

Research and Analysis of Countermeasures for the Development of Internet Consumer Finance

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Abstract: Along with the increasing popularity and continuous development of Internet technology, the financial industry and the Internet are also closely linked together, forming the unique Internet consumer finance, but at the same time there are also many problems in its development process. This paper analyzes the connotation, characteristics, model and impact of Internet consumer finance, and on this basis, discusses the innovative path of Internet consumer finance development in order to promote the healthy development of Internet consumer finance.

Keywords: Internet, Finance, Innovation Development, Solution.

1. Introduction

With the development of economy and society and the continuous improvement of residents' living standard, residents' consumption is undergoing great changes in terms of consumption structure, concept and mode. The consumption structure of residents began to change gradually from basic living consumption to developmental and enjoyment consumption. The areas where the residents' consumption is growing faster are mainly education, entertainment, transportation, culture, health care, housing and tourism. Green consumption and sustainable consumption are gradually emerging, and residents have gradually developed the ideological awareness of civilized consumption, moderate consumption and simple consumption, not only focusing on consumption satisfaction, but also paying more attention to their social responsibility, and gradually establishing the concept of green consumption and sustainable consumption. 5G, big data, cloud computing, artificial intelligence and other new Internet technologies have accelerated innovation, and people's consumption methods have changed from the traditional consumption of man to man to Man-to-machine Internet consumption, and from a currency-based exchange method to an electronic payment-based exchange method. Social e-commerce, live shopping and mobile payment have become the new industry and new mode of consumption for residents. The rapid development of the consumer market, the upgrade of the consumption structure and the change of the consumption model have brought opportunities for the development of Internet consumer finance. The traditional consumer finance model has the drawbacks of high service threshold, low business efficiency and poor customer experience. With the help of mobile Internet and emerging technologies, Internet consumer finance makes up for the shortcomings of traditional consumer finance by accurately capturing credit customers in the long-tail market. Compared with traditional consumer finance, Internet-based consumer finance has the distinctive features of wider coverage, easier and faster services, and lower transaction costs. Internet consumer finance is an innovation based on the application of Internet technology, which will certainly bring new business models and development opportunities for the traditional consumer

finance industry and become an irreplaceable force to support the rapid development of the traditional consumer finance industry. The emergence and rapid development of the Internet consumer finance model has also given a strong impetus to the consumption level and behavior of urban residents. At the same time, the development of Internet consumer finance is conducive to optimizing the macroeconomic structure, improving the efficiency of monetary policy transmission, and promoting the transformation of traditional financial institutions. However, behind the rapid development of Internet consumer finance, there are also hidden problems such as market chaos, serious structural differentiation, and continuous rise of non-performing loan rate. To sum up, although there is a complementary relationship between Internet consumer finance and traditional consumer finance, it has stimulated the consumer finance market to a certain extent and brought new vitality to economic development. However, Internet consumer finance also has problems such as high non-performing loan rate, high operational risks, insufficient protection of consumer rights and insufficient supervision, which require continuous improvement in terms of regulatory system and technological innovation.

2. The Operation Mode and Impact of Internet Consumer Finance

(1) Operating model

Firstly, Internet e-commerce platforms have huge customer resources, mature and convenient logistics channels, high-quality commodity service system, and can monitor customers' consumption behavior through big data analysis to provide customers with fast services at the lowest cost. For example, Suning's Suning RenShiPai, Alipay's AntPay, and Jingdong Mall's Jingdong White Stripe can provide consumers with the service of getting products on credit while shopping. Thereafter, consumers make repayments to the platform in installments, specifically including principal, fees and service charges. E-commerce has strong customer acquisition ability and has strong customer stickiness. E-commerce has online consumption data of customers and can monitor customers before, during and after the loan through relevant means, i.e. providing convenience to customers and

saving operational costs.

Second one is the consumer finance company model. Consumer finance companies are non-bank financial institutions approved by the CBRC, specializing in providing small loans to consumers. Consumer finance companies cooperate with shopping platforms, and can issue loans on online platforms. Cooperation with shopping platforms mainly involves embedding credit applications and other modules when consumers make purchases. Consumers can obtain products in the form of installment payments, while the money for consumers to purchase the products is paid by the consumer finance company to the product sales company. After the consumer makes a loan application through the online platform, the consumer finance company conducts an audit and allocates the funds to the consumer's account after the audit is approved.

Third, the bank Internet consumer finance model. The bank Internet consumer finance model is mainly a traditional bank that provides consumer financial services to consumers through credit card or consumer loan services. Bank Internet consumer financial services are an expansion of traditional banking business, which can provide customers with consumer financial services such as commodity installment and rental installment. When consumers purchase products through the Internet, they can choose to pay by credit. After receiving consumers' applications, banks evaluate consumers' credit status and decide whether to issue loans.

