

The Impact of Internet Finance on Commercial Banks and the Countermeasure Analysis

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Abstract: The development of Internet technology has led to the rapid development of Internet finance, which simplifies people's payment methods and realizes cash-free payment. Not only reduces the risk of cash loss, but also reduces the inconvenience of using cash, and the convenience of Internet finance also reduces the related costs of financial transactions. Users can complete the related capital business without leaving home, which greatly improves the efficiency of business handling and reduces the cost of financial transactions. In addition, users can use Internet technology to view their financial information in a timely manner, minimizing the economic loss caused by insufficient information. It is the many advantages of Internet finance that have had a serious impact on commercial banks. How traditional commercial banks adopt a scientific and effective response strategy in the context of the booming Internet finance has become an important practical issue. The article mainly analyzes the impact of Internet finance on commercial banks and proposes specific countermeasures.

1. The Main Model of Internet Finance

At present, the main modes of Internet Finance in China include third-party payment, P2P Internet loan and Internet monetary fund.

Third-party payment: According to different operation modes, third-party payment platforms include independent third-party payment platforms, third-party payment platforms supported by electronic trading platforms, third-party payment platforms with electronic trading platforms and guarantee functions, etc. According to different business services, third-party payment platforms can be divided into Internet third-party payment platforms and third-party payment platforms of financial enterprises [1]. **Party Payment Platform.** No matter which third-party payment platform is independent of the buyer and seller, its essential role is a loan intermediary. The buyer pays the seller through the third-party platform, and the payment is temporarily deposited in the third-party platform. After the buyer confirms the receipt of the goods, the third-party platform pays the buyer's money to the seller, so as to ensure the transaction safety of the buyer and seller [2]. **P2P online lending:** that computers in the local area network can interact, which means that under the support of Internet technology, the supply side of the capital forms a direct debt-debt relationship with the demand side. Through the network, the borrowing and lending parties initiate the fund lending business, and according to the platform Institutional rules determine the risk, interest rate, and duration of borrowing to maintain fair trade between the parties [3]. **P2P online loans** mainly connect financing platforms, fund providers and capital demanders through the network, so that all parties to financing can obtain more benefits through this financing method. **Internet Money Fund:** Money fund companies have taken advantage of the advantages of efficient, convenient and open Internet finance. Therefore, the Internet has been used as one of the important channels for the sale of money fund projects. The construction and development of the Internet fund platform has greatly expanded the fund's sales channels [4]. Expanded its proportion in the financial market. For example, Alibaba's Yu'eobao is the first Internet fund product in China. Subsequently, various types of Internet fund products emerged in an endless stream. Even in 2014, the Internet Money Fund's sales in the Internet exceeded 50% [5].

2. The Impact of Internet Finance on Commercial Banks

The impact of Internet Finance on commercial banks is inevitable and multifaceted, which is embodied in the following aspects:

2.1 Have a Direct Impact on the Specific Business of Commercial Banks

First, it affects the bank's deposit and payment and settlement business. Compared with the traditional bank demand deposit business, the third-party payment platform has the characteristics of low threshold, low risk, strong liquidity and high income, so it attracts a large number of idle funds of users; moreover, the third-party payment platform based on network information technology breaks the limitation of transaction time and space, and the payment and settlement procedures are very simple, which greatly improves the payment efficiency [6-7]. The deposit business and payment and settlement business of traditional commercial banks will have a serious impact. Secondly, bank loan business. The loan business of traditional commercial banks has the problems of high threshold, complicated procedures and high cost. For small and micro enterprises, it is difficult to loan to commercial banks. Internet credit technology simplifies the loan approval process, and can maximize the demand for small enterprises with short loan term and small loan amount. Therefore, it has a certain impact on the loan business of commercial banks. Again, the impact on the bank's intermediary business. The intermediary business of traditional commercial banks includes collateral business, asset custody business, settlement and clearing business, etc [8]. These businesses bring high profits to commercial banks. However, third-party payment platforms can cover almost all intermediate businesses of commercial banks, such as generations. Paying various living expenses and charging charges, the bank's intermediary business market is getting smaller and smaller. Finally, it has an impact on the bank's off-balance sheet karma. Some of the profits of commercial banks come from off-balance-sheet businesses including financial derivatives trading and wealth management products [9]. The various types of wealth management products launched by the Internet financial platform are richer in style and more convenient to operate. Therefore, they have formed a competitive relationship with commercial banks and crowded the tradition. The income channel of commercial banks reduces their sources of income.

