



Research on pension finance of commercial banks under the background of population aging
--Take the successful experience of pension finance in developed countries as a lesson

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Abstract: In the face of China's current deepening population aging situation, the existing pension financial model of commercial banks cannot adapt to the accelerating process of population aging, and relying solely on government financial support will not only increase financial pressure, but also reduce the quality of life of the elderly and increase the burden of young people. Developed countries have decades of history of pension finance development, and have achieved remarkable results. It provides a good reference for the development of China's commercial banks in pension finance. This paper will make suggestions for the development of china's commercial banks' pension finance by analyzing the domestic pension situation, the development dilemma of commercial banks and the pension experience of foreign commercial banks.

Keywords: population aging, commercial bank, pension finance

1. The domestic pension financial phenomenon analysis

1.1 What is pension finance

At present, there is no standard definition of "pension finance", and according to the "China Pension Finance Development Report (2016) released by the China Pension Finance 50 Forum), the pension finance is specifically divided into the following three aspects: one is pension finance, that is, through a series of institutional arrangements to accumulate pension assets, and to achieve asset preservation and appreciation, reduce the pressure of pension; the second is pension service finance, refers to the specific needs and consumption of the elderly, designed to meet their needs and can provide convenience for the consumption support products; the third is pension industry finance, that is, to provide financial support for the emerging pension industry, promote the optimization and upgrading of the pension industry, so as to provide more

high-quality services for the elderly.

1.2 The current situation of the elderly population in China

According to the United Nations criteria for the classification of population aging, when the number of elderly people aged 65 and over in a country or region accounts for more than 7% of the total population, it means that the country or region has entered aging. According to the data of the seventh national census, the number of people aged 60 and over in China is 264018766, accounting for 18.70% of the total population, of which the number of people aged 65 and over is 190635280, accounting for 13.50% of the total population. It is clear that China has entered a serious stage of population aging. This will lead to two of the most obvious consequences: on the one hand, the shortage of domestic labor force in the future will hinder the further development of the economy; on the other hand, the domestic pension pressure will gradually increase. Therefore, people's demand for pension finance will continue to expand to solve the ever-expanding pension pressure.

1.3 The development status of China's pension system

At present, the world divides the pension system into the first, second and third pillars. Among them, the first pillar is the basic endowment insurance, that is, it belongs to the social insurance category guaranteed by the compulsory power of the state; the second pillar is the enterprise annuity, and the enterprise provides retirement income protection for employees according to the principle of voluntariness according to its actual development status; the third pillar is the personal commercial endowment insurance, which is a personal self-protection mechanism, which pays its own fees and enjoys retirement income after retirement. At present, among the world's major developed countries, the proportion of the first pillar is declining, while the second and third pillars have occupied the main position, and the proportion is still increasing. However, in contrast, in China, the development of the pension system is extremely unbalanced, and its specific system development shortcomings are as follows:

1.3.1 The development of the second and third pillars is obviously lagging behind, and the pension system lacks sustainability

China's first pillar still occupies a large proportion, while the second and third pillars still occupy a very low proportion. This means that the main responsibility for the protection of the elderly falls on the government, and the financial pressure will be further increased, especially the deficit of pension insurance in Heilongjiang has exceeded 20 billion. The sustainable development of the pension system has been seriously challenged, and in the long run, with the violent flow of domestic population, the gap in pension funds in some backward areas will become larger and larger, and social welfare will be difficult to guarantee, which will eventually lead to a crisis.

1.3.2 The system construction procedure of the third pillar is complicated
For the opening of individual pension accounts, a series of complicated procedures are required, but in the face of the current severe situation of uneven development of the pension system, it is difficult to meet the development needs of the pension system only by conventional promotion. For personal pension accounts, it is first necessary to open an account through a series of complex procedures through commercial banks, and then realize the closed loop of functions such as account opening, payment, inquiry, fund transfer, custody, withdrawal, supervision and inspection. Subsequently, individuals can choose between the following two paths: one is to rely on commercial banks to entrust another professional financial institution to invest and use funds, and ultimately achieve value-added; the other is to directly purchase financial products in commercial banks according to their own preferences. However, no matter which of the above paths is chosen, the final flow of funds will enter the capital market, and the third article in the definition of pension finance cannot be realized - pension industry finance. Therefore, the construction of the third pillar system urgently needs to be coordinated and communicated with other institutions or markets.

1.3.3 The participation of commercial banks is low

When people mention pension finance, they often think of pension insurance, and do not think of the products or services provided by commercial banks. Moreover, the low participation rate of commercial banks means that the transformation channels of savings to pension assets are blocked, on the one hand, the preservation and appreciation of pension assets is low, and most of the savings can only rely on the interest income shared by the commercial banks' own investment business to achieve appreciation; on the other hand, the financial support for the pension industry is also more unfavorable, resulting in the slow development of the pension industry and the difficulty of meeting the diversified pension needs of the elderly.

