Comparative Analysis of Business Strategies between Regional Banks and State-owned Banks in China: A Case Study of Quanzhou Bank and China Construction Bank

Abstract

Against the backdrop of the current hierarchical development of China's financial system and the intertwined demands of the real economy, this study compares and analyzes the business strategies of Quanzhou Bank (a regional bank) and China Construction Bank (a state-owned bank). In the research process, the strategic positioning of the two was first analyzed from the perspectives of development positioning, core resources, and policy dependence. Secondly, the differences in business strategies between the two were compared in terms of market positioning and customer base, product and service innovation, risk management and compliance, and digital transformation. Once again, the driving factors behind the strategic differences between Quanzhou Bank and China Construction Bank were analyzed, including policy orientation differences, resource capacity constraints, market competition pressure, and different customer groups. Finally, research recommendations were proposed from three levels: regional banks, state-owned banks, and regulatory authorities. In order to reveal the collaborative mechanism and conflict nodes of China's multi-level financial system, and provide theoretical basis and practical reference for optimizing the division of labor ecology in the banking industry and enhancing the efficiency of financial services for the real economy.

Keywords: Quanzhou Bank; China Construction Bank; Business strategy

1. Introduction

Currently, China's financial system is undergoing structural transformation. Under the dual drivers of the new "dual circulation" economic development paradigm and financial supply-side reforms, the tiered competition in the banking sector has become increasingly pronounced. Due to differences in resource reserves, policy arrangements, and market roles, large state-owned commercial banks and regional city commercial banks have gradually developed a dual trajectory of "national dominance" and "local 深耕" (deep cultivation). Against this backdrop, studying the differences in operational strategies between regional banks and large state-owned banks holds significant research value.

Selecting Quanzhou Bank as the regional bank representative, Quanzhou is one of China's most vibrant cities for private enterprise, where its "Hometown of Overseas Chinese" heritage is deeply intertwined with the local private economy. This integration has fostered distinct advantages in serving small and medium-sized enterprises and overseas Chinese financial services, aligning perfectly with the regional bank's "localized 深耕" (localized deep cultivation) positioning. Meanwhile, as a major state-owned bank, China Construction Bank has branches across all prefecture-level cities nationwide, with its international operations extending to over 30 countries along the Belt and Road, reflecting a globalization strategy guided by national policy.

Existing research primarily focuses on the strategic analysis of a single type of bank, lacking systematic comparisons between the strategies of state-owned major banks and regional banks. Fewer studies integrate regional economic characteristics with policy stratification mechanisms for dynamic research. This study takes Quanzhou Bank and China Construction Bank as samples, comparing their market positioning, product innovation, and resource allocation logic to reveal the synergistic mechanisms and conflict points in China's multi-tiered financial system. It provides theoretical foundations and practical references for optimizing the division of labor in the banking sector and enhancing the efficiency of financial services in supporting the real economy.

2. Methods

(1) Literature research method

By systematically reviewing academic literature, policy documents, and industry reports on the operational strategies of regional and state-owned banks both domestically and internationally, we aim to identify research entry points and establish a research framework to strengthen theoretical support for case comparisons and ensure the rigor and innovation of research logic.

(2) Case analysis method

Selecting Quanzhou Bank (regional bank) and China Construction Bank (state-owned bank) as research cases, based on annual report data and field research collected information, this study compares the differences between the two in market positioning, product innovation, risk control mechanisms, and policy responses, providing empirical support for the conclusion.

3. Review of Related Literature

3.1Research on the Operational Strategies of Regional Banks

Dr. S. Upendra Sastry (2021) believes that in order to make the regional banking industry more important, dynamic, and competitive, the government must take specific steps to focus on banking reform, such as adopting information and communication technology to enable Chinese banks to enhance customer experience by using ICT to customize banking products. Varma Parminder et al. (2022) stated that fintech has enormous potential to develop and impact the banking industry and the entire world, and regional banks can benefit from the combination of emerging technologies such as blockchain, artificial intelligence, machine learning, or other decision-making layers. Li Nan (2024) suggests that small and medium-sized banks should grasp the policy direction of rural revitalization, establish characteristic branches for rural revitalization, innovate the financial service model of townships and counties, improve the financial product system of townships and counties, strengthen the analysis and application of business data, and enhance the financial technology capabilities of townships and counties. Shi Yun (2024) believes that the personal wealth management products sold by small and medium-sized banks appear to be very diversified, but most of the products have fallen into homogenization problems, and the number of truly innovative wealth management products is very limited. According to Lu Minfeng (2024), commercial banks in different cities have different performances in capital markets, mergers and reorganizations, regional locations, economies of scale, and digital transformation, leading to differences in their current development status. Chen Hui (2024) believes that the development of inclusive finance by small and medium-sized commercial banks is not only necessary for actively fulfilling social responsibilities, but also beneficial for expanding markets and enhancing their own competitiveness.

3.2Research on the Operational Strategies of State owned Banks

Zhu Xiaoyu (2020) believes that China's commercial banks have undergone profound changes in both their external operating environment and internal governance structure, facing various business challenges. Transformation is a process that must be experienced for sustainable development, and counties have become a new competitive high ground for major banks.

