

## SWOT Analysis and Its Coping Strategies of Commercial Bank in Internet Finance Era

Bing Yang

College of Finance and Trade, Bohai University, Jinzhou, 121013, China

yangbing2884567@163.com

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**Abstract:** In the era of Internet finance, commercial banks must pay attention to the challenges of Internet finance and adapt to the development trend of Internet finance. Based on the SWOT analysis of commercial banks in the Internet financial era, this paper puts forward the countermeasures of commercial banks in the Internet financial era, which is used to guide the innovation of business models of commercial banks, promote the transformation of commercial banks, and realize the organic integration of commercial banks and Internet finance. Specific strategies include: establishing Internet thinking, identifying new strategic directions; promoting construction of informationize, realizing new management models; adapting to the trend of financial disintermediation, reducing dependence on net interest income; and cooperating with third-party platforms to give full play to their respective advantages; to promote the process of interest rate marketization, deepen the reform of financial institutions; expand Internet finance business, and pay attention to information security protection.

### 1. Introduction

Internet finance is a new financial business model for traditional financial institutions and Internet companies that use the Internet and information and communication technologies to achieve financial, financial, payment, investment and information intermediary services. As a kind of derivative finance based on the Internet system, Internet finance is affecting the traditional financial industry with its unique business model and value creation, and is widely used in the fields of fund raising, capital financing and currency payment. Internet finance relies on virtualized service methods, fuzzy business boundaries, an open business environment and a transparent market operation mechanism to continuously expand the breadth and depth of Internet services, promote financial product and service innovation, and meet growing heterogeneity. Financial demand is creating miracles of wealth one after another. The revolutionary frenzy of Internet finance has improved the efficiency of financial resource allocation, met the multiple faceted financial needs of users, expanded financial service channels, and improved the quality of financial services.

The Internet has increasingly become a leading force in social change, profoundly changing the way of life in society. Compared with the traditional banking industry, Internet finance has the characteristics of high efficiency of capital allocation, low transaction cost, convenient payment and good inclusiveness. It breaks the time and space restrictions of the traditional banking industry and brings unprecedented and efficient user experience. And the practical benefits of more usability. At the same time, the business boundary between Internet finance and traditional commercial banks has become increasingly blurred. Through the long tail effect, iterative effect and community effect, the business model and operation pattern of traditional commercial banks have been impacted, the intermediary functions of commercial banks have been weakened, and financial disintermediation has been accelerated. Compress profit margins. Therefore, commercial banks need to re-examine their own advantages and shortcomings, seek breakthroughs in technological innovation, organizational structure reform, information management, risk control and user experience, and achieve transformation and upgrading as soon as possible to cope with the wave of Internet finance development.

## 2. SWOT Analysis of Commercial Bank in Internet Finance Era

The SWOT analysis method is a method of enterprise strategy analysis proposed by K.J. Andrews, a professor at Harvard Business School. It is a method to analyze and study the target situation more accurately without objectively. The four English letters of SWOT represent the initials of four English words: "S" indicates the strength of the internal resources of the enterprise (Strengths), the ability of the enterprise to surpass the competitors or improve its competitiveness; "W" indicates the disadvantage of the internal resources of the enterprise (Weaknesses), the company has a gap compared with its competitors and is in a disadvantaged position; "O" means Opportunities of the external environment of the enterprise, and the corporate behavior can produce a more attractive field, and has a competitive advantage by its own strength; "T" It represents the threats (Threats) faced by the external environment of the enterprise, and the challenges caused by the unfavorable development environment. If no effective strategic behavior is adopted, this threat will weaken the competitive position of the enterprise.

SWOT organically combines corporate strategy with internal factors and external environment. The advantages (Strengths), Weaknesses, Opportunities, and Threats are listed by survey and arranged in a matrix. Then, using the idea of system analysis, the various factors are matched and analyzed to obtain a series of corresponding conclusions, and the conclusions usually have certain decision-making. Using SWOT analysis methods, we can conduct a comprehensive, systematic and accurate study of the scenarios in which the research objects are located, and formulate corresponding development strategies, plans and countermeasures based on the research results. SWOT analysis is often used to develop a group's development strategy and analyze competitors. It is one of the most commonly used methods for strategic analysis.

Based on the SWOT analysis framework, this paper analyzes the "Strengths, Weaknesses, Opportunities and Threats" of commercial banks based on internal factors and external environment. The SWOT analysis model is shown in Fig. 1.