1.4 Advantages of domestic commercial banks participating in pension finance

1.4.1 The status advantage of commercial banks

On the one hand, commercial banks have the characteristics of wide coverage and have advantages that other financial institutions cannot match in terms of customer reserves. At the same time, if personal savings are to be interconnected with pension finance, commercial banks are the only way to go. Therefore, commercial banks can start from three perspectives: customers, products and services, and investment. For customers, they can provide sales and management of pension products, and can also carry out investor education to deepen their understanding of pension finance; for products and services, due to their strong professionalism and rich customer reserves, they can fully understand customer needs, thereby promoting the targeted development of products and services; and for investment, commercial banks can

provide enough product type suggestions and strategies for pension management and investment.

On the other hand, commercial banks have the characteristics of high trust, the pension group for the credibility of commercial banks is very recognized, especially the middle-aged and elderly groups of the most trusted and most familiar is the commercial banks, and at the same time commercial banks rely on its early start, the development of a long history of characteristics, after professional training, can provide the public with more high-quality and targeted services.

1.4.2 The advantages of the concept of commercial banks

As we all know, commercial banks have always pursued the concept of security, and in their wealth management business, low-risk and medium-low-risk products account for more than 80% of wealth management products. This means that the overall investment style of commercial banks is stable, which is conducive to the development of long-term stable investment, which is in line with the development concept of pension financial products.

At the same time, there is another feature of domestic commercial banks at present - de-networking. When handling personal business, it can be handled through a mobile client, which realizes the simplification and convenience of business handling and provides convenience to customers. This fully reflects the concept of inclusiveness of commercial banks, and inclusive products are more suitable for the pension needs of middle-aged and elderly people.

1.4.3 Business advantages of commercial banks

As the earliest financial institution in China, commercial banks have no doubt about their professionalism. Commercial banks not only provide customers with their own designed products, but also as intermediaries of other financial institutions for the absorption and management of funds, and have become the largest carrier of pension funds. At the same time, for the development of the first pillar - basic pension, it also plays an irreplaceable role, fully in line with the domestic development concept, providing customers with services such as payment, agency settlement and custody, and also issuing electronic social security cards to customers; in terms of personal pensions, commercial banks can rely on their core position in the financial system and fully participate in the construction of the relevant national system, thus promoting the launch of more professional and targeted personal pension products.

1.5 The challenge of commercial banks to carry out pension financial business

Through the above advantage analysis, it can be seen that commercial banks have obvious status advantages, concept advantages and business advantages, commercial banks should seize such a good opportunity to promote the development of pension finance, but the current participation in pension finance of commercial banks is still

very low, mainly due to the following reasons:

1.5.1 Commercial banks pay too much attention to the safety of investment

At present, most of the ways for domestic commercial banks to participate in pension service finance are to invest in traditional pension institutions or to raise financing from other financial institutions, or to develop some exclusive wealth management products. However, for the emerging pension industry, participation is very low, on the one hand, because the construction cycle of emerging industries is often too long, and the risk is very large, and banks are often unwilling to invest a large amount of funds in it for the sake of liquidity and security; on the other hand, the intervention of government and social funds is not sufficient, and most of the construction of emerging industries depends on loans to commercial banks, which in turn aggravates the pressure and risk of commercial banks. This leads to the slow financial development of the domestic pension industry, many emerging pension industries can not get sufficient financial support, slow or even stagnant development, less profits, more difficult to repay the small loans of commercial banks, funds can not flow back to commercial banks, and finally accumulate into more, aggravating the losses of commercial banks, thus forming a vicious circle.

1.5.2 The pension products and services of domestic commercial banks are too scattered and single

As far as the current products of commercial banks are concerned, they are too single, and the specific needs of the elderly have not been fully investigated. For example, most of the elderly are investors who are biased towards risk aversion, and most of the business handled by commercial banks is mainly based on savings deposits, how to design a product that can fully mobilize the investment enthusiasm of the elderly and effectively reduce investment risks should become a top priority; and in terms of the financial services provided by commercial banks, the pertinence is poor, on the one hand, the needs of different elderly people for pension treatment are not taken into account. On the other hand, the needs of the elderly for simplification of procedures and the sensitivity to the price of services have not been taken into account.

1.5.3 An independent and professional structure has not yet been formed

At present, most domestic commercial banks have not formed an independent management department, which is easy to increase the cost of coordination of various departments, and at the same time, innovative research on pension products and services has also formed obstacles, poor quality and low investment, it is difficult to really prescribe the right medicine, supply and demand matching. At the same time, commercial banks also lack an effective incentive mechanism, such as handling young people's credit business, which can provide employees with standard goals and reward goals, thereby stimulating employees' enthusiasm for pension financial products and

services and innovation.