(2) Impact

First, it has changed the landscape of the traditional consumer finance market. The emergence of Internet consumer finance has broken the pattern of uneven development of the traditional consumer finance market. The wide coverage of the Internet has enabled people using the Internet in both developed and underdeveloped areas to access credit through the Internet, thus breaking the imbalance in the development of urban and rural finance. The low cost and low threshold of Internet consumer finance are extremely popular with customer groups that were previously turned away from bank credit. Internet consumer finance opens the door to a market of potential customers and meets the needs of customers with different needs. The diversified development of the main body of Internet consumer finance has formed a pluralistic body with commercial banks as the main body and consumer finance companies as the supplement, and the collaboration between traditional financial institutions and Internet financial institutions can provide specialized and targeted services for consumer finance. The Internet provides strong customer information for the development of Internet finance, which provides effective support for the development of diversified products. In practice, Internet consumer finance has launched numerous products in the fields of investment and finance, payment and credit, which can design products according to customers' needs and achieve high product quality and low cost.

Second, it has expanded the scale of the consumer finance market. With the development of the economy, online consumption has become the mainstream form of consumption, and debt consumption is accepted on a larger scale. The segmented consumer finance market is opened up, and the traditional consumer finance market cannot meet the consumption needs of different classes of people. When the account opening and payment amount of Internet consumer finance are not restricted, and when the threshold of investment finance is lowered to \$10, the demand of

consumer finance market will be elevated. In addition, in the context of rapid development of the Internet, both Internet finance and traditional financial institutions are competing for the consumer finance market. E-commerce giants have created a new model of Internet consumer finance through personalized services, which has also led to an explosive growth in the need for the Internet finance market.

Finally, the efficiency of the consumer finance market is provided. The emergence of Internet consumer finance makes it a competitor to traditional consumer finance, and in order to win in the competition, the pricing of products in the consumer finance market will be more reasonable. While traditional finance provides consumers with payment, credit, and financial services, Internet consumer finance provides customers with more affordable consumer financial products. For example, the emergence of "treasure" type financial products on the Internet has created a huge absorption force for funds, allowing commercial banks to improve their interest rate pricing ability. The operation of the Internet consumer finance model is an online service, which greatly reduces operating costs. Internet consumer finance has the ability to innovate by segmenting consumer finance products, and it can also meet the individual needs of customers. Internet finance relies on big data to assess the integrity and risk of customers, which enables effective risk avoidance.

3. Opportunities and Dilemmas in The Development of Internet Consumer Finance

(1) Development Opportunities of Internet Consumer Finance

With the rapid development of e-commerce, the payment methods and concepts of people's consumption have been greatly changed, and consumers' demand for advanced consumption and credit consumption has been increasing. The development of Internet consumer finance can meet the demands of consumers, and therefore has good development advantages.

First, the Internet is highly popular. In recent years, the size of China's Internet users has continued to expand, and the popularity of the Internet has increased significantly, which not only facilitates people's own lives, but also greatly changes the way people consume. Enterprises arrange consumption scenarios on Internet platforms and provide consumption services to the public through Internet technology. And Internet financial enterprises can also embed consumer finance into several service scenarios so that consumers' needs can be met.

Second, the market demand is gradually increasing. The continuous improvement of people's living standards has greatly stimulated the rise of consumer demand, and also obviously changed people's consumption concept. With the continuous development of Internet consumer finance, consumers have used consumer credit means to effectively solve the problem of capital constraints.

Again, policy support. National policies provide effective support for consumer finance, enabling relevant financial institutions, led by commercial banks, to effectively carry out and implement Internet consumer finance business.

Finally, the technology advantage is obvious. In contrast to traditional consumer finance, which is mainly an offline entity model, Internet consumer finance has obvious advantages, as consumers can complete their shopping and

consumption on the Internet platform. Internet consumer finance is gradually becoming a mainstream consumption mode, which can effectively break the restrictions of time and space and further realize free consumption.

(2) The Development Dilemma of Internet Consumer Finance

Although the development of Internet consumer finance has been accelerating, it still faces some difficulties in the actual development process.

First, the relevant industry laws and regulations are not perfect. The development time of China's Internet consumer finance industry is relatively short. From the perspective of the regulation of the Internet consumer finance industry, most of the regulations are management methods and suggestions, so they lack binding and specificity, and cannot provide a strong basis for the supervision of the industry, and it is difficult to define the responsibilities and obligations of the participating parties after economic disputes arise.

Second, the industry regulatory system is not sound. At present, in the actual development of China's Internet consumer finance, there are still phenomena such as naked loans, which cause serious obstacles to the development of the industry. The main reason for the market chaos is that the industry regulatory system is not sound enough. These chaos has greatly affected the development of Internet consumer finance.

