

An Analysis of the Application of Financial Sharing System in Securities Companies

Fangyuan Xia^{1,a,*}

¹*School of Management, Hainan University, Haikou 57000, China*
a. b20160202321@stu.ccsu.edu.cn

**corresponding author*

Abstract: With the development of economic globalisation and information technology, under the condition of limited resources, searching for new economic growth points and enterprise growth models, resource integration has become the key to implementing enterprise goals, and financial shared services have emerged. Enterprises with large-scale, widely distributed branches, financial sharing can integrate all kinds of resources in the enterprise, through the business module to optimise the process, so that the process between different regions and the accounting system tends to standardise and unify, Finance staff in all positions can familiarise themselves with the business dealing with branch matters. The securities industry has also continued to strengthen the integration of digital technology and business applications, moving towards standardisation, systemisation and intelligence. This paper briefly describes the meaning and development history of the financial sharing model, explains the development history and development status of the securities industry, and briefly analyses the application of financial sharing in the overall construction of the securities company's finances.

Keywords: Financial sharing, smart finance, securities firms

1. Introduction

In her study, Lirong Lv found that the ability of Chinese firms to accept financial shared services has greatly increased in recent years, which is a very good trend for the development of large Chinese firms. The more complete the financial shared service system is, the more competitive the company will be. The system can also diversify the financial risks faced by the company in its operations and achieve an efficient and low-cost effective cycle for the company [1]. Many enterprises in China's financial shared service centre, although in the early stages of development, but the current financial shared service centre construction system is developing very quickly. The securities industry served capital market reforms, steadily increased its asset size, continued to increase investment in information technology, and further enhanced its digital governance capabilities. In 2021, the securities industry invested 33.820 billion yuan in information technology, a year-on-year increase of 28.7%, and the securities industry has invested nearly 120 billion yuan in information technology so far in 2017, laying the foundation for the industry's digital transformation and high-quality development [2]. As the most important intermediary in the securities industry, securities companies have promoted the "14th Five-Year Plan for the Development of Science and Technology in the Securities and Futures Industry" and facilitated the digital transformation of the industry. As the

branches and the head office are not located in the same area, the construction of the financial shared service centre can provide a more complete optimisation system and improve the overall work efficiency, and the financial shared service centre it is currently using has already reached a relatively stable level of operation.

2. Overview of the Financial Sharing System

2.1. Introduction to Financial Sharing

According to Wang Zinlan, financial sharing has "one centre, three roles and five unities" [3].

Rothwell & Herbert suggest that shared services are of a long-term nature, where fragmentation is centralised to accentuate competitiveness through continuous integration and reallocation of resources [4]. OanPetrisor classified the services of finance sharing into four categories: (1) inflow management, e.g. cash-in, customer orders, credit vouchers, etc.; (2) outflow management, e.g. material purchase orders, receiving receipts, etc.; (3) integrated control, e.g. internal control, budgetary management, etc.; and (4) think-tank consulting, which provides knowledge-intensive remote consulting services to guide standardised operations across regional operations [5].

Peng Juan, Chen Hu, Wang Zexia in the book "Digital Finance" that the financial shared services is scattered in the business units, easy to standardise, high repetition rate of financial work unified centralized in the financial shared service centre to deal with the operation management [6].

According to Liu Junyong, financial sharing is characterised by data-centric, open, interconnected, automated and intelligent features, and each business module in a financial sharing system has its own corresponding characteristics [7].

According to Wu, financial sharing is characterised by the use of high-tech technology and big data thinking to analyse financial information, with less human intervention, timely response, standardised control, and truthful reporting [8].

2.2. Development History

In the 1980s, Ford established the first finance sharing centre on a global scale.

In the 1990s, Johnson & Johnson, Procter & Gamble, Motorola and Citibank set up financial sharing centres.

At the end of the 20th century, foreign financial sharing centres have matured.

In 1999, Motorola established the Asian Financial Clearing House in Tianjin.

In 2005, ZTE Corporation established the first financial sharing centre in China.

In December 2013, the Ministry of Finance issued the Norms for Enterprise Accounting Information Technology Work, stating that large enterprises and enterprise groups with a large number of branches and subsidiaries that are widely distributed should explore the use of information technology to facilitate the centralisation of accounting work, and gradually establish financial shared service centres.

In November 2021, the Ministry of Finance formulated the Outline of the Fourteenth Five-Year Plan for Accounting Reform and Development, actively promoting the digital transformation of accounting.

2022 To date, the financial sharing model has grown rapidly among domestic companies.

3. Current Status of the Securities Industry



Figure 1: Development of the securities industry (photo / picture credit: original)

As shown in Figure 1, the "China Securities Industry Development Report (2022)" points out that the development of the securities industry presents the following characteristics and trends: shipping the effectiveness of investment banking, cultivating new momentum in wealth management, empowering the construction of the investment side, practicing the new development concept, consolidating and expanding the results of poverty alleviation, helping the capital market open up to the outside world at a high level, serving the industry in the two-way opening up of the new pattern, accelerating the digital transformation, and stepping into a new stage of in-depth integration of financial science and technology. new stage [4].