1.5.4 The investment awareness of the elderly is weak

On the one hand, the current education level of the elderly is low, the knowledge of financial investment is little or even not understood, it is difficult to form an independent investment awareness, and the choice of financial products is even more unclear; on the other hand, the elderly group has always been the victim of illegal acts such as telecommunications fraud and financial fraud, which makes the elderly more cautious or excluded from the topic of financial investment, and are more willing to put funds into commercial bank deposits. This makes the use rate of pensions even lower, and the final flow of funds is to the capital market rather than the pension industry market; the appreciation of pensions is also difficult to considerable.

2. The pension finance of developed countries to learn from

At present, most countries in the world have the problem of population aging, especially western developed countries have entered the aging of the population earlier, their pension financial model has a long development time, the system is relatively complete, and its development model has a strong reference significance for China. The following will analyze the pension financial model of the United States, Germany and Japan respectively, so as to explain the scientific and advanced nature.

2.1 The U.S. pension finance model

2.1.1 Pension financial system

As an economically developed country, the United States has been facing the problem of population aging as early as 1946. After years of practice, its pension system has evolved into a very mature system. First of all, the first pillar of its pension - pension insurance has basically achieved universal coverage, which can make up for the loss caused by the income of the elderly after retirement to a certain extent. However, the benefits provided by the government are limited and only play a more prominent role for low-income people. Therefore, the proportion of its second and third pillars has gradually increased; secondly, the United States passed the "Domestic Tax Law" as early as 1978 to clarify the development situation of enterprise supplementary pension insurance. The enterprise supplementary pension in the United States is mainly divided into the following two categories: the fixed plan of contribution and the fixed opportunity of the pension, which are implemented according to the specific conditions and needs of the employees of the enterprise, and have strong flexibility and effectiveness. However, at present, the pension plans of many large enterprises in the United States are in the gap, which means that the proportion of the third pillar will be further increased in the future; finally, the individual retirement account is divided into traditional, employer-initiated and Ross-type, etc., further matching with personal

needs. In general, the three pillars of the pension system in the United States are not separated from each other, but complement each other, the overall pension security system is very sound, truly realized the "right medicine", realized the preservation and appreciation of pensions, and improved the utilization rate of funds.

2.1.2 The role of U.S. commercial banks in pension finance

Although in general, the investment business of us commercial banks is very extensive, but the pension business is the main part of its investment business, and occupies a very important position in the development of the entire pension finance. The pension business of commercial banks mainly takes the handling fees charged as the main source of income, and its income is stable, less affected by market changes and economic cycles; at the same time, the pension business provided by commercial banks in the United States is also highly targeted, such as welfare-type payment plans are usually based on long-term investment by institutional investors; supply payment plans are mainly based on short-term investment in personal accounts. At the same time, according to the size of the business of commercial banks, a specific division of labor is carried out, such as large banks mainly provide the above two products, while serving institutions and individuals, while small banks mainly serve individual investors. The most distinctive thing is that the US commercial banks have carried out market segmentation according to the market positioning and customers of the service, and adopted the integrated form of customer service, which can not only provide more professional services, but also help to ensure the comprehensiveness and security of pension management, while providing protection for institutions and individuals, reducing risks and improving returns.

In general, U.S. commercial banks not only play the role of pension fund managers, but also serve the controllers of product operation, and are also supporters and promoters of the development of the national pension financial system.

2.2 German pension financial model

2.2.1 Pension financial model

Germany is the country with the highest degree of population aging in Europe, the same as the United States, after years of practice, has formed a relatively sound pension model, Germany's pension system is a total of four pillars. They are pillar zero, pillar one, second pillar and third pillar. Among them, the zero pillar is the transfer payment pension provided by the government for the elderly over 65 years old; the first pillar is to formulate different pension plans according to different pension needs, so as to achieve the "right medicine"; the second pillar is the occupational pension plan, of which from 2020, Germany has included it in the mandatory implementation category The third pillar is the personal pension plan of the voluntary fund accumulation system, which accounts for a large proportion of the entire pension

expenditure and is the main form of financial services in Germany.

2.2.2 The role of German banks in pension finance

Germany is a typical bank-dominant country, with banks occupying a central position in the entire financial system. The important role of banks in the entire pension system is self-evident. Germany's largest bank controls more than 60% of pension fund investments and is an important player in the pension financial market. The German pension financial system was open at the beginning of its establishment, and the state encouraged all kinds of financial institutions to participate in designing pension financial investment products that meet different needs, and the people freely chose to invest. Commerzbank gives full play to its position advantages, has a large mass base, and its designed products also meet the requirements of most elderly people for high security and low returns, which is conducive to its further absorption of social pension funds, thereby promoting investment. At the same time, as the main body of the German financial market, the German bank is also very extensive in the field of investment, while achieving high security, it also ensures the appreciation of pensions and further consolidates its important position in pension investment. At the same time, the regulator implements the policy of "equal treatment" for the supervision of commercial banks and other financial institutions, without too many restrictive conditions, as long as the newly designed pension products of commercial banks pass the requirements of the Federal Central Taxation Bureau and undergo strict review, they can be issued. It not only promotes the product innovation of commercial banks, but also ensures the rigor of banking products.

