

## Internet Financial Risk Analysis and Supervision Suggestions

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**Abstract:** Internet finance fully reflects the application of information technology in traditional finance. But at the same time, there are many risks. In order to effectively monitor the Internet financial risks, this paper first expounds the connotation and basic characteristics of Internet finance, and puts forward the possible risks of Internet finance, some suggestions on this basis, hoping to improve the supervision quality of Internet finance and ensure the stable development of Internet finance.

### 1. Introduction

Internet finance is a more advanced thinking mode. It is realized on the basis of Internet thought. With the rapid development of information technology, there are more and more innovations in finance, and Internet finance emerges as the times require. Compared with the traditional finance, Internet finance is based on the essence of finance, but there is a great difference between them. The core of Internet finance is the application of Internet and innovative technology in finance, and the concrete flow of restructuring financial products, services and marketing methods. On this basis, it is of great practical significance to explore and study Internet financial and regulatory recommendations.

### 2. Overview of Internet Financial Risk

At present, the development of Internet finance in China is very rapid. But because of some of its own characteristics, China has not established a relevant theoretical system to monitor Internet finance at present. Some people think that Internet financial risk is the uncertainty of all uncontrollable uncertainties existing in Internet finance, which can cause the possibility of loss. Some people think that because of the essence of the traditional finance, the Internet finance doesn't only have some technical risk, network security risk and power alienation risk, but also have the risk of traditional finance, specifically, such as product risk, moral risk and credit risk.

In the perspective of the Internet financial model, the basic characteristics of the Internet financial risk are divided into four aspects: first, the actual diffusion path of Internet risk exist in real time acceleration and openness. The reason for this characteristic is the openness, sharing and multiple sections of the Internet financial risk. Second, with different degrees of impact and destructiveness, this feature makes the Internet financial supervision and prediction difficulty reduce, but the Internet financial damage will not be predictable. Third, there is a strong cross and global risk, leading to this characteristic is interconnected. The unbounded and intersecting nature of the network itself makes the spread of the risk uncontrolled and seriously affects the stability and development of Internet finance. Fourth, the change of risk has no way to control and predict, and is complex. Because the speed of the development of Internet finance has surpassed people's cognition and monitoring, and the complexity of Internet information has greatly affected and hindered its judgement.

### 3. Internet Financial Risk Analysis

Relatively, the development of Internet finance in China is not mature, and the development time

is not long. At the same time, the relevant departments have not formed a perfect risk monitoring mechanism to apply the Internet risk, and there is not enough attention. So far, the relevant laws and regulations of Internet finance in our country have yet to be perfected, and there are still many problems and shortcomings. It is difficult to realize the good supervision quality of the Internet financial risk, lack the corresponding professional basic theory knowledge and guidance, which seriously hinders the supervision of the Internet financial risk, so that the quality and efficiency of the supervision can not be obtained guarantee. In addition, because of the nature of Internet sharing and unlimited boundaries, the regulation of Internet financial risks has also had some adverse effects. The above problems hindered the level and efficiency of Internet financial risk regulation in China.

Internet finance is made up of Internet and related technology, and the risk of Internet financial is based on the risk of its composition. It is also derived from Internet technology and its innovation process. So Internet finance is complex, the characteristics of Internet technology and a certain complexity, and Internet technology as an important element of it, the risk mainly includes the operation of instability, system defects and upgrading, resulting in the loss of network problems. Information security risk is caused by hacker intrusion, system problem or leakage of information, such as information leakage or loss of information, which directly affects the interests of the organization and even the rights and interests of customers.

Internet technology of China update rate is very fast, Internet financial products and services are relatively complex, and Internet transactions exist a certain degree of virtual nature. Because Internet finance requires participants to deal with related data and information through a series of technologies, the adaptability of the cohesive technology is limited, which causes the problem of information asymmetry in the process of dealing with a large number of data and information. The existence of this problem makes the Internet finance appear very large asymmetric information risk.

#### **4. Concrete Countermeasures to Strengthen Internet Risk Supervision**

The purpose of Internet financial risk regulation is to create more secure and favorable environmental conditions to ensure its innovation and development. Therefore, for the innovation supervision of Internet finance, it is the most fundamental suggestion to formulate a sound risk supervision regulation. First, the relevant departments should make the best efforts to speed up the process of formulating relevant laws and formulate relevant laws and regulations on the basis of the legal standards formulated by the relevant departments and through the effective and feasible countermeasures. To guide the future development of Internet finance through state designated Hunan and Guangxi laws and regulations. Second, clearly stipulate the main body of Internet financial risk supervision, and further improve the supervision system of Internet financial risk after determining the main body, and coordinate the supervision workers of Internet financial risks between different departments as much as possible. Third, establish the credit system and create an innovative early warning mechanism for the Internet financial risk. On the basis of the development of the government and the folk credit, we can reasonably grasp the relationship between the two and make it develop in a coordinated way, and make it possible to establish the credit system through more advanced information technology, specifically speaking. For example, big data and cloud computing.

The access and exit mechanism of the regulatory mechanism of Internet finance is to put forward higher standard requirements for the theme of Internet finance, mainly in terms of capital scale, talent scale, technology network security and so on. In addition, in view of the Internet financial entities that violate the requirements of the Internet, a certain punishment mechanism should be given or even exit. In this way, the fairness of the Internet financial industry can be satisfied, and the fairness and consistency of the regulatory mechanism will be realized. For the Internet finance, the corresponding financial function and the specific management mode should clearly specify the subject and boundary of the supervision. Only in this way can we avoid the emergence of the blind area of supervision and guarantee the quality and efficiency of the supervision of Internet finance.

In order to improve the supervision level of Internet financial risk, we should strengthen the

supervision on the basis of the characteristics of Internet financial risk. First, we should effectively integrate the social network data, business information data, tax data and so on, establish a comprehensive database, and define the risk threshold of the database clearly. In addition, we should establish large data processing model and index system to better obtain data information related to Internet financial risk by this way, so as to improve the supervision of Internet financial risk and provide information and guidance for its stable development.

## **5. Conclusion**

To sum up, Internet finance fully reflects the application of information technology in traditional finance, but relatively speaking, there are many risks. This paper introduces the related concepts and characteristics of the Internet financial risk, analyzes specific content of the current Internet financial risk, and then puts forward the corresponding supervision suggestions to improve the laws and regulations, improve the access and exit barriers of Internet finance, and further enhance the related financial data supervision. In order to improve the level of Internet financial supervision, the main attention should be paid to the following aspects to formulate relevant measures to prevent the emergence of Internet financial risks, such as inadequate related laws, information asymmetry, network technology and security, and so on.

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