The securities industry is a technology-intensive and information-intensive industry, and digitalisation is an important engine to fuel the high-quality development of the securities industry, using artificial intelligence, big data, cloud computing, the Internet of Things and other scientific and technological means to change the mode of operation, optimise business processes, and realise intelligent, refined and diversified financial services.

4. Application of Financial Sharing System in Securities Companies

4.1. Implementation Path for the Finance Sharing Centre

According to China Securities Industry Development Report 2022, as of the first half of 2021, there were 11,850 branches of securities companies. With the further expansion of branches, the financial accounting work has posed a challenge, the shortage of personnel in the financial department, the increasing volume of business at the same time, the need to ensure the accuracy and timeliness of financial data, financial digitisation has become an important point of transition for securities companies in the era of "finance + technology".

The financial digital transformation of securities companies has mainly experienced the "implementation of financial sharing - accounting platform - intelligent financial applications", the main function of the financial system from improving efficiency, cost reduction to financial transformation, value creation (see Figure 2).

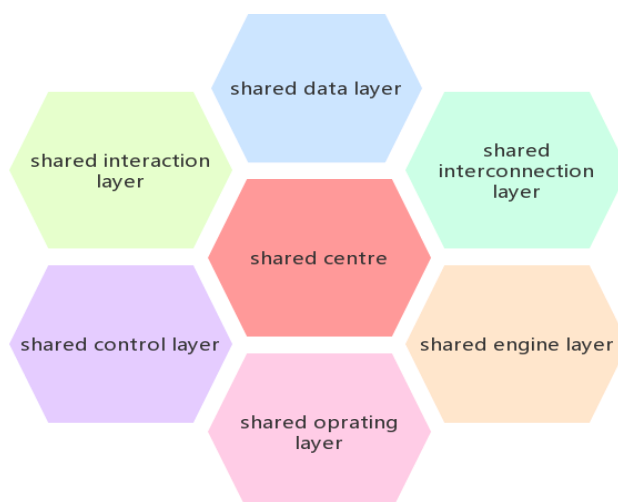


Figure 2: Shared Centre Architecture Diagram

Implementation of Financial Sharing: the securities company centralises its financial work in the head office, and through standardised and optimised financial workflow and digital means, it handles the financial work of its business outlets in batch and solves the financial management problems brought about by the expansion of its business outlets.

Construction of accounting platform: Integration and sharing of data from financial and business systems, so that data sharing is no longer a paper exercise and a value accounting system for the whole business process is formed.

Application of Intelligent Finance: introducing PRA robot to realise one-stop intelligent service from reimbursement bill recognition, bill filling, bill auditing and bill settlement.

4.2. Intelligent Financial Applications

4.2.1.A Securities Company

Intelligent Financial Integration Platform - Financial Sharing Screen - PRA Intelligent Reporting - Intelligent Auditing - Flexible Dispatch - Intelligent Accounting and Settlement - Intelligent Taxation - Accounting e-Voucher

The sharing centre of Securities Company A integrates financial master data, product business data, human resources data, transaction data, etc., and interconnects with the surrounding collaborative office, OA, financial imaging, fund payment platform, financial accounting, management accounting system, etc. through the form of interfaces, and the financial personnel and intelligent machines drive the operations through the operation scheduling centre, intelligent control centre, and intelligent auditing centre. Through the shared monitoring large screen, the progress of approval is monitored in real time, guaranteeing transparency and openness [9].

After the bills are intelligently recognised, checked for authenticity, collected and filled in, the robots are intelligently pre-qualified, the expense approval implements a combination of directional dispatching and autonomous bill grabbing, the robots are timed to automatically account for and settle the bills, the inputs are certified and automated, the write-offs are automated, and the tax returns are produced with a single click. On the basis of the overall financial chain, accounting documents are electronically recorded and filed.

4.2.2. B Securities Company

Revenue Accounting Automation-Cloud Application and Fee Control, Tax System Connection-Comprehensive Management Platform for Business and Finance.

B Securities companies help intelligent financial platforms, the Unicom contract management system, cloud-based fund management system financial general ledger system, etc., to achieve the intelligence of the whole chain of financial accounting, while using business intelligence analysis software to connect to the back-end database of the various systems to achieve real-time monitoring of the system as well as the integration and analysis of data [9].

Invoice reimbursement automatically identifies the invoice data in the cloud, completes the authentication of the invoice and automatically fills in the relevant expense reimbursement form in the system, and the financial staff completes the online audit and automatically enters into the accounts, which greatly improves the efficiency and effectiveness.

