Research on the Comprehensive Risk Management Model of Commercial Banks under the Background of Internet Finance

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Abstract. Under the wave of internet finance, banks are constantly promoting financial innovation and system reform, and launching new asset management business. Commercial banks are an important part of China's economic system, which are closely related to various industries in the market and are the key factors to promote the smooth progress of market economic activities. At present, some commercial banks in China copy foreign advanced quantitative management technology without thinking, which can not only reduce the risk of banks, but also make the operation of the whole bank very chaotic. Under the background of Internet finance, how to deal with all kinds of financial crises, do a good job in risk management and improve their ability to prevent and solve risks is a problem worthy of deep thinking and discussion. Taking the overall risk management of commercial banks as the research object, this paper expounds the connotation and existing problems of internet finance. Based on the related contents of risk management, this paper puts forward some suggestions on how to solve the problems existing in the comprehensive risk management of commercial banks under the background of Internet finance, so as to provide some reference for relevant units and researchers.

Keywords: Comprehensive risk management, Commercial banks, Internet finance.

1. Introduction

With the social progress and technological innovation, Internet finance, as the product of technological progress and financial innovation, closely links Internet technology with traditional financial industry, providing people with financial services such as financing and investment, which is widely recognized and accepted for its low cost, high efficiency and wide resource coverage [1].

Under the wave of internet finance, banks are constantly promoting financial innovation and system reform, and launching new asset management business. Commercial banks are an important part of China's economic system, which are closely related to various industries in the market and are the key factors to promote the smooth progress of market economic activities. In order to reduce the influence of external factors on commercial banks, it is necessary to do a good job in risk management, combine the development needs of the times and the potential risks within banks, and formulate scientific and effective measures to improve the effect of risk control and promote the good development of commercial banks.

2. Internet finance connotation

At present, there are many different views on the concept of Internet finance. The more common view is that Internet finance mainly refers to the financial-related business activities carried out on the network platform. However, according to the content discussed in this paper, the author defines the concept of Internet finance as the business extension of the traditional financial industry in the Internet environment, and transforms and innovates some offline businesses so that they can be extended to the business form of the network platform, thus constructing financial services and business activities in the Internet environment.

Internet finance is easy to trade, which greatly reduces the information cost of commercial banks. Driven by internet finance, the cost of obtaining information in business of commercial banks is decreasing, but at the same time, the cost of maintaining business of commercial banks is increasing [2-3]. However, for today's commercial banks, all businesses are operated through the network

platform. Although the processing speed is fast, the corresponding supervision difficulty also increases. Therefore, once the problem is found and cannot be handled in time, it will lead to the occurrence of risks, even accelerate the spread of risks, and the possibility of risk overlap.

3. Problems existing in comprehensive risk management of commercial banks under internet finance

3.1. The method and technology of risk management are backward

In view of all kinds of risks and potential risk factors in the process of enterprise operation, timely evaluation and management are made, so as to formulate corresponding methods to prevent and control risks, ensure the normal operation and operation of enterprises, and ensure the safety of capital flow, which is comprehensive risk management [4]. The process of total risk management is shown in Figure 1.

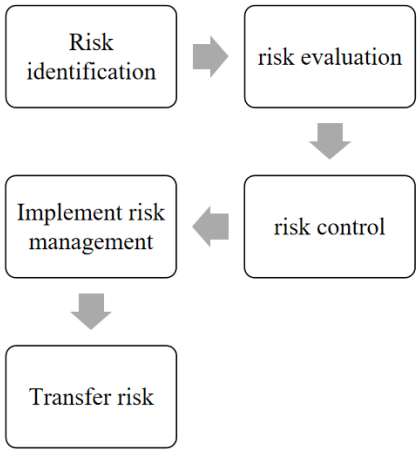

Figure 1. The process of comprehensive risk management

Generally speaking, it is a very complicated process for commercial banks to use qualitative and quantitative analysis methods when strengthening comprehensive risk management. However, at present, some commercial banks in China copy the advanced quantitative management technology abroad without thinking, which can not only reduce the risk of banks, but also make the operation of the whole bank very chaotic.

