Research on the Development of Internet Credit System under the Background of internet Finance

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Abstract. The internet is real-time and dynamic, and it can update personal information at any time, so as to evaluate personal credit status more accurately. In recent years, the development of internet finance has shown a blowout situation, the original legal system is imperfect, and there is a lack of effective norms for credit reporting activities in the field of internet finance. A sound credit reporting system is an important guarantee for the sustainable development of internet finance, and the rapid development of internet finance forces the improvement of the credit reporting system. The rapid development of the internet has brought opportunities for the improvement of the credit reporting system, but it has also caused some challenges. This paper briefly describes the development status of internet credit reporting in China, and puts forward some suggestions on building an internet-based credit reporting system. The construction of internet credit system should pay attention to information security protection, and establish a standardized information processing and sharing mechanism; Promote the formation of a good social credit environment; Innovate supervision in an all-round way, and build a supervision framework for internet credit reporting.

Keywords: Internet Finance; Internet Credit Information; Credit Reporting System.

1. Introduction

The essence of credit information system is to provide information exchange for the credit market, promote the rational use of credit information and the optimal allocation of credit resources, help reduce the cost of bank investigation of borrowers' credit, ease adverse selection in the credit market, expand the total amount and scope of loans, stimulate consumption and promote economic growth [1]. In recent years, with the continuous development of China's financial industry, this credit information model has also made great progress, but its database information comes from the inside of financial institutions, and its service objects are only limited to the banking industry. The internet is real-time and dynamic, and it can update personal information at any time, so as to evaluate personal credit status more accurately. It can be seen that the internet financial personal credit system will gradually replace the traditional personal credit system.

2. The Concept of Internet Finance

Credit investigation mainly ensures that the investigating credit subject has the ability to fulfill the repayment obligation by means of the historical transaction records and personal information of the credit-checked person on the mobile phone, and mainly collects the historical transaction records and personal information of the credit-checked person, so as to reduce the information asymmetry.

Credit reporting system refers to a series of arrangements involving laws and regulations [2], organizational structure, market management and supervision, cultural construction, publicity and education of credit reporting activities, including not only the credit reporting work itself, but also all system construction related to credit reporting (Figure 1).

internet is a new financial model in which traditional financial institutions and internet enterprises use network and communication technology to provide services for investment, financing, trading and information intermediary. On the one hand, internet companies use network technology to get involved in the financial field; on the other hand, traditional financial institutions such as commercial banks use network technology to make their traditional businesses internet. The organic integration

of the two is called internet finance. internet financial enterprises still need to settle funds through the settlement center of the People's Bank of China, which is no different from the settlement business of traditional commercial banks. Finally, the internet, as a technology, has not produced new innovations while improving financial efficiency, but only provided a new channel for finance [3-4].

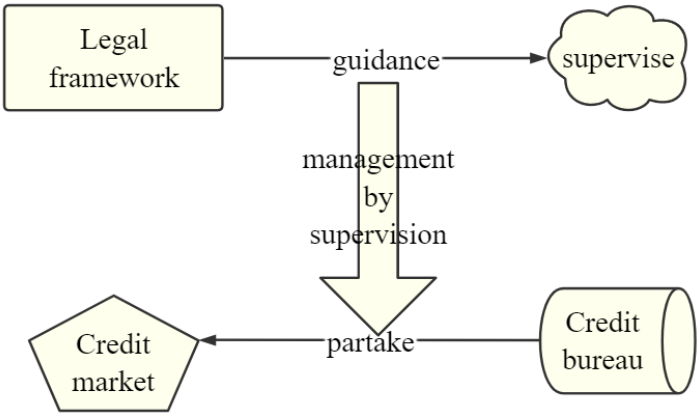


Figure 1. Schematic diagram of credit reporting system

In the era of big data, a variety of types of credit bureaus have been formed. On the basis of the original traditional credit bureaus, internet companies and financial institutions have also participated in it, and a new type of credit bureaus has been established [5]. For example, credit bureaus established by internet companies. The credit reporting model and statistical algorithm based on big data have not yet formed a unified standard, which needs to be further adjusted and confirmed in continuous experiments; The competition for use scenarios determines the cash flow, market occupation range and optimization degree of the model of credit reporting agencies, and there is a strong competition space.

3. The Defects of the Current Internet Credit System

3.1 The Construction of Legal System Lags Behind

In recent years, the development of internet finance has shown a blowout situation, the original legal system is imperfect, and there is a lack of effective norms for credit reporting activities in the field of internet finance. Under the background of internet finance, credit information collection and data integration tend to be digital, networked and information-based. It is urgent to revise and improve the current rules and regulations to meet the development requirements of the times [6-7]. Although the P2P industry is in full swing, due to the lack of a unified supervision department, coupled with the lag or lack of relevant systems and regulations, credit reporting system and prevention mechanism, there have been a series of fraud cases, such as closing money and running away, and suspected illegal fund-raising.