Zhang Kechen (2021) took Bank of China as an example to analyze the product innovation and business model transformation of state-owned commercial banks under the Internet. By discussing Bank of China's innovative Internet micro lending products, Internet e-commerce platforms, cooperation with Internet companies and other Internet based behaviors, this paper provides some suggestions for the successful transformation of traditional state-owned banks in the Internet financial wave. Zhang Yanan (2021)'s digitalization has ushered in a new competitive space for the development of commercial banks. The demander and supplier have realized the connection between intangible business and tangible business by using the Internet model. Under the new business development model, the digital transformation of state-owned commercial banks is a value-added point for the future financial dividends of banks. Chang Weichao (2024) used the Z-score model to comprehensively evaluate the risk resistance ability of banks, providing theoretical basis for policy makers to adjust regulatory policies. Zhang Dunxiang (2025) conducted empirical analysis using SWOT analysis and DELPHI analysis. The conclusion indicates that Industrial and Commercial Bank of China should increase its efforts in developing digital inclusive finance and adopt a more proactive and enterprising development strategy.

3.3literature review

In the study of regional banks' business strategies, foreign scholars mentioned the role of technological reform in enhancing competitiveness, while domestic scholars focused on their development in rural revitalization, inclusive finance and other fields, and revealed problems such as product homogeneity and differences in digital transformation. As for state-owned banks, the study focused on transformation when the business environment changed, such as the implementation of Internet and digital transformation, as well as risk assessment and development strategy planning.

The existing research analyzes the business strategies of two types of banks from multiple perspectives, which has certain reference value, but there are limitations. There are few comparative studies on the business strategies of regional banks and state-owned banks, making it difficult to highlight the differences and mutual reference between the two; Research often focuses on specific aspects and lacks a systematic summary of the overall business strategy system. In the future, research can strengthen the comparative analysis of two types of bank business strategies, establish a comprehensive and systematic business strategy analysis framework, and more directly promote the improvement of the banking industry.

4. Strategic positioning of Quanzhou Bank and China Construction Bank

4.1 Regional Strategy of Quanzhou Bank

Quanzhou Bank was established in 1997 and is a local legal person urban commercial bank approved by the People's Bank of China in Fujian Province. Its headquarters is located in Quanzhou, Fujian. As a regional financial institution firmly rooted in the southern Fujian region, Quanzhou Bank regards "serving the local economy, small and micro economies, and urban and rural residents" as its market positioning. Relying on the prosperous private economy and compact industrial clusters in Quanzhou, it mainly supports small and micro enterprises, rural revitalization, and people's livelihood consumption. By the end of 2023, the bank's asset size will exceed 180 billion yuan, with nearly 100 branch offices established in Fujian Province, covering the entire Quanzhou region and gradually extending to surrounding cities such as Fuzhou and Xiamen. Quanzhou Bank values differentiated business models and has innovatively launched characteristic products such as "supply chain finance", "technology loans", and "agricultural loans", which are deeply integrated with local industrial chains such as footwear, stone, and fisheries. It actively carries out layout for green finance and digital transformation, and has created the "Quan e-Loan" online inclusive finance platform. After completing the capital increase and share expansion in 2021, the introduction of local state-owned assets and strategic investors has significantly improved the capital strength and risk resistance ability, and has been awarded the title of "Fujian Province Small and Medium sized Enterprise Financial Service Demonstration Institution" for many consecutive years. In the future, Quanzhou Bank will continue to deepen its "localization+digitalization" dual wheel drive strategy to support high-quality regional economic development.

(1) Development positioning

Quanzhou Bank takes "deepening cultivation in southern Fujian and serving small and micro enterprises" as its core positioning, focusing on regional markets and customer segmentation, forming a competitive strategy that differentiates itself from state-owned banks. From the perspective of regional selection, more than 80% of its branches are located in Quanzhou and surrounding counties and cities, mainly covering active areas of private economy such as Jinjiang and Shishi, deeply penetrating upstream and downstream enterprises in industrial clusters; Targeting small and micro enterprises as well as individual businesses within the selected customer group, we have launched customized products such as "Small and Micro Quick Loans" and "Fisherman's Loans". The credit limit for a single account is flexible, and the approval cycle has been shortened by more than 50% compared to state-owned banks, accurately meeting the financing requirements of "short, frequent, and urgent". Quanzhou Bank has entered the local life scene through community banks, inclusive financial service stations and other channels, strengthening the public's brand awareness of "banks around citizens". This strategy not only avoids direct competition with state-owned large banks in large-scale projects, but also utilizes high stickiness customer groups to increase the proportion of intermediary business income, creating a "small and beautiful" ecological closed loop in the regional market.

(2) Core Resources

The core competitiveness of Quanzhou Bank is brought about by its unique regional resource endowment. In terms of the relationship between local governments and enterprises, as a city commercial bank controlled by the Quanzhou Municipal Finance Bureau, it has reached deep cooperation with local governments, the Federation of Industry and Commerce, and industry associations, giving priority to obtaining various resources for policy projects such as municipal infrastructure and supply chain finance. In terms of flexible decision-making mechanism, compared with the hierarchical approval system of state-owned banks, Quanzhou Bank adopts the "credit factory" model, establishes regional credit approval centers, and achieves "T+3" disbursement efficiency for small and micro enterprise loans, and allows branch offices to adjust risk control parameters based on industry characteristics. In terms of the integration of Fujian business culture, it is reflected in the "acquaintance finance" model, which relies on the geographical network of Fujian businesses to carry out customer credit assistance, launches characteristic loan projects such as "Overseas Chinese Loans" and "Taiwanese Business Entrepreneurship Loans", and transforms cultural identity into controllable credit assets. The three work together to build a localized service barrier of "agile policy response, short decision-making chain, and effective customer penetration".

