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Wealth Management Services in the People's
Republic of China (the P.R.C.): An Empirical
Study of Taiwanese Banks
台灣的銀行在中國
提供財富管理服務之實證研究

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ABSTRACT

This research establishes a framework to identify the factors influencing the business strategies employed by Taiwanese banks aiming to offer wealth management services in the People's Republic of China (the P.R.C.). A key determinant among these factors is whether Taiwanese businesspeople based in the P.R.C. will choose wealth management services offered by the banks of their country of origin. Thus, this research builds a predictive model based on a theoretical framework for the purpose of assessing the prospects for Taiwanese banks aiming to enter the wealth management market in the P.R.C.

Current literature on strategic management of expatriate preferences for banking services remains inconclusive. This cross-sectional study is based on 227 Taiwanese living in the P.R.C. and tests the factors influencing their choice of wealth management services provided by Taiwanese banks there. This survey applies the theory of planned behavioral (TPB) and a self-administered survey questionnaire is utilized in predicting the behavioral intention of the respondents. Multiple regression analysis resulted in high correlations of the three independent variables and the dependent variable with the adjusted R-square at 0.805. This means that 80.5% variance in the intention of Taiwanese to opt for wealth management services provided by their home country banks in the P.R.C. can be explained by the TPB model. The behavioral intention based on attitude toward behavior ($\beta = 0.461$; $p = 0.000$); subjective norms ($\beta = 0.282$; $p = 0.000$); and perceived behavioral control ($\beta = 0.220$; $p = 0.000$) all made significant contributions.

The results of the study point to four managerial implications on the basis of the predictive power of the behavioral intention of the target segment and I make four corresponding recommendations. First, I suggest the management of Taiwanese banks decide very carefully the ‘entry mode identities’ when they are allowed to set up their branches directly from Taiwan. I shall propose four options on representing different identities of appearance. Second, I will propose Taiwanese banks deploy a higher ratio of Taiwanese staff over local Chinese staff during the entry phase to ensure better service to the P.R.C.-based Taiwanese. Third, I propose that the banks build up a more solid market positioning through the careful and accurate use of cultural symbols. Lastly, I will recommend consolidating customer portfolio through the use of a regional system platform for total portfolio advice and customer relationship management allowing the banks to anticipate customer needs and meet their expectations promptly and more efficiently.