

Studies on the Marketing Strategies of Commercial Banks in the Context of Internet Finance

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ABSTRACT. *In recent years, Internet technology is continuously developed, and its impacts on financial industry have become more and more profound. Developing internet finance has gradually become an emerging industry, and it is greatly impacting the traditional commercial banking industry. Commercial banks must adapt to the new environment and constantly change to ensure market competitiveness. In this paper, we discussed the development status of Internet finance in China and its impact on commercial banks, and further analyzed the ability of commercial banks to cope with Internet finance. Furthermore, we investigated marketing problems of commercial banks in the Internet context, and a series of coping strategies were proposed.*

KEYWORDS: *Internet finance, Commercial banks, The marketing strategy*

1. Introduction

Internet and finance are getting more connected, as technology keeps advancing. This connection is getting more and more influential on social life. A series of online financial services applications, represented by WeChat and Alipay, have brought great convenience to life in era of today, and they are profoundly affecting the services of the traditional financial industry. Nowadays more and more capitals are favoring the Internet financial industry, making it grow into an emerging competitive force, and traditional commercial banks can hardly ignore this trend. For commercial banks to maintain their competitiveness and market share, they must accelerate their integration into the Internet financial tide and accelerate the pace of reform, so that they could effectively respond to the tremendous impacts from technological advances and the new financial enterprises. In the new situation of Internet development, Internet finance brings both challenges and opportunities to traditional commercial banks. To enhance competitiveness, traditional commercial banks need to accelerate the transformation process, and to continuously improve their customer services.

2. The Development of Internet Finance in China

Internet finance keeps accumulating trusts from customers, because it has always been customer-centered. China's vast market, from the first-tier cities to the second- and the third-tier cities, to the vast number of small towns and villages, has a huge demand, so the potential of Internet finance is enormous. In fact, China's financial market is also characterized by demand outstripping supply. In addition, incomprehensive laws and regulations also made the booming Internet financial market unregulated (Chen Jingjun, 2011). We also need to understand Internet finance from a different perspective. From a broad perspective, any financial industry with the spirit of the Internet can be considered Internet finance, whose main characteristics are openness, equality, collaboration, speed and sharing, and these characteristics are also the vitality of the Internet (He Huizhen, 2003). In a narrow sense, financial services that use Internet technology as a means of financing are considered Internet finance. At present, China's Internet finance has the following characteristics (Li Lin, 2013).

The first feature is that China's Internet finance is in a transition from rapid developing mode into a more regulated one. As the Government is enhancing the control to avoid financial risks, various kinds of special rectification work are deepening. Overall, chances of Internet financial risks are decreasing, and the industry environment is becoming modified.

Secondly, the proportion of the Internet finance industry is relatively low in the financial aggregate. The balance of P2P loans, for example, is less than 1% of the total amount of all types of loans in RMB over the same period. But the business continues to grow and become more involved.

Finally, the vitality of business innovation is abundant. There are more and more Internet financial business models, and there is a fragmentation trend, including online payment, P2P online loan, Internet insurance and Internet consumer finance, among others.

3. The Impact of Internet Finance on Commercial Banks

The core of financial business is the financing mode. One of the major features of Internet finance is that it brings about a new financing model by using Internet technology. In the past, both direct and indirect financing, as people are familiar with, were generated in a traditional technology environment, so Internet finance was very different from traditional commercial banks in terms of financing models (Tan Mingjun, 2018). As a new financing model, modern information technology, especially the rapidly changing Internet technology, has given Internet finance numerous powerful functions. Search engines, mobile payment, social network, and other new methods are catalyzing the rapid development of financial financing. It can be predicted that, with the continuous progress of technology, a series of new financing models of Internet finance will bring a tremendous impact on the financial mode of traditional commercial banks, as follows:

As Internet finance is more dependent on technology, in many application scenarios, technology has brought about the interconnection of information, enabling commercial banks to grasp the needs of users in a timely manner, helping customers enjoy financial services in a more convenient and secure way (Jiang Xiao, 2018). It also enables commercial banks to improve their competitiveness in the market. In the tide of innovation of the new financial model of the Internet, it is possible to improve the service with the help of technology to attract and retain customers.

Traditional business management is changed by Internet finance, so commercial banks are obligated to face the situation as well. The change of management conception is achieved during development, and the path of marketing is to be gradually broadened. Openness and sharing are the core concepts of Internet finance's at present. Driven by these new concepts, traditional commercial banks are reforming management conception, to accelerate its integration into the tide of Internet finance development. In this way, banks are not only providing convenient services to customers, but also cultivating the customer loyalty. In addition, commercial banks should actively take advantages of the Internet to expand marketing methods, and develop Internet marketing.