Therefore, in order to improve the current situation, commercial banks need to find effective measures to solve the existing problems, actively build a financial risk management system, introduce advanced foreign management technology as soon as possible according to their own conditions, and manage and prevent risks [5-6]. In addition, most of the comprehensive risk management systems established by domestic commercial banks are very rough, which makes the promotion of risk management ability of commercial banks unable to keep up with the current business expansion speed of banks.

3.2. Insufficient understanding of total risk management

The top management of commercial banks did not realize the positive impact of scientific and perfect comprehensive risk management system on the current business development and long-term development of banks, did not properly handle the relationship between business development and risk management, and put more time and energy into the promotion of bank business scale and capital expansion, while ignoring the construction and optimization of comprehensive risk management system to some extent.

The top management of commercial banks did not realize the importance of comprehensive risk management, and failed to correctly understand the important influence of the quality of comprehensive risk management on the overall development of commercial banks, which led to the

imperfect organizational structure of comprehensive risk management in commercial banks and the disorderly development of comprehensive risk management.

3.3. The risk early warning mechanism is weak

Commercial banks lack sufficient human, financial and material investment in the establishment of risk monitoring and early warning mechanism, and lack of systematic and accurate verification, update and analysis of the borrower's credit line, loan purpose, collateral and credit rating, which affects the effectiveness of risk early warning [7]. The index system of risk monitoring and early warning is not perfect, and there are no systems, procedures and methods for identifying, measuring, monitoring and managing market risks, operational risks, interest rate risks and liquidity risks, and there is a lack of scientific decision-making models. The "short board" of the low level of information technology in commercial banks has become increasingly prominent, which has become a weak point restricting its safe operation and innovative development.

4. Construction of comprehensive risk management model of commercial banks under the background of internet finance

4.1. Establish a comprehensive risk management awareness

For a long time, banks have been accustomed to using traditional thinking and mode for financial management. However, under the internet finance, the sources of savings funds and loan channels have become more flexible, and banks should realize this change, keep pace with the times, and make adjustments in comprehensive risk management. In the new era, more and more advanced risk management concepts have emerged, which play an important role in the development of the financial industry and are effective methods to improve the level and quality of risk management of commercial banks. Managers of commercial banks should change their management thinking with economic development as the core, strengthen the analysis of market development trends, and deeply understand the risk management concept derived from the market.

Raise awareness of risk prevention. Comprehensive risk management runs through every process of business operation, realizing the whole process of prevention and control before, during and after the event [8]. The senior management takes the lead in guiding employees to put the concept of comprehensive and comprehensive risk management in place, be conscious, form norms, build an effective comprehensive and comprehensive risk management culture from top to bottom, and effectively improve the ability and level of comprehensive risk management.

Strengthen institutional research and construction. Commercial banks should study and analyze the macroeconomic situation, grasp its changing trends and laws, formulate comprehensive risk management strategies, adjust comprehensive risk management policies and methods in a timely manner, and improve the adaptability and adaptability of commercial banks to changes in comprehensive risk management environment.

Intensify study and training. Financial risks exist in all aspects of financial management in rural banks, so commercial banks should strengthen the training of comprehensive risk management staff, organize the main persons in charge of financial work and specific staff to participate in comprehensive risk management business training and learn the comprehensive risk management system. Cultivate and improve the risk prevention awareness, risk management level and problem-solving ability of comprehensive risk managers, accurately, timely and comprehensively discover, warn and deal with risks, and eliminate risks in the bud and early stage.

4.2. Strengthen the construction of risk management system

There is an import module in the risk management system, which can realize that after customers import the daily trading information into the system, the system will automatically judge whether there is any trading information in a trading contract. If there is any trading information in that day,

the system will need to decide whether the trading information needs to be sent to the counterparty immediately according to the specific rules of different customers to remind the counterparty that the trading period has arrived. For the decision points of such business rules, it is necessary to introduce a rule engine to help the system separate these rule businesses, so that the system does not need to maintain different product system versions for each customer. The construction scheme of risk management system is shown in Figure 2:

