

# Countermeasures of Internet Financial Services for Urban Residents Under the Background of New Urbanization

## Based on the Survey Data of Hubei Province

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### ABSTRACT

With the increasing demand of urban residents for financial diversification, in addition to traditional financial needs such as deposits and loans, settlement and payment, there are also credit needs based on consumption and entrepreneurship, as well as investment and financial needs. Besides, with the development of modern technology, residents have higher requirements for the functions of financial services, especially the convenience and efficiency. From the perspective of traditional finance, the availability of such financial needs is relatively low, while Internet finance innovates the functions of financial payment, loan and financial management, which makes up for the deficiency of traditional finance, and can better serve urban residents and promote the development of urbanization. Based on the field survey of the use and demand of Internet finance of urban residents in Hubei Province, this paper finds that the use rate and demand willingness of urban residents on Internet finance are very high. Based on the research conclusion, it is proposed that under the background of new urbanization, it is necessary to optimize the functions of Internet finance, improve urban residents' awareness of Internet finance, strengthen risk prevention and control, and give full play to the advantages of Internet finance to better serve urban residents.

**Keywords:** *New urbanization, Internet finance, Urban residents, Internet Banking, Payment*

## 1. INTRODUCTION

The new urbanization is the engine of economic growth and social development, and the biggest potential of expanding domestic demand, which attracts the attention of all walks of life. In 2020, the government work report of the State Council proposed to strengthen the construction of new urbanization, and vigorously improve the public facilities and service capacity of the county, so as to meet the increasing demand of farmers for employment and settling down in the county. In the future, the construction of new urbanization needs financial support. As a new business form, Internet finance is an important innovation of financial support for urbanization. Urban residents are one of the key elements in the development of urbanization. How to better meet the diversified financial needs of urban residents is also an important research content of financial promotion of urbanization. Based on the field

survey data of Hubei Province, this paper discusses the countermeasures of Internet financial services for urban residents under the background of new urbanization, hoping to promote the further development of new urbanization in Hubei Province.

## 2. NEW URBANIZATION AND INTERNET FINANCE

### 2.1. Financial Demand of Urban Residents under the Background of New Urbanization

By the end of 2019, there were 59.27 million permanent residents in Hubei Province, including 36.1547 million in urban areas and 23.1153 million in rural areas, with the urbanization rate reaching 61%.

The new urbanization is accompanied by the residents into townspeople, the urban population is increasing, and

the residents' demand for finance is increasing and diversified. In the process of new urbanization, the financial needs of urban residents are mainly in the following aspects: first, the traditional financial needs, including payment, settlement, deposit and loan, collection and payment, credit card and so on. The second is the demand for credit, mainly the demand for small loans for consumption and entrepreneurship. Third, the demand for financial management, mainly for investment in various bank financial products, funds, stocks, etc [1].

### 2.2. The Mechanism of Internet Finance Serving Urban Residents

Internet finance refers to a new financial business model in which traditional financial institutions and Internet enterprises use Internet technology and information communication technology to realize financing, payment, investment and information intermediary services [2]. The main functions of Internet finance include payment, borrowing and financing. According to its functions, Internet finance can effectively serve urban residents [3]:

First, the third-party payment can effectively solve the problem of urban residents' payment. With the rapid development of the three party payment, such as Alipay and WeChat, the traditional payment method has been changed [4]. Provide more convenient and efficient payment and settlement methods for urban residents' clothing, food, housing, transportation, consumption, tourism, etc [5].

Second, Internet financial management makes it easier for urban residents to invest and manage money. With the emergence of Internet financial products such as Internet fund sales, Internet insurance and P2P lending, especially the "baby" financial products, it has broken the traditional high threshold and time limit of financial management, and provided low threshold and convenient investment and financing channels for urban residents [6].

Third, Internet credit can meet the micro credit needs of urban residents. Based on the micro credit demand of daily consumption and Entrepreneurship of urban residents, it is difficult to solve the problem by using traditional finance. However, Internet finance such as P2P lending, Internet consumer finance, e-commerce small loan and crowdfunding provide effective financing channels for urban residents' micro-finance [7].

