

Research on the Development Path of Internet Finance

Haotian Yang

Zhengzhou No. 7middle School, Zhengzhou, China

Keywords: Internet, Finance, Cloud computing

Abstract: This article is based on the increasing influence of network big data on the traditional financial industry in recent years, the popularization of computer and network technology, the rise of cloud computing and big data, smart phones, cloud computing, etc. So this article takes Internet finance as an example for research. Internet finance is mainly divided into seven major aspects. This article mainly selects three aspects for research. The first research object is Internet money funds, the second is Internet loans, and the third is big data finance. Through the collection, induction and analysis of data, and related literature analysis, the current development of Internet finance and the opportunities and challenges that may be faced in the future are further explored. In the end, this article analyzes three Internet businesses and concludes that in general Internet finance has developed well and has a long development prospect in the future, but it also has certain risks, such as lack of supervision caused by imperfect laws and personal information leakage.

1. Introduction

Since the 1990s, with the continuous advancement of science and technology, Internet technology has penetrated into all fields of social production, profoundly affecting and changing people's lifestyles, and modern information technology and networking technology have also been widely used worldwide. In the economic and financial fields within the scope, many Internet-based financial service models have emerged. Especially in recent years, cloud computing, mobile Internet, big data, etc., modern Internet information technology has matured, which provides for the rise and rapid development of Internet finance. With efficient technical support, Internet finance is a new financial model based on the Internet as a resource, big data, and cloud computing. Big data is the core resource of Internet finance. Cloud computing is the core technology of Internet finance. It is the first time for Internet finance. Taking the Internet as a resource platform for financial activities instead of a technology platform, relying on cloud computing and other big data processing technologies to form a financial credit system based on Internet big data and a data-driven financial service model to reduce information asymmetry. It has profoundly affected and changed the concepts and business methods of traditional financial services, and effectively improved the efficiency of financial resource allocation. From a narrow perspective, the financing of funds and other financial services that rely on the Internet can be called Internet finance. From a broad perspective, as long as the financial format possesses the spirit of the Internet, it can be called Internet finance. In essence, Internet finance is a combination of the spirit of the Internet and financial functional formats. The current Internet finance models can be divided into seven models: third-party payment, Internet money funds, online loan platforms, big data finance, crowdfunding, Internet financial portals, and information-based financial institutions. Third-party payment is a non-bank institution with certain strength and reputation protection. It uses the communication and computer information security technology to adopt the mode of contracting with the bank to establish a connection between the user and the bank's payment and settlement system. Internet money fund is a new type of financial management product, and at the same time it can enjoy the appreciation of income and quick cash withdrawal. There are four types: 1. Funds 2. Bank 3. Third-party payment. The third online lending platform is mainly a third-party Internet platform for matching capital loans. The borrowers need to find people with the ability to borrow through the website platform to help any other lenders share a batch of borrowing quotas to share the risk. The fourth big data finance is the collection of massive amounts of unstructured data. Through real-time

