

# The Impact of Internet Financial Strategy Behavior on Financial Market Structure

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**Abstract:** The rapid development of Internet technology has had a major impact and impact on various industries, especially the financial industry. The development of technologies such as big data, cloud computing, and mobile Internet has changed the underlying material technology structure of the financial industry, changed people's financial consumption patterns, and also spawned the emerging financial industry - Internet finance. This paper focuses on the impact of Internet finance on commercial banking and how banks should face the impact of Internet finance. After introducing the analysis of expected future earnings, it is found that the optimistic expectation for the future will significantly reduce the probability of Internet financial companies and banks forming alliances, and intensify market competition, thus making the structure of the entire financial market more dispersed.

## 1. Introduction

With the continuous development of Internet technology, more and more Internet applications such as cloud computing, big data, and social networks provide strong support for the business development of traditional industries, and the penetration of the Internet into traditional industries is deepening. In the past 2013, Internet finance has won unprecedented social attention from Ali Finance, Yubao, virtual currency bitcoin, Baidu wealth management, and the booming P2P online loans. While lamenting the efficient service and model innovation of Internet finance, everyone is also thinking about the relationship between Internet finance and traditional finance. Internet finance has injected infinite vitality into traditional financial innovation and is expected to open a new era of financial reform. As early as the end of the 20th century, Microsoft President Bill Gates asserted that "traditional commercial banks will become dinosaurs of the new century." Nowadays, with the development of Internet electronic information technology, we really feel this trend. Mobile payment and e-banking have already occupied an important position in our daily life. At the end of February 2013, Ping An, Tencent and Alibaba jointly established the first Internet insurance company, Zhongan Insurance, and "Sanma Jushou" completely detonated the concept of Internet finance. Taking the typical Internet and financial cross-product third-party payment as an example, the transaction volume of China's Internet third-party payment market continued to grow rapidly in 2014. The total transaction volume reached 23 trillion yuan, which was 3194 times that of 2004's 7.2 billion yuan. Such a high growth rate shows us the great potential of Internet finance, and at the same time it has attracted the attention of the regulatory authorities. From May 6, 2011 to July 16, 2014, the People's Bank of China issued a total of 269 payment institution licenses seven times, including third-party payment services. At the same time, Internet finance has made a significant difference to our economic life. The first is to bring a more convenient lifestyle. It has changed the hard work of shopping in various shopping malls in the past. Now, you can complete the financial payment methods such as consumption and payment by simply clicking the mouse at home. The second is to incite traditional financial management models. The emergence of Ali's "Yuebao", Baidu "Baifei", WeChat "Li Caitong" and other financial wealth management products have made financial management closer to the lives of ordinary people, and quickly became financial in terms of high income, low threshold and convenient operation. The market has a place that has greatly challenged the traditional financial model. Internet finance is using its unique advantages to launch competition for traditional commercial banks, and to play a squid effect in the development of the

banking industry, changing the traditional profit model of banks and improving service levels. However, while Internet finance has been blown out, it has also exposed a series of problems such as lack of supervision and information disclosure. Therefore, while Internet finance brings many conveniences to people, it also needs to regulate it, prevent possible risks, and promote the healthy development of Internet finance. The Internet and Internet finance are complementary to each other. The integration of the Internet and finance, the more vivid statement is the integration of online and offline. High-quality Internet companies can integrate high-quality financial enterprise resources with their strong customer resources. The combination of the two will create greater value in the future.

## **2. Qualitative analysis of the impact of internet finance on commercial banking**

The asset business of a commercial bank is its fund utilization business, which is mainly divided into two categories: lending business and investment business. The asset business is also the main source of income for commercial banks. Deposits absorbed by commercial banks can be used for loans and investments, except for the retention of some of the reserves. Loan is a kind of loan behavior in which a commercial bank acts as a lender to provide a certain amount of monetary funds to borrowers on the condition that the principal and interest are paid according to certain loan principles and policies. Loans are the largest asset business of commercial banks, accounting for about 60% of all their assets. According to different classification criteria, the loan business has the following classification methods: First, it can be divided into three types according to the loan term, which can be divided into current loans, term loans and overdraft loans. Second, it is classified according to the guarantee conditions of loans, which can be divided into credit loans, , guarantee lending and discounted bills; third, it is divided according to the purpose of loan, which is very complicated. If there are industrial loans, commercial loans, agricultural loans, technology loans and consumer loans by industry, there are also working capital loans and fixed capital loans according to specific purposes. . The fourth is divided according to the loan repayment method, which can be divided into one-time repayment and amortization. Fifth, according to the quality of loans, there are normal loans, concern loans, subprime loans, suspicious loans and loss loans. For any loan, the following basic procedures must be followed: loan application, loan investigation, credit evaluation of the borrower, loan approval, loan contract signing and guarantee, loan issuance, loan inspection, loan recovery. The securities investment business of commercial banks is the activity of commercial banks to use funds for the purchase of securities. It is mainly a way of investing in stocks and bonds through the securities market. The securities investment business of commercial banks has the meaning of diversifying risks, maintaining liquidity, reasonably avoiding taxes and increasing profits. The main target of commercial bank investment business is various securities, including treasury bills, medium and long-term national debt, government agency bonds, municipal bonds or local government bonds, and corporate bonds. Among these securities, treasury bills have become an important investment tool for commercial banks because of their low risk and strong liquidity. Since the difference in corporate bonds, the proportion of commercial banks investing in corporate bonds has been getting smaller since the 1980s. Other asset business of commercial banks also includes leasing business. The self-owned capital of a commercial bank is the initial fund for its various business activities. Simply put, it is the capital of its business activities. The main part is the share capital, the reserve fund and the undistributed profits raised by the issuance of shares. Own capital generally accounts for only a small fraction of its total liabilities. The size of the bank's own capital reflects the strength and credibility of the bank. It is also the basis for a bank to absorb foreign capital. Therefore, the amount of its own capital also reflects the degree of protection of the bank's capital strength to creditors. Specifically, bank capital mainly includes equity, surplus, debt capital and other sources of funding.