In the context that Internet has become widespread, financial intermediaries are obviously affected, and most businesses of commercial banks are impacted too. The role of commercial banks as payment intermediaries has been greatly challenged. At the same time, the status of commercial banks as payment intermediaries will also be affected, leaving commercial banks in a difficult period (Li Chao, 2018). In traditional financial eras, commercial bank counter business has been the main means of financial circulation. When mobile internet third-party payment became popular, customers started to favor convenient mobile payment services. This change also broke the monopoly of commercial banks on financial information and customer resources.

4. Problems Faced by Commercial Banks in Marketing in the Context of of Internet

(1) Poor competitive market environment

The financial law is an important part of the construction of the law system in China. As a result, in the context of the Internet, establishments and improvements of corresponding laws are required to regulate commercial banks. In the developed economies, for instance, Europe and the United States, there are comprehensive legal system to protect the development of commercial banks. Currently, China's Internet regulation area is not completely blank, but there is still a long way to go, and in the field of Internet finance, there is more blank (Lin Changhua, 2015). Internet finance and traditional finance are particularly different, and the situation is getting complicated. The problems that arise in the field of the Internet cannot be solved by the regulations made during traditional finance. Therefore, the incomplete law and regulation system would lead to the emergence of numerous problems in the market environment, and if targeted and regulatory measures are not introduced in a timely manner, major problems may arise and seriously disrupt the market order, which in turn will hinder the future development of Internet finance.

(2) Customer credit problems

Credit is an important part of the financial market, without which the market cannot be regulated, and financial activities cannot operate in a healthy manner. At present, credit problems in the financial field have become one of the important obstacles to the development of Internet finance in China, which in turn affects the business development of commercial banks. China's commercial banks have not yet built a comprehensive system in credit management, and many problems still exist. First, the identification and measurement of credit need to employ the current advanced Internet technology. The establishment of standards and the construction of databases are at the technical level; secondly, although China's credit rating system is being established, there are still a long way to go, including, in terms of credit rating, how to select internal external rating agencies, how to ensure the independence of the internal rating, and how to strengthen the norms of external rating agencies.

With the changes in the complex market environment, commercial banks are going to develop online marketing, so customer's own credit problems have become an important obstacle, which in turn affects the bank's business expansion.

(3) Insufficient innovation capability of services

For commercial banks, innovative ones are upgrading the services to keep up with the development of the financial market and the growing needs from communities. On this basis, it is innovative to invent attractive products in the Internet era, including electronic Internet products and various mobile applications. At present, the innovation of commercial Banks is still seriously lacking in product. Most commercial banks in China lack a clear market positioning. Without a clear positioning, it is difficult to target the customer base. China commercial banks have lost clear objectives of innovation, because innovation is fundamentally about serving customers better, and making them enjoy a more convenient and valuable service. Therefore, the lack of customer orientation in commercial banks also makes product innovation lack personalization, which makes it difficult to meet the needs of a diverse market.

5. Marketing Strategy Analysis of Commercial Banks under the Impact of Internet Finance

(1) Expanding marketing channels

For marketing channels, traditional commercial banks should actively increase the number of channels, by using not only a variety of traditional media, but also the Internet, to achieve the combination of traditional and online marketing modes. The development and spread of the Internet have greatly contributed to the technological changes in the traditional financial industry. During technological change, marketing channels in the financial industry are forced to change. Traditional commercial bank marketing channels have been able to adapt to market requirements in the Internet era. Commercial banks must change their own marketing channels in order to gain competitive advantage in the new era. To carry out offline marketing, they must fully build up deposit, loan, remittance and other businesses based on online outlets. When it is offline, hardware facilities, such as the large number of physical outlets built by traditional commercial banks, still have some unique advantages, including the higher credibility, while Internet finance performs poorly in terms of credibility. Therefore, commercial banks have become leading players when traditional and cumulative credibility helped develop online business, including mobile payments, online banking, and so on. The media construction also creates a platform for commercial banks to build online marketing channels, which can take full advantage of the low cost, high efficiency and high customer stickiness of online channels.