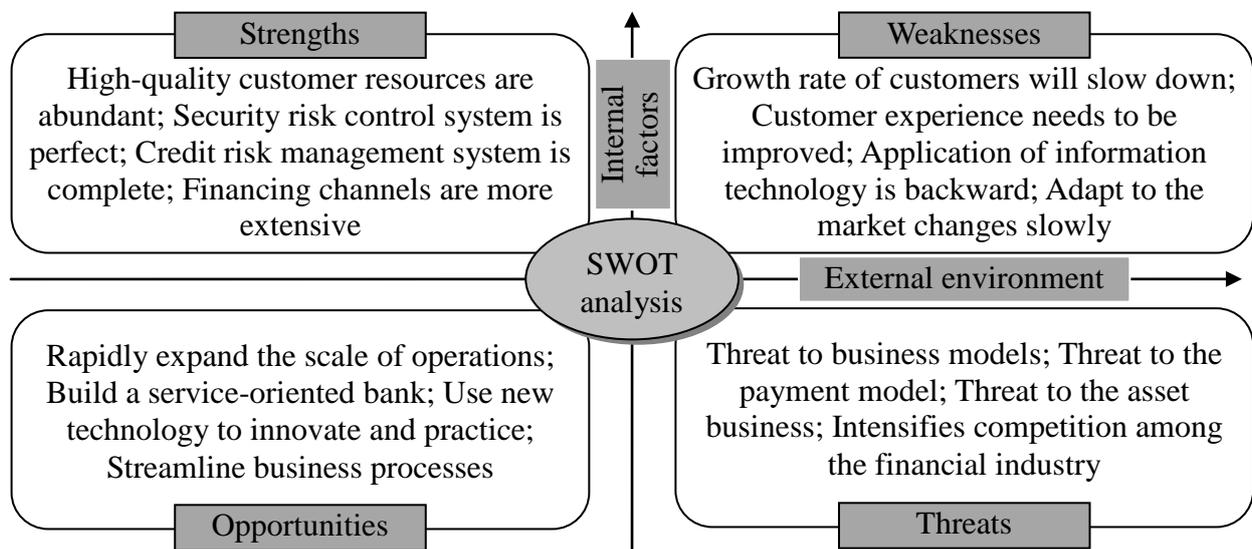


Fig. 1. SWOT analysis model of commercial bank in internet finance era

(1) Strengths analysis. First, high-quality customer resources are abundant. In the long-term development process, industry banks have accumulated rich customer resources and established long-term and stable cooperative relations with large and medium-sized enterprises. Due to weak financial strength, Internet finance is difficult to meet the needs of large and medium-sized enterprises. Second, the security risk control system is perfect. Commercial banks have formed a sound security system in the long-term development, always putting capital security first. At the same time, investors' long-term trust and support for the banking industry is also an advantage that banks can fully utilize in the future development process. Third, the credit risk management system is complete. Before establishing a credit relationship, commercial banks conduct on-the-spot investigations of borrowing enterprises, and understand the authenticity of loans. Through

pre-lending, lending, and post-lending management, the default risk is minimized. Fourth, financing channels are more extensive. When the financial service plan is customized according to the customer's characteristics and the financing service is provided to the customer, the funds provided by the bank are not limited to the internal, but also the suitable source of funds for the customer in the financial market according to the customer's situation, enriching the financing method of the enterprise.

(2) Weaknesses analysis. First, the growth rate of customers will slow down. In the era of mobile information, customers use the Internet more and more time, and it is more and more convenient to handle various matters. Many customers are more willing to use mobile phones to complete financial services, and the growth rate of bank customers is gradually slowing down. Second, the customer experience needs to be improved. Commercial banks have formed a stable operating model in the long-term business process. Faced with many complex customer groups, it is impossible to adapt to user needs as quickly as Internet finance, and customer experience satisfaction is lower than Internet finance. Third, the application of information technology is backward. The intensive safety production operation and management mode is still in the exploration stage. The automation level of system operation monitoring and fault diagnosis analysis is not high, the emergency response capability and fault recovery ability are poor, and there is no standardized safety risk assessment and monitoring index system. Fourth, adapt to the market changes slowly. The financial market is changing rapidly, and it is necessary to adjust the business strategy in time according to market changes. The management process of commercial banks is complicated. Internet finance is sensitive and can seize the market in the first place.

(3) Opportunities analysis. First, rapidly expand the scale of operations. Internet finance is a milestone leap in financial history, but it requires a complete software and hardware platform. The current development is not mature. Taking this opportunity, commercial banks should expand their business scale to attract and stabilize customers. Second, build a service-oriented bank. Commercial banks must review the situation, make full use of rich customer resources and a solid capital base, relocate, change service models, actively research the market, focus on customers, find customer needs, and build service-oriented banks. Third, use new technology to innovate and practice. Utilize the advantages of the industry, enrich the mobile payment function, and let customers enjoy the basic services such as convenient transfer, remittance, payment and payment, and focus on improving the proportion of financial management services in the mobile payment business. Fourth, streamline business processes. Commercial banks should use service customers as the carrier to integrate the overall organizational structure, effectively integrate various resources, simplify the process, focus on strengthening customer experience, collect customer feedback in a timely manner, improve customer experience satisfaction at outlets, and effectively integrate online Under the channel.

