

Digital Transformation of Banks and Corporate Surplus Management

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ABSTRACT

In the rapid progress of digital accounting today, the digital transformation of banks has become an inevitable trend of development, and the development of digital technology has allowed banks to greatly improve the level of service in a number of areas. Corporate surplus management as a kind of enterprise by adjusting and controlling their own external reporting of accounting information to achieve the maximisation of their own interests greatly infringes on the interests of the state and the investor's right to know, and is not conducive to the creation of a healthy investment environment. This paper takes the surplus management of beautiful ecological company and the digitalisation of banks represented by Industrial Bank as an example, combines the existing research results and uses the case study control and other research methods to study the inhibition of the digital transformation of banks on corporate surplus management, and finally concludes that the digital transformation of banks is enough to reduce the degree of corporate surplus management, which is a great incentive for the process of digital transformation of banks, indicating that it is a suitable solution to the problem of surplus management. This conclusion is a great incentive for the process of digital transformation of banks, indicating that it fits the trend of the times and is conducive to the further improvement of the regulatory level of banks and promotes the further development of banks.

KEYWORDS: digital transformation of banks; beautiful ecology; surplus management

I. INTRODUCTION

A. Background of the study

With the rapid development of digital technology in the last decade, various industries have started digital transformation one after another the banking sector is no exception. The digital transformation of banks has improved the overall quality of banks in a number of areas, both in terms of customer service and regulatory effectiveness. Corporate surplus management as a kind of enterprise by adjusting and controlling their own external reporting of accounting information to achieve the maximisation of their own interests not only jeopardise the national interest but also greatly harm the investor's right to know, is not conducive to the creation of a healthy market environment, and enhance the supervision of corporate surplus management is undoubtedly essential to maintain the economic order.

B. Analysis of the current status of domestic and international research

1. Overview of digital transformation in banks

Firstly, it is inevitable that commercial banks continue to promote digital transformation in depth in the context of the continuous development of fintech (The Impact of Digital Transformation of Commercial Banks on Operational Performance - Taking Industrial and Commercial Bank of China as an Example.2024), and digital transformation has become an imminent strategic imperative for commercial banks, which will significantly reduce their risk taking level (Bank Digital Transformation, Exogenous FinTech and Credit Risk Governance - An Empirical Test Based on Text Mining and Machine Learning.2023). Then in terms of bank differentiation, it is argued that the needs faced by commercial banks in the process of their digital transformation are bound to be different due to

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significant differences in their own size, nature of property rights and other micro-qualities (The Impact of Banks' Digital Transformation on the Autonomous Innovation of Micro and Small Enterprises - and on the Synergistic Role of Digital Finance...2023). Then there is about the specific use of commercial banks, artificial intelligence technology, cloud computing technology and digital technology applications to enhance the role of the more obvious (digital transformation can improve the efficiency of commercial banks, 2022). Finally, the transformation process should not be rushed and should be based on its own situation (has digital transformation improved the operational efficiency of banks?). -Empirical evidence from listed commercial banks, 2023).

2. Overview of corporate surplus management

First of all, surplus management is only one wall away from tax evasion and other illegal behaviours (Research on Surplus Management and Tax Avoidance, 2009), although conducting corporate surplus management can avoid the impact of future policy uncertainty to a certain extent (Policy Uncertainty and Surplus Management of Listed Companies, 2018) but conducting corporate surplus management behaviours can lead to a significant loss of information transparency and lead to the impairment of goodwill (Pre and Post Mergers and Acquisitions of Research on the Impact of Surplus Management on Goodwill Impairment, 2018). Then, social supervision is more conducive to strengthening the control of corporate surplus management, enhancing its awareness of corporate social responsibility and reducing its degree of concealment (Can Corporate Social Responsibility Curb Surplus Management? --an empirical study based on regulated disclosure and voluntary disclosure, 2018). Finally, although there are some enterprises risking default for surplus management, but the vast majority of enterprises out of rating enhancement considerations, beforehand will adjust its surplus management behaviour, the current domestic rating agencies through the adjustment of the credit rating decision, the enterprise's surplus management behaviour has

played a role in inhibiting (Corporate Credit Rating and Surplus Management, 2011).