2.3 Japan's pension financial model

2.3.1 Pension financial model

Japan is the most aging country in Asia, and in its demographic structure, the proportion of the elderly population in the total population is the same, belongs to the stage of deep aging. The pension experience formed by it has important reference significance for China. The biased and preferential system and policy support provides a good development environment for the development of pension finance. Compared with the three pillars of the traditional pension system, the division of the Japanese pension system is more specific. The public pension also has a dual structure of basic pension and welfare pension and mutual pension associated with personal remuneration, providing a more solid basic guarantee. The participation of multi-level subjects of the state, enterprises and individuals has given full play to the complementary role of the pension financial system, reduced the burden of the first pillar, and dispersed the pressure faced by the national basic pension insurance.

2.3.2 The role of Japanese commercial banks in pension finance

Japan's commercial banks also play an important role in pension finance. First of all,

Japan's financial groups mainly realize the management of the second and third pillar pensions through trust banks, which can not only effectively integrate group resources, but also provide more integrated solutions for companies or individuals with different needs; secondly, commercial banks have also played an extremely important role in increasing the publicity of pension wealth management and enhancing the awareness of residents' pension reserves. Commercial banks mainly provide professional consulting services for their wealth management according to the needs of customers, and continue to popularize the knowledge of pension wealth management through the combination of online and offline; in addition, commercial banks are widely involved in the construction of the pension service industry in various forms. One of the most typical is Japan's home care services. Commercial banks participate in the development of pension service products, provide consultants with pension service recommendations, and support the investment and financing of pension industry projects, which can not only improve the service level of the elderly, but also promote the growth and innovative development of the pension service industry.

3. The successful experience of developed countries has enlightened China's commercial banks

3.1 Commercial banks should make full use of existing advantages to continuously improve their participation in pension finance

As the largest financial institution with the current audience, domestic commercial banks only participate in the construction of social security cards in the first pillar. Commercial banks should break through restrictions and increase innovation in the approval process and credit rating; at the same time, commercial banks should mainly start from the second and third pillars, reach in-depth cooperation with enterprises and individuals, increase the reserve and utilization of pension funds, and make a more powerful guiding role for the preservation and appreciation of pensions; at the same time, commercial banks should also strengthen cooperation with relevant departments and explore the research and development and innovation of pension financial products.

3.2 Commercial banks should form a professional organizational structure and provide diversified products and professional services

First of all, in order to promote the sustainable development of pension finance, commercial banks should improve their own business management mechanism. A professional pension financial department can be established in the internal organization of the bank, or a special organizational structure can be established through cross-departmental cooperation with other departments, clarifying responsibilities and promoting the development of pension finance of commercial

banks. Secondly, commercial banks should sort out the existing pension financial business, strengthen the cooperation of various departments for different regions and different subject needs, carry out scientific and effective innovation, and provide professional pension financial products with the characteristics of commercial banks. Finally, we should clearly take the pension preservation and appreciation as the goal, truly benefit customers with high-quality financial resources, improve the rate of return of pension funds, and prescribe the right medicine to meet the diversified needs of customers and enhance the inclusiveness of pension finance.

3.3 Commercial banks deepen cooperation with the construction of the pension industry

Commercial banks should actively respond to the country's guidelines and policies, promote the transformation of commercial bank savings into long-term pension reserve funds, invest in the capital market, and promote the development of the pension industry. On the one hand, commercial banks should weigh the relationship between safety and profitability, appropriately relax the access requirements for the emerging pension industry, provide more long-term financial support for the pension industry supported by national policies and good development prospects, and fundamentally promote the benign development of the pension industry; on the other hand, after fully understanding the service model of the pension industry, commercial banks can recommend a powerful pension industry to customers according to different customer needs, provide customer groups for the pension industry, and enhance its profitability. So as to ensure the safety and profitability of bank investments.

3.4 Commercial banks should strengthen publicity and counseling on wealth management for the elderly

Financial institutions with such a large audience of commercial banks should play their main role in the elderly and strengthen the publicity of pension finance through various forms. For example, through advertising, the combination of online and offline methods, etc., to dispel the elderly's precautionary psychology for investment, and enhance their understanding of the importance of pension preservation and appreciation. At the same time, in view of the problem that the elderly do not understand the investment process, a special investment consulting department can also be set up to propose more specific programs for the specific needs of the elderly, and to invest on behalf of the elderly, and the final income is still owned by the elderly.

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