(3) Policy dependence

The regionalization strategy of Quanzhou Bank relies heavily on local policy dividends. As a financial supporting party of the "Quanzhou Private Economy Reform Pilot Zone", it benefits from local government's financial and tax subsidies for small and micro enterprises (such as loan interest subsidies and risk compensation funds). In 2023, the cumulative special loans issued to the pilot zone reached more than 12 billion yuan, accounting for 35% of corporate loans. The policy allows financial institutions in the region to innovate collateral models, and Quanzhou Bank has taken this opportunity to launch the "Science and Technology Innovation Loan 2.0", issuing loans to local high-tech enterprises without physical collateral. The non-performing loan ratio remains within 1.8%, and the provision coverage ratio is above 150%. As shown in Figure 4.1 for details, dependence on policies can also lead to potential risks: fluctuations in the regional economy directly affect the quality of assets; Secondly, cross regional expansion faces limitations and requires continuous enhancement of the ability to connect with local policies in order to maintain competitive advantages.

Figure4.1 Quanzhou Bank's non-performing loan ratio and provision coverage ratio

		2019	2020	2021	2022	2023
Quanzhou Bank	Non-performing loan ratio (%)	1.74	1.43	1.68	1.52	1.61
	Provision coverage ratio (%)	150.58	152.45	151.23	168.01	170.81
China Construction Bank	Non-performing loan ratio (%)	1.42	1.56	1.42	1.38	1.34
	Provision coverage ratio	227.69	213.59	239.96	241.53	239.85

（%）

Data source: Quanzhou Bank Annual Report; China Construction Bank Annual Report.

4.2 China Construction Bank's strategy for state-owned banks

In 1954, China Construction Bank was established with its headquarters in Beijing. It belongs to the category of China's six major state-owned commercial banks and is also a globally systemically important bank. In 2019, it ranked 24th in the Fortune Global 500, and by 2023, its total assets will exceed RMB 38 trillion, ranking among the top in the global banking industry. CCB regards "serving the public to live and work in peace and contentment and building a modern and beautiful life" as its mission. Its business covers four major business areas, namely corporate banking, personal banking, financial market and international business. It has opened nearly 15000 branches around the world and expanded to more than 30 countries and regions, including Hong Kong, Macao, Taiwan, Europe, the United States, and Southeast Asia. As a large state-owned bank, CCB actively participates in the implementation of national strategies and leads the "the Belt and Road" project financing, new urbanization construction, and green financial innovation. In 2022, the balance of green credit will exceed 3.5 trillion yuan, ranking first among peers. Its technological and financial strength is outstanding, relying on independent technology research and development of the "CCB Cloud" platform to drive cutting-edge applications such as blockchain trade financing and digital RMB pilot. It has been awarded the "Best Digital Bank in the World" for many consecutive years. CCB has become a financial benchmark sample with both market competitiveness and social influence, thanks to its comprehensive business strength, global layout, and implementation of social responsibility.

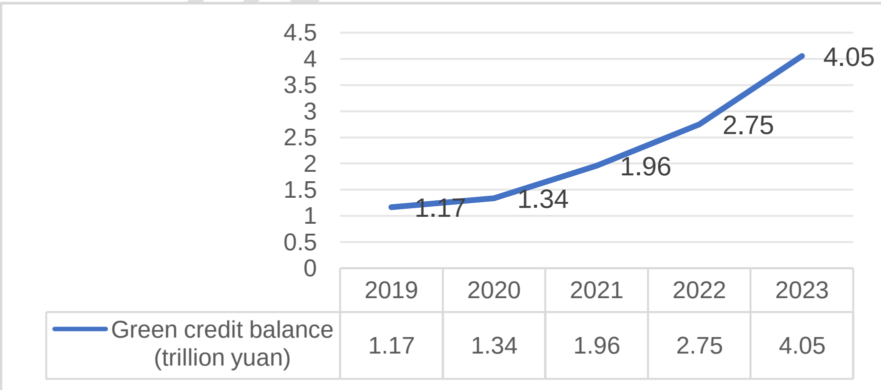
(1) Development positioning

China Construction Bank has planned "comprehensive and international" as its strategic positioning, focusing on building a comprehensive universal bank that covers the entire industry chain and life cycle financial services. Its business involves multiple fields such as corporate banking, personal finance, asset management, investment banking, insurance, and funds. With the "mother child linkage" model, it achieves cross market resource integration and meets customers' one-stop financial service demands. In terms of internationalization layout, China Construction Bank has established nearly 200 branches in more than 30 countries and regions overseas. By 2023, the cross-border RMB settlement volume will exceed 6 trillion yuan, and the global asset scale under custody will exceed 15 trillion yuan. It has deeply joined the international investment banking business such as offshore bond underwriting and cross-border mergers and acquisitions. Compared with regional banks that focus on the local market, the "China Construction Bank Enterprise Annual Report" mentions that China Construction Bank has formed a comprehensive service ecosystem model of "domestic+overseas" and "commercial bank+investment bank" with the advantages of complete licenses and strong funds, becoming a key hub for cross-border capital flow.

(2) Core Resources

Firstly, in terms of branch coverage, China Construction Bank has the most dense physical network in the domestic banking industry, with over 14000 branches covering 98% of county-level administrative regions. Especially in county-level and rural areas, it has laid out over 500000 "Yunong Tong" inclusive financial service points, forming a three-level service system of "city county rural", laying the foundation for retail customers to sink in. Secondly, in terms of undertaking policy projects, as a state-owned bank, China Construction Bank prioritizes undertaking financing needs in key areas of the country, such as responding to the country's "dual carbon" policy and vigorously developing green credit. Its green credit balance has increased from 1.17 trillion yuan to 4.05 trillion yuan in the past five years (see Figure 3.1 for details), supporting new energy projects such as wind and solar power and hydrogen energy. Finally, in terms of cross-border finance, relying on the status of the "the Belt and Road" financial artery, CCB has set up 19 branches in countries along the line, providing financing for more than 200 overseas infrastructure projects, and providing digital services such as exchange rate hedging and trade financing through the "cross-border e+" platform.