## 3. DATA SOURCES AND SAMPLES

### 3.1. Data Sources

The data of this paper come from the questionnaire survey on the use and demand of Internet finance carried out by the research group on urban residents in Hubei

Province. Considering the differences between urbanization development and Internet finance, this survey selected eight cities, including Wuhan, Xiangyang, Jingzhou, Xianning, Xiaogan, Huanggang, Suizhou, Yichang and Enshi. There are cities with rapid development of new urbanization, such as Wuhan and Xiangyang, better developed cities such as Xiaogan, Xianning, Suizhou and Yichang, and backward cities such as Huanggang and Enshi, the sample is representative(Figure 1).

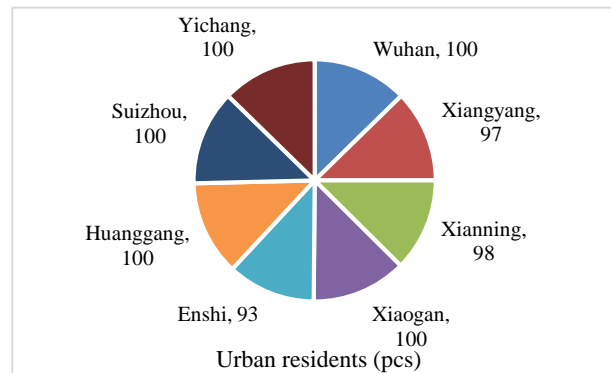


Figure 1 Distribution of effective samples of urban residents

### 3.2. Basic Information of Samples

Among the 788 urban residents interviewed, 424 were male, accounting for 53.81%, and 364 were female, accounting for 46.19%; in terms of age distribution, 123 people under 20 years old accounted for 15.61%, 229 people aged 20-30 years accounted for 29.06%, 149 people aged 30-40 years accounted for 18.91%, 183 people aged 40-50 accounted for 23.22%, 104 people over 50 years old accounted for 13.20%; according to the average monthly income distribution, 207 people are below 1000 yuan, accounting for 26.27%; 157 people are between 1000 yuan and 2000 yuan, accounting for 19.92%; 161 people are between 2000 and 3000 yuan, accounting for 20.43%; 106 people are between 3000 and 4000 yuan, accounting for 13.45%; 79 people are between 4000 and 5000 yuan, accounting for 10.03%; 78 people are more than 5000 yuan, accounting for 9.90%.

## 4. INVESTIGATION AND ANALYSIS ON THE USE AND DEMAND OF INTERNET FINANCE OF URBAN RESIDENTS

### 4.1. Awareness of Internet Finance

With the popularity of infrastructures such as Hubei's Internet and the increasing number of Internet users, Internet finance is becoming more and more known to urban residents. From the sample survey results, most urban residents have heard of Internet finance, with 686 people, accounting for 87.06%, while the proportion of

urban residents who have not heard of Internet finance is only 12.94% (Figure 2).

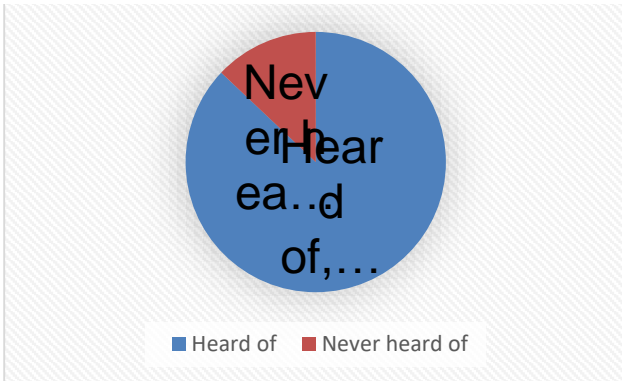


Figure 2 Awareness of Internet Finance

Specifically, 90.38% of the 686 urban residents who have heard of Internet finance have heard of third-party payment, with the highest awareness. The second is the Internet mode of traditional financial institutions, 85.86% of the residents have heard of it. The third is Internet baby finance, 58.31% of the residents have heard of it. The awareness level of P2P online loan, e-commerce small loan and crowdfunding is relatively low, among which crowdfunding is the lowest, only 6.71% of residents have heard of it (Table 1).

