Exploration of China's Internet Finance Business Model: Taking Ant Financial Services Group as an Example

Jixin Zhang *

The University of Waikato Joint Institute at Zhejiang University City College, Zhejiang University City College, Hangzhou, China

* Corresponding Author Email: 32011034@stu.zucc.edu.cn

Abstract. In today's rapidly developing Internet economy, China, as one of the most developed countries in the Internet industry, has seen the emergence of many competitive Internet finance companies. Compared with the traditional banking system, these Internet finance companies have greatly facilitated people's lives and provided them with more comprehensive financial services. In order to explore the business model of China's Internet finance companies and provide suggestions for their future development, this paper analyzes the Ant Financial Services Group, the largest Internet finance company in China. Through exploring the business model of Ant Financial Services Group and collecting relevant data, the advantages of its business model are analyzed, and suggestions are made for the future development of Ant Financial Services Group and China's Internet finance industry, this paper suggests that Ant Financial Services Group should expand its overseas market, lay out social field, focus on its Fin-Tech positioning, pay attention to relevant policies and reduce its dependence on Alibaba Group. For government departments, the legal system for Internet finance industry should be improved as soon as possible to regulate the development of Internet finance industry. By reading this article, readers can gain a deeper understanding of the current situation of Ant Financial Services Group and the development of Internet finance in China.

Keywords: Finance; Internet Finance; Ant Group; Business Model.

1. Introduction

1.1. Research background

Since the 21st century, against the background of the rapid development of China's economy and the Internet economy, Internet finance has emerged and developed rapidly, and various Internet finance companies have been established and are growing fast. In response to this trend, people need to better understand the Internet finance industry in China. This paper selects the largest Internet finance company in China, Ant Financial Services Group (Ant Group), and analyzes it to find out the current situation of Internet finance development in China, and makes suggestions for the future development of Internet finance companies. As a representative enterprise in China's Internet finance field, Ant Group's development history is a microcosm of China's Internet finance development, and its business model also represents the main business model of China's Internet finance enterprises. Ant Group started in 2004 with the birth of Alipay, and after 18 years of continuous development, Ant Group has become the world's leading open platform of Internet finance. September 2021, Ant Group was selected for the 2021 IDC China Fintech 50 list issued by the International Data Corporation (IDC). Its main sub-business segments include Alipay, Yu Ebao, MYbank, the ants spend bai, etc., which meet most of people's financial needs in daily life.

Due to the rapid development of Internet finance, many scholars at home and abroad have carried out relevant research on it, and they have systematically analyzed Internet finance from several aspects. Firstly, from the origin of Internet finance, Robert (1998) believed that Internet finance originated from the demand for additional financial services brought by the continuous economic development, and these demands prompted financial institutions to expand their services and make business innovations to meet the needs of customers, thus giving birth to Internet finance [1]. Wang (2011) argued that Internet finance has great room for development, it has rich functions and perfect application scenarios, and he suggested the regulation of Internet finance [2]. Sheng (2011) argued that Internet finance has greatly impacted the dominance of commercial banks in payment and settlement [3]. Some scholars have studied the lending business of Internet finance. According to Hadlock (2002), traditional financial institutions need to decide whether to grant loans to companies based on their clear financial statement data, however, for some companies, especially small companies, their statements are not complete and standardized, so banks will increase the lending rate to compensate for the risk, which increases the borrowing cost of these companies [4]. Internet finance loans, on the other hand, require little collateral and have a lesser loan application process, which make them popular among small and medium-sized lenders [5]. Some scholars also warned about the risks of Internet finance, which relies on the development of asset securitization. Shin (2009) argued that asset securitization will increase the leverage ratio of enterprises and will bring challenges to the stability of financial system [6]. Mark Fagan & Tamae Frankel (2009) analyzed the risks associated with asset securitization from the legal aspect and suggested that the traditional banking system has suffered a stronger impact due to asset securitization [7].

1.2. Research significance

Under the background of the world economy slowing down and covid-19 pandemic, China's economy is suffering from constant internal and external shocks. Internet finance, as a fast-growing industry in the past decade, has also slowed down its pace of development in the past two years. In addition, after the failure of Ant Group's IPO in 2020, the Chinese government strengthened the supervision of Internet finance, and the enactment of relevant laws has compressed the business scale and profit space of Internet finance companies to a certain extent. Under this situation, the development of Chinese Internet finance companies is facing certain challenges. People also have many doubts about Internet finance. What is the business model of Internet finance companies? What is the difference between Internet finance companies and traditional finance companies? What is the future development direction of Internet finance companies? On this basis, this paper analyzed the largest Internet finance company in China: Ant Group, to analyze the related issues. Therefore, it is the goal of this paper to analyze the business model of Ant Group and make suggestions for the future development of Chinese Internet finance companies.