Figure 4.2 Green Credit Balance of China Construction Bank

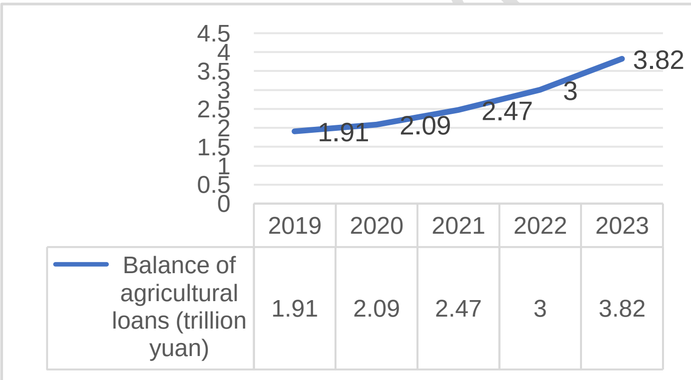


Data source: China Construction Bank Annual Report

(3) Policy Role

As the financial backbone to promote the national strategy, CCB has been deeply involved in the process of policy implementation. In the field of "the Belt and Road", it has led to a loan scale of more than 300 billion yuan, supported landmark projects such as the China Laos Railway and the Indonesia Yawan High Speed Railway, and issued "Silk Road themed" bonds, raising more than 80 billion yuan. In the field of rural revitalization, CCB launched the "rural revitalization loan" product. Between 2019 and 2023, its agricultural loan balance rose from 191 trillion yuan to 382 million yuan, as shown in Figure 4.3 for details. Building a "smart agriculture industry chain" platform with innovative ideas, connecting over 500000 farmers, and relying on "Yunong Quick Loan" to achieve 3-minute online lending. China Construction Bank undertakes the mitigation of policy financial risks, such as setting up a 40 billion yuan housing rental fund to implement "rental and purchase simultaneously", issuing 160 billion yuan of small and micro financial bonds, and providing targeted support for the real economy. Compared to regional banks serving the local economy, China Construction Bank ensures policy implementation rigidity through the "head office coordination+branch collaboration" model, reduces strategic business marginal costs through economies of scale, and becomes a key transmission channel for national macroeconomic regulation.

Figure 4.3 Balance of Agricultural Loans of China Construction Bank



Data source: China Construction Bank Annual Report

5. Comparative Analysis of the Operating Conditions between Quanzhou Bank and China Construction Bank

5.1Market positioning and customer base

As a regional city commercial bank, Quanzhou Bank focuses on "miniaturization and localization", relying on the active private economy and industrial cluster gathering in Quanzhou. It deeply cultivates the market fields of small and medium-sized enterprises, individual businesses, and local residents, and adopts scenario based products such as "tea merchant loans" and "fishing village finance" to meet the financing expectations of "short, frequent, and urgent". It also strengthens the penetration of livelihood services through community banks and inclusive service stations. Its core advantages are flexible decision-making mechanisms and localized information networks. However, due to the weak ability of customers to resist risks, the non-performing loan rate of small and micro enterprises significantly exceeds the level of China Construction Bank.

China Construction Bank defines its positioning as "comprehensive and internationalized". Relying on the advantages of comprehensive coverage of nationwide outlets and policy resources, it mainly expands the market for large state-owned enterprises, government infrastructure projects and high net worth customers, such as leading matters related to cross-border infrastructure loans along the "the Belt and Road", providing 10 billion yuan of credit to central enterprises, and launching family trust services. It has ensured its risk diversification ability by virtue of large-scale operation and technology empowerment, but the standardized service model is not flexible enough in the regional small and micro markets.

Due to differences in resource allocation and strategic goals, Quanzhou Bank and China Construction Bank have formed a clear contrast in market positioning and customer group selection. The strategic differences between the two are reflected in the fact that Quanzhou Bank relies on "small but refined" to achieve deep regional cultivation, while China Construction Bank dominates the national market with a "large and comprehensive" model, achieving a complementary and symbiotic banking industry stratification pattern, as shown in Table 5.1.

Table 5.1 Comparison of Market Positioning and Customer Groups between Quanzhou Bank and China Construction Bank

comparative dimension	**Quanzhou Bank (Regional Bank)**	**China Construction Bank (state-owned bank)**
market positioning	Focusing on regional economy, serving small and micro enterprises and local livelihood needs	Covering the whole country and internationally, serving large enterprises, government projects, and high net worth clients
customer base	Small and medium-sized enterprises, individual businesses, and community residents	Large state-owned enterprises, multinational corporations, government agencies, high net worth families
Product Service	Scenario based loans (such as "tea merchant loans"), community convenience finance	Comprehensive financial services (infrastructure financing, family trusts, cross-border investment banking)
risk management	Dependent on local information network, joint insurance and loan model	Big data risk control and scale dispersion effect
digital capability	Lightweight APP embedded in local life	Blockchain, digital RMB pilot, global fintech

	scenarios (such as "Smart Vegetable Market")	ecosystem (such as "CCB Cloud")
Core strengths	Flexible decision-making, high regional penetration rate, and fast policy response	Strong capital, leading technology, and global resource integration capability
Main challenges	Risk of regional economic fluctuations and restricted cross regional expansion	Lack of flexibility in small and micro markets and pressure from policy assessments

