

## "FINTECH, FINANCIAL DEVELOPMENT AND BANKING EFFICIENCY: EVIDENCE FROM CHINESE COMMERCIAL BANKS"

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### EXECUTIVE SUMMARY

We investigate the impact of Financial Technology (Fintech) on the banking efficiency in China considering the impact of financial development differences in the country. Using a panel of Chinese Commercial Banks (CBs) during 2011–2020, we apply a two-stage empirical framework, combining Data Envelopment Analysis (DEA) – Malmquist and double bootstrapped truncated regressions for more robust estimates. Our first-stage results show that there is variation in efficiency changes among different types of CBs. In the second stage, our findings suggest a positive relationship between Fintech development and the efficiency of Chinese CBs, while City CBs (CCBs) are more positively affected.

CCBs' efficiency appears more sensitive to Fintech development, while technology innovation largely improves the efficiency of small-size CBs. Finally, the regional financial development does play a role in the positive impact of Fintech. Our results remain robust under several robustness checks accounting for different Fintech dimensions, non-linear effects and potential endogeneity issues.



### KEYWORDS

- Fintech
- Chinese commercial banks
- Financial development
- banking efficiency
- Data Envelopment Analysis

### RESEARCH RELEVANCE

- The paper shows that financial institutions can leverage Fintech innovations such as AI and blockchain to improve operational efficiency, reduce costs, and enhance customer experiences, gaining a competitive edge.
- This work shows acknowledges that policymakers can use these insights to develop adaptive regulatory frameworks that balance innovation with financial stability, ensuring consumer protection and cybersecurity.
- Our findings provide evidence that fintech offers opportunities to expand financial access to underbanked populations, supporting inclusive economic growth and digital literacy programs.

### BIBLIOGRAPHIC INFORMATION

Li, Y., Stasinakis, C., Yeo, W. M., & Fernandes, F. D. S. (2025). Fintech, financial development and banking efficiency: evidence from Chinese commercial banks. *The European Journal of Finance*, 1–51.  
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*"Fintech development significantly enhances the efficiency of Chinese commercial banks, with city commercial banks benefiting the most due to their agility in adopting digital innovations and streamlined decision-making structures."*