Table 1. Awareness of Internet finance among urban residents

Variable	Variable description	Frequency	Proportion (%)
Internet finance have been heard about	Internet mode of traditional financial institutions (e-banking, mobile banking, etc.)	589	85.86
	Third party payment (Alipay, WeChat payment, etc.)	620	90.38
	Internet baby Finance (Yu'eobao, WeChat, JingDong small vault, etc.)	400	58.31
	P2P online loan (Lujinsuo, Yiren loan, Renren loan, etc.)	126	18.37
	E-commerce small loan (ALI small loan, JingDong small loan, Suning small loan, etc.)	112	16.33
	Crowdfunding (Xiaomi crowdfunding, Taobao crowdfunding, JingDong crowdfunding, wuchuang, etc.)	46	6.71

## 4.2. Use of Internet Finance

### 4.2.1. High Utilization Rate of Internet Finance

With the popularization of Internet finance, the use of Internet finance by urban residents has increased year by year. Among 788 samples, 663 (84.14%) urban residents have used Internet finance, and 125 (15.86%) have not used Internet finance, which indicates that the utilization

rate of Internet finance of urban residents is very high (Figure 3).

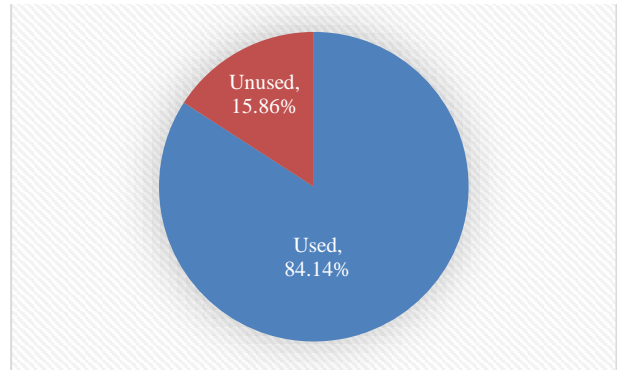


Figure 3 Use of Internet finance

### 4.2.2. The Types and Uses of Internet Finance are Relatively Concentrated

Through the further investigation of 663 urban residents who have used Internet finance, it is found that the types of Internet finance are concentrated in the third-party payment and the Internet mode of traditional financial institutions. Among them, the number of users of third-party payment was the largest, accounting for 85.21%; the number of users of Internet mode in traditional financial institutions ranked second, 492, accounting for 74.27%; the third was Internet baby financing, accounting for 41.32%; while the number of people using P2P online loan, e-commerce small loan and crowd funding accounted for less than 10%, especially the utilization rate of crowd funding was only 3.51% (Table 2).

Table 2. Use of Internet finance by urban residents

Variable	Variable description	Frequency	Proportion (%)
Internet finance have been used	Third party payment	565	85.21
	Internet mode of traditional financial institutions	492	74.27
	Internet baby finance	274	41.32
	P2P network loan	60	9.06
	E-commerce small loan	42	6.38
	Crowd-funding	23	3.51
Main uses of Internet finance in the near future	Conduct financial transactions	69	10.41
	Pay	113	17.04
	Payment	391	58.97
	To loan	28	4.22
	Transfer accounts	56	8.45
	Other	6	0.90

Among the 663 urban residents who have used Internet finance, the main use of Internet finance is payment, accounting for 58.97%; payment is the second, accounting for 17.04%; financial management accounts for 10.41%; transfer and loan account for less than 10%, accounting for 8.45% and 4.22% respectively; other uses

are 0.9% (Table 2). Therefore, payment is the main purpose and purpose of urban residents to use Internet finance.