Table source: self-made by the author of this article

5.2 Product and Service Innovation

Quanzhou Bank focuses on regional economic ecology and innovates financial products around supply chain and people's livelihood scenarios. In the field of supply chain finance, it has launched the "Chain e-Loan" platform for Quanzhou footwear, clothing, stone and other billion dollar industrial clusters, providing order pledge financing for upstream and downstream small and medium-sized enterprises, realizing the integration of capital flow, logistics and information flow. By 2023, the balance of supply chain finance will exceed 15 billion yuan, with a non-performing loan rate of 1.61%; During the implementation of community convenience services, the "Smart Vegetable Market" project was utilized to integrate payment, credit, and payment functions, covering over 80% of agricultural markets in Quanzhou. The average daily transaction volume exceeded 100000, driving a 25% increase in retail deposits. Quanzhou Bank implemented the "interest rate elasticity" measure, dynamically adjusting interest rates based on customer credit scores to reduce financing costs for high-quality small and micro customers.

China Construction Bank relies on its technological and licensing advantages to build a comprehensive financial ecosystem: its "CCB Cloud" financial technology platform provides governments and enterprises with solutions such as blockchain supply chain finance and digital RMB cross-border settlement. In 2023, 24.7 billion yuan will be invested in technology, empowering over 100000 global corporate customers; Integrating investment banking, asset management, and insurance resources through a "mother child linkage" model, such as issuing "carbon neutral" bonds for central enterprises and jointly developing green REITs products with CCB Wealth Management, will increase the proportion of comprehensive financial services revenue to 38% in 2023.

Quanzhou Bank and China Construction Bank have shown a differentiated approach in product and service innovation, with a focus on "deep cultivation of local scenarios" and "technology empowerment across the board". The difference in innovation logic between the two is evident: Quanzhou Bank uses "small and beautiful" to address local pain points, while China Construction Bank reshapes industry norms through its "big and strong" state. For more details, please refer to Table 5.2.

Table 5.2 Comparison of Product and Service Innovation between Quanzhou Bank and China Construction Bank

comparative dimension	**Quanzhou Bank (Regional Bank)**	**China Construction Bank (state-owned bank)**
Innovation direction	Scenario based finance and regional ecological embedding	Technology empowerment, comprehensive license services
Representative products	Supply chain finance (chain e-loan), community convenience (smart vegetable market), interest rate elasticity	CCB Cloud, Digital RMB Pilot, Carbon Neutral Bonds, Green REITs
technology application	Lightweight system integration (local scene API docking)	Blockchain, artificial intelligence, cloud computing (global deployment of "CCB Cloud")
service model	Vertical cultivation: Focusing on local industrial chains and livelihood scenarios	Horizontal linkage: cross business line collaboration (investment banking+assetmanagement+insurance)
Core strengths	Flexible response to regional demands, short product iteration cycle (3-6 months)	High technological barriers, significant economies of scale, and global resource integration
Main challenges	Limited technological investment (less than 500 million yuan per year) and difficulty in cross regional replication	Insufficient granularity of localized services and high innovation and compliance costs

Table source: self-made by the author of this article

5.3Risk management

Based on the characteristics of regional customer groups, Quanzhou Bank has established a credit risk diversification mechanism: targeting the pain points of weak risk resistance and insufficient collateral for small and micro enterprises, it promotes the "joint guarantee and joint loan" model. According to the 2023 corporate financial report of Quanzhou Bank, the balance of joint guarantee loans accounted for 42%, and the credit parameters were dynamically adjusted through a localized risk control model to control the non-performing loan ratio of small and micro enterprises at 2.3% (lower than the regional average of 3.1%). Joint insurance and loans can easily lead to the transmission of risks. In 2022, Quanzhou's shoe and clothing exports decreased, causing the non-performing loan ratio of joint insurance customers to rise to 3.8%. As a regional commercial bank, Quanzhou

Bank has a savings deposit scale of over 200 billion yuan and a total loan amount exceeding 150 billion yuan by the end of 2023, focusing on small and medium-sized enterprises and local economy. In recent years, its non-performing loan ratio has been controlled within the range of 1.5% -2%. By strengthening pre loan review, dynamic risk classification, and increasing provision coverage (over 200%), risks have been mitigated. However, due to regional economic fluctuations, some industries still need to be vigilant about non-performing pressure. [ ]

China Construction Bank relies on a centralized risk control system of "head office branch", builds a "smart risk control" big data platform, combines more than 20 external data sources such as industry and commerce, taxation, and judiciary, and uses AI models to monitor enterprise cash flow, related party transactions, and other risk indicators in real time. The non-performing loan ratio of enterprise related corporate loans in 2023 is only 0.8%.

As a state-owned large bank, China Construction Bank will have a savings deposit scale of over 28 trillion yuan and a total loan amount exceeding 23 trillion yuan in 2023. Its business covers both retail and corporate sectors nationwide. The non-performing loan ratio remains stable at around 1.3%, relying on intelligent risk control systems, full process credit management, and high provision coverage (over 240%), the asset quality ranks among the top in the industry. Its risk diversification ability is strong, and its systematic risk prevention and control system is mature, but attention should be paid to local risk exposure in real estate and other fields. In terms of compliance management, China Construction Bank utilizes blockchain technology to achieve full process traceability and verification of trade financing, reducing potential risks associated with operations. Meanwhile, Quanzhou Bank utilizes communication with local regulators and policy interpretation to flexibly modify compliance processes.

