

# The Status Quo and Countermeasures of Internet Financial Development in China

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**Abstract.** With the popularization of the Internet and technological innovation, the new Internet financial model has started to develop rapidly. The business of financing, information intermediation and payment through the Internet has been continuously expanding. The rapid development of Internet finance constantly permeates all aspects of people's lives and profoundly changes the pattern of the financial industry. Unlike the traditional financial industry that uses 20% of its high-end customers with relatively single business product services and generates 80% of its profits, the profit model of Internet finance is to provide financial services to long-tailed customers in the financial markets. At present, it is a period of rapid development of internet finance. It is particularly important to understand the status quo of its development and to reason its development trend. The current business model of Internet finance is mainly based on the payment of the king. The big data credit is the risk control guarantee, P2P net loan, crowdfunding financing, e-commerce finance and internet banking as the main financing channels. The traditional financial internet is the financial network Pin for the supplement.

**Keywords:** Countermeasures, Internet Financial Development, Financial Risk

## 1. INTRODUCTION

Internet finance refers to all the financial activities carried out by using the Internet as a service platform. The entire financial activities are carried out, carried out and completed based on the Internet. It effectively breaks through the time and geographical restrictions of traditional finance and makes the allocation of resources more convenient. Fast, transparent and effective. The combination of the Internet and finance has created a new form of financial intermediation. The new Internet financial model has served as a dual intermediary for information intermediaries and financial intermediaries. With economies of scale and technical expertise, it can effectively reduce transaction costs, solve information asymmetries, and Internet finance The space-time allocation efficiency of funds of the times has been a qualitative leap. With the help of computer networks, cloud computing technologies and big data processing, the boundaries of the Internet financial ecology have greatly expanded.

Relying on the Internet platform, all-weather business, low barriers to entry characteristics of the Internet financial platform to expand the coverage of financial services. The essence of finance is financial intermediation, Internet finance is no exception, the Internet will be Internet thinking. Cooperation, sharing, openness and equality "into the financial business, promoting the reform and innovation of the traditional financial activities, reducing the transaction costs and providing more rich and better financial products and services to the financial markets.

## 2. CURRENT SITUATION AND EXISTING PROBLEMS OF INTERNET FINANCIAL DEVELOPMENT IN CHINA

There are many models for the development of internet finance in our country. Among them, the representative institutions include third-party payment, P2P lending platform and internet credit institutions. Internet financial development first set foot in payment and settlement business. China's financial payment system directly benefits from the application of computer and network communication technologies, which has given birth to the development of electronic payment and the birth of payment service agencies. In particular, the rapid development of third-party payment agencies has solved the problem of capital security and liquidity in Internet transactions, To inject new meaning into the development of Internet finance. At present, the third-party payment involves the traditional banking territory where the industry already covers funds, insurance, corporate payments, online shopping and payment of fees. Third-party payment companies, including Alipay, TenPay and Quick Money, have provided services to individual banks and corporate clients As its important business strategy. According to relevant statistics, as of the second quarter of 2013, the transaction volume of the third-party Internet payment market in China reached 1.3440 trillion yuan, up by 7.1% month-on-month and significantly faster than the 3% growth in the first quarter.

Another important area for the development of Internet finance is credit business, which is represented by small loans by Alibaba. It provides "order loans" and "credit loans" to users of websites such as Taobao and Tmall by creating a financing

model of "small loans + platform" "Two business. "Order Loan" is based on the order "seller shipped" on the platform, and "credit loan" is based entirely on the seller's credit. At present, Ali small loans totaling more than 30 billion yuan. It should be noted that Internet finance can reduce the cost of financial information and innovate models such as people-to-people loans into credit records. This not only weakens banks' superior position in information screening and processing, but also breaks the traditional concept of banks as transaction intermediaries. The value of future commercial banks poses a direct challenge. Internet banking has hit the operation of our country's banks. Banks have had to adapt quickly to introducing e-banking businesses through information technology in order to expand and perfect the traditional channel system. For example, China Merchants Bank and HTC (China) jointly released "China Merchants Bank Mobile Wallet" in 2012 and China Construction Bank completed "Good Financial Business" on the line. It can be expected that with the ever-changing Internet financial services, financial services models such as mobile payment, online auction houses and wealth management websites will emerge in an endless stream and the banking industry will face unprecedented opportunities for change.

As a comprehensive combination of Internet technology and finance, Internet finance not only faces the risks of credit, liquidity and market in traditional financial activities, but also faces the technical risks caused by Internet information technology, the business risks caused by virtual financial services, Legal Risks Caused by Lagging Laws and Regulations. The business risk includes operational risk, market choice risk and credit risk. There are mainly two types of legal risk: one is the risk of rights and obligations that is not essential to the traditional finance; The other is the relatively backward and vague legislation on Internet finance. Internet financial use of technology is not enough standard. At present, many financial businesses rely on online operations to achieve, however, while China's Internet finance continues to develop, there is no matching norms or standards. Financial system platform in the design and use of the process, not a full experimental test, leading to "backdoors" and loopholes.

