

Financial Impact of the Internet on the Development of China's Financial Development

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Abstract—The rise of the Internet is coincided with a critical period of financial reform in China's financial industry, which are the inevitable result of the financial system and the development of Internet technology. Internet banking is not only a useful complement to traditional finance; it will promote China's financial efficiency, the profound changes in the structure and financial structure of the transaction. Internet banking for existing commercial banks has brought new challenges "disintermediation" "Pan financialization" and "all intelligent", commercial banks need to develop innovative services, channel innovation and service model innovation platform to address Internet banking the impact and challenges.

Keywords- *Internet Banking; Commercial Banks; Management Countermeasures*

I. INTRODUCTION

It is generally believed, Xie Ping (2012) in the domestic first openly proposed the "Internet banking," the notion is that the Internet is a pedigree finance concept, ranging from traditional banking, securities, insurance, exchanges and other financial intermediaries and markets are to Walras All financial transactions and organizational forms corresponding Adams general equilibrium and non-financial intermediaries between market conditions.

Currently, the financial industry and academia are on the Internet in particular, its meaning and essence of awareness and understanding there is a big controversy. Summing up the views of all parties can be divided into support for three types of questions and objections. Two of the more representatives have the views: a view is that, in the traditional sense, with commercial banks on behalf of indirect financing and capital markets, it is represented to constitute direct financing model to match supply and demand sides of funds financing amount, duration and risk financing There main income sources. Although these two financing models play a significant role in promoting economic growth and optimizing the allocation of financial resources, but they need high transaction costs (such as financial institutions huge profits, executive pay and taxes). Emergence and spread of modern information and network technology, especially mobile payments, social networks, search engines and cloud computing technology will have a disruptive impact on the two traditional financing models. "The Internet direct financing market" or "Internet banking model" could be different from the indirect financing of commercial banks, but also from the third capital market financing mode of direct financing (Xie Ping, 2012b, 2014).

The other view is that Internet banking is banking sales channels and access channels to the sense of innovation, rather than as a "new financial" pay structure or financial product sense.

Thus, the Internet is challenging traditional bank finance and capital markets in the channel sense, but in the product structure and product design with traditional financial products without distinction. The emergence of the Internet has not changed the value of the intertemporal nature of this exchange and credit exchange financial transactions. In this sense, the current development of China's Internet banking is in a state of financial excitement and overheating.

These two views in a certain sense are justified, but the experience of the financial development of the Internet and the status of the United States and other developed countries, the financial development of Chinese Internet, the Internet banking has become the "third financing model" still faces considerable great difficulty and uncertainty.

At present, China's financial authorities describe that Internet banking is: the Internet is a combination of Internet banking and finance, and it is the use of the Internet and mobile communications technology financing, payment and information emerging financial intermediary function mode. Internet banking refers only narrowly enterprises to develop Internet, Internet-based financial services technology. Internet banking is both generalized as a non-financial institution engaged in financial business Internet companies, including financial institutions to conduct business via the Internet.

II. THE CURRENT FINANCIAL SITUATION OF CHINA'S INTERNET DEVELOPMENT

A. *The main areas of development*

In recent years, the rapid development of Internet banking, for multiple business areas has formed a traditional financial challenge war. Specifically, according to the difference between the natures of the business, mainly in liability balances treasure business, financial communication, demand for treasure and other financial products on behalf of the Internet. It has established only nine months of the current balance of treasure that has exceeded 81 million subscribers, the size of more than 500 billion yuan, and its docking days of the Tianhongyubao became the third largest currency fund, the number of users and the size of the country far more than any other fund. With the 2014 Spring Festival period, "grab red" is known micro finance through letters, but it is also just a few months' time, which reached 800 billion in size.

Business assets are mainly in the electricity business small loans, P2P finance public finance is to raise financing and other Internet products represented. The first half of 2013, Ali small loan companies relies on only 1.6 billion yuan of registered capital accumulated small loans 50 billion yuan. A small loan company financing from the banking institutions does not exceed 50% of the registered capital of a simple calculation, the average loan period only about nine days, the use of high efficiency and easy money, the loan application and repayment formalities quickly reached the extreme. According to Research statistics, as of 2012, China had nearly 300 P2P lending companies, lending reached 22.86 billion yuan, an increase of 271.4%, in 2013 reached 68.03 billion yuan lending. Ereli expected, P2P loans China will continue to grow over 100% growth rate over the next two years, is expected to reach 350 billion yuan in 2016.