1.3. Research framework

Based on the existing conclusions from other researches, this paper further analyzes the Ant Group. First, after searching for relevant information, this paper analyzed the business model of Ant Group. Secondly, this paper analyzed the core competitiveness of Ant Group. Third, based on the financial data of Ant Group in recent years, this article analyzed the Ant Group from the financial perspective and explained the reasons for the change of Ant Group's profit. Fourth, this article assesses Ant Group's business model and presented the challenges faced by Ant Group. Next, this article puts forward corresponding suggestions for the future development of Ant Group and China's Internet finance. Finally, this paper draws relevant conclusions.

2. Analysis of Ant Group's business model

Ant Group's financial ecosystem consists of the following six major sub-businesses: payment, financing, wealth management, credit investigation, insurance and international business.

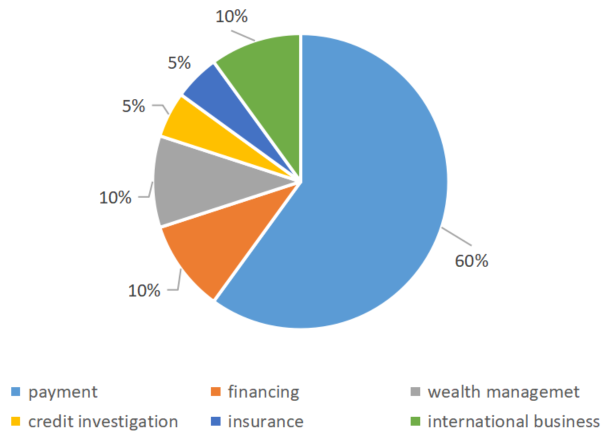

Figure 1. Business diagram of Ant Group's financial ecosystem.

2.1. Payment business

Ant Group's payment business is mainly based on Alipay, which provides payment business services between merchants, consumers and financial institutions, and provides effective guarantee for the transaction activities between buyers and sellers. The payment business of Ant Group covers most of the consumption scenarios both online and offline, bringing consumers a good consumption experience and Alipay is gradually transforming into a one-step life service platform. The business flow diagram of Alipay is shown in Figure 2.

Figure 2. Alipay's business model.

2.2. Financing business

Ant Group relies heavily on "MYbank" for its financing business. MYbank is the first technology bank in China that has its core system structured on the financial cloud and has no offline branches. It has carried out a large number of lending businesses, like Wangnong Loan, while its deposit business is Yu Li Bao. It mainly serves small and micro enterprises, providing a variety of services such as credit sales and credit payments for entrepreneurial subjects, so that credit evolves into liquid wealth.

Table 1. MYbank's overview.

	Major Shareholders	Market positioning	Business scope
MYbank	Ant Group +Fosun Group	Micro and small enterprises; individual consumers; rural users	"Small savings and loans" with loan ceiling. Light assets + transactional + platform-based

2.3. Wealth management business

Ant Group's wealth management business mainly consists of three parts: Yu Ebao, Zhaocai Bao and Ant Wealth. The way Ant Group obtains revenue mainly includes extracting distribution fees, providing big data support, providing operation services and other third-party services. In 2013, Tianhong Fund cooperated with Ant Group and launched the service of Yu Ebao in the form of money fund, users of Yu Ebao can transfer money from Yu Ebao anytime and anywhere when they need money without commission. Tianhong Fund can invest the money into the money market to purchase short-term paper, such as treasury bills and corporate bonds. Moreover, using the scale effect of Yu Ebao, it can sign deposit agreements with banks, so that the deposit rate of Yu Ebao is higher than the call rate set by banks.

