ABSTRACT
China's personal investment and financial management industry has grown quickly in recent years, and an increasing number of individuals are contacting and engaging in personal investment and financial management. However, individual investors in China now have limited investing capabilities and are unable to acquire more extensive financial information. Financial managers also lack advanced professional knowledge and the capacity to assess financial goods, making it impossible for them to formulate sound financial strategies for investors. The financial goods are all the same, which means they don't satisfy the demands of investors very effectively. This study examines the growth and evolution of China's personal investment and financial management business, as well as current issues and possible solutions. Individual Chinese investors and financial managers should have a well-thought-out financial strategy based on risk assessment, investor preferences, and product differences. Because any dangers and plans connected to products, investors, and financial strategies are highly significant for personal investment. These issues will be alleviated when China's personal investment and financial management business develops.

Keywords: Personal, China, Financial products, Investment and Financing.

1. INTRODUCTION
China's economy has grown swiftly, the Chinese people's living conditions have continuously risen, and per capita GDP has climbed greatly since the reform and opening-up policy was implemented. People are no longer constrained to receiving income from personal savings because of rising consumption levels, and they are beginning to have a desire for personal investment and financial management. With the socialist market economic system's macro-control of China's economy, the financial market began to emerge, laying the groundwork for the personal investment and financial management business. However, in comparison to some other industrialized countries, it is somewhat backward due to the short development time. In recent years, China's financial enterprises and commercial banks have made significant progress in addressing the limitations of the personal investment and financial management industry and have reached a generally steady growth stage. However, finance is a volatile business, and there are some dangers associated with personal investment and financial management, necessitating investors to make prudent investment decisions and select appropriate financial products.

Zhang and Li introduced and analyzed the three factors of personal financial planning, analyzed the current situation of personal financial planning in China, and put forward the corresponding guidelines. China's personal financial planning is a necessary capital appreciation method, and investment planning is a very important influencing factor. Through risk management, different individuals or families make different financial plans [1]. Xiong analyzed personal investment and financial management, starts with the problems existing in personal financial management, and gives suggestions and investment plans in different periods. Planning personal finance is a hot spot today, and financial tools are also increasing. Financial investment is an investment trend. Individuals should strengthen investment awareness, use appropriate investment methods, and choose appropriate financial plans to maximize financial income [2]. By analyzing the development of futures investment funds in the United States, Zhang shows the obvious advantages of futures investment and its high rate of return. Based on the promotion of futures investment by the American system, this paper compares the development of China's futures investment, analyzes the problems, limitations, and measures of China's futures investment funds, and
reflects the significance of futures investment funds to the future development of China's futures market [3].

Lan et al. analyzed the impact of population characteristics on investment capacity and proved the feasibility of predicting investment behavior by population characteristics. Using many data analysis and test forms, this paper studies China's financial market and China's individual investment, and makes a survey according to the demographic characteristics. The results show that the demographic characteristics are the measurable factors to predict the investment decision-making behavior, and there is also a big gap in the investment ability of people with different demographic characteristics [4]. Ding and Xiao studied a series of financial products launched by commercial banks to meet the financial needs of Chinese residents. These financial products are distinguished according to income stability and currency types and are provided to people with different financial needs. With the development of the times, these financial products also need innovation. Banks can segment customer groups according to the value of the financial market and improve services to expand customers. The financial entity service industry needs to introduce information and Internet technology and train high-quality financial consultants to strengthen product optimization and development [5]. Through the investigation and analysis of residents in Guangdong Province, Zeng found that Chinese residents' cognition of financial management is still very weak. Most residents' understanding of financial products comes from the Internet and learning education. Residents will make personal investment, but it is easy to lose funds due to lack of investment knowledge and experience. The government can carry out more financial knowledge lectures for residents to correctly guide residents to understand investment [6].