(2) Improving the ability on risk management

Risk management capability is considered as one of the core competencies during commercial bank building. In the current environment of rapid development of Internet finance with inadequate laws and regulations, commercial banks are facing more and higher risks. Commercial banks should actively employ advanced technology to prevent risks. They are supposed to build risk control mechanisms with data at their core and take advantage of data. Customer information and business data are valuable resources for commercial banks. Particularly, data is the basis of risk management, since it helps banks conduct accurate risk analysis and prevention. The commercial banks should also acquire data by actively entering the Internet domain and accumulating data on users' online transactions and behavior. While using its own resources and conditions in the Internet to accumulate data, commercial banks can also actively share and exchange data with Internet companies, industrial and commercial departments and tax departments, and continuously innovate technical means to verify the identity of customers, and deeply explore the value of customer data. More importantly, commercial banks should actively work on building a healthy network financial ecosphere. This can only be achieved by a collaboration among commercial banks, Internet companies and network security vendors. With effective integration of resources and creation of a standardized financial market, a mechanism will be formed for Internet financial industry to resist risks.

(3) Improving customer relationship management

Commercial banks derive their profits from their customers, and only by mastering their customers can they ensure the profit grows. With the emergence of services such as WeChat payment and online banking, commercial banks have encountered serious impacts and challenges. Internet financial have low accessible barriers, with efficient and convenient services, and a greater variety to choose from, so it is quite attractive to customer funds. The penetration of various Internet financial products into the market, to a large extent, has affected the traditional commercial banking business. Internet finance is rapidly growing, and can be trusted by the majority of customers, and this is because its "customer-centric" development philosophy. This requires

commercial banks to reform the original service procedures, personnel management, business planning, and so on. In the past, the product-centered service concept ignored customer attention, and the traditional bank-customer relationship management has been unable to adapt to the needs of the current market. Commercial banks should adjust their customer management concepts and methods in a timely manner, to meet the refined and customized needs of customers in the Internet environment. Using advanced technology, existing customers are maintained, while new customers are potentially attracted, with an increasing customer loyalty. Using the advantages of customer flows, combined with Internet technology, commercial banks can achieve online and offline linkage with customer, providing customers personalized financial services and experience. In addition, the bank's mobile applications can be used to provide customers' advice, referrals and business processing. Banks should pay attention to continuously improve their service efficiency and overall service satisfaction to meet customer needs through efficient and convenient services, such as online booking and offline service process transformation. By providing more convenient and personalized services, commercial banks could truly reach an effective interaction with customers online and offline.

(4) Building a talent pool with Internet and financial attributes

Internet finance has dual attributes, one is the Internet and the other is finance, because it is a new financial business mode that runs capital financing, payment, investment and information intermediation services through Internet technology and communication technology. Such characteristics determine that the relevant personnel must be able to understand and grasp both the Internet and financial logic. Employees not only need to master financial data quantitative analysis, financial product pricing, financial modeling, risk prevention and other financial business knowledge, but also need to have Internet thinking, a comprehensive in-depth understanding of the Internet, and master the necessary cloud computing, information technology, big data, network security and other related technologies. Interdisciplinarity and complexity have become the basic characteristics of Internet financial talent. No matter what kind of problems commercial banks are facing, professionals will be ultimately relied on, so commercial banks must further strengthen the construction of the talent pool. Currently there is a competition for talent, and core talent has an extremely important role in the overall development of the bank. At present, managerial talent is an important part of the personnel structure of commercial banks, and in the era of Internet finance, the demand for dual attributed professionals in commercial banks will continue to expand. In the face of such a situation, it is particularly important to introduce and train talents with high knowledge level and information technology, and commercial banks need to build up a financial and IT-savvy team as soon as possible.

6. Conclusion

With the progress of social development, the rapid development of new information technology and the rise of Internet finance have become an irreversible trend, so traditional financial industry has been greatly affected. In this development environment, as an important part of the traditional financial industry, commercial banks' core business scope and marketing strategies have also been changed. Financial products and services of commercial banks must meet the development of society's tendency to constantly innovate, and traditional e-commerce enterprises have begun to show their advantages in the financial industry. Commercial banks must innovate development modes and marketing strategies, including the establishment of customer-oriented services, deep digging into customer non-financial data information, the cultivation of active customer service concept, the formation of an active service mechanism, and the integration of service channels based on customer needs, to gradually transform to a marketing mode based on bank-customer relationship management.

For the current financial environment, traditional commercial banks are facing dramatic challenges. With the rapid development of Internet finance, customer needs are continuously changing. In order to continue innovating business philosophy and mode, traditional commercial banks are urged to accurately grasp the development situation of Internet finance, and to combine financial business and Internet technology to provide customers with better products and services, so their own transformation can be achieved. Challenges and opportunities exist side by side. Commercial banks can capture a larger share of the market by transforming their previous operational thinking and marketing modes in the face of current challenges. In this era, commercial banks need to strive to complete the transformation, to further reform online marketing, to better adapt to the socio-economic development, and to understand the various needs of customers in the financial sector, in order to find the positioning of the market, and to improve the effectiveness of marketing, for a better development.

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