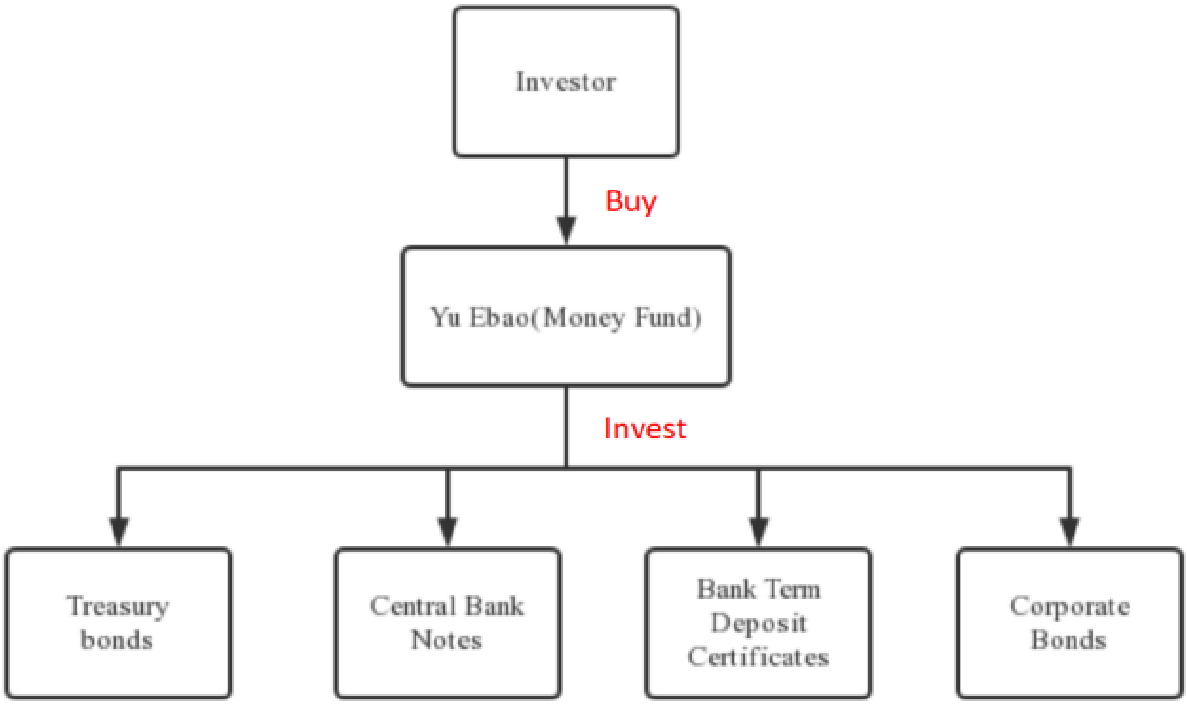

Figure 3. Business diagram of Yu Ebao.

Zhaocai Bao can be used to provide information services for investors and financiers, mainly for term finance. Individuals, micro and small enterprises are able to conduct financing activities with investors directly, which can significantly reduce financing costs. Investors can choose different financiers according to their risk preferences. Ant Wealth was developed from Ant Jubao. Users can communicate with other investors online on it.

3. Analysis of Ant Group’s core competencies

The core competencies of Ant Group are divided into two main areas: financial platform and Internet technology. Firstly, relying on Alibaba Group, Ant Group has strong customer resources and strong cash flow. Secondly, Ant Group has sufficient financial products to meet the financial needs of individuals and enterprises, and it has powerful technology to accurately recommend to users the financial services they need. Finally, Ant Group has the advantage of better risk control over other finance companies, and its huge customer base provides it with rich data resources to enjoy higher risk premiums by using interest rate differentials.

3.1. Platform

Ant Group is a comprehensive financial platform that covers most of the financial services for ordinary people and has strong user stickiness and user base. Ant Group has a strong channel to help customers fulfil their financial needs accordingly.

In the area of credit business, the advantage of Ant Group is that it provides credit business to customers through channels such as MYbank. Its credit business has the characteristics of no collateral and small amount per placement. At the same time, Ant Group relies on Alibaba Group to continuously explore more financial needs of its users within its closed ecosystem, and the coverage of its credit business is much larger than that of ordinary credit companies. Not only that, Ant Group's wealth management business is also very strong. In terms of fund sales, Ant (Hangzhou) Fund Sales Co., Ltd. is the fund sales platform with the top market share in China. While the major fund platforms are homogeneous in terms of sales content, Ant Group has lower fund sales rates and Alipay's strong traffic, Ant (Hangzhou) Fund Sales Co.'s sales scale grew rapidly. As of the second quarter of 2022, in terms of non-money market public fund holdings, Ant Fund topped the list with a scale of 1.33 trillion yuan.