analysis, it can provide Internet financial institutions with a full range of information. Through analysis and mining of customer transaction and consumption information, it can grasp customer consumption habits and accurately predict customers the behavior of financial institutions and financial service platforms is targeted towards customers. The fifth is crowdfunding, which launches fundraising projects through the Internet and raises funds from netizens by means of group purchases and pre-orders. It is characterized by relatively low threshold, diversity, relying on the power of the public, and focusing on creativity. The sixth point is that the Internet financial portal uses the Internet to sell financial products and provide a third-party service platform for the sale of financial products. The core is the search price comparison model. Finally, information-based financial institutions are banks and securities institutions that use information technology to transform or reconstruct traditional operating procedures to achieve full electronic operation and management. The low-cost nature of Internet finance. Under the Internet finance model, both the supply and demand parties of funds can complete the screening, matching pricing and transactions through the Internet platform. There is no traditional intermediary, no transaction costs, and no monopoly profit. Compared with the traditional financial industry, platform finance The low initial cost has led to an endless stream of platforms with the same business and homogeneous services, with extremely low operating marginal costs, a high degree of openness, and platform finance with significant economies of scale that have a tendency to win the market and integrate the market. Internet finance has the following characteristics. Internet finance is highly efficient. Internet finance services are mainly processed by computers, and the operation process is fully standardized. A new financial ecological environment has been established. Customers do not need to wait in line, and the business processing speed is faster., The user experience is better, and the best customer experience is available in several dimensions such as convenience, safety, efficiency, and simplicity. This platform is very easy to maintain customer stickiness and achieve sustainable development. The wide coverage of Internet finance. Under the Internet finance model, customers can break through the constraints of time and region and find the financial resources they need on the Internet. Financial services are more direct, and the customer base is broader. In addition, inclusive finance is lacking, and grassroots financial needs are affected. Large financial institutions ignore the lack of competitive financial supply in the financial market. This is where traditional financial reforms need to be continuously deepened. Finally, the high risk of Internet finance is mainly reflected in the risks caused by the imperfection of the Internet financial system itself, and the risks caused by the lack of relevant regulatory systems. The entire industry of Internet finance also faces many legal and policy risks. This article will select Internet monetary funds and big data finance for key analysis. This article analyzes the future development of the business based on the characteristics of these two businesses, and the opportunities and challenges encountered.

2. Analysis

Internet money fund refers to money management products developed by Internet companies to connect fund financial institutions and sell them through Internet channels. The fund company is responsible for management or the main business of the fund includes on-lending to commercial banks that need money. There are four main types of Internet money funds. The first is that the fund is an Internet money product directly issued by fund companies (China Asset Management Fund and the Bank of China Fund). The second bank refers to fund products sold by banks (basically all banks). The third point is that third-party payment is that Internet companies, e-commerce platforms, and mobile operators rely on their own third-party payment platforms such as Yu'e Bao, which is a fund management service. Transfer to Yu'e Bao, that is, purchase currency funds, and enjoy currency fund income; the currency fund sales service will be supported by Ant Financial Online Commercial Bank, and the online commercial bank will cooperate with a number of financial institutions to provide more financial management options. Monetary funds are mainly used to invest in securities such as government bonds and bank deposits. Investors buying money market funds do not mean depositing funds as deposits in banks or deposit-taking financial institutions. Fund companies do not guarantee that the funds will be profitable, nor do they guarantee minimum

returns. The funds transferred to Yu'e Bao can not only get income, but also can be consumed and paid at any time, which is very flexible and convenient. The fourth point is the fund's agency sales platform such as Tiantian Fund.com. The development status and trend of Internet money funds, relying on platforms such as Ali and Tencent, financial investment institutions' money funds are developing rapidly. Yu'e Bao's value is more than 400 billion yuan, and WeChat Licitong is more than 50 billion yuan through various Internet platforms. A large number of micro-customer funds have been quickly collected, and various products have gradually formed a powerful driving force for the development of Internet finance and even my country's financial reform. The competitive advantage is obvious, the interest rate is higher than ordinary interest, and the yield is higher than ordinary deposit interest rate. Future development: High interest rates will not exist. 2 Competition is getting fiercer and big fish eats small fish. 3 Strengthened supervision will make the market more standardized. Risks faced 1 Single investment direction 2 Serious homogeneity in the market lack of core competitiveness 3 Related legal gaps are likely to cause policy risks.