In the middle of business, mainly in the third-party payment, mobile payment and other Internet payment channels are to represent, but also include some financial information services and cloud computing Services Company. Lynx "double eleven" On that day, Alipay transaction ids amounted to 188 million pens. The turnover exceeded 35 billion yuan, over half of the total nationwide retail average daily; as of the end of 2013, Alipay reals name users reached 300 million, the annual payment of 12.5 billion pen, the amount paid 3.5 trillion yuan, of which 2.78 billion payment by mobile phone pen, amounting to 900 billion yuan. By this calculation, Alipay has become the world's largest mobile payment company, even more than the annual turnover of US mobile payments.

These facts have clearly shown that the Internet is a full range of finance into the traditional banking deposit, loan, exchange, etc. The most basic business areas and its development and expansion process showing the old and traditional commercial banking law entirely different modes.

III. ANALYSIS OF THE FINANCIAL IMPACT OF THE INTERNET ON CHINA'S FINANCIAL DEVELOPMENT

A. *Internet golden period of development as well as longer-term financial development could become China's financial industry to participate in international competition, and the strategic choice of local leader.*

In recent years, the Internet penetration and transformation of the financial sector is to pay for a breakthrough in the field gradually to internet banking, internet-lending expansion. Judging from the current Internet banking, it has made significant progress in the payment terminal and financial liabilities side, third-party online retail payments already made obvious advantages, the Internet and other financial aspects of treasure along with the balance of the massive expansion of Internet fund sales, leveraging the entire public finance market. P2P net loan and basic electronic business platform of supply chain finance and other credit-side service made initial progress.

Advantages of Internet financial inclusion services have been valued for decision-making. Economic trends from China, it has significantly increased pre-dilated economic policy and economic growth brought pressure to adjust the

economic structure. Bank NPL ratio rising signs, real estate market is gradually callback, breach of trust may tend to increase liquidity on the "blood" the ability to decrease the real economy, the growth of financial systemic risk, in this case, banks and other traditional financial institutions for individuals, small and medium enterprises, rural service capacity may be "powerless." If Internet banking can be "fill the seats" in the premise of risk control, not only to meet the financial needs of the real economy, but also to smooth fluctuations in economic transition and adjustment period, and lay a solid foundation for the stability of the financial system.

Although the Internet will face financial supervision and risk constraints, but in China, the population of many, many opportunities and huge market, the Internet is full of innovative financial development space and imagination. On the one hand, development of the Internet to provide a broader wave of financial innovation and development platform for the Internet. The mobile area will be hot in next 10 years of development; the development of mobile Internet for mobile wallet provided an opportunity for mobile social platform based investment banking and other mobile financial development. Economic activity and financial services online is to form closed loop ecology. Birth and development of electronic commerce payment services like the logical network, with the development of economic life line, the demand for online financial services will substantially increase, especially capital loans, credit, guarantees and other service needs, on-line financial services integration and consumption life. Development of the Internet from a consumer shift gradually revealed signs of enterprises; enterprise-level Internet banking application might extend the traditional formation of a new round of financial shocks.

On the other hand, the opportunity is to serve the reform and development of financial markets and an opportunity for the Internet finance. With the deepening of financial reform, the financial markets become more open, such as the new bank's gradual relaxation of market access, the interest rate market and the internationalization of the RMB, etc. for a full range of Internet banking services but traditional financial markets provide a more favorable environment for its competitive advantage and innovation will be more prominent.