4.2.3. Choosing to Use Internet Finance is More about Security

As an emerging financial industry, urban residents will consider many factors when choosing to use Internet finance. When 663 urban residents who have used Internet finance answered "factors to consider when using Internet finance", 39.38% chose convenience, 74.23% chose security, 37.41% chose flexibility, 36.87% chose service quality and 28.52% chose brand (Figure 4). Therefore, security is the most important factor for urban residents to choose to use Internet finance.

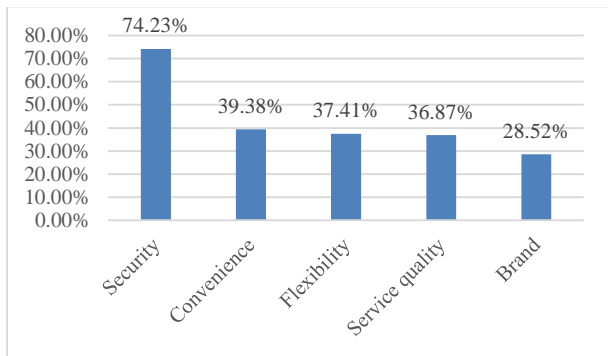


Figure 4 Factors to consider when using Internet finance

4.2.4. The Primary Concern of Internet Financial Risk is Capital Security

With the collapse of P2P platform in recent years, the risk of Internet finance has attracted much attention, and urban residents are also worried about the risks of Internet finance. Among the 663 urban residents who have used Internet finance to answer the "Internet financial risk of primary concern", capital security accounted for 55.78%, information leakage accounted for 18.77%, platform reputation accounted for 16.48%, and other risks accounted for 8.90%(Figure 5). This shows that capital security is the primary risk that urban residents worry about when using Internet finance.

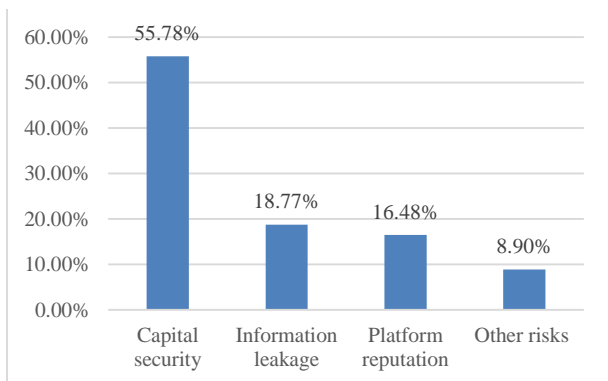


Figure 5 Internet financial risk of primary concern

4.3. Willingness to Use Internet Finance in the Future

Internet finance not only brings convenience to people, but also has risks. Among 788 valid samples, 700 (88.83%) chose to use Internet finance, 64 (8.12%) chose to be uncertain, and only 24 (3.05%) chose not to use it (Figure 6). This shows that most people have gradually accepted and used to using Internet finance, and their willingness to use Internet finance in the future is high.

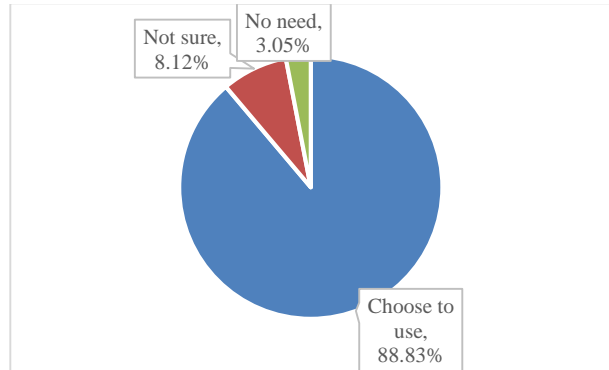


Figure 6 Willingness to Use Internet finance in the future

5. CONCLUSION AND POLICY SUGGESTION

Based on the survey of the use and demand of Internet finance of urban residents in Hubei Province, this paper finds that the Internet finance utilization rate of urban residents is high, especially the use of third-party payment, online banking and mobile banking is very common, and the willingness to use Internet finance in the future is high. With the further development of urbanization and Internet finance, more and more urban residents will have more diversified financial needs for the Internet in the future. Internet finance needs to give full play to its functions and better serve urban residents so as to promote the development of new urbanization. Based on the conclusion of the study, the following policy recommendations are put forward:

5.1. Promoting the Healthy Development of Internet Finance

The development of Internet finance in Hubei Province is relatively backward. In order to better serve the urbanization construction, it needs the support and guidance of relevant departments to promote its healthy development [8].