The financial supervision system is incompatible with the development of Internet finance. Mixed use of Internet finance business model, and our country to adopt a "separate operation, separate supervision" and performance in the relevant laws and regulations. The lack of external regulation and legal norms will lead to imperfect self-regulation in the Internet finance industry and increase the operational risks of Internet finance.

### 3. INTERNET FINANCE IN CHINA

### DEVELOPMENT TREND

The rapid development of Internet finance in recent years is mainly reflected in the increase of the number of platforms. However, the single mode of business and the homogeneity of products tend to make the competition extremely fierce. Internet financial products and services are scattered among various agencies. As a result, the industry will enter a phase of high-speed integration. Under the condition of survival of the fittest, high-quality Internet financial enterprises will phase out weak enterprises and industry concentration will increase accordingly. Integration within the industry maximizes synergies, and diversified business development has transformed Internet finance companies into integrated financial service providers. Some existing P2P platforms, e-commerce platforms, payment platforms, high-quality Internet finance companies to use their own solid accumulation of strength has gradually shifted to the comprehensive inclusive financial services provider. Typical examples include mother ants gold clothing, Lacala Financial Services Group, Jingdong Finance. The scale of China's mobile Internet users continues to expand. Internet financial customers on the PC side have been experiencing a period of rapid growth. User consumer transactions have gradually shifted to the mobile Internet, and potential living applications have been expanding. The mobile Internet will become a new Internet finance battlefield. At the same time, with the enhancement of mobile Internet technology and information security and the enrichment of the functions of mobile Internet terminal devices, people will increasingly be inclined to pay for their services through the mobile Internet, as well as their capital requirements and wealth management. Rural finance in China is very backward with huge potential demand and has not yet been effectively developed. As the basic industry of H industry, agriculture has accelerated the process of urbanization with the support of national policies. The system of right confirmation and circulation has brought the opportunity of large-scale agricultural operation. Internet finance will involve rural areas and solve the problem of a large number of workers Personal financial needs and agricultural production and financial needs. In the meantime, with the upgrading of domestic economy, Internet finance is facing a huge credit consumer market. The main credit card of consumer financial products provided by traditional financial institutions is mainly credit card, but the coverage rate is not enough. Internet finance will create tremendous value in the field of personal consumer finance.

### 4. COUNTERMEASURES TO PROMOTE THE DEVELOPMENT OF INTERNET FINANCE IN CHINA

Internet finance this new format development time is

short, but the momentum is rapid. In view of the status quo and many problems of internet finance in our country, we put forward the following strategies to promote the healthy and orderly development of internet finance in our country. Construct Internet financial security system to reduce technical risks. Hardware aspects of computer physical security measures to increase investment and enhance the system's protection capabilities to ensure the safe operation of the hardware environment; network operations to achieve portal security access, authentication and grading authorization login method to restrict illegal users login website. Improve the Internet financial business risk management system. First, to strengthen the internal control of the Internet finance business, start with the system construction, formulate and improve the computer security management approach and the Internet financial risk prevention system and operating procedures; improve the social credit system, reduce information asymmetry and reduce market risk.

Strengthen Legal System Construction to Prevent Internet Financial Risks. Step up legislation, clarify the validity of digital signatures and electronic vouchers, and clarify the rights and obligations of all trading entities in the Internet finance business [4], so as to step up legislation on the legality of electronic transactions, the safety of electronic commerce, and the prohibition of the use of computer crimes [4]. Amend existing laws and regulations to increase penalties for the use of the Internet to commit crimes and clearly define the civil liability that should be borne by Internet financial risks. We will step up vocational training on Internet finance technology and regularly train practitioners in the Internet finance industry to enhance their operational capabilities and standards. Speed up the construction and use of the Internet financial system platform. The financial institutions to operate their own business as a prerequisite for the support of information technology, build their own business operations suitable for the system platform. Strengthen market access management. Whether it has a considerable amount of Internet equipment, whether it has the key technologies, whether it has formulated strict internal control rules and various trading rules and regulations as the access conditions for the Internet financial market; and according to the entity that runs Internet financial services and the businesses it declares to operate, In order to implement flexible market access, we should increase support for financial innovation while guarding against excessive concentration of financial risks. Improve the regulatory system. The development of the Internet financial market has broken through the boundaries of the banking, securities and insurance industries and posed great challenges to the separation supervision model. Our

country should coordinate two kinds of supervision modes of separation and mixture, and carry out comprehensive supervision on Internet financial risks.

## 5. CONCLUSION

Internet finance is an effective way to solve the problem of information asymmetry in the new situation to improve the efficiency of financial intermediation. It is not only a product of the times but also a means of changing our payment, financing and financial management methods. It is the trend of the times. Internet finance has also provided a solution to the traditional financial transformation and upgrading while striking the traditional finance, and has created tremendous space for the innovation of the entire financial system. Internet finance in our country has experienced a period of germination, start-up and suppression. Currently, many problems and challenges in development are still facing Internet finance. Internet finance has also shown a new trend of development under the current situation of fierce competition in homogeneity and mixed operation. , The horizontal integration of the road industry and verticalization of the professional road are the trend. The case study of mommy's finance also provides us with an opportunity to deepen the internet financial enterprises and extend our discussion on the status quo and trends of the development of internet finance. Finally, the article also provides countermeasures and suggestions for the development of internet finance.

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