

Research on the Operation Mode of China's P2P Lending Platform under Internet Finance

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Abstract. In recent years, with the development of society and the advancement of the Internet, Internet finance has become the focus of everyone's attention. The so-called Internet finance is a new system formed by combining Internet technology and finance. As a part of Internet finance, the P2P lending platform has also exposed many problems and restricted the healthy development of China's P2P lending platform. This paper studies and analyzes the operation mode, existing problems and risks of the P2P lending model, and then proposes corresponding countermeasures that take into account development and maintenance stability.

1. Introduction

P2P lending is one of the representative forms of Internet finance. The P2P lending model represented by Renren Lending is bypassing the bank to achieve direct matching of small deposits and loans, forming a new type of “network direct financing market”. The rise and development of P2P lending has made up for the shortcomings of commercial banks in lending to individuals and small and micro enterprises, broadened the financing channels for small and micro enterprises, and combined with Internet information technology to promote the development of financial markets and the inclusive financial system. Construction has played a huge role in promoting.

2. The main mode of operation of P2P lending platform in China

Peer-to-Peer Lending (hereinafter referred to as “P2P lending”) is an individual (“investor”) who is interested in financing through the Internet and has the willingness to invest and manage money through the Internet. The platform obtains information on borrowing or wealth management products, conducts trading operations, and lends funds to fund demanders (“borrowers”).

2.1 Pat loan mode

First of all, you need to register and become a member of the auction platform. After the registration is completed, for the borrower, you need to fill in the basic information such as real name, ID number and mobile phone number. After completing the completion of the information, the borrower needs to fill out the loan application. The loan application must include the loan amount, the maximum loan interest rate that is willing to bear, the validity period of the information, and the annual income, occupation and current employment status of the borrower. Information such as deposit status helps potential lenders make investment decisions. The pat on the loan will be qualified for the borrower's loan application. If the qualification review is passed, the loan information will be displayed on the auction network platform, and only the loan demand through the qualification review can be viewed by the investor.

2.2 Creditworthy mode

In the first step, Yixin Company accepts applications for customers who need small loans offline or online. The second step is to conduct credit risk rating on the information provided by the applicant through the credit management system to determine whether the applicant meets the application conditions and confirm the application. People's loan information; signing relevant agreements with

the customers who passed the audit, and obtaining the claims after the funds are loaned. In the third step, the large amount is split into small amounts, that is, the large creditor's rights are split into small creditors, and the wealth management products designed with different amounts, durations and interest rates are sold and transferred through their P2P financial platform. In the fourth step, the relevant investment management company of CreditEase recommends the borrower's borrowing demand to be debited according to the borrower's audit result, facilitating the transaction between the borrower and the lender, and collecting the service fee. In the fifth step, the company legal person successfully transferred the creditor's rights and dispersed the creditor's rights to different borrowers.

2.3 Renren loan model

The Renren loan platform adopts a combination of online and offline modes. In the loan application process, the first loan application user needs to download the "Everyone Loan Borrowing" APP, register the loan account with the mobile phone number of the personal real name authentication, and fill in the personal account as required. Information and submit relevant certification materials, after completing the audit, you can obtain a certain amount of loan and apply for a loan. The platform audit staff will verify the loan submission information and check whether the loan qualification is qualified in combination with the borrower's credit score and application quota. After the loan review, the platform will send the user's loan demand to the platform to display and recommend to the lender. Investors can choose their own bidding products for platform display and recommendation.

3. Existing problems in the operation of China's P2P lending platform

3.1 Credit risk problem

As a financial intermediary, the P2P lending platform must ensure the safety and balance of the capital chain in order to ensure the liquidity and stable income of funds. Because the coverage of the P2P lending platform is relatively wide and the identity verification of the participants is relatively loose, this will cause a very large security risk. Once the customer has problems in repayment, it will cause a disconnection of the capital chain.

3.2 Information security issue

Nowadays, many website transactions need to verify the identity information of customers. The P2P platform generally allows customers to upload personal details such as their name, ID number, contact information, etc. These personal information and other important information will be saved online, once the website encounters a hacker. Attacks or the destruction of criminals, then the personal privacy of the customer's personal information and property will be exposed, which will pose a great hidden danger to the privacy of the participants.

3.3 Wind control capability problem

At present, many domestic P2P lending platforms have low barriers to entry and low capital requirements, and the management team's overall risk control capability is not high. Because these platforms lack experience and the overall design of the trading mechanism is not reasonable enough, it is often impossible to identify potential risks during the operation period. It is expected that the overall return rate of investment is too high, and the credit risk is not split, which increases the liquidity risk of the enterprise.

4. Optimization Strategy for the Operation of P2P Lending Platform in China

4.1 Improve personal credit rating

First, improve personal credit information, including loan records, tax records, and so on. Second, develop a unified credit evaluation standard. Third, adjust personal credit ratings in a timely manner.

As the borrower evaluates the credit situation in real time on the performance of the loan contract, the borrower with credit problems adjusts its rating in time. Fourth, establish an industry-wide blacklist sharing mechanism. The blacklist of defaulting borrowers is shared throughout the industry, increasing their deterrence.

4.2 Strengthen user information security management

In order to ensure the security of users' personal information and reduce the risk of P2P platform operation, platform practitioners must strengthen internal database construction and establish a more comprehensive application layer security system. When users conduct online fund operations, they must use multiple verification technologies. To ensure the authenticity and validity of user information, the Internet encryption technology ensures that user information is not tamper-proofed during the operation of the platform.

4.3 Enhanced wind control

The P2P platform needs to have a professional team. In addition to having financial expertise and professional knowledge to improve business efficiency, and it is responsible for its work, it can reduce moral hazard and enhance its risk control capabilities. In addition, for the risk control during the loan period, the P2P platform needs to adopt different risk control measures for different groups.

5.Summary

From the operational practice of the P2P platform in the past few years, risk control determines the operating mode of the platform, including the pure online intermediary model represented by "patting credit" and the credit transfer model represented by "Yixin". The automatic dispersion and preferred financial management model represented by "everyone's loan". Whether the various models are innovation or alienation, how to optimize or transform different models under the strict regulatory environment will ultimately determine the market structure of P2P in China.

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