Research on the Operation of Financial Shared Service Center Model
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Abstract. The Financial Shared Service Center (FSSC) has been recognized and utilized by more enterprises and corporations as an innovative and optimized financial management model. It can improve the efficiency of monitoring and reporting by aggregating accounting business from different regions or locations to the same center. This paper mainly explores the characteristics and advantages of the FSSC, and analyzes the problems and improvements in its operation.

The Characteristics of FSSC

The establishment of a FSSC is because the company needs a department that can centrally manage and supervise the financial data provided by each branch. When Barbara Quinn proposed the term shared service, he once said: “The shared service is essentially a business model, which is based on customer needs and is charged by service.” It can be seen that the basic feature of the FSSC is to better provide effective and targeted services to customers. Meeting the needs of customers and providing paid services is the core concept of the FSSC.

Specifically, the FSSC is based on the needs of customers. According to the market price and service level agreement, it is responsible for providing professional financial supervision and cost control to all levels of departments and external enterprises within the enterprise, helping enterprises to grasp the correct direction of enterprise development and achieve the goal of maximizing economic. The FSSC can basically manage and control the basic financial information and work tasks of each branch in the enterprise, so as to better integrate the scattered work, and complete the check and control of the work efficiently and simply. Its characteristics are as follows:

Highly Systematic

The most prominent feature of the FSSC model is the ability to perform highly systematic management. The systematic management of the FSSC includes the consolidation of raw data, the input of accounting information and the output of finished product data. Because the financial sharing center as a whole is similar to a production system and multiple departments need to cooperate. On the other hand, from the perspective of data processing, data processing is an important part of processing raw information and outputting information, and must be precisely controlled to play the efficiency of financial sharing.

Highly Specialized

The initial purpose of the FSSC model is to be able to carry out highly specialized training in repetitive tasks, and professional counterparts. The talents are trained so that the functions of everyone in the team can be mastered and even comprehensively mastered. This not only satisfies the needs of employees and teams for self-development, but also promotes the company's operation and management better with the help of highly specialized.

Centralized Control of Operating Costs

The FSSC can achieve efficient management and batch management through internal management of the company, and is in an orderly relationship with the company's internal control system. This will keep the company's operating costs within a reasonable range.
The Function and Advantages of the FSSC

The important role of the financial sharing center model is to effectively control the cash flow within the enterprise, the unified integration of financial management systems and processes within the enterprise, and to strengthen the management of branches. The FSSC model integrates the entire financial process and business processes into a single linked system. This has had a good impact on the company's internal control and marketing. The specific advantages are analyzed as follows:

Information Integration

The foundation of the FSSC is the need for information integration. Information Integration With the development of science and technology, its technology has become more favorable, simple and convenient from the initial relational database to the data warehouse. Information integration technology has already had a certain scale of utilization. Therefore, the combination of financial sharing center and information integration can make a qualitative change in the degree of information completion and information. On the other hand, after integrating information integration, the FSSC can use information integration to simplify repetitive work. Generally, in the process of building a shared center, a group enterprise can gradually expand its shared business scope based on its own focus or comparatively standardized business. For example, the accounting center consists of the coping management center, the receivable management center, and the account management center; the electronic payment center, the electronic accounting center, and the electronic file center form a reporting center; And a settlement center consisting of a fund monitoring center and a fund dispatching center. Finally, a systematic application of centralized accounting + centralized reporting + centralized settlement is formed.

Process Standardization

To establish a FSSC, the most important thing is to standardize and strictly manage the company's traditional processes. After the standardization of the financial management process in the enterprise, the management system can be effectively unified, thereby further improving the standardization of the enterprise process. The standardization of various systems and processes of enterprises can effectively reduce the waste of enterprise costs and the complexity of cumbersome work, thereby improving the profitability of enterprises. Moreover, the financial sharing center can improve the operational efficiency, and effectively integrate and analyze the financial information within the enterprise, so as to better the operational processes within the enterprise, and standardize the goal and avoid waste and complexity of resource information.

Service Specialization

The FSSC model also provides systematic management of tasks within the enterprise. Corporate financial services centers are also a unified collection of shared service models. In such a department, the problems existing in various departments within the enterprise can be concentrated and discussed, so as to find the solution that is most suitable for this problem, and it is beneficial to the improvement of the technical level within the enterprise, the expansion of business.

Cost Savings

The most basic goal of the FSSC is to achieve cost control and streamline financial information. Therefore, the implementation of the FSSC can improve the professional quality of personnel in various departments. For example, simplifying repetitive work, increasing work efficiency, etc., helps to save operating costs.

Business Development

The FSSC is a favorable guarantee for the business to expand. Therefore, for the expansion of the enterprise scale, the expansion of the FSSC in the enterprise business has an irreplaceable role. The company can also integrate internal human resources and financial information management into the FSSC, thereby effectively reducing the internal cost of the company and expanding the company's business. In the end, we can better protect the vitality and expansion of the company.
The Operational Effect of FSSC in China

With the rapid development of the economy, market competition is becoming more and more intense. In order to improve management operation efficiency, enterprises first improved the organizational model, and used the enterprise resource management system to centralize some repetitive tasks in the enterprise. All tasks can be standardized, and efficient completion. Although the introduction of FSSC in China is relatively late, it has been accepted and recognized by enterprises, and has achieved remarkable results in the operation process.

