



Changes and Innovations in the Internet Finance Industry in the Context of Fintech Development

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Abstract

The report of the 20th Party Congress clearly puts forward "insisting on putting the focus of economic development on the real economy", and Chairman Xi emphasizes that "when we build modernization, we must grasp the manufacturing industry and engage in the real economy". In this regard, it is important to implement the innovation-driven development strategy, promote the innovative development of the financial industry, promote the sound operation of the Internet financial market, adhere to the focus of the development of the Internet financial economy on the real economy, and promote the innovative development of the real economy market. Under the background of new development in the new era, Internet finance should strengthen the integration and development of network data platforms and industrial finance of the real economy, promote the combination of digital financial platforms with the industrial chains and supply chains of various types of real economy, form industrial chain finance based on the Internet or Internet of Things platform, and help the innovative development of the real economy market, while realizing the industry upgrade or service transformation of Internet finance.

Keywords

Financial technology, Internet finance, change, innovation

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1. Introduction

Along with the advancement of IT technology, the term "Fintech" has emerged. The World Economic Forum has described Fintech as a "disruptive" and "revolutionary" digital weapon that can blur the boundaries and break down the barriers of financial institutions. In recent years, fintech has seen explosive growth driven by digital technologies such as cloud computing, blockchain, big data and artificial intelligence.

FinTech is essentially a technology-driven financial innovation that promotes the continuous integration of emerging digital technologies with the financial industry by creating new business models, technology applications, business processes or service products, etc., to enhance the quality and effectiveness of the financial system's services to the real economy. With the continuous advancement of digital technologies such as artificial intelligence, big data and blockchain, their integration with the financial sector has deepened and fintech application scenarios have been enriched (Fasano et al., 2022). The introduction of data elements has not only enhanced the efficiency of financial industry services, but also provided opportunities for the innovative development of real enterprises.

2. Definition of the connotation of FinTech and Internet finance

Scholars have given different conclusions based on different perspectives, which can be summarised in the following three main aspects. Firstly, the emphasis is on technology, and the essence of fintech is technological innovation. Fintech can refer to all technologies that can facilitate financial services, and is a series of technologies that can widely influence financial transactions and financial services, considering Fintech as financial services provided by technology companies or traditional financial institutions using digital technology. The essence of FinTech is technology-driven financial innovation, and FinTech is generally considered to be a technology-driven financial innovation that can drive the development of new financial business models, business processes and innovative products (Hasan et al., 2020). The Financial Stability Board (FSB) has proposed that "FinTech refers to technology-driven financial innovation that can create new business models, applications, processes or products that have a material impact on financial markets, financial institutions or the way financial services are delivered". As an emerging industry, fintech risks are difficult to measure, and most existing studies focus on traditional financial risk prevention and the impact of fintech on financial institutions, regional financial risks and the real economy. Scholars believe that the improper use of fintech will lead to a double-combination effect of traditional financial risks and fintech risks, which will affect technological progress through the financial system and directly feed back to the real economy, ultimately This will directly feed back to the real economy through the financial system and ultimately affect the efficiency of the economy.

3. Risks of the Internet finance business model

The lack of a business system has led to some customers' needs not being met, causing them to turn to other banks, which has had a serious impact on the bank's internet finance business. For internet finance, common business functions include third-party payment, online microfinance, financial product trading, financial product consulting, P2P online credit and online crowdfunding, etc. Many business functions need to be realised through official websites or official apps, etc. The better the business system and service functions, the higher the willingness of customers to use and rely on them. Banks still need to improve their Internet banking system and continue to strengthen their financial services in addition to their basic banking services to meet more customer needs.

Insufficient capital investment in Internet finance business; in the process of developing Internet finance business, banks also need to invest a large amount of capital to build the financial system, improve the business functions and ensure the efficient operation of the relevant service functions in order to guarantee the stable development of Internet finance business. In the past, banks did not pay enough attention to the development of Internet finance business, resulting in relatively little capital investment in this area, which is a certain gap compared to several other major banks, and therefore the development in Internet finance is also constrained. For banks, most of their business functions can be realised in business halls, thus neglecting the construction of internet banking. However, in the Internet era, people's business habits have gradually changed, and their participation in financial activities tends to choose more efficient online services. Therefore, banks are required to strengthen the construction of online functions, and ensure the functional perfection of online websites, mobile apps and other linked services through sufficient capital investment. The lack of capital investment will not only lead to a lack of online functions, but also affect the promotion and marketing of related services, which in turn will make the Internet financial services less attractive and reduce the market competitiveness of banks.