## **3. Policy recommendations for Internet finance development**

The main debt business of commercial banks comes from customers. Maintaining customer care

is a very important part of the business. Excellent entry products can attract customers to buy, and sincere and sincere service attitude can maintain customer loyalty. Commercial banks are different from ordinary traditions. Services also, due to the involvement of funds, customers are particularly concerned about the security of funds, banks should shape the brand image of the company's safe and reliable, so that customers rely on the brand. From the perspective of multiple aspects, banks should focus on customers, cultivate customer loyalty and improve user satisfaction. Customer satisfaction determines customer loyalty. Therefore, in the course of service, commercial banks should actively pay attention to user feedback to meet various reasonable needs of users.

With the involvement of e-commerce companies such as Alibaba, Jingdong and Suning in the financial industry, the banking industry's credit business has been hit hard. Commercial banks have not turned a blind eye, actively preparing their own data e-commerce platform, and satisfying different innovations through the platform. The customer's consumer demand, expand the profit range, consolidate the number of users, make the customer data more rich and stereoscopic, and provide targeted services, mobile phone customer consumption data, forecast customer consumption behavior, more conducive to credit business development and risk control.

In addition, the effective use of unstructured data is an urgent problem for commercial banks. In 2013, China Minsheng Bank built a data standard and big data infrastructure platform, integrated the credit chain, and connected the supply side and the demand side in the credit chain. In 2014, the real-time data integration platform was built to gain an in-depth understanding of the market with its own channel advantages. Real demand, feedback the most realistic market demand to the supply side, improve industrial efficiency; establish a complete enterprise data service in 2015 to support intelligent services; Bank of Communications uses intelligent voice cloud products to collect massive amounts of voice data every day from the credit card center Analyze and process information about customers' identities, preferences, service quality and market dynamics. In the traditional financial market, small and micro enterprises are often at a disadvantage in this part of the asset chain due to small scale of production, shortage of funds, and high pressure for survival. Financing is very difficult. Taking Jingdong Group and Alibaba as an example, it has established long-term cooperative relationships with small and micro enterprises, and loans are issued through the company's accumulated order data, cash flow judgment, and evaluation of corporate credit qualifications. Compared with the traditional bank financing method, firstly, the number of loanable enterprises is increased, so that the transaction data on the platform can play a potential value. Secondly, big data is used as a bridge to connect the capital demand side and the capital transfer party, breaking the time and place. Restrictions, effectively reduce the degree of information asymmetry; third, the operation is more convenient and fast, the loan process is simple, the approval is safe and fast, and even the day's loan can be realized, these are based on the role of big data. For commercial banks, there is a big impact on technology. However, from the perspective of the entire financial industry, the investment in information technology in the financial industry in 2012 was 110.57 billion, an increase of 10.9%. By 2015, the investment in information technology in the financial industry has reached 159.835 billion. The financial industry has paid more and more attention to the importance of data. Under the influence of huge data resources, Internet companies represented by Alibaba and Jingdong have turned to traditional financial institutions. Infiltrate and launch an impact.

#### **4. Conclusion**

The various development models of Internet finance have had an impact on bank asset business, liability business and intermediary business. The asset business mainly focuses on loan business, mainly reflected in the P2P online lending industry. The P2P online lending platform has seized a large number of SME customers. The loan period is short and the interest rate is low, but it has no obvious impact on the bank's asset business. The bank is mainly for large-scale enterprises. Corporate customers, short-term interest will not impact the bank's asset business, but in the long run, it does not rule out P2P online loans to expand market services, and form a positive competition with banks. Bank debt business is mainly concentrated on savings deposits. Third-party

payment cooperates with Internet funds to provide users with current wealth management products services, seize some of the bank's customer resources, and increase the cost of bank deposits for customers. At the same time, M2 and bank debt business are positive. Relevant, reflecting the dependence of China's commercial banks on the central bank's monetary policy. Bank intermediary business mainly focuses on commissions, commissions and service fees. Although third-party payment provides great convenience for users, it also bears expensive service costs. Third-party payment is tied to commercial bank card, so Third-party payment can promote the intermediary business of commercial banks to a certain extent.

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