(4) Threats analysis. First, the threat to business models. With the help of electronic information technology, Internet Finance provides services to customers around the clock, not only breaking the time and space constraints, but also providing customers with a variety of financial services that keep pace with the times with various emerging Internet technologies. Second, the threat to the payment model. The third-party payment has the advantage of being convenient and fast, and the development momentum is rapid. The expansion of the business on this basis has largely affected the intermediary business of traditional commercial banks, which has caused the bank's customer resources to be lost. Third, the threat to the asset business. Internet finance uses big data to accumulate user data, relying on cloud computing to conduct credit analysis on data, and has advantages over commercial banks in terms of loan risk control, while reducing labor costs, relying on standardized computer operation processes, and improving the efficiency of fund allocation. Fourth, it intensifies competition among the financial industry. Internet finance has developed rapidly with the support of policies. Many traditional financial services have been realized in the network channel, which has seized a lot of market share and made the commercial banks feel a sense of crisis.

### 3. Coping Strategies of Commercial Bank in Internet Finance Era

Internet finance has changed the traditional financial market structure in terms of transaction size, market positioning and people's acceptance. Although it is difficult to incite the status of traditional commercial banks in the short term, this influence is sustainable and pervasive. Internet finance development is on business. The future impact of the bank cannot be underestimated. Faced with the challenges of Internet finance, commercial banks should attach great importance to the changes in the financial landscape of the network, change business concepts, adjust business strategies, expand business channels, innovate business processes, attach importance to Internet finance services, and continuously expand new customer groups. At the same time, pay attention to prevention and control risks, calmly deal with the impact of Internet finance, and constantly improve the core competitiveness of commercial banks. Based on SWOT analysis, this paper proposes the following strategies for the external environment and internal factors affecting commercial banks in the Internet financial era:

(1) Establish Internet thinking and determine new strategic directions. The most important feature of the Internet age is the openness and interactivity of information, and the resulting personalization of people's needs. Make full use of Internet thinking and Internet tools, integrate basic resources such as supply chain finance, trade financing, and cash management of commercial banks, re-examine resources according to development trends, and re-examine their own advantages and shortcomings, from technological innovation, organizational structure reform, and information. Management, risk control and user experience are seeking breakthroughs, innovating financial products, realizing transformation and upgrading as soon as possible, and improving the core competitiveness and development speed of commercial banks in order to cope with the wave of Internet finance development.

(2) Promote the construction of informatization and realize a new management model. China's commercial banks have little gap with international advanced banks in terms of hardware equipment and electronic business. However, there are gaps in the protection of scientific and technological means, the promotion of financial services, and the scientific management. It is necessary to accelerate the development of informatization. In the era of Internet finance, financial service channels continue to expand, and financial service efficiency has been greatly improved. Commercial banks must update their management models, comprehensively utilize informatized data, understand customer needs, collect customer feedback, refine customer service, and accelerate product development and optimization. Business processes, through long-term development through a new management model.

(3) Adapt to the trend of financial disintermediation and reduce dependence on net interest income. Financial disintermediation is a prominent feature of Internet finance. Capital finance bypasses the commercial banking system to directly realize supply and demand allocation in the market, weakening the role of financial intermediary agent of banks, and shrinking net interest income of commercial banks from both scale and spread. Commercial banks must develop new sources of income, shift from capital intermediary to integrated financial service institutions, strengthen product innovation, and provide diversified services such as investment banking underwriting, wealth management, fund custody and transaction settlement, and create value through services to drive intermediate business. The increase in income and the avoidance of Internet finance have had a huge impact on the profit model of traditional commercial banks.

(4) Cooperate with third-party platforms to give full play to their respective advantages. Faced with the strong Internet finance, the impact of commercial bank customers' diversion in a short period of time cannot be avoided. Commercial banks and third-party platforms have established a win-win development relationship, giving full play to their respective advantages and developing more humane financial products. Create a mutually beneficial cooperation model. On the one hand, commercial banks share customer resources and industry information; on the other hand, third-party platforms share data processing and system development techniques. The two achieve resource sharing and complementary advantages on the technical level, realize cross-selling in sales mode,

and create a new pattern of synergistic development between third-party platforms and commercial banks.

(5) Promote the process of interest rate marketized and deepen the reform of the financial mechanism. The interest rate is the price of funds. The marketized of interest rates is to give the price of funds to the market, and the interest rate level is determined by both the supply and demand sides. Internet finance has lowered the threshold of traditional finance. The leisure funds of low- and middle-income people enjoy the benefits brought by real interest rates, making low-income people and small and micro enterprises become important participants in the financial system. In the process of breaking monopoly operations and promoting interest rate marketization, the government should do a good job in establishing relevant supporting mechanisms, implement a deposit insurance system, protect the legitimate rights and interests of depositors, and use the invisible hand of the market to discover available financial resources. Price, promote the development of commercial banks.

(6) Expand Internet finance business and pay attention to information security protection. Effectively use new technologies such as cloud computing, Internet of Things and smart terminals, and use online payment, network financing, network financing and mobile finance as a breakthrough to actively promote payment method innovation, service function innovation, service channel innovation and platform model innovation. Seize the commanding heights of the development of Internet finance in the banking industry. We will do a good job in information security protection for Internet finance development, strengthen customer and account information management, continuously improve the security defense capabilities of e-banking information systems, and build a lasting and effective risk prevention and control system. At the same time, we will vigorously implement the Internet finance talent training project and reserve sufficient human resources for the innovation of the Internet business model.

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