

Research on the Influence of Internet Finance on China's Commercial Banking and Countermeasures

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ABSTRACT. *Based on the necessity of competition between commercial banking business and internet finance in the internet age, this paper expounds the stimulation of internet finance to banks, mainly related to the influence of internet finance on the financial status, business model, service model, business philosophy and income source of commercial banking business.*

KEYWORDS: *Internet; Commercial banking; Impact and countermeasures*

1. Introduction

The traditional financial industry, which is dominated by commercial banks, still dominates the modern financial system at present, but the influence of the future of emerging Internet finance can not be underestimated. Although the development between traditional finance and modern Internet finance is full of certain contradictions, it is more important for the future development of financial industry to reasonably integrate the advantages of the two, to use the advantages of emerging Internet finance to provide fresh blood for traditional finance, and to promote the healthy, orderly, efficient, scientific and modern development of the financial industry. Therefore, the significance of this paper is as follows:

First, based on the study of the rapid development of Internet finance, this paper analyzes its impact on commercial banking business, and draws some inspiration through analysis. Summarize the favorable factors in the impact and enlightenment of the traditional commercial bank business, and then force the traditional commercial bank business reform and innovation, promote the financial innovation, so as to realize the sustainable and healthy development of the commercial bank business. The practical significance of this study is great.

Second, the innovation of traditional commercial banking business will affect and promote the development of Internet finance to a certain extent, stimulate Internet finance to further explore, and then play a certain role in promoting the innovative activities of emerging financial activities. The orderly development of

modern freshman finance is feasible to realize the rational allocation of resources in the aspect of transaction cost, and then plays a certain role in promoting the development of financial innovation theory. The theoretical significance of this research is great.

2. Overview of Internet Finance

2.1 Current Situation of Internet Finance Development in China

First, the background of the development of Internet finance. With the rapid development of Internet technology and the rapid rise of the financial industry, many Internet companies are gradually approaching from the non-financial field to the financial field. While people's social life field is gradually expanding, the Internet, as a new information technology, is gradually changing people's way of life, and the traditional bank management mode is becoming more and more difficult to meet the needs of customers in the rapidly changing information age and Internet finance is the product of the development of this era and background.

Second, the characteristics of Internet financial development. The main characteristics of Internet finance are payment mode, information processing and resource allocation. The penetration and application of new Internet technology and the dominance of big data technology make the asymmetry of transaction cost and information decrease gradually, which is very beneficial to the optimization of financial resource allocation mode, so it has a great impact on the profit model of traditional commercial banking to some extent. The channel advantage of banks in the system is weakened ;3, the development trend of highly developed information technology provides favorable conditions for the accumulation of big data and its wind control in Internet finance.

2.2 Three Forms of Internet Finance

The integration of traditional financial industry and new Internet technology gave birth to Internet finance. The concept of Internet finance, in a broad sense, refers to the financial form with Internet characteristics; its narrow concept refers to the way of relying on the Internet to achieve financing. As far as the whole history of financial development is concerned, finance is essentially capital financing. The traditional commercial banking business is the financing intermediary of the gold standard era; in the era of paper money circulation, the financing intermediary has gradually evolved into a huge financial system consisting of banks, securities, insurance and other institutions; in the era of information technology, it has gradually developed into a third-party payment company New Internet finance, such as crowdfunding.

At present, the blueprint of Internet finance development shows the “three countries stand” all-win development model, the first is the emergence of such models as Alipay third-party payment and mobile payment to replace the traditional

payment model; the second trend is the emergence of such models as Ali small loans, P2P and other models of new loan business to replace the traditional model of deposit and loan business; the third is the emergence of such models as Yu' e Bao channel innovation Internet financial sales model. The rapid development of China's Internet finance makes the competition of China's traditional banking industry more cruel.

2.3 Major Models of Internet Finance Development

First, third party payments. Third party payment refers to the network payment mode of the independent organization with certain strength and credit guarantee, which provides the transaction support platform interface with the bank payment and settlement system by signing with the major banks. At present, China's stable and leading third-party payment platform includes Alipay, Tenpay and UnionPay, and third-party payment accounts for 76.3% of the whole operation of Internet finance, which undoubtedly becomes the core of Internet finance and its leading position. At present, China's central bank approved a total of 197 third-party payment enterprises, including Alibaba, Tencent, Shanda, Baidu and so on quite influential Internet companies.

And, second, P2P microcredit. P2P microcredit is a direct credit model for individuals who closely link the Internet, microcredit and so on. The first Renren Credit Company in China was established in Yixin in 2006, followed by the formal establishment of Zhejiang Alibaba Microcredit Co., Ltd in 2010, and even the joint venture of Ping an Group, Alibaba, Tencent and so on in 2012. According to relevant department statistics, in 2012, the total amount of domestic online trading platform, including offline loans, has exceeded 10 billion a year, and by 2014, the net loan platform Development tends to rapid and rapid development.

3. Impact of Internet Finance on Commercial Banking

3.1 Impact of Internet Finance on the Financial Position of Commercial Banks

In the traditional financial transactions, commercial banking only exists as an intermediary mode. As a successful financial intermediary, the bank has two advantages: first, the function of the bank's own fund clearing intermediary. As the intermediary of money circulation, the complete, stable and safe clearing and payment system between banks is not only conducive to the liquidation of banks and customers and their peers, but also very helpful to the transaction cost of financing; second, banks also have the function of information intermediary. Banks alleviate the shortage of savers and funds in transactions by collecting, analyzing and processing customer resources Inconsistent information. From this, it can be seen that the powerful function of the bank's capital intermediary and information intermediary directly leads to the commercial bank business becoming the financial intermediary.

