

Research on the Impact of Internet Finance on Small and Medium Enterprises in Jilin Province-Take Jilin Grain Wholesale Trading Center Co., Ltd. as an Example

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Abstract: As an innovative financial format, Internet finance has always attracted the attention of the industry since its inception. Especially in China, it is a craze for Internet finance. The Internet has promoted the transformation of the financial industry. The production mode of the types of enterprises served by the financial industry has occurred. Significant changes have been made, and the financial financing method must also be adapted to it. It is necessary to continuously develop new products to meet its growing financial needs. The financial needs of the Internet era have changed from extensive to intensive, from traditional finance to Internet finance, and financial intermediaries have shifted to information intermediaries. The Internet financial model refers to a new financing model based on the Internet. It is different from financing between physical banks and capital market financing. The Internet financial model has its own unique advantages and will have a profound impact on the development of small and medium-sized enterprises in Jilin Province. This article takes Jilin Grain Wholesale Trading Center Co., Ltd. as an example. Discuss and discuss the development of SMEs in Jilin Province under the Internet financial model.

1. Introduction

As the financial industry began to apply advanced Internet technologies, the concepts of online finance and e-finance were generated [1-2]. In fact, online finance or e-finance refers more to traditional financial services or financial services using Internet technology to reduce their operating costs [3-4]. After entering the 21st century, the Internet has been reluctant to reduce transaction costs only as a traditional financial service. Instead, it has gradually penetrated the spirit of the Internet into the traditional financial industry [5-6]. SME financing may be for different purposes, some for short-term production and operation needs, some to supplement long-term operating funds, some to purchase production equipment, and some to introduce strategic investors to improve internal management, etc. When choosing a financing channel, we must balance the above factors and make the best choice [7-10]. The choices of external financing and internal financing methods are different. The requirements for corporate qualifications and financing procedures are different. SMEs must choose the financing methods to be adopted in combination with macroeconomic conditions, industry conditions, and business life cycle. Timely adjustment to achieve dynamic capital allocation optimization [11-15]. It can be seen that research on the financing of small and medium-sized enterprises in Jilin Province based on the Internet financial background has very important practical significance.

2. Overview of Internet Finance and SMEs

2.1 Internet Finance

The rise and development of Internet finance will not make substantial changes in the four major financial functions of creating credit currency, investment and financing intermediary, trust and insurance. The characteristics of the Internet will make financial service objects sink and deepen, making direct financial services more convenient and faster. Promote financial reform and

innovation. From the perspective of financial innovation, Internet finance is the application of Internet technology in the financial industry. It is the financial product that is promoted by the advancement of Internet technology. It is the product of the combination of the development of science and technology and the essential nature of finance. It is the financial industry in the Internet society. Specific performance. There are two main reasons for the rise of Internet finance. First, due to the lack of hierarchy in the credit market, the imbalance between supply and demand structure makes it difficult for SMEs to obtain credit support from commercial banks, but it has a large loan demand, which promotes the rise and prosperity of Internet finance. The phenomenon of financial repression has formed a financial exclusion effect for a large number of small and medium-sized enterprises, and has given the Internet finance a broad space for development. Second, modern information technology has advanced by leaps and bounds, providing support for Internet finance, accelerating the process of financial Internetization, and stimulating the vitality of financial innovation.

2.2 SMEs

There are qualitative and quantitative criteria for the definition of SMEs. The quantitative criteria are three indicators: the number of employees, total assets, and annual sales revenue. The three core indicators of qualitative standards are: independent ownership, self-management and small market share. Comprehensive qualitative and quantitative standards, the so-called SMEs refer to economic units that do not have a dominant position within the industry, independent of the large enterprises, independent operations, diversified forms, small scale, and the possession and allocation of strategic resources. The exclusion and run-off of monopoly enterprises in production and operation is only the recipient of the established price of the market, and is usually at a disadvantage in the process of competing with large enterprises. For example, in 2018, 95% of enterprises above designated size in Jilin Province were small and medium-sized enterprises, but the industrial output value of small and medium-sized enterprises accounted for only 52% of the total industrial output value above designated size.

2.3 The Relationship between Internet Finance and SMEs

Internet finance, through the integration of the Internet and communication information technology and finance, has played an active role in solving the financing of SMEs and serving the real economy. Therefore, many experts and scholars at home and abroad have done a lot of research on the development of internet finance, and have formed many related theories. Although these theories are not directly related to the research on internet finance and SME financing model innovation, they provide the theory for the research of this paper. Foundation, research on Internet finance and SME financing model innovation mainly draws on network economy and enterprise organization theory, SME financing channel theory, information asymmetry and transaction cost theory, financial intermediation and financial development innovation theory, SME financing needs and financial growth Cycle theory to expand the discussion.