Quanzhou Bank and Construction Bank have shown a differentiated strategy direction of "decentralized local adaptation" and "centralized technology driven" in risk management and compliance systems. The two strategies highlight the differences in resource endowment: Quanzhou Bank relies on "acquaintance network+dynamic adaptation" to compensate for data shortages, while Construction Bank promotes the standardization process of risk control through "technology infrastructure+global coverage". The detailed content can be viewed from Table 5.3.

Table 5.3 Comparison of Risk Management between Quanzhou Bank and China Construction Bank

comparative dimension	**Quanzhou Bank (Regional Bank)**	**China Construction Bank (state-owned bank)**
Risk management	Credit risk diversification (joint guarantee and joint loan), dynamic localized risk control model	Centralized big data risk control, AI real-time monitoring and early warning

mode		
technology application	Basic data system+manual experience assistance	Blockchain traceability, AI models, cloud computing ("smart risk control" platform)
Data source	Local chambers of commerce, supply chain information, government cooperation data	Comprehensive internal and external data (business, tax, judicial, credit, etc.)
Performance of defect rate	The non-performing loan ratio for small and micro enterprises is 2.3%, and the non-performing loan ratio for joint guarantee loans is 3.8% (2023)	The non-performing loan ratio for corporate loans is 0.8%, and the non-performing loan ratio for infrastructure loans is 0.5% (2023)
Compliance Management	Flexible and simplified processes (such as small and micro KYC), relying on local regulatory collaboration	Standardized compliance process, blockchain full process traceability
Core strengths	Flexible risk pricing, low cost of regional information asymmetry	Accurate risk identification, economies of scale to reduce marginal costs
Main challenges	Joint guarantee risk transmission and weak data governance capability	Insufficient granularity of risk control for small and micro customers, high cost of model iteration

Data source: Annual reports of Quanzhou Bank and China Construction Bank

5.4 Digital Transformation

Quanzhou Bank focuses on the needs of regional customer groups and adopts a lightweight and low-cost strategy to promote digitalization. Its self-developed "Quan e-Loan" APP focuses on local life scenarios, embedded with the "Smart Vegetable Market" payment system, and integrates convenient functions such as water and electricity payment and pre examination of school district housing loans. By 2023, the number of APP users has exceeded 1.2 million, with an average daily transaction volume of over 150000. The proportion of retail business using online mode has reached 68%. Quanzhou Bank has jointly developed a supply chain finance module with local e-commerce platforms to achieve real-time credit of order data, shortening the approval time for small and micro enterprise loans to 24 hours. Due to limited technological investment scale, the speed of system iteration and the accuracy of risk control models cannot compare with state-owned enterprises. Great line.

China Construction Bank is focusing on the layout of a comprehensive digital infrastructure with the core support of the "fintech ecosystem". Its "Jianxing Cloud" platform provides blockchain trade financing and digital RMB pilot services for governments and enterprises, thereby building an open banking ecosystem of "finance+government+industry". By 2023, the investment in technology will reach 24.7 billion yuan, and the cumulative number of patent authorizations obtained will exceed 12000. As for the annual report of China Construction Bank, the bank adopts the "mother child linkage" model and uses CCB Jinko as a channel to output technical solutions, building a dual profit path of "technology self research+commercial output".

The digital transformation paths of Quanzhou Bank and Construction Bank present a significant difference between "deepening the cultivation of lightweight scenarios" and "empowering ecological technology". The comparison between the two shows that Quanzhou Bank strengthens regional stickiness through "small and beautiful", while Construction Bank reshapes industry standards through "big and strong" efforts. The relevant content is shown in Table 5.4.

Table 5.4 Comparison of Digital Transformation between Quanzhou Bank and China Construction Bank

comparative dimension	**Quanzhou Bank (Regional Bank)**	**China Construction Bank (state-owned bank)**
transformation direction	Lightweight scene embedding, digitalization of local livelihood services	Building a fintech ecosystem and empowering technology across all domains
technology application	Local life scene API docking, direct connection to supply chain data	Blockchain, digital RMB, artificial intelligence, cloud computing ("CCB Cloud")
Representative projects	Quane Loan APP, Smart Vegetable Market, Tea City Mall Supply Chain Finance	Blockchain trade financing, digital RMB pilot, Jianxin Jinke technology output
User coverage	Local residents and small and micro enterprises in Quanzhou (with 1.2 million APP users)	National C-end and B-end customers (with over 200 million digital RMB users)
data performance	Daily average transaction volume of 150000, retail online rate of 68%	Technology investment of 24.7 billion yuan, digital RMB scene of 4 million+
Core strengths	High scene fit and strong user stickiness in the area	High technological barriers and significant ecological synergies
Main challenges	Limited technological investment and weak system risk resistance capability	Insufficient granularity of localized services and high compliance costs
	Annual digital investment of approximately 480 million yuan (accounting for 6% of revenue)	Annual technology investment of 24.7 billion yuan (accounting for 12% of revenue), with over 30000 R&D personnel

Data source: Annual reports of Quanzhou Bank and China Construction Bank

6. The driving factors behind the strategic differences between Quanzhou Bank and China Construction Bank

6.1 Differences in Policy Orientation

The difference in strategy between Quanzhou Bank and China Construction Bank is essentially attributed to the hierarchical driving mechanism of central and local policy guidance. As a regional bank type, Quanzhou Bank is a city commercial bank, and its strategic formulation highly relies on the guidance provided by local finance and industrial policies. The Quanzhou Municipal Government has listed the construction of the private economy reform pilot zone as a priority implementation. In 2021, it issued the "Ten Measures for Financial Support of High quality Development of the Private Economy", which clearly requires local financial institutions to maintain a loan growth rate of over 15% for small and micro enterprises, prompting Quanzhou Bank to maintain strategic flexibility and respond promptly to local economic cycle fluctuations and industrial adjustment requirements. China Construction Bank is deeply embedded in the national macro strategy and the central regulatory assessment framework. As a large bank in the state-owned system, its strategic center has always focused on "serving the overall situation of the country", like cross-border infrastructure financing driven by the "the Belt and Road" initiative, county financial expansion in the rural revitalization strategy, and green credit driven by the "dual carbon" goal. The assessment indicators implemented by the regulatory authorities on state-owned banks directly determine their priority allocation of resources, just like the control of loan concentration in the real estate industry, which forces China Construction Bank to compress related loans. This "national strategy regulatory assessment scale investment" related transmission logic makes China Construction Bank's strategy more focused on compliance and policy execution capabilities, rather than considering the individual needs of regional markets.