At present, the traditional commercial banking business of our country mainly provides the professional financial services to its customers by using its own professional financial knowledge, complete financial management technology and its scientific and effective operation mode, and the interest rate difference is the main source of the bank's income. The monopoly of financial industry in our country leads to the opacity of market price, and the support and protection of commercial bank business in national policy makes its profit mode and development very extensive. The rapid development of Internet finance forces the target group of financial services to change, many customers take the initiative to join Internet finance, under the influence of Internet finance, people's consumption habits and value standards gradually change change, and then directly affect the division of labor and specialization in the financial field. On the other hand, the promotion of interest rate marketization reform in China makes banks take advantage of interest rate difference profit opportunities to reduce, the future commercial banking business must pay attention to and develop the income mode after interest rate difference, these factors all affect the huge change of income source.

3.2 Impact of Internet Finance on Business Concept of Commercial Banks--“Catfish Effect”

The rapid development of Internet finance, like “catfish “, directly forces traditional finance to change its management mode. With its unique core competitiveness, the Internet impacts on the traditional business philosophy and behavior of commercial banking, giving full play to its “catfish effect” in the growth of the banking industry, forcing commercial banking business to reform, starting from the overall situation, in the business philosophy, profit model, business structure, service level, customer groups and other aspects of reform and innovation. The value creation and realization mode of traditional commercial banking business are all influenced by Internet finance.

Because relying on advanced network technology and computer technology, Internet financial enterprises have the advantages of big data, cloud computing and micro-loan that traditional banks do not have. These data can not only fully understand the business behavior and reputation of small enterprises and even individuals, but also establish data resource bank and network credit system. For example, the credit audit carried out by Internet finance companies is mainly based on investors' network transactions and credit indicators, which is used as a reference evaluation and analysis. Internet financial enterprises rely on information search platform to understand whether loan applicants have default records, not only can increase the cost of default of problem customers, but also can reduce the investment risk of investors. It is not difficult to see that the unique advantages of the Internet financial model are mainly reflected in the financing of small and medium-sized enterprises and their personal loans. The Internet financial model can effectively surpass the allocation of resources in the traditional model, so that the transaction cost is continuously reduced, which is very beneficial to the development of the real economy. The innovative mode of Internet finance in small and medium-sized

enterprises and personal loans directly weakens the competitiveness of traditional bank credit business.

4. Response of Commercial Banking to Internet Finance

4.1 Commercial Banking Should Change Its Business Philosophy

In order to deal with the explosive rise of Internet financial companies, traditional commercial banking and other financial institutions must adapt to the development mode of Internet finance under the trend of high-tech development by changing the mode of operation. For the development of Internet finance, commercial banking business should combine its own advantages and disadvantages, choose its own development route, and form its own unique, innovative and efficient model under the influence of Internet finance.

The executives of commercial banking should give full play to their own leadership ability and put forward efficient and reasonable solutions to the impact of Internet finance on commercial banking business. As a new model and profit model in the financial field, Internet finance is neither electronic nor network of commercial banking business. Although the current stage of Internet finance is developing rapidly and has received considerable attention, it is still in the primary stage in the overall situation, with short development time, small assets, low market turnover, and no banking qualification, which can not cause a fatal blow to the traditional commercial banking business in the short term. And because of this, Leaders of commercial banking do not pay much attention to the potential impact of Internet finance. Therefore, as executives of commercial banking business, we must maintain a keen market insight and innovative and clear mind, comprehensively and scientifically deal with the impact of Internet finance. On the one hand, we should change the vicious thinking pattern of one obstacle, break through the existing restrictions, and develop new business bravely.

The senior officials of commercial banking business should carry out systematic rectification from another height, including business philosophy, strategic orientation, management concept, bank network construction, business operation mode and so on, change the traditional understanding of Internet finance, and take Internet business as the core business to open up new users. Set up customer-centered, market-oriented development concept, enhance contact with customers, improve customer experience satisfaction, improve execution by reducing business processes, and provide customers with satisfactory and convenient one-stop financial services. At present, senior officials of China Bank of China and China Merchants Bank have been in the forefront of dealing with Internet finance.

In the first half of 2012, xiao gang, chairman of the bank of china, asked for advice on internet financial innovation through numerous research. At the strategic level of the head office, the bank of china broke the limitation of traditional banking service time, region and physical network, scientifically and effectively proposed the construction of "smart bank ". China Merchants Bank President stressed that

“Internet finance threatens the survival of banks “;” banking transformation is a matter of life and death “. Facing the rise of Internet financial army, the banking industry should cultivate the core competition of unique innovation according to its resource superiority Competition is particularly important.

4.2 Nuggets Big Data for Internet Finance

With the gradual increase of e-commerce transaction volume, the important leading position of traditional banks has been gradually weakened, and the Internet high-tech, led by quick payment, has been continuously introduced, forcing the settlement function of traditional commercial banking business to weaken, and it is difficult for customers to obtain relevant information. Lack of data means elimination, which is the trend of the big data era. It can be seen from this that if commercial banking business wants to make full use of the advantages of the big data era, it must grasp the information flow, data sources, and innovate and set up e-commerce platform in order to survive in the Internet financial army. E-commerce has become an indispensable marketing channel, mainly relying on the lack of space edge boundary, no time limit, low operating cost and other advantages. The contribution and advantage of banks in the development of e-commerce is obvious, and its perfect and convenient payment platform provides support for the smooth transaction.

In the face of the impact of Internet finance, the advantages of e-commerce payment are also obvious, so the business in the field of e-commerce naturally becomes the top priority. At present, China's four major state-owned commercial banking business, China Merchants Bank, Bank of Communications, Industrial Bank, Minsheng Bank, Huaxia Bank and dozens of other banks have been engaged in the field of electronic commerce.

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