The main difference is the lack of direct communication between customers and staff, and the inability of bank staff to effectively guide users in their financial activities. The functions related to internet financial services are mainly realised through the internet and require customer-oriented business operations and processing, thus requiring a high level of rationalisation of business processes. In the construction of Internet financial services, banks are deficient in the development of business processes, and overly cumbersome business processes often reduce the efficiency of customers' business processing, which in turn causes a decline in the functionality of business processing and seriously affects customers' online business processing experience. At the same time, the realisation of the relevant service functions of internet banking is also related to the web page guidance. The complex page layout and numerous page information often directly affect the visual senses of customers, resulting in their inability to discover the required functions in a timely manner and gradually lose patience in handling financial services under frequent operations, which further leads to the loss of customers.

Insufficient business marketing and promotion effects; when banks develop Internet finance business, corresponding marketing and promotion work is essential and is an important guarantee for the development of financial business. For banks, traditional offline financial services can attract customers to participate in financial activities through the working ability and service attitude of sales staff, but internet finance lacks active communication between sales staff and

customers, and therefore there are numerous shortcomings in marketing and promotion. In the online promotion model, the relevant marketing methods lack resonance with customers, and the marketing techniques used focus on guiding customers to participate in financial services without really taking into account what customers need. In the Internet era, people's lives are constantly accelerating and they are exposed to numerous information channels on a daily basis, and their vigilance towards all kinds of information is constantly increasing. They tend to selectively ignore the marketing and promotion of financial services, resulting in a decrease in the effectiveness of marketing and promotion, and even the problem of aversion to relevant marketing content, which seriously affects the effectiveness of business promotion.

Internet financial business security issues; in addition to bringing more efficient financial services, the development of Internet finance has problems with its weaker management in terms of security control, which can easily create risks in financial business and bring losses to customers and banks. When banks develop Internet financial business, if they do not have strict control over credit risk and network security risk, it will lead to problems such as bad debts and network attacks. Transparency of information on financial products in the financial business is an important safeguard for customers, while the credit of customers is also the basis for banks to provide financial services. With the frequent occurrence of fraudulent loans, scams, illegal fund raising and other crimes in the Internet finance sector, banks also need to strengthen the supervision of their own Internet finance business, enhance the security of related business and provide more security for their own business development and market exploration.

4. Changes in the Internet finance industry

4.1 Third-party payment mode of Internet finance

Such as Alipay, WeChat Wallet and Cloud Flash Payment are all third-party payments of Internet finance. The third-party payment model is characterised by terminalisation, convenience and low cost. First, the terminalisation of third-party payments. For example, the Alipay App needs to be installed on the mobile phone in order to use it, and the mobile phone is the terminal of Alipay, playing the role of a carrier. With the continuous innovation and development of Alipay application, face payment has now been realized. In fact, although the form of payment is constantly changing, but in essence, it still relies on the Internet financial technology of the mobile phone terminal to complete the payment; secondly, the convenience of third-party payment. In the past, people needed to take cash, bank cards or shopping recharge cards with them when they went out shopping (Alkhazaleh et al., 2021).

Nowadays, people can take a mobile phone with them when they go out and spend money anytime, anywhere. This shows that third-party payment has greatly improved the convenience of people's life and consumption; finally, the low cost of third-party payment. Third-party payment breaks the traditional mode of cash or bank card payment system, which can break through time and geographical restrictions, improve payment efficiency and reduce the non-essential costs arising from payment. Nowadays, mobile phone payment has become the main way of consumption for most people in China, and is also changing the development of the Internet financial payment model.

4.2 The e-commerce operation mode of Internet finance

The rise and rapid development of the e-commerce industry has provided a new opportunity for the e-commerce operation of internet finance. On the one hand, e-commerce platforms use their own platform advantages to integrate Internet financial resources to provide loans and settlement and other financial services for enterprises or merchants stationed in e-commerce platforms, which greatly improves the liquidity of enterprises or merchants; on the other hand, e-commerce platforms innovate traditional financial services with the help of Internet technology to provide diversified financial services for consumers and users of e-commerce platforms, such as investment and financial products and personal credit lines. On the other hand, the e-commerce platform uses Internet technology to innovate traditional financial services, providing diversified financial services for the consumers of the e-commerce platform, such as investment and financial products, personal lines of credit, etc. For example, we are familiar with the Ali Small Loan, mainly using Internet technology to make a comprehensive assessment of merchant information, set up a financial services platform, to provide loan services for merchants or individuals, to solve the financing problems of individuals or merchants. And Jingdong Finance uses Jingdong Mall to further integrate the supply chain of upstream and downstream industries to provide financing services for small, medium and micro enterprises. The electrification of the Internet financial operation mode guarantees that the physical supply of e-commerce offline can run stably.

