

The impact of third-party payment on the profitability of Commercial banks: evidence from China

ABSTRACT

The research aimed to investigate third-party payment's impact on commercial banks' profitability: evidence from China. Drawing upon prior literature review and empirical evidence, this study gathered annual data. In recent years, propelled by the widespread adoption of Internet and information technologies, China's third-party payment sector has undergone significant expansion. The burgeoning array of third-party payment services has begun to exert a discernible influence on commercial banks. This paper synthesizes pertinent theoretical frameworks and research findings concerning the interplay between third-party payment systems and commercial banks' profitability. Drawing on annual data spanning 2013 to 2021 from a sample of 38 commercial banks, we investigate the ramifications of third-party payment on the profitability of these banks. Employing panel data analysis techniques, the empirical findings reveal a negative correlation between third-party payment and commercial banks' profitability, indicating a downturn in profitability associated with the proliferation of third-party payment services. The data from local banks in China, comprising a sample of 38 commercial banks. The dataset spans 2013 to 2021 and was analyzed using a panel data model. The results revealed an overall negative impact of third-party payment on the return on assets of commercial banks