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Research on the Impact of Data Asset Recognition on Banking Service Innovation

-- Exploring New Pathways for Digital Transformation

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Abstract

This study takes Huishang Bank as an example to explore the impact of data asset recognition on banking service innovation and to identify new pathways for digital transformation. Through literature review and empirical analysis, this paper elaborates on the concept of data asset recognition and its current application in the banking industry, analyzing its mechanisms of influence on service innovation. The research finds that data asset recognition significantly enhances banks' service innovation capabilities and accelerates digital transformation. The case study of Huishang Bank demonstrates that data asset recognition plays a critical role in risk management, customer service, and product innovation. Based on the findings, this paper proposes strategies such as optimizing data asset management, strengthening technological innovation, and fostering talent development, providing new insights and recommendations for the digital transformation of the banking industry.

Keywords

Data Asset Recognition; Banking Service Innovation; Digital Transformation; Huishang Bank.

1. Introduction

With the rapid development of the digital economy, data has become a crucial factor of production and strategic resource. In the banking sector, the accumulation and application of data assets are profoundly reshaping traditional service models and operational practices. The Interim Provisions on Accounting Treatment of Enterprise Data Resources issued by China Political Network formally integrates data asset accounting into accounting standards, offering new pathways for the digital transformation of the banking industry. In the digital era, data asset recognition, as an emerging accounting practice, provides fresh perspectives for banks to better manage and utilize data assets. This study focuses on Huishang Bank to examine the impact of data asset recognition on banking service innovation, aiming to explore new directions for digital transformation in the contemporary banking industry.

As a data-intensive sector, the management and accounting treatment of data assets in commercial banks directly affect financial transparency, risk assessment, and decision-making efficiency. Research on the impact of data asset recognition on banking service innovation holds significant theoretical and practical value. Theoretically, it enriches studies on data asset management and service innovation, offering new frameworks to support digital transformation in banking. Practically, this research provides guidance for banks to better leverage data assets, enhance service innovation capabilities, and drive industry-wide transformation in the digital economy.

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2. Data Assets

2.1. Definition of Data Assets and Their Recognition

Data assets refer to data resources legally owned or controlled by a specific entity that can generate future economic benefits, recorded in physical or electronic formats. These assets encompass structured, unstructured, and semi-structured data, serving as essential elements in production and operational activities. The value of data assets depends on their quality, characteristics, application scenarios, and usage methods, making them a core resource in the modern digital economy.

Data asset recognition refers to the process of incorporating data resources into corporate financial statements. It involves the identification, measurement, recording, and reporting of data assets to more accurately reflect an entity's asset status and operational performance. For banks-a data-intensive industry-recognition of data assets holds particular significance. Banks possess vast amounts of customer data, transaction records, and behavioral data. By recognizing these data assets in financial statements, banks not only improve asset quality but also provide comprehensive information support for value assessment and decision-making.

2.2. Overview of Data Assets in Banking

Currently, the recognition of data assets in China's banking sector remains exploratory. Leading banks have begun to recognize certain data assets, such as customer credit data and transaction behavior data, in their financial statements. However, challenges persist in the identification, measurement, and reporting of data assets due to their uniqueness and complexity. Key issues include accurately valuing data assets, determining their useful life, and disclosing related information-all critical hurdles banks must overcome in advancing data asset recognition.

3. Current Challenges in Data Asset Recognition for Commercial Banks

3.1. Status of Accounting Treatment for Data Asset Recognition

The accounting treatment of data asset recognition in banks is still in its infancy, lacking unified standards. However, as the value of data assets becomes increasingly prominent, leading banks have started to incorporate select data assets into financial statements. Current practices are characterized by:

Inconsistent Criteria for Data Asset Identification: Banks vary in their criteria for recognizing core data assets. While some recognize customer or transaction data, others only recognize processed data products. This inconsistency reduces comparability and transparency.