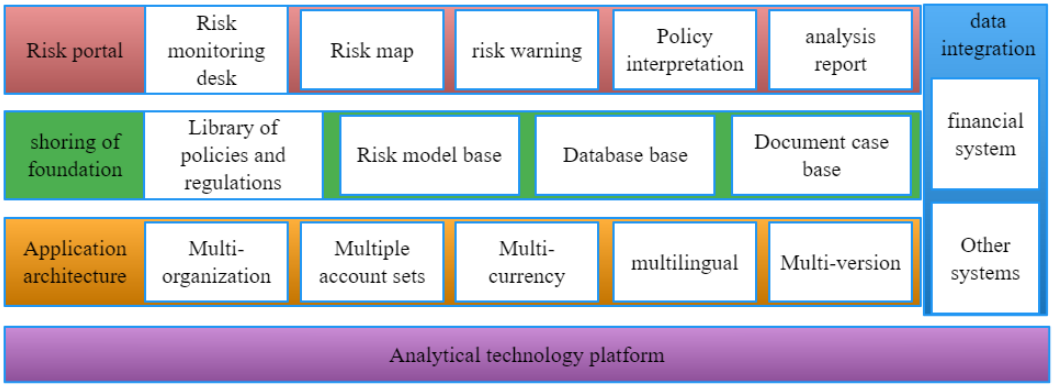

Figure 2. Construction scheme of risk management system

First, improve the risk management process. It is found in the investigation that there are still many bank practitioners who classify the management of financial risks as the business of risk control departments. In fact, financial risks are the whole business of the company, which requires every employee of the bank to establish a sense of risk management, and clarify the responsibilities he should bear, so as to form a joint force for the company's development and strengthen the risk management ability [9].

Secondly, build a risk information management system. It is of great practical significance to improve the risk management ability of banks by means of information technology.

Finally, establish a financial early warning system. The prevention of financial risks is not only to establish a single prevention and control system, but also to combine a more predictive and forward-looking early warning system. The risk prevention and control model characterized by operability and feasibility can play a more important role in the early warning system.

4.3. Improve the overall risk management system

In the Internet platform, commercial banks need to process a large amount of transaction information if they want to complete the transaction business with customers. In this process, all kinds of information are mixed with truth and falsehood, and there are also financial risks that are easy to ignore. Therefore, only by establishing a standardized network supervision system and improving the network management ability can we effectively reduce the losses caused by financial risks to commercial banks.

First, do a good job in risk management and control of introducing Internet financial products. During the period of cooperation with Internet financial products, commercial banks should strengthen their internal management system, scientifically and reasonably judge the risks and benefits of their Internet financial products, determine the feasible ways, continuously optimize the level of risk mechanism and enhance their risk management ability.

The second is to improve the risk management of commercial banks with both internal and external considerations. Scientific and reasonable risk management is essential to resist Internet financial risks. Commercial banks need to proceed from internal control, constantly improve the internal control system, revise and improve the control system of Internet financial risk management, make up for the legal shortcomings externally, and identify the changing risks promptly [10].

Third, pay attention to the quality training of business personnel at all levels. In fact, with the rapid development of internet finance today, more and more service personnel no longer have face-to-face

contact with customers, but conduct business consultation and handling through the network. In a word, commercial banks should pay attention to the long-term training mechanism and provide sufficient talent reserves for their long-term development.

4.4. Improve the operational risk review control mechanism

In order to effectively control operational risks, commercial banks need to further improve the review and control mechanism of operational risks, which depends on manual supervision and inspection as well as system management.

On the one hand, considering the separation of incompatible positions, commercial banks should set up special supervision and review personnel to integrate and sort out the operation of certain business segments and find out improper operations or management activities that may lead to risks in time.

On the other hand, commercial banks should set about the construction of operational risk control system, add control check steps in the execution of business processes, apply advanced technical methods such as big data to summarize and analyze the manifestations, causes, characteristics, types and possible consequences of operational risks, and adopt different prevention and control schemes for different operational risks.

5. Conclusions

Internet finance is easy to trade, which greatly reduces the information cost of commercial banks. Driven by internet finance, the cost of obtaining information in business of commercial banks is decreasing, but at the same time, the cost of maintaining business of commercial banks is increasing. In order to reduce the influence of external factors on commercial banks, it is necessary to do a good job in risk management, combine the development needs of the times and the potential risks within banks, and formulate scientific and effective measures to improve the effect of risk control and promote the good development of commercial banks. Internet finance is an economic form supported and advocated by the state. In recent years, it has developed rapidly in the market and has been widely recognized. While actively developing their own internet finance business, commercial banks need to constantly strengthen their financial risk management and control capabilities to ensure their own healthy and stable development.

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