China's Internet financial development is an important strategic choice of China's financial participation in the international competition, the "corner overtaking". China Internet financial conditions have a strong character, a broad space for development; they are able to get out of the path of a difference to create a new model. Developed financial market has been very well developed, if walking along the road with established financial development; it may have been just our pursuers and followers. Internet financial development of China's financial development is a new opportunity to explore the nature of the Internet and the integration of financial innovation has come in the forefront of the world, which is becoming the financial sector, and it reflects the vitality and development of cutting-edge Chinese label. We should develop internet banking; you can take full

advantage of the possibility of innovation brought by the global financial market development and the formation of the demonstration effect of enhancing our financial competitiveness in the global market, the world's leading role to play in some areas.

B. Internet banking for financial reform gradually revealed, and further Promotion and "Forced" effect

Internet penetration is on the real economy continues to deepen integration, and presents multi-dimensional and multi-round features, a sustained impact on the traditional finance. Medium is for long term, which is to improve the financial system and to promote and facilitate the development. Internet banking is increasingly constitutes an important part of the financial system has vitality. First, the channel changes bring about changes in the financial supply. Demand-oriented reform is gradually affecting the entire financial industry. First of all, it is to promote the adjustment of financial production models. From fund products for online sales, property insurance and other financial products and gradually progressive standardization are to the supply of financial services marketing initiative to adapt to the environment and the mechanisms of the Internet. Through the payment convenience, purchase threshold, risk tolerance, liquidity, and profitability of matching elements are such as product optimization and reorganization; it can make financial products more standardization, simplification and diversification, environmental and technical characteristics to adapt to the Internet, to form a better customer experience. Second, it is to promote the transformation of the financial business model. Internet banking financial institutions and consumers will be better, more freely contact, significantly reducing the number of customers to patronize outlets, from 1989 to 2012, 40% of the UK branch of banks and other financial institutions closed. Physical outlets large and functional orientation shift closer to the customer, focusing on personalized experience and private banking and other professional services, it can also play a role in the real-name verification, etc., to form a line of credit to support financial services. Small but beautiful community banks are to adapt to this change of organizational innovation. In addition, the prices of financial services are to promote structural change. Internet platform is to carry out financial services at preferential prices or even free gathering customers, focusing on comprehensive income, a low level of basic service rates, and the traditional business of the price system to form a larger impact. Such as online payment rate broke through the line to close the sub-run single 7:2:1 mechanism, rates are far below the level of the line level. Online securities trading commissions price system is under attack, the State Securities "commission treasure" will be reduced to the level of parts per million of securities trading commissions.

Secondly, the external system is to accelerate innovation in the financial system reform. On the one hand, cause the financial industry sub-sector to the mix. Internet banking and vertical integration of crosscutting efforts significantly enhanced. Internet competition has around three core customers, traffic and terminal launch. In order to enhance customer loyalty, the Internet will promote financial

enterprises single comprehensive financial services to business development, the formation of a full-service coverage to customers. Such as the Internet giant can be easily achieved across the Bank and Insurance industry overall layout, the formation of Internet financial conglomerate. P2P net loan platform gradually involved the payment, funds, insurance, trust and other services sales agents, third-party payment is also involvement of small and micro financing and other financial services and supply chain operations in order to form a closed loop and get a comprehensive business advantage. On the other hand, helps to promote sound risk pricing mechanism. Internet financial data for large customer credit levels and repayment ability to assess, for small and micro enterprises to provide credit, breaking the traditional banking mortgage lending mainly rely on means and guarantees to bring limitations enrich the connotation of credit risk pricing and applications. In addition, the development of Internet banking for private capital is into the financial sector and paves the way for traditional thing, with a demonstration effect, the institutional advantages of the financial industry will inject new vitality.

IV. CONCLUSIONS

Third, interest-driven pushes the interest rate market. Despite the interest rate market-oriented policies move fast forward, but the real interest rate market remains to be seen, the development of Internet fund sales undoubtedly accelerated this process. Of such products accounted for less than 5 percent of deposits, while the size of the US money market funds in the heyday of 30% to 40% of the deposit size. Bank launched a similar product from a reaction, the banks are also accelerating the adjustment, the impact on the deposit interest rate market will be further deepened. In addition, P2P net loan business through the Internet platform for efficient information processing sunshine folk lending, lending rates become more transparent, more truly reflect the supply and demand of funds.

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