Take a commercial bank with a large shareholding system as an example:

The bank's work on the FSSC mainly includes financial centralized review of all departments payment of funds, and centralized processing of accounting work. For the centralized completion of the above three tasks, the bank not only perfected and systematized the business process, but also organized a series of related work. The main practice is to make certain adjustments to the financial organization model within the bank to improve the interconnection of the financial system, and other systems. The financial sharing service system integrates the OA system, customer relationship management system, asset liability management system and auditing system. The comprehensive network information construction not only provides strong support for the daily management of the enterprise, but also lays a foundation for the implementation of advanced budget management, comprehensive cost management, and assessment of responsible units.

Reduced Management Costs

FSSC eliminate some of the financial costs of branch and finance personnel. By concentrating simple and repetitive work and business activities at headquarters, management costs such as financial inspections and branch audit supervision are reduced.

Improve Operational Efficiency

The company's financial management process is achieved, and it is no longer responsible for the branch business, which will help market development and business development. Standardize and centralize financial operations and use advanced technology to increase productivity.

Effectively Control Operational Risks

The company controls the financial status of the branch to ensure the quality of accounting information and make financial management more transparent. Through a unified system and standardized processes, the company has strengthened its control over the branch's head office, which is conducive to reducing the overall operational risk of the bank.

Improve the Ability of Financial Decision Support

Through FSSC, it helps to make accounting content more detailed, enhance content richness, and enhance the timeliness, accuracy and integrity of financial information. In particular, the financial staff has got rid of the tedious daily work, fully exerted the financial function and effectiveness, and provided stronger support for the company's development and decision-making.

The Problems and Improvements in the Operation of the FSSC

Problems in the Operation of the FSSC (Taking a Communication Company As an Example)

A communications company is a comprehensive listed company which fastest growing communications solutions company in recent years. In the fastest-growing three years, the company’s internal subsidiaries more than doubled, approaching more than 60, and growing. There are also some problems with the rapid development of the company. For example, the cost of the company is too high, but the operational efficiency has not yet reached the company's expectations; too many communication subsidiaries have caused the financial institutions to be busy; the financial information of the companies under the company is asymmetric, and it is difficult to set the evaluation criteria for the financial operations of the subsidiaries. So, the company established a
FSSC in three phases to accelerate the process of financial management and management of individual companies. However, there are still some problems to be solved after final establishment:

The division of responsibility of the FSSC is unclear. At present, according to several key aspects of accounting work, companies generally divide the finance department into accounting centers, credit centers, income centers, and expense centers. And be familiar with the classification of financial personnel, such as sometimes it may happen that the cost center has submitted the document, the payment center has paid, but due to the delivery of the general ledger account The cycle is long and the delay. In this case, this will lead to inconsistencies in the gaps in the division of responsibility between the centers and the communication of information. Therefore, the Financial Sharing Center needs to deal with the sharing of financial institutions.

The FSSC lacks incentive mechanism. After establishing a FSSC, the center staff will be the only staff member to perform accounts receivable or perform cost auditing. The development of professionals may be less attractive than previous job classifications. In this case, companies should pay attention to how to establish incentives to make sharing participants more active.

The FSSC model process has not been standardized. Uniform and standardized accounting standards and business processes are key to the centralized implementation of financial accounting and are the follow-up rules and procedures for establishing a financial contribution center. However, in the initial stage of establishing a financial sharing center, and because of the different operating habits of employees, different employees must have different business methods when operating similar businesses in the current period.

The FSSC lacks an assessment mechanism. For example, the “150 products” standard applies to payment centers, but not to cost sharing centers. Because of the lack of comparability and the uniqueness of each assessment method in each content center, it is difficult to assess the strengths and weaknesses of the sharing center using the same assessment criteria. A lot of tasks with the same workload will have different completions due to the complexity of the single product, so the assessment will be difficult.

Suggestions for Improvement

Defining the division of responsibilities in corporate financial sharing. As for the specific division of labor, companies should regularly check the content of each sharing center to avoid duplication of work. According to the company's existing ERP management system, the content of each FSSC should be combined with the ERP management system such as the payment center.

Create a good financial sharing incentive mechanism. According to the nature of the sharing center, companies can set different incentive mechanisms and grading standards to teach employees to establish professional responsibility and professional risk, and strengthen teamwork communication services. Although the overall development of financial staff is very difficult. But it can motivate employees to think about sharing centers vertically and even to train special talents.

Accelerate the construction of standardization processes. As the FSSC continues to evolve, their needs are constantly changing. First, find the professional tools that will be used for key processes and key processes. Secondly, in the process of expression analysis, in addition to the actual business operators, experts are needed. Business operators have a deep understanding of actual business processes, but often lack the optimization of trends. Finally, process optimization requires a stable cycle that needs to be strengthened and controlled to ensure that the new process is always running.

Promote the construction of assessment mechanism. The internal performance evaluation of the company should match the management objectives, so that the employees accept the new performance evaluation system and objectives, so a new assessment mechanism should be adopted. Use a balanced scorecard, for example. This performance balanced scorecard system forms a multidimensional system, which can provide detailed data for the company's strategic system.

Conclusion

FSSC is an innovative management model and a need for financial management in the context of big data. Since it is a model of innovation and transformation, there will be problems in the
operation process. At the same time, the establishment of the FSSC is also affected by a series of factors, including changes in management concepts, institutional changes, powerful information systems and the professional qualities of the staff. From the perspective of China's practice, it still requires a long period of construction and development.

References