3.2. Traffic

Ant Group has strong traffic. In terms of application scenario frequency of Ant Group's business, Alipay originated from Taobao, the largest online shopping platform with high traffic in China, which means that Alipay is mainly used in commercial scenarios in daily use, rather than in scenarios such as acquaintance transfers. The commercial scenario has extremely high value, and by further expanding its business on Taobao, Ant Group has further integrated the relevant business data and continuously innovated its business model, making Ant Group have more development space and more profit.

3.3. Profit model

Ant Group has a strong Internet financial platform attribute: its technology attributes are bringing it more profits. Ant Group's development has gone through three phases: early on, Ant Group focused on payment business. Next, it gradually started its credit business - such as "The ants spend bai". Now, it is developing its financial technology. As Ant Group has go through different phases, its profit model has also changed from payments-based to technology-based.

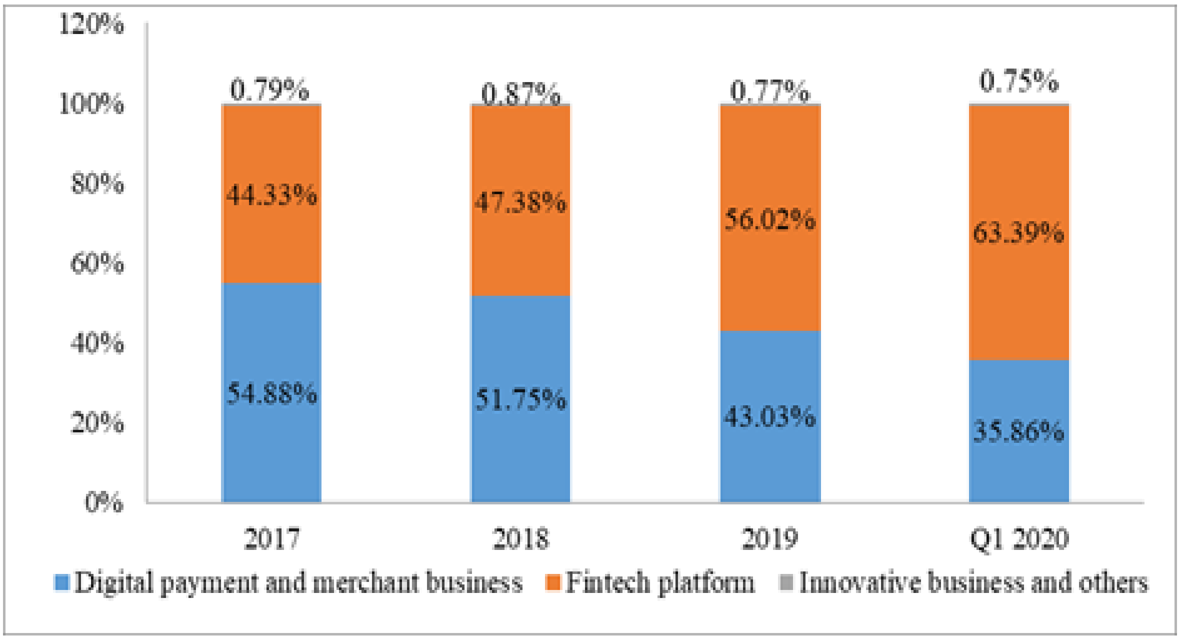

Figure 4. Changes in profit sources of Ant Group.
Data source: IPO prospectus of Ant Group

Among the profit sources of Ant Group, payment business is an indispensable part, and this service has created a large amount of profits for the Ant Group. The profit of payment business mainly depends on Alipay. Alipay platform can bring interest income, advertising income and commission income. The interest income mainly comes from the time difference caused by the receipt and payment of funds on the Alipay platform. The time difference brings about the precipitation of funds, and the precipitated funds generate interest. Advertising revenue comes from the advertising space provided by Alipay for merchants. Commission income is the collection fee charged by Alipay to merchants. By the end of 2021, Alipay's daily transaction volume peaked at over RMB 20 billion, with a global user base of 1.2 billion. Ant Group's credit business also brings in a lot of revenue, and the main conductor of the credit business-MYbank's profit comes mainly from self-operated profits and platform fees. According to MYbank's 2021 annual report, MYbank generated 13.9 billion yuan in revenue and 2.09 billion yuan in net profit for the year, making it a huge profit source for the Ant Group. The profit of from another credit business conductor-Ant Dacor-is mainly from collecting intermediary fees and commissions, sharing return on equity gains and providing complementary value-added services. First, collecting intermediary fees and commissions: The platform will charge the financier a certain percentage of the transaction amount as a closing intermediary fee after the project is successfully financed. Second, share equity returns: The crowdfunding platform will get a part of the equity from the projects successfully financed on its platform, which is actually an equity investment. Third, provide supporting value-added services: The platform will provide a series of value-added services to the financier, mainly including financial and legal information services.