6.2 Resource Capability Constraints

The significant difference in resource endowment determines the boundary line between the two strategic choices. Due to limited capital scale, Quanzhou Bank's strategy focuses on "small but refined": relying on local resource networks to make up for capital shortcomings. Quanzhou Bank deeply binds local fiscal deposits with its geographical advantages, and uses "bank tax interaction" to share tax data, enhancing the effectiveness of small-scale wind control. Capital constraints also constrain its innovation capabilities. Its digital system relies on third-party procurement, resulting in longer product iteration cycles than state-owned banks. With abundant funds, leading technology, and global network advantages, China Construction Bank adopts a "big and comprehensive" strategy, relying on its capital strength to support large-scale infrastructure investment. Technology investment stimulates the vitality of underlying technology infrastructure such as "China Construction Bank Cloud" and has the ability to output industry standards. CCB's global layout (branches in more than 30 countries) enables it to undertake the "the Belt and Road" project. In 2023, it accounted for 22% of the cross-border RMB settlement volume in the national market. A large number of resources also led to such problems as "big ships are difficult to turn around": standardized products are difficult to adapt to the differentiated needs of regional small and micro enterprises, and the larger the scale, the more obvious the marginal benefits of technology investment will decline.

6.3 Market competition pressure

The difference in market competition patterns further amplifies the strategic differentiation between the two, and Quanzhou Bank faces a dual competition of "upward and downward pressure": local peers use interest rate wars to compete for high-quality small and micro customers, directly reducing the size of profit margins; State owned large banks have entered regional markets through "inclusive finance sinking", such as the establishment of the "Yunong Tong" service point by China Construction Bank in Quanzhou, which has caused a diversion of traditional depositors from Quanzhou Bank. In order to break through competitive barriers, Quanzhou Bank has to strengthen its "non price competitiveness", such as launching differentiated services such as "3-hour loan" and "temporary credit enhancement during tea picking season" for tea merchants. However, this also increases operating costs. The competitive pressure faced by China Construction Bank comes from technological disruption and internationalization challenges. Foreign banks divert high net worth customers through high-end businesses such as cross-border services and family offices. China Construction Bank adopts the approach of "attacking and defending": accelerating the pilot pace of digital RMB, relying on favorable policies to consolidate the leading position of legal digital currency; By leveraging mergers and acquisitions to fill the gaps in cross-border services, its global layout still faces geopolitical risks.

6.4 Drivers of different customer groups

Quanzhou Bank and China Construction Bank have different customer groups, which directly leads to differences in their business strategies. Quanzhou Bank belongs to the category of regional banks and focuses on local small and medium-sized enterprises, private economy, and overseas Chinese customers. These customers are generally small in scale and have flexible and variable financing needs, deeply bound to the regional economy. Customer characteristics prompt Quanzhou Bank to adopt customized services, design flexible supply chain financial products based on the local industrial chain, simplify approval processes to match short-term capital turnover needs of enterprises, and provide convenient settlement channels for cross-border capital flows of overseas Chinese customers. It even extends to non-traditional financial services such as intergenerational inheritance of enterprises, thus achieving a "capillary" like deep penetration effect. China Construction Bank, a major state-owned bank, has a customer structure that includes large state-owned enterprises, government projects, multinational corporations, and individual retail customers. Its demand presents characteristics of large scale, long cycle, and low risk preference. This requires China Construction Bank to further strengthen its comprehensive service capabilities, such as meeting the desire of state-owned enterprises for large-scale financing through syndicated loans and bond underwriting, using standardized products to serve individual mortgage customers, and relying on a global network to provide complex financial services such as exchange rate management for multinational enterprises. The positioning of two types of bank customers is essentially a manifestation of the differences between regional economic cultivation and national strategic layout. Quanzhou Bank serves local enterprises and customers with small-scale financing needs through a "small but refined" model, while China Construction Bank adheres to a "large and comprehensive" approach, mainly meeting the needs of large customers such as government projects and cross-border finance.

6.5 Impact on Shareholders' Interests

The significant difference in shareholder interest orientation has greatly driven two types of banks to make strategic choices. The local shareholders of Quanzhou Bank are more focused on local market returns and regional economic synergy, which drives the bank to prioritize supporting credit allocation for local small and medium-sized enterprises, participate in local inclusive finance projects to promote close government bank relationships, while avoiding high-risk businesses and ensuring stable asset quality. The emphasis on efficiency by private shareholders drives them to carry out agile innovation activities in areas such as financial technology and scenario based services, such as developing digital platforms that can fit local industries and expanding coverage through a light asset model. The state-owned shareholder nature of China Construction Bank requires them to balance profit goals and national strategies, such as tilting resources towards policy oriented areas such as technological innovation and green energy, even if the short-term benefits are limited; Proactively balancing market risks and social responsibility in real estate regulation, adjusting mortgage strategies to align with macroeconomic policy implementation. The concern of state-owned capital for systemic security drives China Construction Bank to continuously supplement its capital strength and expand its global service network to serve the dual circulation strategy. The core demands of the shareholders of the two types of banks reflect the division of labor logic between local finance and national finance. Quanzhou Bank is constrained by local interests and focuses on deep cultivation and meticulous work. China Construction Bank values the overall balance state due to its national mission, forming a differentiated promotion force for the multi-level financial system.

