Executive DBA, Université Paris-Dauphine

巴黎九大高级工商管理博士学位项目

Innovation in Financial Services: Comparative case-studies of two large commercial banks in China

（Thesis submitted for the degree of Executive Doctorate in Business Administration）

Cohort: 2012

Candidate: Woo Kok Lian

Supervisor: Pierre Romelaer

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ABSTRACT

Relationship between financial innovation and regulation is complex. Regulation provokes certain innovations, but regulators also need to “catch up” with new inventions, in a cat-and-mouse process of “regulatory dialectic”. Innovators look for opportunities to exploit regulatory gaps, regulators impose new regulations, and each new regulation gives rise to new opportunities for more innovation. The center of this circling process is improved financial services for the needed group, better consumer protection and healthier institutional arrangements.

This research aims to understand the financial innovation approach and process adopted by Chinese Large Commercial banks in a constrained environment. A qualitative study based on process model, extended case-method and multiple case-study approach are applied in this research, using an epistemological view of interpretivist. Two case firms are selected based on “maximum difference” approach to identify themes and patterns based on pair and pragmatic comparisons.

From results of this study, regulation can be catalyst or hindrance to financial innovation, depend on the degree of coherence between the banks’ innovation strategy and government policy. Performance pressures are important drivers to financial innovation, despite limitation imposed by organizational bureaucracy and trajectory. Multidisciplinary project team approach is used in most cases to improve knowledge absorptive and sharing through effective co-work and co-creation. Innovation in banking follows a generic process of idea generation, concept development, innovation construction and diffusion. No one-size-fit-all, but a variety of innovation models are adopted by financial institution depending on its institution arrangement and institutional environment surrounding. Contrary to the open innovation concept, customer participation in the financial innovation process is rarely happen or it is easier said than done.

This study sheds some lights on the financial innovation process vis-a-vis regulation dialectic in China. Further case studies to include Internet finance firm and private-owned bank based on institutional change theory may reveal more robust and interesting findings.

Key-words:

Change | Innovation | Regulation Dialectic | Chinese Financial Services |Bank

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