Diverse Measurement Methods: Banks primarily use cost, market, or income approaches to measure data assets. However, these methods face limitations due to the unique nature of data. Cost-based approaches struggle to reflect true value, market-based methods lack active trading markets, and income-based projections suffer from uncertainty.

Insufficient Disclosure: Even when data assets are recognized, disclosures remain inadequate. Most banks only briefly mention data assets in financial statement notes, omitting detailed classifications, measurement methods, or value fluctuations. This hinders investors and regulators from fully understanding a bank's asset status.

3.2. Difficulties in Accounting Treatment

Challenges in Identification: Ambiguities persist in defining data asset boundaries (e.g., raw vs. processed data) and resolving ownership disputes over customer data. Additionally, the uncertainty of future economic benefits complicates recognition.

Challenges in Measurement: Data asset value is influenced by factors like quality, scale, and application scenarios, making objective and fair valuation difficult. Costs (e.g., collection,

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storage, analysis) are hard to allocate, and useful life estimates are affected by technological and market dynamics.

Challenges in Disclosure: Balancing transparency with privacy and trade secret protection is complex. Technical, operational, and financial aspects of data assets require clear yet concise disclosure, but the absence of unified standards leads to inconsistent reporting across banks.

4. Mechanisms of Data Asset Recognition's Impact on Banking Service Innovation

Data asset recognition influences banking service innovation through three key mechanisms:

Risk Management: Recognition enables banks to holistically grasp customer and market dynamics, improving risk identification and assessment. Integrated data assets support precise risk modeling, real-time monitoring, and early warning systems, enhancing risk management efficiency.

Customer Service: Recognized data assets provide deeper customer insights. Analyzing customer data allows banks to tailor services, such as designing personalized financial products or offering AI-driven wealth management advice, elevating customer satisfaction.

Product Innovation: Recognized data assets lay the foundation for innovative financial products. For example, big data analytics enable banks to develop smart investment advisory services or supply chain finance solutions, addressing diverse client needs.

5. Empirical Analysis: Huishang Bank's Data Asset Recognition Practices

As a regional joint-stock commercial bank, Huishang Bank has actively pursued digital transformation, pioneering data asset recognition and service innovation. This case study analyzes Huishang Bank's practices through collected data and materials.

Huishang Bank's initiatives include:

-- Establishing a robust data asset management framework with clear identification and measurement standards.

-- Developing a dedicated data asset management system for centralized and dynamic updates.

-- Regularly publishing data asset reports to inform management and investors.

Outcomes of data asset recognition at Huishang Bank include:

-- Risk Management: An intelligent risk control system reduced non-performing loan ratios through end-to-end risk management.

-- Customer Service: AI-driven customer service and personalized recommendations improved satisfaction and loyalty.

-- Product Innovation: Data-driven analysis enabled the launch of diversified wealth management products catering to varying risk appetites.

6. Strategies to Drive Digital Transformation in Banking

6.1. Optimizing Data Asset Management

Banks should institutionalize data asset management with standardized identification, measurement, and reporting criteria. Data quality and security must be prioritized to ensure accuracy, completeness, and confidentiality.

6.2. Strengthening Technological Innovation

Investments in big data, AI, and blockchain are critical to enhancing data processing capabilities. Innovation should align with regulatory compliance to ensure ethical and legal adherence.

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6.3. Fostering Talent Development

Banks need professionals skilled in both finance and technology. Internal training programs, partnerships with academic institutions, and upskilling initiatives can cultivate a workforce equipped for digital transformation.

7. Conclusion

This study highlights how data asset recognition enhances banking service innovation and drives digital transformation, as evidenced by Huishang Bank's practices. By improving risk management, customer service, and product innovation, data asset recognition offers a strategic advantage. Recommendations include optimizing data governance, advancing technology, and nurturing talent.

However, limitations exist, such as the scarcity of case studies and the need for long-term impact assessments. Future research should expand sample sizes, extend timeframes, and explore effects on business models, organizational structures, and corporate culture.

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