7. Conclusions and Recommendations

7.1Conclusions

This study takes Quanzhou Bank and China Construction Bank as samples to systematically analyze the different paths and driving mechanisms of business strategies between regional banks and state-owned large banks. The two form significant differences in strategic positioning, resource allocation, and response to the market. This difference is the product of the combined effects of policy orientation, resource endowment, market competition pressure, customer groups, shareholder orientation, and is also the inevitable choice for China's multi-level financial system to complement each other and achieve mutual benefits.

From the perspective of strategic positioning, Quanzhou Bank is rooted in southern Fujian, serving small and micro enterprises and people's livelihoods, and building service barriers with local resources; CCB takes integration and internationalization as its guiding principles, and leverages its diverse advantages to assist national strategies and global financial services. From the perspective of business strategy, from market, innovation, risk warning to digitalization, the differences between the two are very obvious. Quanzhou Bank regards the local area as its foothold and meets regional needs with scenario based services, flexible risk control, and lightweight transformation; China Construction Bank relies on technological innovation and full license advantages to create a centralized risk control and financial technology ecosystem to serve large and multinational customers. Policy orientation is the main reason for strategic differences. Quanzhou Bank follows local policies, while China Construction Bank limits its strategic boundaries around national strategies and resource capacity constraints. Market competition pressure drives the two to adopt differentiated approaches. The needs of customer groups and shareholder interests deeply influence the strategic direction. Quanzhou Bank meets the demands of local customer groups and shareholders, while China Construction Bank meets the requirements of large customers and state-owned shareholders.

Two types of banks need to understand their positioning, and regional banks should further consolidate their local competitive advantages. Regional banks should deeply cultivate their local areas and strengthen cooperation with state-owned banks; State owned banks take into account regional demand and collaborate with regional banks. Regulatory authorities should improve policies, promote differentiated competition in the banking industry, optimize the allocation of financial resources, and enhance the efficiency of serving the real economy.

7.2 Recommendations

7.2.1 Suggestions for Regional Banks

By enhancing strategic collaboration with local governments, industry associations, and community customers, and creating an irreplaceable regional service ecosystem, it is necessary to improve the vertical penetration strength of the regional industrial chain and develop personalized financial products for characteristic industrial clusters. This is similar to combining supply chain finance with digital transformation, using IoT technology to monitor movable property pledges in real time, and improving risk control effectiveness. Regional banks can actively seek differentiated cooperation with state-owned banks, such as undertaking financing demands from small and micro enterprises upstream and downstream of large-scale infrastructure projects, or using joint loan models to diversify risks. From a technical perspective, regional banks can explore ways to cooperate with state-owned bank technology subsidiaries to access cloud computing, blockchain and other infrastructure at a lower cost, filling the gap in their own research and development investment.

7.2.2 Suggestions for State owned Banks

State owned large banks, while serving national strategies and improving their responsiveness to specific regional economic needs, can establish regional special business units to tailor differentiated products for key urban clusters and industrial belts, just like developing exchange rate hedging tools for export-oriented enterprises on the eastern coast, and innovating green transformation loans for resource-based areas in the central and western regions. From the perspective of technological output, state-owned banks can open up some financial technology platform interfaces to regional institutions to help them improve their digital service capabilities, just like sharing anti fraud models and supply chain data platforms. For county-level and rural markets, state-owned banks can leverage the local branch advantages of regional banks to extend their service reach through agency joint risk control and other methods. State owned banks need to optimize their internal resource allocation mechanisms, add regional collaboration indicators to the assessment system, encourage branch offices to carry out continuous cooperation with local city commercial banks, cultivate high-quality small and medium-sized customer clusters together, and prevent resource waste caused by duplicate credit.

7.2.3 Suggestions from regulatory authorities

Regulatory agencies should redo the institutional design work of the multi-level banking system, guide various banks to return to their roots and focus on core business through differentiated regulatory indicators. For regional banks, the proportion requirements for local business in the overall system can be moderately relaxed, but the responsibility for local risk prevention and control should be highlighted to prevent risk spillover caused by blind cross regional business expansion. For state-owned banks, a balance mechanism must be established between serving national strategies and achieving fair market competition, such as setting the relevant proportion of joint lending for large-scale projects, reserving space for regional banks to participate, optimizing regulatory assessment tools, incorporating the efficiency of banking institutions in serving the real economy into the comprehensive evaluation system, and imposing regulatory tolerance on areas such as technology empowerment of small and micro enterprises and green financial innovation.

At the same time, we should promote the overall planning of national financial infrastructure, promote cross institutional sharing of credit data, movable property registration and other platforms, so as to reduce the cost of obtaining information for regional banks. In terms of risk prevention and control, we should establish a risk isolation mechanism between regional banks and state-owned banks, use stress testing and emergency plan drills to improve the ability to resist systemic risks. Regulatory authorities may consider establishing a cooperative incentive mechanism between regional banks and state-owned banks, such as giving extra weight to joint projects in inclusive finance assessments, and guiding the two types of institutions to form a positive interaction of customer stratification and resource sharing.

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