Big data finance refers to big data finance that relies on massive amounts of unstructured data, through the Internet, cloud computing and other information data for professional mining and analysis, combined with traditional financial services, and innovative development of related funds. Big data finance can be divided into platform mode and supply chain finance mode. Big data financial tools that exceed the size of conventional databases are used to obtain data sets with management and analysis capabilities. Its characteristics are: 1 massive data scale 2 fast data flow and dynamic data system 3 diverse data types, huge data value 4 value. Application of Big Data Finance 1 Application in Banking 2 Application in Insurance Industry 3 Application in Securities

Supply chain finance refers to linking core enterprises with upstream and downstream supporting enterprises through a specific enterprise chain to form a stable, production, supply and marketing chain that provides comprehensive financial services. On the one hand, it reduces the operating costs of the entire supply chain. On the other hand, with the help of the coordinated operation of financial capital and the real economy, banks and enterprises strive to build an industrial ecosystem of mutually beneficial coexistence and sustainable development. For example, Guangdong Yonghua Iron and Steel Co., Ltd. (hereinafter referred to as A) was established in 2001. It is a service distribution enterprise integrating sales, processing and distribution. It purchases plates from upstream steel groups, and B is its most important upstream supplier. Then A provides sheet material procurement, cutting, and distribution services for home appliances and computer case manufacturers. Downstream customers include some well-known computer software companies. A is not only a distributor of upstream manufacturers, but also an agent purchaser of downstream customers. Over the past few years, A has guaranteed the steady growth of the business. However, business growth also brings difficulties in liquidity turnover. The company's current assets soared from 25.22 million yuan in 2002 to 45.58 million yuan in 2003. Among them, prepayments and accounts receivable increased to 12.25 million yuan and 17.7 million yuan respectively, while monetary funds dropped sharply from 1.4 million yuan to 40,000 yuan. The net cash outflow in 2003 reached 1.36 million yuan, and the company faced severe pressure on cash flow. The supply chain experts of SDB proposed a supply chain financing plan to Yonghua Iron and Steel, which combines "inventory pledge" and "future rights pledge". The operation process is as follows: first, A places an order with B. Secondly, applies for deposit payment to Shenzhen Development Bank. Third, Shenzhen Development Bank sends a bank acceptance draft equivalent to the deposit amount to B. Forth, A and B sign a purchase contract. Fifth, applies to Shenzhen Development Bank to pay the remaining loan. Sixth, Shenzhen Development Bank sends a bank acceptance draft equivalent to the remaining loan amount to B. Then, B delivered to the designated supervision warehouse and entered the Shenzhen Development Bank supervision. Then, A applies for delivery, and Shenzhen Development Bank issues an instruction to the supervised warehouse to allow shipment.

Analysis of the risks of big data finance 1 theft of data 2 illegal addition and tampering 3 personal information leakage 4 data storage security 5 cloud computing security 6 legal risks. Opportunities and challenges are to promote the transformation of the financial industry in the application of modern finance and the transformation of the credit investigation system.

3. Conclusion

By analyzing these two businesses, this article summarizes the development of Internet finance and the challenges and opportunities faced by future development. The high risk of Internet finance lies in the risks caused by the imperfection of the Internet financial system itself, and the risks caused by the lack of relevant regulatory systems. The entire industry of Internet finance also faces many legal and policy risks. However, due to the low cost of Internet finance, the supply and demand of funds under the Internet finance model can complete the screening, matching pricing and transactions through the Internet platform. There is no traditional intermediary, no transaction costs, no monopoly profits. Compared with the traditional financial industry, the platform's The low initial cost of finance has led to the emergence of platforms with the same business and homogeneous services, with extremely low operating marginal costs, extremely high degree of openness, and platform finance with significant economies of scale that has a tendency to win the market and integrate the market. Thus, in my opinion, the Internet finance will have an extraordinary future of development, and will replace the traditional finance area in the future.

References

- [1] <https://wap.cnki.net/touch/web/Journal/Article/XJIN201201002.html>
- [2] <https://wap.cnki.net/touch/web/Journal/Article/XIXY202001028.html>
- [3] <https://wap.cnki.net/touch/web/Journal/Article/CJJI201936007.html>
- [4] <https://wap.cnki.net/touch/web/Journal/Article/QQHD201901025.html>
- [5] <https://wap.cnki.net/touch/web/Journal/Article/YNJR20163207>