3.2 The Standards of Internet Financial Credit Reporting are not Uniform

The credit reporting activities of enterprises through the internet financial platform are basically independent, and there is no uniform credit reporting standard and technical standard. Moreover, there are difficulties in information exchange between enterprises and the central bank's credit reporting system. Some enterprises' compliance reporting ability and data security related systems are hard to urge regulators to design a mechanism. Once the credit reporting service provider monopolizes or other market failures occur, this mechanism can regularly review the cost and pricing of credit reporting services from the perspective of efficiency, and consider the characteristics, market size and structure of the services provided by this monopoly organization.

In terms of population coverage, about 76% of individuals and 68% of enterprises cannot be covered by the credit information system of the People's Bank of China. Most of the enterprises that cannot be covered are small and micro enterprises [8]. Moreover, the data of many internets financial institutions do not meet the standard requirements of the People's Bank of China's credit information system, and cannot access the credit information system of the People's Bank of China, making it difficult to share data in a wider range.

3.3 Internet Financial Enterprises have Insufficient Risk Prevention Ability

internet financial access threshold is low, and internet financial platform construction mostly adopts template platform construction mode. Some platform system vulnerabilities are likely to be attacked by network, resulting in system paralysis and even financial loss. Most internet financial enterprises do not have professional platform construction and operation capabilities, and there are still many deficiencies in the hardware and software conditions and capital security of internet financial platforms. This leads to the lack of working experience in the financial industry for the technical and management personnel of internet financial enterprises, the lack of knowledge reserve in financial risk control, and the lack of risk prevention ability of internet financial enterprises.

4. The Path of Internet Credit System Construction

4.1 Establish a Credit Information Sharing Platform

Give full play to the organization, leading, supervision and demonstration role of the government in credit construction, rely on the joint meeting of the municipal social credit system construction, and establish an inter-departmental coordination working mechanism that is generally recognized by all departments, such as up-down docking and horizontal linkage, coordinate and urge all functional departments to disclose information according to law, and promote the wide application of credit records and credit reports in the administrative field [9]. For borrowers, they can provide legal information to different financing platforms to carry out lending activities without being found. Although each financing platform can guarantee the smooth progress of each transaction, the frequent trading behavior of borrowers is likely to pose a threat to the financial security of lenders and form moral hazard.

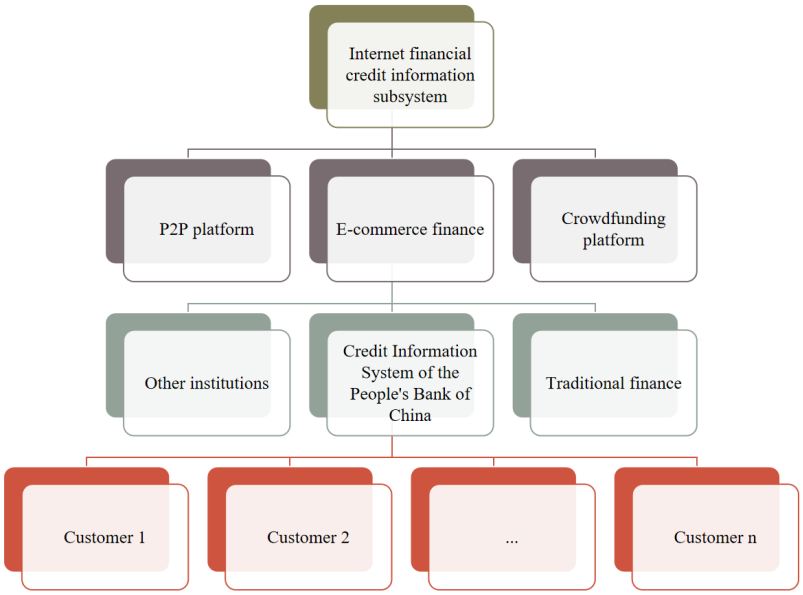


Figure 2. Basic structure of internet finance subsystem of People's Bank of China Credit Information System

The Credit Information Center of People's Bank of China has two advantages of monopoly operation: first, the right to operate credit information, including the provision and use of credit information data by banks and other financial institutions; Secondly, personal credit history, that is, historical data. On the basis of the current credit information system platform of the People's Bank of China, a subsystem of internet financial credit information is constructed, which forms a reasonable construction mode of market supplement under the impetus of the government. Figure 2 shows the basic architecture of the internet finance subsystem of the People's Bank of China Credit Information System.