4.3 Big data operation mode of internet finance

With the continuous development, innovation and iteration of big data technology, big data technology has become increasingly mature, providing technical support for the innovative development of various industries. Nowadays, the

use of big data technology innovation in internet finance has become a new trend. With the information processing and analysis function of big data, the data information processing capability of internet finance is improved, and the security hidden danger identification capability of internet finance is improved to help financial customers provide diversified scenario services. For example, by using big data to analyse customers' consumption information, transaction records and other relevant information, risk identification results can be made quickly, and safe transaction reminders can be automatically generated according to the type of risk identification and sent to customers' mobile phone transaction interface in the first instance, or sent to customers' reserved mobile phone numbers by SMS, which will eventually be confirmed by customers before transactions can be successfully completed. This improves the security of customer transactions and significantly reduces the human cost of financial security monitoring. Based on big data technology, the advantages of Internet financial resources can be further integrated to provide customers with diversified quality services and personalised financial management services (Xu et al., 2019).

On the one hand, this is the transformation result of digital technology empowering Internet finance; on the other hand, this is the inevitable choice for Internet finance to improve its digital service capability to meet the diversified needs of customers. Digital technology provides an innovative driving force for Internet financial services to reduce costs and increase efficiency, such as using digital technology to build a smart database to conduct real-time dynamic analysis of Internet financial customers' service needs and consumption capacity, and using the analysis results as a reference for Internet financial services innovation, so as to improve and optimise Internet financial services products and better meet customers' market demand. At the same time, digital technology brings new opportunities for the marketing of Internet financial services, which can create a digital market operation information platform and realise the interconnection and mutual collaboration of web pages, apps, small programs and video numbers.

5. Innovative development models

5.1 Improving the market dynamics of the real economy

Accelerating the high-quality development of the Internet finance industry is conducive to improving the market consumption vitality of the real economy. On the one hand, adhering to the high-quality development of the Internet finance industry, strengthening market supervision and effectively preventing and controlling Internet finance risks can optimise the market business environment of Internet finance and provide strong protection for the orderly flow of Internet finance funds to the real economy market; on the other hand, the rise of the Internet finance e-commerce operation mode further empowers and empowers the consumption of e-commerce platform users, activating the e-commerce platform. On the other hand, the rise of the e-commerce mode of operation of Internet finance has further empowered and empowered the consumption of e-commerce platform users, activating the consumption confidence of e-commerce platform users and improving the consumption ability of e-commerce platform users. For example, Jingdong Mall has launched Jingdong White Stripe, which empowers mall users to pay for their purchases with a corresponding "White Stripe Credit", and to pay off the White Stripe in time for the next month. The Alipay Payments application has a wider range of consumer payment scenarios, not only can you use it in Taobao and Tmall, but you can also pay offline by sweeping the code in shops, improving the flow of money to consumers (Hua et al., 2021).

5.2 Clarify the direction of investment in the real economy

It is of great significance to thoroughly implement the content and spiritual instructions of the report of the 20th Party Congress, attach importance to the development of the financial industry, bring into play the role of the financial market and further strengthen the coordinated development of Internet finance and the real economy, in order to crack the financing problems of the real economy and promote the high-quality development of the real economy. In this regard, the Internet finance industry must adhere to the innovation-driven development strategy, point the footing of Internet finance development to the real economy, flow Internet finance funds to the real economy industry in an orderly and effective manner, and provide capital investment guarantee for the high-quality development of the real economy. At the same time, this is also an important direction for the transformation and development of Internet financial institutions. The model of Jingdong Finance can be borrowed, based on the platform of Jingdong Mall, using Internet technology to integrate and optimise the upstream and downstream supply chains of the mall, using the capital advantages of Jingdong Finance to provide financial services for suppliers, merchants and users, and flowing Jingdong Finance funds to the real industry in an orderly and effective manner, which not only promotes the sustainable development of Jingdong Mall, but also enhances the development strength of the upstream and downstream real industries.

5.3 Promote the innovative development of the real economy market

In the context of the new development of the new era, Internet finance should strengthen the integration and development of network data platforms and industrial finance of the real economy, promote the integration of digital financial platforms with the industrial chains and supply chains of various types of real economy, form industrial chain finance based on the Internet or Internet of Things platform, and help the innovative development of the real economy market, while realizing the upgrade of the industry or service transformation of Internet finance. In addition, Internet finance to help the innovation of the real economy market, but also to follow the principle of multi-win benefits for all parties. The development of any Internet finance platform cannot rely on long-term money burning to expand market share, and must return visible dividends to the upstream and financial side of the real industry chain and supply chain in a reasonable manner.

6. Conclusion

Internet technology, as an emerging technology in the 21st century, has brought great help to social production and life, effectively promoting the improvement of social productivity. In the financial industry, Internet technology provides more convenience and technical support for the development of financial business due to its high efficiency and timeliness of information transmission, thus giving birth to the Internet financial industry which is developing at a very fast pace. As the inevitable direction of future development, the Internet financial business should pay more attention to and invest in the relevant infrastructure, continuously improve the network business service functions and meet the business needs of customers.

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