3. Review of research

On the one hand, it has basically become a consensus that the digital transformation of banks is an inevitable choice in line with the times. Domestic scholars generally believe that in the context of today's digitalisation, it is necessary for banks to carry out digital transformation, which will effectively enhance the operational efficiency of banks as well as their regulatory functions, but domestic scholars have also keenly pointed out that there is still a lot of room for development of the current digital transformation of domestic banks in terms of regulation, and that it is necessary to further improve the regulation and other functions in order to create a perfect regulatory system. On the other hand, there are still differences in the attitude towards corporate surplus management. Domestic scholars are mainly divided into two attitudes, one believes that corporate surplus management is currently on the verge of violating the law is very easy to break through the legal red line, while the other believes that corporate surplus management has in fact had an impact on the economy, the second view of domestic scholars believe that corporate surplus management is not only suspected of tax evasion and tax evasion, but also affects the degree of transparency of business activities, which has caused serious harm to the goodwill of enterprises.

II. Financial analysis

A. EcoBeauty and corporate surplus management

Beautiful ecological company formerly known as shenzhen xinhua company limited was founded in 1989, 1995 in the listing. After the listing of the company has experienced many business transformation but repeatedly frustrated, even if the business change for gardening and greening also failed to change the trend. It is worth noting that, despite the serious losses in the main business, the beautiful ecological company (Shenzhen Xinhua Co., Ltd.) at this time the real surplus is still at a relatively low level.

Table 1: Statistical Chart of Shenzhen Xinhua Company Limited's Revenue and Real Surplus Management (2010-2022)

Unit: \$ million

sports event	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
discretionary cost	9123.08	7356.96	9705.11	14822.41	16724.92	17428.59	10911.41	9186.54	7546.91	7597.11
Changes in inventories	21133.19	-14660.05	13002.43	36221.07	8815.98	-65416.51	29250.55	-132218.49	-2866.86	-6219.23
Change in operating income	17421.61	-	72707.96	9615.01	-	-41247.53	15476.07	-48452.88	34836.45	-114385.34
Real surplus management	-	0.0115	1.2353	0.075	0.0325	-0.0694	-0.0468	-0.0781	0.0182	0.149

In 2015, shenzhen xinhua formally changed its name to beautiful ecological, the same year the company acquired 100% of the shares of Bada garden. Received Bada garden seems to Shenzhen Xinhua Co., Ltd. long-term loss of income situation has brought a turnaround so that the operating income situation relative to the previous has a greater improvement, but in fact at this time the true level of surplus of the deep Xinhua is rapidly rising.

Table 2: Statistical Chart of Changes in the Management of Real Surplus of Beautiful Ecology (2013-2015)

sports event	2015	2014	2013
Real surplus management	1.2353	0.0115	-0.0013

B. Societe Generale and digital transformation of banks

Table 3: Beautiful Ecology Borrowing Schedule from Banks (2013-2022)

source (of information etc)	times
financial institution	2015-11-03
Société Générale	2017-03-16
banks	2019-03-20
financial institution	2019-04-20
financial institution	2020-02-28
Pingtang Xinsheng Investment Partnership (Limited Partnership)	2020-06-30
Xiamen Bank Limited Fuzhou Branch	2020-11-05
Hua Xia Bank	2021-01-19
The Export-Import Bank of China, Fujian Branch	2021-03-23
Financial institutions and financial-like enterprises	2021-04-21
Bank of Communications Co. Fujian Pilot Free Trade Zone Pingtan Sub-branch	2021-05-06
Bohai Bank Limited Fuzhou Branch	2021-05-22
Fujian Straits Bank Co.	2021-06-26
Hunan Nan Yue Fund Management Co.	2021-11-26
Bank of China Limited Fuzhou Jin'an Sub-branch	2022-03-23
Financial institutions and financial-like enterprises	2022-04-28

From Table 3, it can be seen that in the period of 2013-2017 in addition to financial institutions other than Industrial Bank is the only bank to provide loans to the beautiful ecological, so it is assumed that Industrial Bank is the account bank of the beautiful ecological. Founded on 26 August 1988, Societe Generale Bank Corporation gained fame in 2014 for its focus on interbank business, outperforming the then-favourites China Merchants Bank and Minsheng Bank in terms of revenue and profit growth. However, under the prosperous scene, with the release of the "Notice on Regulating the Interbank Business of Financial Institutions" in 2014, marking the beginning of the government's efforts to raise interbank interest rates in the market to increase the cost of interbank funds, followed by a series of policies, including the implementation of macro-prudential assessment, almost immediately made the "king of the interbank industry," Societe Generale's revenues suffered a major setback. In the face of this situation Industrial Bank realised that digital transformation is the way out, in 2014 put forward the "big investment banking, big asset management, big wealth" development ideas, in 2016 launched the online corporate customer management of the industrial housekeeper, artificial intelligence, big data and other digital technology into the bank management has become the core of the development of Industrial Bank.