4.2.3. Similarities and Differences Between Companies A and B

(1) Common Ground

The two companies processed the total number of reimbursement claims, daily approvals, approval timeliness, and settlement and payment timeliness through the financial sharing system, which helped the financial work to achieve high standard, high quality and intelligent development.

(2) Point of Difference

Company A has made certain breakthroughs in intelligent bill recognition, intelligent auditing and intelligent settlement, improving the quality and efficiency of financial infrastructure work and achieving process optimisation. On the basis of opening up the data chain of the overall financial process such as reimbursement, approval, reimbursement and tax filing, the last kilometre of the paperless office of accounting is realised - voucher electronic.

Company B has realised the data integration of various systems within the company, and the financial focus has gradually shifted from accounting to financial analysis and other management support, basically completing the transformation of the financial role.

5. Implications of the Financial Sharing Model

The financial sharing model helps the securities industry to develop with high quality and injects new vitality into the industry. At the same time, securities companies need to strengthen digital management, focus on digital talent training, and constantly improve the level of technology to promote the ecological construction of the industry.

Environment. With the support of the Chinese Government's policies and the high degree of development of information technology, such as big data and cloud computing, enterprises are gradually introducing financial shared service centres while reducing costs and improving efficiency, keeping an eye on and grasping changes in the internal and external environments. Promoting the implementation of the "14th Five-Year Plan for the Development of the Digital Economy", accelerating the digital transformation of enterprises, and constructing an accounting e-filing system in line with the national "Measures for the Management of Accounting Files" (No. 79, Decree of the Archives Bureau of the Ministry of Finance) and the "Circular on the Standardisation of Reimbursement of E-accounting Vouchers for Recorded Files" (Caixin [2020] No. 6). Practice participation in the national electronic voucher pilot frontiers.

Technology. Comprehensively incorporate PRA, OCR, cloud computing and other new technology applications to achieve the integration of various types of data within the enterprise, the dynamic reflection of real-time data, the presentation of multi-dimensional information and its

comprehensive analysis to achieve technology-enabled enterprise financial integration and management capabilities, to create an integrated digital platform.

Organisational. Achieve financial process restructuring, organisational culture restructuring and organisational structure transformation. On the basis of retaining traditional accounting functions, a special project team was set up to achieve process optimisation and release the value of personnel. Different functional groups have clear roles and responsibilities, rapid decision-making and learning cycles, and are instrumental in standardising business processes, standardising accounting and responding flexibly and flexibly to the various changes faced by the organisation[10].

6. Conclusion

Shared service is an innovative management model, and the application of financial shared centre services in the financial system of a securities company can undertake the basic business of the branch, implement effective and timely supervision of the operation status, with comprehensive process coverage, a high degree of business standardisation, and a clear division of work among business modules. Avoid a lot of repetitive work such as summarising and auditing, save manpower and costs, and improve the processing efficiency of business processes. The finance function is transformed to provide business analysis and strategic planning to improve support for business decisions. There are no dead ends in information gathering and policy development in the enterprise, so that information is fully shared, financial policies are strongly enforced, and risk potential is eliminated. The application of the financial sharing model improves the accuracy and comparability of financial data, which can enable companies to create and maintain long-term competitive advantages and continuously increase their value.

References

- [1] Cheng Yin. (2020) *Research on the Construction and Implementation of Financial Shared Service System in Company A*. Xi'an University of Science and Technology.
- [2] *Report on the Development of China's Securities Industry*. (2022) China Securities Association
- [3] Xiao Wei. (2022) *Research on the construction of financial sharing system in Company D*. Chengdu University, 2022.
- [4] Liu Qi. (2020) *Research on the problems and countermeasures of expense budget management of futures-type companies based on financial shared service mode*. Southeast University.
- [5] SHI Guangjun, ZHANG Yan. (2016) *Foreign financial sharing research: review and prospect*. *Finance and accounting research*, (11), 28-33.
- [6] Juan Peng, Hu Chen, Zexia Wang. *Digital Finance [M]*. Tsinghua University Press. 2020: 15-16, 222-223
- [7] LIU Junyong, LIU Minghui, SUN Ruiqi. (2021) *Research on Quality Management of Financial Shared Service Centre in the Background of Digitalisation--Taking HX Financial Shared Service Centre as an Example*. *Management Case Study and Review*, 14(05), 547-558
- [8] Wu JH. (2021) *Analysis of the impact of financial information sharing mode on accounting*[J]. *Finance and Accounting*, (18), 74-75.
- [9] *Report on Digital Transformation Practices of Securities Firms and Compilation of Cases* (2022) China Securities Association (CSA).
- [10] Li Na. (2023) *Comparative study of enterprise financial sharing application modes based on TOE framework*[J]. *Economist*, (01), 66-67+69.