3. The Impact of Internet Finance Model on the Development of Jilin Grain Wholesale Trading Center Co., Ltd.

For example, Jilin Grain Wholesale Trading Center Co., Ltd. was established in Jilin Province Administration for Industry and Commerce on July 27, 2010. Product and technical support, sound after-sales service, the company mainly engaged in grain purchase, grain processing, distribution; warehousing; cargo allocation; cargo transit; import and export trade (with license management); exhibition, exhibition services, business information services; By-product distribution; grain and oil e-commerce transactions, settlement, ... grain and oil quality inspection technical consultation, technical services, grain and oil equipment and inspection equipment development, wholesale and retail.

3.1 Is Conducive to Improving the Company's Financing Credit

For a long time, the most obvious financial feature of Jilin Grain Wholesale Trading Center Co., Ltd. is the high asset-liability ratio. The excessive asset debt rate has increased the financial risk of Jilin Grain Wholesale Trading Center Co., Ltd. and reduced its ability to further expand its debt financing. After the new foreign equity investment funds with good credit background entered Jilin Grain Wholesale Trading Center Co., Ltd., Jilin Grain Wholesale Trading Center Co., Ltd. had the funds to expand production scale, and Jilin Grain Wholesale Trading Center Co., Ltd. also created the cash flow ability. Can be improved, with a stable cash flow, the company's financial strength to repay debt financing is stronger, can increase the debt financing credit of Jilin Grain Wholesale Trading Center Co., Ltd., which is conducive to the new expansion of Jilin Grain Wholesale Trading Center Co., Ltd. Debt Financing.

3.2 Expanding the Field of Resource Allocation

Under the mode of Internet finance, new breakthroughs have been made in the field of resource allocation, expanding from traditional areas to broader areas. Both sides of capital supply and demand can make use of the Internet to realize convenient capital supply and acquisition without passing through the real financial institutions. The expansion of resource allocation has greatly reduced the financing cost and improved the financing efficiency, which will help to solve the financing problems of small and medium-sized enterprises in Jilin Province. Through debt-to-equity swap, short-term to long-term, high interest rates to low interest rates and other measures, huge capital and advanced technology, as well as global sales channels, the original narrow industrial chain has been strengthened. After that, Jilin Food Wholesale and Trade Center Co., Ltd. developed rapidly and grew steadily.

3.3 Improving Corporate Governance Structure and Expanding Sales Market

It is conducive to improving the corporate governance structure. Through equity financing, on the one hand, Jilin Food Wholesale Trading Center Co., Ltd. has realized the diversification of equity structure, promoted the improvement of corporate governance structure of Jilin Food Wholesale Trading Center Co., Ltd., and upgraded its business philosophy, management system and even industrial model; on the other hand, it has introduced valuable development. The fund has strengthened the strength of Jilin Food Wholesale Trading Center Co., Ltd. and improved the ability of Jilin Food Wholesale Trading Center Co., Ltd. to take account of both acquisitions and acquisitions, enriched its opportunities for rapid growth and growth, improved its own strength, and introduced new incremental funds. The organic combination of the two, Jilin Food Wholesale and Trade Center Co., Ltd. has really established a basis for both rapid and sound development, and is conducive to broadening sales channels and marketing markets. Through equity financing, Jilin Food Wholesale Trading Center Co., Ltd. has established a new customer network and new market channels, making the company's products quickly occupy the market and obtain a high market share.

4. Enlightenment from the Development of Small and Medium-Sized Enterprises in Jilin Province under the Internet Financial Model

Internet finance is an emerging financial model that uses a series of modern information technology technologies such as Internet technology and mobile communication technology to realize the financing of finance. Under this model, the degree of market information asymmetry is very low, the funds supply and demand sides can directly connect through the network, and the transaction cost is greatly reduced. At present, the main modes of domestic domestic Internet finance are as shown in Table 1:

Table.1 Main Mode Table of Domestic Internet Finance

Internet finance model	content
Payment settlement	Third party payment, P2P
Network financing	Crowdfunding model, e-commerce finance
Virtual currency	"bitcoin"
Pan channel business	Finance (finance, insurance), online sales
other	Rim related industry