4. Financial analysis of Ant Group

4.1. Changes in revenue structure and net profit

According to Ant Group's prospectus (relevant data up to the failure of Ant Group IPO, the relevant figures for 2020 and 2021 were estimated according to Alibaba’s financial reports), Ant Group's turnover rose from 65.396 billion yuan in 2017 to 120.618 billion yuan in 2019, with an annualized growth rate of 35.81%; Net profit rose from 8.205 billion yuan in 2017 to 18.072 billion yuan in 2019, with an annualized growth rate of 48%. The significant decline in net profit in 2018 is mainly because Ant Group were attracting new users with advertising and a large number of subsidies, also because the amount of overseas investment increased significantly, which is a strategic loss. The decline in net profit in 2021 is mainly due to the impact of COVID-19 and government regulations.

Table 2. Key financial indicators of Ant Group (billions).

Ant Group	2017	2018	2019	2020,Q1	2020	2021
Total operation income	65.396	85.722	120.618	72.528	—	—
Year on year (%)	—	31.08	40.71	38.04	—	—
Net profit	8.205	2.156	18.072	12.933	57.5	47
Year on year (%)	—	-73.72	738.17	1058.59	218	-18.2
Roe (%)	12.74	0.63	10.43	10.85	—	—

Data source: IPO prospectus of Ant Group and Alibaba Group’s financial report.

Ant Group's revenue structure includes three parts: Digital Payments and Merchant Business, Digital technology platform, Innovative business and other business. In the first half of 2020, the three accounted for 35.86%, 63.39% and 0.75% respectively. From the relevant data, it is clear that Digital technology platform is the main revenue source of Ant Group, and the related business revenue accounts for an increasing proportion of Ant Group's total revenue. The share of Digital Payments and Merchant Business revenue is declining, mainly because the domestic payment market has become saturated and more and more competitors are competing for the market.

Table 3. Ant Group’s revenue sources (millions).

	Projects	Digital Payment and Merchant Business	Digital technology platform	Innovative business and other business	Total
2017	Amount	35890	28993	514	65396
	Percentage of operating revenue	54.88%	44.33%	0.79%	100%
2018	Amount	44361	40616	745	85722
	Percentage of operating revenue	51.75%	47.38%	0.87%	100%
2019	Amount	51905	67784	930	120618
	Percentage of operating revenue	43.03%	56.20%	0.77%	100%
First half of 2020	Amount	26011	45972	544	72528
	Percentage of operating revenue	35.86%	63.39%	0.75%	100%

Data source: IPO prospectus of Ant Group

Among the revenue of Digital technology platform, Micro loan revenue accounts for the majority of the revenue and is still growing, so Micro loan revenue is a major revenue source of Ant Group.

Table 4. Ant Group's Digital technology platform revenue (millions).

	Digital technology platform	Micro loan	Financial management	Insurance	Total of digital financial
2017	Amount	16187	10490	2315	28993
	Percentage of operating revenue	24.75%	16.04%	3.54%	44.33%
2018	Amount	22421	13882	4313	40616
	Percentage of operating revenue	26.16%	16.19%	5.03%	47.38%
2019	Amount	41885	16952	8947	67784
	Percentage of operating revenue	34.73%	14.05%	7.42%	56.20%
First half of 2020	Amount	28586	11283	6140	45972
	Percentage of operating revenue	39.41%	15.56%	8.42%	53.39%

Data source: IPO prospectus of Ant Group

4.2. Cost

From 2017 to the first quarter of 2020, Ant Group's gross profit rate showed a steady recovery after falling. The gross margins from 2017 to the first quarter of 2020 were 63.72%, 52.28%, 49.83% and 58.58%, respectively. The costs of Ant Group mainly come from transaction costs, service costs and maintenance costs. In Q1 of 2020, the three accounted for 76%, 15% and 5% of the total cost respectively. In 2018, the promotion and advertising expenses accounted for 55% of the total cost of Ant Group, but the promotion also achieved remarkable results: the number of active users of Alipay increased from 119 million at the beginning of the year to 618 million at the end of the year. Since 2019, Ant Group has gradually reduced promotion and advertising expenses, with promotion and advertising expenses accounting for only 8% of total costs in 2020, but Ant Group's monthly active users are still on the rise.