First, the government should strengthen supervision. On the one hand, it is suggested that the regulatory authorities should implement their regulatory responsibilities as soon as possible. On the other hand, it

is suggested that the relevant departments, while adhering to the national guidance, formulate the implementation plan and relevant regulations for the development of the Internet finance industry in combination with the actual situation of the development of the Internet finance industry in Hubei Province.

Second, support the registration and establishment of excellent internet financial enterprises in Hubei. On the one hand, optimize the industrial and commercial registration process, clarify the business scope of enterprises, and provide efficient and convenient services for Internet financial enterprises. On the other hand, give full play to the role of industry associations and guide them to provide support and services for newly registered Internet financial enterprises.

### ***5.2. Strengthen Risk Prevention and Control, Protect the Legitimate Rights and Interests of Internet Consumers***

As the consumer group of Internet finance, urban residents are in a weak position. The concerns about internet financial risks will affect the efficiency of Internet finance. Therefore, it is necessary to strengthen the prevention and control of Internet financial risks and protect the legitimate rights and interests of Internet financial consumers [9].

First, guide enterprises to enhance the awareness of compliance management. According to the guidance of the state, enterprises are required to strictly abide by basic business rules, and define the "bottom line" and "red line" of the enterprise operation.

Second, the platform information disclosure is required. The business institution shall make full disclosure of the customer information and timely disclose the relevant information about its business activities and financial status to the investors. At the same time, the transaction mode, rights and obligations of the participants shall be explained in detail to each participant, and sufficient risk hints shall be given.

Third, establish and improve the accident and dispute handling system. We will formulate and implement accident handling policies and promote the establishment of systems such as Internet financial dispute handling, dispute coordination and consumer rights protection.

Fourth, we will crack down on illegal and illegal acts. We will improve the law enforcement system of Internet financial supervision and strictly crack down on illegal criminal acts such as illegal fund-raising, illegal payment and settlement, malicious fraud and illegal transactions using internet financial platform.

### ***5.3. Optimize Internet Financial Lending and Financing Functions***

From the survey data, in the process of Internet financial services for urban residents, the payment function is the best, which is also the main purpose of urban residents using Internet finance. In the future, in order to better serve urban residents, the first is to optimize its lending function to meet the demand of micro credit of urban residents; the second is to enhance the financial function to provide low threshold and convenient financial services for urban residents [10].

### ***5.4. Enhance the Urban Residents' Awareness of Internet Finance***

One is to actively promote Internet finance, which can be publicized through the channels of traditional financial institutions recognized by residents, and can also give full play to the community function, through holding special lectures and other forms of publicity, so that urban residents can have a correct understanding of Internet finance.

Second, strengthen the special education and training of urban residents on Internet, Internet finance and financial risks, cultivate urban residents' Internet thinking, improve their skills of using Internet finance for payment, financial management and loan functions, and protect their own security and legitimate rights and interests [11].

## **AUTHORS' CONTRIBUTIONS**

Hongyan Wu performed the data analyses and wrote the manuscript.

Ran Gao contributed significantly to analysis and manuscript preparation.

## **ACKNOWLEDGMENTS**

This research is supported by:

1) Foundation Program of Humanities and Social Sciences Research of Education Bureau of Hubei Province (15G156).

2) Foundation Program of Hubei Business Service Development Research Center (2017Y009).

3) Scientific research project of Wuhan Technology and Business University (A2014002).

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