2.2 Internet Finance Directly Affects the Financial Status of Commercial Banks

In the process of China's financial industry development, commercial banks have always played an important role in financial intermediation. The two most important functions are payment intermediaries and credit intermediaries. However, with the development of Internet finance, it has a strong impact on the financial intermediary status of commercial banks. On the one hand, it has played down the commercial intermediary's status as a payment intermediary. Traditional commercial banks handle business processes in a complicated and inefficient manner, and the development of Internet finance has made users have more choices when handling payment settlement services. Users can go through the payment settlement business at any time and anywhere, and third-party payment [10]. Under the blessing of information technology such as big data and cloud computing, the platform provides users with a better experience, so the payment intermediary status of commercial banks has been seriously affected. On the other hand, it has shaken the credit intermediary status of commercial banks. In traditional socioeconomic activities, the information asymmetry between the supplier and the demander of funds directly affects the allocation of funds, while commercial banks play a regulatory role in all aspects of social and economic activities in this process. The emergence of Internet finance has broken the time and space constraints, eliminated the problem of asymmetric information between the supplier and the demander of funds to the greatest extent, provided more choices for the demander of funds, enabled the supplier of funds to understand the relevant information of the demander of funds more comprehensively, improved the transparency of transactions between the supplier and the demander of funds, and reduced the risk of capital transactions. The credit intermediary status of traditional commercial banks has been affected.

2.3 Internet Finance Will Affect the Business Model of Commercial Banks

Traditional commercial banks will build large-scale business outlets all over the country. Their specific business hours and business locations will impose many restrictions on the business management of users, affecting the user experience. Internet finance does not have this problem, users can handle all kinds of business at any time and anywhere, and users do not need to fill in all kinds of forms and documents, nor need to wait in line, which greatly improves the efficiency of business processing, so commercial banks need to rethink their own business model. In terms of customer experience, Internet finance pays great attention to customer needs and market trends. The products designed by it are more targeted, while the commercial banking business operations are complicated. The interactive pages of online banking are not user-friendly. Users need to pass various types. U shields, payment tokens and other auxiliary means to complete business operations directly affect the user's good experience.

3. Improvement Strategies of Traditional Commercial Banks under the Background of Internet Finance Development

The impact of Internet finance on traditional commercial banks is undoubtedly far-reaching. Commercial banks must see the situation and be realistic, and reform their own business models and business processes in order to better adapt to the current financial market and achieve their own Continue to develop.

3.1 Reasonable Adjustment of Business Model and Development of more Innovative Financial products

First of all, commercial banks should focus on the development of electronic business, make use of the advantages of funds and user resources to form a perfect integrated online and offline services. Secondly, with the support of Internet technology, traditional commercial banks should give full play to their advantages, innovate financial products and improve their pertinence and directivity. Based on physical outlets, we will reduce barriers to entry and vigorously develop inclusive finance. In addition, we can also build direct banks to move offline banking and financial products offline to reduce physical operating costs and improve service efficiency. Finally, commercial banks should actively guide computer holding and information technology, such as artificial intelligence, biometrics, blockchain technology, etc., to innovate the original business model and format, and to improve the self-help and intelligence of various services. Improve the user experience.

3.2 Strengthening Cross-border Alliances and Cooperation

Compared with Internet finance, commercial banks need to develop online business whether their technology or management is not mature enough. Therefore, commercial banks should strengthen their cooperation with cross-border while improving themselves. On the one hand, it can strengthen cooperation with Internet companies. Although commercial banks also have a large number of outstanding scientific and technological talents, Internet companies are not only technology, but also their development philosophy and Internet thinking. Therefore, commercial banks should strengthen cross-border cooperation with Internet enterprises, tailor-made more applicable banking system software according to their own actual situation, in order to improve the operational efficiency of banks and reduce operating costs. On the other hand, commercial banks should step out to cooperate with third-party payment enterprises and nest third-party payment channels in the platform, which can not only bring a lot of potential customer resources, but also facilitate user payment.

3.3 Optimize Business Processes and Improve User Experience

The first step is to optimize the business operations process. Optimize the operation process of the counter business, carry out targeted upgrades to the system, and streamline the processing procedures of various counter business to improve the efficiency of user business processing.

Optimize the business operation process of the network platform to ensure the convenience of users when performing online business operations. Integration of related functions, such as the ability to embed mobile banking in the online platform to simplify the user's operation process. Second, enhance the user experience. Nowadays, many commercial banks, whether they are front-end or back-end experience, have significant differences compared with the more mature third-party payment platforms. Therefore, commercial banks should improve from hardware and software. For example, the page design of commercial bank websites should be more in line with the aesthetic needs of users; more manpower and material resources should be invested in the maintenance of the banking system to improve the efficiency of the system. Finally, focus on the long tail market. Interest spreads between deposits and loans of commercial banks are the main source of profits, so they pay more attention to the service of high-end customer groups, ignoring the long tail market dominated by ordinary customers. The so-called "long tail market" refers to excavating "long tail" can create amazing profits, so commercial banks should, under the guidance of the goal of maximizing profits, deeply understand the needs of customers in the long tail market, and design some personalized products and services for such customer groups.

4. Conclusions

In short, commercial banks should have a comprehensive and in-depth understanding of the impact of Internet Finance on their business and operation, and have a deeper understanding of the problems in their development and operation process, and effectively grasp the impact of Internet Finance on commercial banks. Develop corresponding improvement strategies, rationalize business models, develop more innovative financial products, optimize business processes, improve user experience, and strengthen cross-border alliances and cooperation. Turn the impact of Internet finance into a dynamic, create a harmonious and stable economic environment, and maintain a long-term competitive advantage.

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