5. Evaluation of Ant Group’s business model

5.1. Wide coverage of users

Traditional financial institutions, such as banks, set high customer access standards, making it difficult for some customers with small amounts of capital to meet the purchase requirements of some financial products. For example, according to statistics, only 25% of China's population over the age of 15 owned a credit card in 2019, and the remaining 75% did not own a credit card, especially some users with poor repayment ability. Ant Group, however, optimizes customer classification, uses big data, cloud computing and other capabilities to classify target customers, systematically analyze customer information, and provides specialized and customized services for different customers with different needs. For instance, “The ants spend bai” opened a loan business for people with a low threshold, which solved the loan needs of some people. At the same time, individuals can solve their payment needs online at any time, and society is becoming "cashless"; Small and micro enterprises can also put forward their financing needs on the platform and get the corresponding financing, bringing them great convenience and lower cost. Ant Group's user classification optimization is successful. By the end of 2020, the total number of Alipay users exceeds 1 billion, covering the vast majority of China's population.

Table 5. Comparison of user types between Ant Group and traditional financial institutions.

	User types
Ant Group	Provide different financial products to different users through systematic evolution of various aspects; Enable smaller investors to have more investment possibilities.
Traditional financial institutions	Individuals and enterprises meeting high credit requirements; High investment strength required.

5.2. Diversified profit sources

Patricia G. Lange (2008) suggested that the profitability model is the practice and implementation of corporate strategy and is the basis for conducting business [8]. Compared with traditional financial institutions, Ant Group has coordinated development in many aspects and has more diversified profit sources. The comparison between Ant Group and traditional financial institutions shows the diversification of Ant Group's profit.

The first is the comparison about the profit sources. The profits of traditional financial institutions mainly come from depositors' daily deposits, financial needs and the interest earned from issuing loans. In the context of the rapid development of the Internet, people are more and more accustomed to online payment as their living habits changing, and Ant Group's products are applicable to most financial scenarios, which can bring additional advertising revenue and value-added service income. And, for the cash flow of users' spending on Taobao, which temporarily exists within Alipay, Ant Group can invest it and thus gain profits.

The second comparison is about the profit barrier. The profit barrier of traditional Chinese financial institutions comes from the government's support and protection to these institutions. However, as a private company, Ant Group's profit barrier comes from Alibaba Group, which has become one of the largest Internet companies in the world after years of development and has a large customer base. At the same time, Ant Group is deeply bound to Alibaba Group, and Ant Group faces less competitive pressure, preventing its profit level from being reduced.

5.3. Strong risk control ability

For traditional financial institutions, they face a high risk of bad debts, which bring losses to them. At the same time, the review of its loan issuance is done manually, which may face problems such as lack of information, low review efficiency, and may make certain errors. The emerging Internet financial companies, however, use cloud computing and big data technology, then modeling, and are able to accurately assess the credit status of each user, so as to make decisions about whether to issue loans to them, and can determine the loan interest rate more precisely. In addition, with Alipay and Alibaba Group's complete ecosystem, Ant Group is able to systematically evaluate a person's credit status from multiple aspects, such as car rental, repayment, hotel booking, etc., to better manage risk and reduce the number of bad debts.

6. Challenges faced by Ant Group

6.1. Unstable profitability and impact from external competitors

Competition in the third-party payment market continues to intensify, and Ant Group is under constant pressure from external competitors. A large sum of money is used to attract new customers, which lowers the profit of the Ant Group. For example, in 2018, a massive subsidy program for users and huge advertising investments significantly reduced Ant Group's profitability for the year. Although Ant Group is still the most well-known Internet finance company in the Chinese market, various Internet companies are launching their own Internet finance platforms, for example, Jingdong Group launched its own Internet finance company: Jingdong Finance, and Tencent launched Tencent Finance, and with WeChat, an extremely traffic-rich social app in China, its Internet finance business has also grown rapidly. Jingdong finance and Tencent finance have a certain impact on Ant Group's market share, and Ant Group needs to further optimize its business and may need further advertising and massive subsidies to maintain users' loyalty, which may lead to further fluctuations in Ant Group's profits.