4.1 Promote the Construction of Internet Financial Credit System

In order to give full play to the role of Internet finance in the financing process of SMEs, on the basis of expanding financing channels and innovative financing models, we should promote the construction of China's Internet financial credit system. The establishment of a good credit system requires the joint efforts of economic entities such as enterprises, financial institutions and governments. It is not enough to rely solely on one side. This requires SMEs to start from their own. In the process of economic transactions and lending, they should repay the loans in time according to the contract. Strictly abide by the credit rules and regulations in the process of participating in the market economy, and communicate timely to avoid problems. Breach of contract. Financial institutions are the key link in the construction of credit system. In the process of credit review of SMEs, enterprises are required to provide historical credit records, and enterprises that have bad credit records stop lending, which causes SMEs to attach importance to credit information. Register information for companies that fail to repay loans on time, fraudulently, and share this information with other financial institutions. The government should play a leading role in the market, strengthen the credit concept of market entities, and promote the construction of credit culture.

4.2 Strengthen the Internal Development of the Enterprise itself

In addition to corporate innovation, forward-looking, corporate talent, corporate culture, etc., I believe that the decisive factor that can give birth to a company to maintain a strong internal vitality is: mechanism. In a company, the "mechanism" plays the most fundamental and decisive role. Enterprises must expand their internal financing and enhance their endogenous powers. The key point is to work hard on the "mechanism." Specifically, the design of a reasonable property rights structure, management structure and operational structure, so that the company's strategic mechanism, decision-making mechanism, financial mechanism, operating mechanism, incentive mechanism, innovation mechanism, supervision mechanism, etc. constitute a complete organism, in a complete During the implementation of the "mechanism", every link has an indispensable importance. As shown in Fig. 1. In the enterprise, the endogenous driving force of each employee is stimulated and twisted into a rope to promote the enterprise in a science. Benign running on a lean, efficient and healthy track. However, the mechanism is by no means a constant thing once it is established. As the company develops, the mechanism will not break and be subverted.

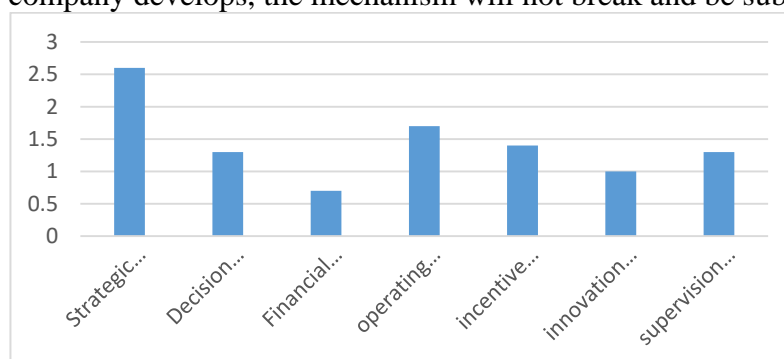


Fig. 1 Complete enterprise mechanism

4.3 Expanding Mutual Assistance to form Scale Effect

In the real economic environment, enterprises will naturally form aggregation patterns because of industry attributes or industry attributes. For example, the high degree of aggregation of individual enterprises in this industry is a typical sample. It is a trend to expand mutual assistance and take the road of industrial cluster scale. Because the competition of market economy is not a single product competition, nor a single enterprise competition, but the competition of the whole chain. It is very important to build a virtuous circle of enterprise industry and establish the advantages of enterprise chain. At present, the closed full-cycle industrial chain of Jilin Food Wholesale and Trade Center Co., Ltd., which is characterized by "co-production of upper and lower, supplemented by coke and dominated by industrialization", has initially formed, and is focusing on building a clean energy supply system and a modern industrial system in an all-round way. Jilin Food Wholesale and Trade Center Co., Ltd. as a once small enterprise, gradually from weak to strong and steadily forward, and explored a new way to strengthen the industrial chain, which is of great significance for reference. Chain advantages are not only industry chains, but also value chains and supply chains. Small and medium-sized enterprises should expand mutual assistance and create their own chain advantages in line with their own reality.

5. Conclusion

Internet finance is both an opportunity for the development of small and medium-sized enterprises in Jilin Province, and it also requires enterprises to strengthen their awareness of Internet finance. In the context of the continuous expansion of the corporate capital demand gap, companies can choose a lot of financing channels, but need to be cautious, need to carefully analyze the judgment, choose one or more financing channels suitable for their own, not all financing channels are suitable for themselves.

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