Again, the personal credit system is not sound enough. The relevant Internet consumer finance companies need to effectively collect users' transaction information and reasonably assess their personal credit to reduce their own business risks. However, due to the lack of a sound personal credit system, Internet consumer finance companies are unable to fully grasp users' personal credit information, which greatly increases the probability of default risk.

Finally, some institutions lack risk control. Some Internet consumer finance companies pay too much attention to expanding their scale, and in the process of rapid expansion do not pay enough attention to the control of risks and lack of effective risk control measures, which in turn increases the potential risks of the companies themselves.

4. Internet Consumer Finance Development and Countermeasures

Based on the above analysis of the current situation of the development of Internet consumer finance and the changes of the main body, It is believed that under the current situation, the innovative development path of Internet consumer finance is as follows.

(1) Innovative Internet Consumer Finance Structure

Internet consumer finance is not simply a superposition of the Internet and consumer finance, but in the operation of modern big data technology and risk control models and Internet integration advantages, to promote win-win cooperation between enterprises. In this process, its main business is to lend money, the trend of Internet-based consumer finance is the trend, financial consumption is the ultimate goal. In the current safe, efficient and rapid to provide consumers with a full range of consumer financial services, but also to innovate the structure of the Internet consumer finance.

Firstly, innovative consumer scenario reliance. Consumer scenarios rely on the participation of big data credit companies and online sales platforms, thanks to the strong

support of modern Internet technology. According to the survey, since 2007, the demand for consumer loans other than mortgages, car loans and credit cards in China has gradually increased, and the proportion of short-term loans has risen significantly, with more and more new consumer finance scenarios appearing in a fragmented and interconnected form. At the same time, the consumption scene has gradually changed from the original physical channels to the Internet, whether it is customer acquisition channels, communication, maintenance, experience or payment channels, all based on social networks and big data technology platforms, and gradually developed in the direction of the Internet.

Secondly, innovative payment methods and objects. Usually, Internet consumer finance often establishes cooperative relationship with third-party payment platform, and relies on this platform to realize the return of funds and loans, which greatly increases the flow of funds. For the payment object, it can be paid directly to the product or service providers and consumers. In this consumer finance model, the main purpose is to enrich the functions of customer repayment, loan issuance and consumer payment through the scenarios established by the Internet, especially mobile Internet, so as to meet the psychological demands of customers to be able to do it anytime and anywhere. As long as customers have access to the Internet, consumers can be provided with high-quality financial services, including text, pictures and video services, to capture customer needs and fully promote rapid and revolving loans.

Thirdly, innovative funding channels. Internet consumer finance operation process, platform financing and then issue loans, such as consumer finance model, or lending with small loan company funds, own funds. The most typical ones are Jingdong, Vipshop and Taobao. All in all, the innovation of funding channels can make it more extensive, and with a focus on online.

(2) Building and Innovating Diversified Consumer Finance Credit System

Based on big data and advanced technology such as cloud computing, user information is collected, calculated and evaluated. The real-time update of information data can truly reflect the credit situation of customers. For example, Alibaba's Sesame Credit scores users' credit by collecting data on their credit cards, shopping, money transfers and financial management, as well as the payment status of their daily lives. It establishes a unified standard by building a credit system and combining assessment indicators with dynamic and static data information. In the case of Sesame Credit, the assessment includes the consumer's identity, history of consumer credit, behavioral preferences, ability to perform, and connections, etc., and evaluates the consumer from different perspectives.

(3) Innovative Market Supervision Mechanism

From the current development status, Internet consumer finance has shown diversified development, and is also the mainstream trend of financial consumption. Among them, including e-commerce, consumer and Internet consumption and other financial platforms, each platform constitutes a unified platform system, and is strictly divided according to the main body and product business; each type has its own unique functions, operating mode, as well as market and basic features. In practice, they should be functional and differentiated market supervision and management to ensure all-round supervision and monitoring, which is conducive to promoting the development of Internet consumer finance in the direction of diversification. At the same time, we should

draw on advanced experience and technical measures at home and abroad to establish a perfect and sound regulatory system for consumer finance, which is conducive to the realization of regulation and innovative consumer finance.

5. Conclusion

All in all, the innovation of Internet consumer finance is imperative, and it is also an effective measure to improve the level of consumer financial services and stimulate economic development to stimulate consumption, and to a certain extent, to ensure the convenience of people's daily life. In the current situation, the development of Internet consumer finance can be described as both opportunities and challenges, in the face of the huge market, innovation has become the driving force for the development of Internet finance, so we need to continuously optimize the financial market, and establish a modern user-centric Internet consumer finance system.

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