6.2. Greatly influenced by supervision

After the failure of Ant Group's IPO in 2020, China promulgated the "Measures for the Administration of Credit Business (Draft for Public Comments)" and the "Notice on Further Regulating Commercial Banks' Internet Loan Business" in early 2021, a series of policies that regulated the development of Ant Group's related business, it also reflected the importance China attaches to the regulation of Internet finance. For Ant Group, this series of regulations compressed Ant Group's development space to some extent. After the promulgation of the series of regulations, Ant Group's business was significantly rectified and contracted, and its profitability was challenged.

6.3. Over-dependence on Alibaba Group

Ant Group does not have strong independence, because Ant Group is highly dependent on the closed ecosystem of Alibaba Group, and its profits are mainly derived from the business cooperation with Alibaba Group. At the same time, Alibaba owns 32.64% of Ant Group's shares. The two share a highly degree of information and technology, and Alibaba is the largest customer of Ant Group. Ant Group's profits could be significantly affected in the event of any abnormalities in Alibaba Group's operations.

7. Suggestions for future development of Ant Group

7.1. Develop overseas markets

For Ant Group, the double oligarchy pattern of domestic third-party payment market has been formed and the market is close to saturation. Ant Group's strategic focus should be moderately shifted to overseas markets, focusing on countries where mobile payment has not yet been spread, and using appropriate subsidies and advertisements to attract overseas users to join. After completing the accumulation of users, they should launch more financial products and services, like the credit business, to gain more profit.

7.2. Layout social networking to open up the user relationship chain

Although Ant Group is already the leading company in China's Internet finance field, occupying more than 70% of the mobile payment shares in the Chinese market. However, Ant Group still has obvious shortcomings in the social field. Most of China's social apps are held by Tencent. Therefore, Ant Group can try to carry out more business activities that are closely related to daily life, further integrate Alipay into people’s daily life and enhance the social attributes of it, so that Ant Group can continuously consolidate its leading position and not be overtaken by its competitors.

7.3. Focus on its Fin-Tech positioning

Xiaowu Rui & Liehong Liu (2004) pointed out that the core resource of Internet finance is big data, and the core technology is cloud computing [9]. One of the biggest advantages of Ant Group is its strong technical strength. Not only do they have powerful cloud computing and big data search capabilities, they also have their own patents in all aspects of Internet finance, which is why Ant Group is the leading Internet finance company in China. In the future development, Ant Group should continuously strengthen its technical strength and invest more funds in the research field.

7.4. Consciously accept supervision and pay attention to relevant policies

China has become increasingly strict in its oversight of Internet finance platforms. Ant Group issued ABS with high leverage, funded only a small portion of its joint loans with commercial banks, and issued a large number of loans with very little capital, which would have been a huge shock to the market if it collapsed. On June 4, 2021, Ant Consumer Service Finance Co., Ltd. was established in Chongqing to undertake some businesses of Ant Group, such as the ants spend bai, Ants by chanting and ABS issuance, and to fully accept the supervision of the regulatory authorities. On this basis, Ant Group should constantly regulate its remaining financial business, reduce financial leverage, correct improper behavior in payment business, and guide customers to form a correct consumption perception.

7.5. Continuously improve the business model and seek business cooperation with more companies

Ant Group cannot only rely on a large amount of advertising investment and large-scale subsidies to attract new users. It can appropriately reduce the cost of user expansion. When attracting new users, it can use multiple channels to publicize the company's excellent services and strong technical capabilities to win customers' trust and meet their diversified needs. And they should continue to use personal credit evaluation systems such as Sesame Credit to promote the development of personal lending business and continuously improve their lending system and standards.

At the same time, Ant Group should look for more cooperative partner other than Alibaba Group as soon as possible to seek a higher degree of independence and to reduce the impact of Alibaba's business situation on the company.

8. Implications

The development of Ant Group has strong implications for China's Internet finance industry and government departments. For other Internet finance companies in China, they should continuously improve their business models and technology levels while focusing on users' experience. As for the government departments, they should improve the laws and regulations on Internet finance as soon as possible.