Fu et al. studied the impact of China's trade opening on the development of Internet Finance and banking. China's rapidly growing economic level makes people more exposed to Internet finance, and the development of Internet finance also has a positive impact on the banking industry [7]. Lu and Deng analyzed the correlation between Chinese residents' personal financial investment and obtained the chart using specific data. The results show that there is a slight relationship between residents' unemployment rate and financial investment, and there is a close relationship between Chinese residents' personal financial investment behavior and China's GDP. With the development of China's financial investment industry, more and more Chinese residents begin personal finance and financial investment [8].

Chen et al. makes a regression model analysis on the relationship between economic development data and financial development of all provinces in China, which shows that finance has a great gap in the economic growth of provinces at different development stages and has a great impact on high-income provinces. The amount of financial investment per capita is increasing continuously. The economic growth rate of Guangdong Province, the largest province in China's economy, is 13.57%, that of Jiangsu Province, the second largest province, is 12.73%, and that of Qinghai Province, a poor province in China's economy, is only 8.91%. Financial investment per capita is rising, and the investment economic structure of high-income provinces is having a favorable influence on the local economy [9]. Han and sun analyzed Chinese residents' understanding of finance through their family income, investment share, education level, age and use of Internet financial products. At present, the development of internet finance makes more ways of personal finance, which not only reduces the cost of personal finance, but also increases the security of personal finance. With the deepening of people's understanding of Internet financial products, they are optimistic about the development of Internet finance. More and more financial firms are being successfully built in China. In recent years, mobile payment has become increasingly popular in China's major cities. In addition, the Chinese government has implemented several financial business-related rules [10].

This paper looks at some of the issues that exist in China's personal investment and financial management sector, such as individual investors' investment levels, the professional level of financial experts working in the industry, and the variety of financial products available. In addition, in each of these three areas, appropriate recommendations are made.

2. CURRENT SITUATION OF PERSONAL INVESTMENT AND FINANCIAL MANAGEMENT IN CHINA

Personal investment and financial management businesses are becoming increasingly popular among Chinese citizens. It has become one of the things that Chinese people talk about after dinner. In China, personal financial investing has a long history that dates to the 1960s. There was no such thing as simple monetary savings at the time. Personal investment and financial management strategies, such as securities investment funds, real estate investment, insurance products, fund products, trust goods, and multi asset allocation, have been regularly updated over decades of development.

2.1 Enlightenment period

The first period spans the 1960s and 1980s. China's personal investment and financial management are still in the early stages of development. Following the creation of the new China, the Chinese people lived in a period of scarcity for food and drink, which instilled in them the virtues of diligence, thrift, and a desire to
conserve money. Many Chinese citizens put their personal savings in the bank to earn low interest, and this is also the primary technique of financial management in China's personal financial investment.

### 2.2 Initial period

The second period runs from the 1980s through the 1990s. The trade relationship between China and other nations is getting increasingly close as China's reform and opening-up program is implemented. China's financial market has begun to approach globalization, and the varieties of financial products available are continually expanding. Many urban inhabitants began to trade in equities once the Shanghai Stock Exchange was established in 1990. Since then, the stock market has played an increasingly important role in China's personal investment and financial management industry. The fund first came into people's minds in 1997 as a new investment option. It has become the primary choice for many individual investors due to its high and constant dividend. Furthermore, many banks offer expert investment advisory services to personal financial customers to assist them in dealing with personal financial business concerns. Many private investors have begun to inquire about personal financial plans, indicating that China's personal financial investment industry has reached a point of stability.