On the one hand, enterprises and credit bureaus can use the massive credit information of this platform; on the other hand, credit information users can provide the platform with the transaction and social data of users in various institutions, and improve the credit information of the platform. internet financial credit information subsystem can conduct business specifically for internet financial enterprises to achieve the effect of accurate positioning and efficient service, while the national credit information sharing platform can provide as comprehensive information as possible for any enterprises and individuals that need credit information, and the latter can provide strong information and data support for the development of the former.

4.2 Accelerate the Construction of Laws and Regulations on Personal Credit Information System

Due to the development of the credit reporting industry, the guidance and restraint that this law can give has become limited, especially in terms of standardization, supervision and service of credit reporting agencies, etc., which makes some lawless elements have an opportunity. Our government should raise the level of credit reporting legislation as soon as possible to form a diversified legislative environment. For credit reporting enterprises, some self-discipline systems can be formulated for employees, so that employees can consciously abide by them. For individuals, they can learn the knowledge about credit reporting and develop good habits of honesty. Give legal protection to individuals and related industries, which will promote the construction of China's credit bureau system.

Make clear the regulatory position of the People's Bank of China in the credit information system by law, standardize the collection, provision, use and management of credit information data in concrete practice, define the information data and confidentiality relationship of enterprises and banks, and ensure the objective and correct use of information data. Clarify the legal nature, legislative purpose, basic principles, information subject's rights to personal information, remedies for infringement of personal information rights, etc. of personal information, especially define the scope of use of financial information. Ensure that the information of financial consumers is used reasonably under strict confidentiality, and prevent the interests of consumers from being damaged due to various frauds or unfair behaviors.

4.3 Establish Internet Financial Credit Information Industry Standards

internet companies and credit reporting companies will establish their own corporate credit reporting models, so the credit reporting models are characterized by diversity and complexity. As the unified credit data standard of internet financial credit industry has not yet been formed, the data standard format is not uniform and diverse.

In the construction of internet credit reporting system, it is necessary to strengthen the top-level design of credit reporting data standardization, and consider two issues as a whole: the construction of internet credit reporting system itself and the integration of traditional financial credit reporting system and internet credit reporting system. Enterprises with the technical level of online financial credit reporting are standardized and gradually promoted to become industry standards. Give industry associations or internet financial enterprises and internet financial credit enterprise alliances with leading role to carry out corresponding platform construction. Professional credit consulting institutions should be allowed to carry out credit information repair business or set up specialized

credit data information repair institutions. At the same time, the credit repair business or institutions should be managed in a standardized way, and strict requirements should be made to prevent the risk of dishonesty.

4.4 Strengthen the Supervision of Big Data Credit Reporting

Big data and credit information system are the basis of the application of internet financial information tools, and also highlight the information advantages of internet finance [10]. At present, the most authoritative credit information in China is mainly provided by the central bank's credit information system, but there is little user information available in this system, and the amount of information is slightly insufficient. Therefore, we must use big data technology to accelerate the healthy development of China's credit information market. Innovate, speed up development and improve the quality of credit data.

In the process of big data credit reporting, there have been some violations of personal privacy. For example, some internet companies collect user information on e-commerce, social networks and other platforms, sort it out, and provide credit information services to the outside world, but without the consent of the information subject himself; To promote the healthy development of market-oriented credit reporting agencies, we should improve relevant laws and regulations and strengthen the supervision of big data credit reporting. On the one hand, it is necessary to clarify the legality and commercial application norms of big data credit reporting; On the other hand, it is necessary to explicitly prohibit the collection of unnecessary credit information, avoid the abuse of big data, and protect citizens' privacy rights from infringement.

A sound disciplinary mechanism for dishonesty is a powerful guarantee for the sound development of the internet credit reporting system. Without a sound disciplinary mechanism, on the one hand, it can't restrain dishonesty, and on the other hand, it can't motivate trustworthiness. When collecting and analyzing data, internet financial institutions should respect consumers' right to know and privacy given by law, and should not exceed the red line of personal privacy. Moreover, it is necessary to strengthen credit education, which is the key point of credit environment construction in the market economy environment and the key point of national quality education.

5. Conclusion

internet is a new financial model in which traditional financial institutions and internet enterprises use network and communication technology to provide services for investment, financing, trading and information intermediary. Under the background of internet finance, credit information collection and data integration tend to be digital, networked and informationized, so it is urgent to revise and improve the current rules and regulations to meet the development requirements of the times. Credit reporting system is very important to the development of internet finance. China's internet finance is in a rapid development stage, but the internet credit reporting system is still imperfect. To promote the sound development of internet finance and social economy, it is necessary to further innovate and develop the credit reporting system.

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