8.1. Improve business model and technical level

The rapid development of Ant Group is largely based on its own advanced business model and high technical level. Ant Group owns a very modern business model, which ensures the continuous development of it. Each Internet finance company should establish a business model that best suits its needs. At the same time, a high level of technology is also indispensable for contemporary Internet financial companies. Ant Group has its own complete technical system in artificial intelligence, Internet platform construction and privacy protection. Ant Group has also mastered a large number of blockchain technologies. William mougayar (2016) pointed out that blockchain technology has promoted the development of financial technology and made Internet Finance decentralized [10]. Not only had that, in 2021, Ant Group added a total of more than 6,600 licensed patents worldwide. These technologies not only prevent hackers' attacks, but also make Ant Group more efficient in its daily operations. Other Internet financial companies should also continue to improve their technology levels to ensure their competitiveness in the market.

8.2. Improve service level and pay attention to users' experience

The success of Ant Group cannot be separated from the excellent service they provide to their customers, they recommend different financial products to different customers and also built a convenient financial platform for them. Internet finance companies should insist on being customer-oriented, constantly improve their service quality and intelligent level, and recommend and customize the most suitable products for different customers in order to maintain the loyalty and stickiness of users.

8.3. Government should improve relevant laws and strictly regulate Internet finance enterprises

As an emerging industry, the relevant laws and regulations of Internet finance are not perfect, and China has not yet established a complete legal system for Internet finance. Nowadays, Internet fraud, privacy disclosure and other problems about Internet are frequent; people are increasingly worried about the security of Internet finance. To avoid these problems, the government should improve relevant laws and strengthen the privacy protection to prevent the leakage of users' personal information. At the same time, the government should strictly supervise the financial products launched by Internet finance companies to ensure that these products comply with financial regulations and continuously guide the healthy development of Internet finance.

9. Conclusion

Internet finance represents a new trend in the development of the financial industry. During the research, this paper finds that the success of Ant Group is attributed to its good business model and its complete financial ecosystem. The Ant Group provides a modern financial platform for ordinary investors and micro enterprises, greatly facilitating people's lives and improving the efficiency of society. At the same time, the success of Ant Group has also driven the development of China's Internet finance industry, which has led to the emergence of many excellent Internet finance companies in China. However, Ant Group also has some problems, such as competitive pressure from external competition, influenced by regulations and over-dependence on Alibaba Group. Ant Group needs to make corresponding improvements to solve these problems. They can further develop overseas market and layout social field to maintain their position in China's Internet finance field. In the past two years, the Internet finance industry has been affected by the economic downturn and relevant laws and regulations, and its growth has gradually slowed down and profits have declined to a certain extent. However, in the future, after adapting to the new environment, the Internet finance industry can achieve more. If readers are interested in Ant Group or the Internet finance industry in China, then perhaps this paper is helpful. This article analyzes the Ant Group and the state of the Internet industry in China, and makes recommendations for their future development. However, due to the reduced public disclosure of relevant data after Ant Group's failed IPO in 2020, the relevant data is only available until the IPO, it is hard to further explore the current state of development of Ant Group and China's Internet finance. In the future, when Ant Group has achieved more development and the relevant data are available, the research can become more profound.

References

[1] Robert H. Litzenberger and Huang Chi-fu. (1988). Foundations for Financial Economics, Elsevier Science Publishing Co.,Inc.

[2] Wang, Y., & Guo, H. Y. (2011). Research on regulation of third-party payment platform in functional perspective. Journal of Beijing Technology and Business University (Social Science).

[3] Sheng Zhou, Jing Zou and Li Chen. (2011). Business Innovation of Third-party Payment in China. Management and Service Science, 08:1-4.

[4] Hadlock, C. J., & James, C. M. Do banks provide financial slack? Social Science Electronic Publishing.

[5] Puro, L., Teich, J. E., Wallenius, H., & Wallenius, J. (2010). Borrower decision aid for people-to-people lending. Decision Support Systems, 49(1), 52-60.

[6] Shin Jacob, Richard Stanton. (2009). the True Cost of Asset Management: Beta-Adjusted Fees. Review of Financial Studies. (2):405-446.

[7] Mark Fagan, Tamae Frankel. (2009). Government Bond Analysis, the Yield Curve and Relative-Value Trading. Fixed Income Markets Management, Trading, Hedging and Second Edition. (1): 286-295.

[8] Patricia G. Lange. (2008). Public Private and Privately Public: Social Networking on You Tube. University of Southern California.

[9] Xiaowu Rui and Liehong Liu. (2014). China Internet Development Report. Beijing: Social Literature Press: 1.3-4, 9-24, 54.

[10] William Mougayar. (2016). the Business Blockchain, 4-5.