### 2.3 Development period

The third period is from the beginning of the 21st century to the present. The rapid development of China's economy has achieved a qualitative leap, and people have more funds to invest in personal finance [11]. The twenty-first century is recognized as an era of rapid expansion in all parts of China, particularly China's rapid economic development. The number of channels and the size of personal financial investments are growing. Individual investors have additional investing and financial management options as major financial institutions continue to introduce high-quality financial products. However, the global financial crisis of 2008 had a significant impact on China's economy, resulting in significant losses for Chinese individual investors' real estate investments and overseas financial business in banks, which presents both a challenge and an opportunity for China's financial investment and wealth management market. Individual investors are realizing that a single investment mode has a lot of dangers, therefore diversifying their financial investments is a good idea. The Chinese government responded calmly to the financial crisis' detrimental impact on China, and the country's economy expanded again in the years that followed. With the introduction of Alibaba's Yuebao financial division in 2013, China entered the era of Internet finance. Aside from Alibaba, a slew of other Internet giants has introduced comparable banking services. The lower investment amount limit of these financial services allows more Chinese citizens to invest in their own finances. Covid-19 will have an impact on the world in 2020. Many investors have reaped multiples, if not dozens, of their initial investment from fund products purchased during the outbreak. As a result, an increasing number of investors are turning to the Internet to buy and sell mutual funds. China's economy begin to recover because of the Chinese government's good response and the continued deterioration of other nations' economies, resulting in negative returns for many investors who purchased fund products in the second half of 2020 and early 2021. This also warns people against following in the footsteps of others. To achieve larger profits, they need have sufficient investment and financial expertise.

![Figure 1 China's per capita GDP from 1990 to 2020](https://example.com/graph.png)

**Figure 1** China's per capita GDP from 1990 to 2020 [11].

With the steady expansion of China's personal investment and financial management sector over the last 60 years, Chinese people's personal investment and financial management expertise has risen from the
ground up, from shallow to deep. As people gain a better understanding of personal investment and financial management, more Chinese people are starting to do their own personal investment and financial management.

3. PROBLEMS EXISTING IN CHINA’S PERSONAL INVESTMENT AND FINANCIAL MANAGEMENT

Although the personal investment and financial management sector has grown in tandem with the rapid development of China’s economy, numerous difficulties in the industry have been uncovered because of the continual growth of the industry. These issues are caused not only by investors, but also by investment markets and financial advisors. Investors, for example, lack self-awareness and investment skill, as well as an imperfect investment market and a scarcity of financial counselors with extensive professional experience. The prevalence of these issues indicates that China’s personal investment and financial management business is still in its early stages.

3.1 Individual investors have a limited ability to invest

Many individual investors want to generate more money from their investments and financial management than they would from traditional savings. They frequently lack a thorough knowledge of personal finance. Many individual investors’ monthly salaries are currently equal to China’s per capita GDP. These folks don’t have enough money to invest or manage their money, and they can’t afford to pay good financial planners to assist them create personal financial plans. This implies they’ll have to handle their own finances and investments without the help of specialists. These investors, on the other hand, have not obtained professional financial knowledge training and will be more careful when making personal financial investments that include risks. They will spend a little amount of money in personal investment and financial management because they cannot tolerate the loss of their principal in the financial plan, which implies that the financial risk index they can endure is extremely low. This is one of the reasons why Chinese individual investors’ investment levels and abilities are frequently poor, as well as one of the primary roadblocks to the development of China’s personal investment and financial management business.

3.2 Lack of high-level financial professionals

There are few financial managers who play a significant role in the personal investment and financial management industry in China, which means that not all individual investors can match a financial manager, and it is even more difficult to match a financial manager with excellent opinions and high quality in investment and financial management. Because China has just recently transitioned from traditional banking to personal finance, most bank personal finance managers lack extensive personal investing and finance experience if they have gotten professional skill training at all. Excellent personal investment and financial management requires understanding of not only the benefits and drawbacks of various financial instruments, but also insurance, taxation, and securities. More significantly, it must be able to communicate effectively with customers. Individual investors’ financial demands will be difficult to understand and meet if this does not happen. In addition to establishing an adequate financial plan for customers, as a professional financial manager, we must disclose the income of financial products to consumers on a regular and irregular basis. As can be seen, becoming a good financial manager necessitates a wide range of skills. While China’s personal investment and financial management industry grows, financial advisers’ professional abilities need improve as well.

3.3 The variety of financial products available is limited

Personal financial products in China have a single objective and are not personalized. Several financial institutions and banks offer essentially the same financial services. Individual investors have a range of financial products to select from, but a closer look reveals that they all fall into one category: Treasury bonds, funds, gold, trusts, and insurance. In China’s personal investment and financial market, these are the most frequent forms of financial goods. Financial institutions and banks do not provide novel financial products because of their lack of inventive spirit. There appears to be progress, but it is stagnating. Because financial institutions and banks do not consider the demands of investors for financial goods, but instead compete with their peers for profit, personal investment and financial services in China are severely limited.

