration and synchronization with each bank separately, potentially leading to difficulties in system integration and maintenance.

4. **Lack of Value-Added Service Support**

Wealth Manager provides value-added services such as financial reporting, investment management, and short-term financing, which are essential for businesses with complex fund management needs. Without Wealth Manager, businesses may need to purchase these services separately, leading to additional costs and management burdens.