Table 4: Table showing the extent of change in Societe Generale's exposure to bank digitisation (2013-2022)

sports event	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Degree of exposure to digitisation	48	41	8	11	25	125	123	57	43	35

Table 4 shows that the degree of influence on the digital transformation of Industrial Bank before 2014 is still relatively small, and in 2014, "big investment banking, big asset management, big wealth" development ideas were determined after the development of Industrial Bank in the digital development of the overall upward trend, and between 2016 and 2017, the degree of influence on the digital transformation of Industrial Bank has reached the maximum, which means that the bank is implementing all aspects of digital transformation at an alarming rate. The impact of digital transformation reached its greatest extent between 2016 and 2017, which means that

Industrial Bank is implementing digital transformation in all aspects at an alarming rate. When the time came to 2018, the table shows that the value of the degree of impact fell from the peak of 125 in 2017 to 25, which means that Societe Generale's digital transformation is basically complete.

(iii) Digital transformation of banks and corporate surplus management

In 2015, the beautiful ecological through the acquisition of the Bada garden to achieve positive operating income changes seem to be just a flash in the pan, from 2016 onwards, the beautiful ecological business conditions and back to the deep Xinhua period continued to go down, only look at Table 5 may be difficult to figure out the reasons behind it, but Table 4 and Table 5 against each other as a whole becomes much clearer.

Table 5: Beautiful Ecology Revenue and True Surplus Management Statistics (2015-2022)

Unit: \$ million

sports event	2015	2016	2017	2018	2019	2020	2021	2022
discretionary cost	9705.11	14822.41	16724.92	17428.59	10911.41	9186.54	7546.91	7597.11
Changes in inventories	130024.32	36221.07	8815.98	-65416.51	29250.55	-132218.49	-2866.86	-6219.23
Change in operating income	72707.96	9615.01	-29564.36	-41247.53	154766.07	-48452.88	34836.45	-114385.34
Real surplus management	1.2353	0.075	0.0325	-0.0694	-0.0468	-0.0781	0.0182	0.149

Between 2016 and 2017 was the period when the digital transformation within Societe Generale was in full swing, with digital technologies such as big data, digitisation, online real-time monitoring, and information systems being frequently mentioned and implemented through Societe Generale Butler, etc. In contrast to this situation, the level of true surplus of Beautiful Ecology rapidly declined from 1.2353 in 2015 to 0.075 in 2016, and continued to fall in the following years.

Table 6: Table showing the extent of change in beautiful eco-borrowing banks as a result of bank digitisation (2015-2022)

banks	2022	2021	2020	2019	2018	2017	2016	2015
Société Générale	48	41	8	11	25	125	123	57
Xiamen Bank	75	66	76					
Hua Xia Bank	55	46	81	43	26	58	8	41
Bank of Communications		61	55	17	24	88	1	72
Bank of China (BoC)		67	55	68	39	44	101	90
aggregation	178	281	275	139	114	315	233	260

Of course, only one of the Industrial Bank may not be able to fully argue, but if combined with Table 3 borrower banks and their digital by the extent of the impact of digital transformation summary, from Table 6 can be seen, Industrial Bank in 2018 digital transformation is basically complete is not an example, Huaxia, traffic, China and other banks in the digital transformation of banks is also basically completed at this time on the beautiful ecological surplus management, and this is the end? In 2018, the beautiful ecological annual report falsification exposure was fined 600,000 yuan pulled down the beautiful ecological surplus management of the last cloth of shame, corresponding to the basic completion of the digital transformation of the banks and the beautiful ecological real surplus management level further substantial decline, the beautiful ecological sudden mine is exactly the digital transformation of the banks to strengthen the supervision of corporate surplus management of strong proof.

III. Conclusion

In short, to enhance the supervision of corporate surplus management is undoubtedly the most important, and the digital transformation of banks has made significant results in this area, through online real-time monitoring of big data algorithms artificial intelligence models and other technology use can allow banks to achieve a very high level of supervision of corporate surplus management activities at the same time, but also to further liberate

the previous monitoring of corporate surplus management consumed the labour costs and capital costs, so that they can be transferred to other businesses to further improve service quality to better adapt to market trends and meet customer needs. and capital costs, so that it can be transferred to the bank's other businesses to further improve the quality of service to better adapt to market trends to meet customer demand. Of course, digitalisation is still not a complete substitute for real-life monitoring in the

face of accrued surplus management and other behaviours are still insufficient, but I believe that by persistently promoting the digital transformation of banks, these difficulties can eventually be overcome.

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