4. SOLUTION

4.1 Individual investors’ investment and educational levels have both improved

Individual investors frequently lack the expertise of professional financial advisors. To increase their investing capacity, individuals must first improve their personal quality to make more sensible and accurate financial and investment decisions. This necessitates individual investors gaining personal investing and financial management skills via their own efforts and endeavors. Individual investors can increase their quality by improving their own investing and financial management skills and education. The educational background and personal investment and financial
management knowledge level of Chinese individual investors have greatly improved during the growth period of China's personal investment and financial management business. Individual investors' financial product preferences are influenced by their educational background. Investors with a greater educational background are more likely to take on more risk [12]. Because investors with a greater level of education will not only earn more than those with a lesser level of education, but they will also have a better understanding of personal investment and financial management. Such investors typically have a better awareness of their assets, risk tolerance, and investing strategy. Furthermore, these investors would thoroughly analyze the existing and future economic environments before formulating their own financial strategy. Therefore, better educated individuals have a wider investment portfolio and are willing to take on more risk when it comes to investment items.

![Figure 2 Education level of Chinese individual investors in 2019 [12].](image)

**4.2 Financial professionals should improve their professionalism**

The financial manager's job is to keep track of policy, market, and risk developments so that investors may make suitable investment and financial strategies. Individual investors can invest and finance themselves, but they seek out financial managers for more effective financial guidance and expertise, which necessitates financial managers having a deep grasp of the financial market, as well as fast tracking and sound judgment. Financial managers in China should constantly improve their knowledge of investment and financial management, but they should not only focus on financial products; they should also pay attention to the real needs of individual investors to provide more professional financial services to them. For diverse investors, different financial products should be launched. Customers' demands cannot be met by a single product type. Each investor is an individual with unique asset situations and requirements, necessitating good communication between financial managers and investors. Investors' faith in financial managers may be enhanced by maintaining frequent touch with them, as well as a greater understanding of their unique position. To establish a balance between supply and demand for financial goods and effective resource allocation, the financial manager can separate investors according to their circumstances, provide various financial services for different investors, and design more appropriate financial plans for them. Financial managers can play a professional role in the product setup process and assist investors in gaining greater advantages.

**4.3 Increase the number of financial goods available**

With the growth of China's personal investment and financial management business, an increasing number of Chinese individuals are beginning to engage in these activities. The most significant shift is the expansion of financial product kinds. China's financial market is rising in terms of product scale, and the system and types of investment and financial goods are becoming increasingly diverse. Many financial institutions and commercial banks are developing new financial products of their own. In recent years, the number of wealth management firms has risen dramatically. Since 2021, banks throughout China have announced plans to form wealth management firms, indicating that the wealth management market has matured and that wealth management companies would offer a wider range of wealth management goods to investors. Financial
organizations are also launching more creative financial products. They not only improve the product's term and starting amount, but they also improve the product system. Individual investors can more easily control their cash in financial products thanks to financial product optimization. Because of the abundance of financial product options, investors must rethink product categories to select their own financial goods.

5. CONCLUSION

By analyzing the shortcomings of Chinese individual investors, financial industry practitioners and financial products in the financial industry, this paper suggested that people should grasp the fundamentals of investing and financial management, as well as have a clear awareness of their personal position to create an appropriate financial management plan, which is favored by investors in the twenty-first century. Financial managers who consider financial management to be their profession should engage with investors on a regular basis to learn about their needs and customize their financial plans accordingly. China's financial enterprises and commercial banks should also work to rectify the investment market's shortcomings to close the gap with developed nations' financial markets. The improvement of Chinese citizens' personal investment and financial management concepts, as well as the state's support for the investment market, all indicate that China's personal investment and financial management industry will continue to overcome existing problems and achieve new breakthroughs and development.

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