

How to Finance for College Students Entrepreneurship under the Internet Finance?

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Abstract: One of the main reasons for the low success rate of college students entrepreneurship is that financing is very difficult. Compared with traditional finance, Internet finance has the advantages of sufficient funds, low financing costs, simple financing procedures and personalized services. And college students can obtain entrepreneurial funds through crowdfunding, P2P, microfinance, venture capital, and leasing financing modes. We should know well about the characteristics of Internet financing modes and entrepreneurship projects so that we can choose the best appropriate mode for college students.

1. Introduction

Entrepreneurship is an important way to promote economic and social growth and development. College students are an important force of entrepreneurship. College students have high willingness to start a business, but there are statistics showing that in 2015, about half of the college student entrepreneurs have closed down so far, less than 5 % of entrepreneurial success, and some industries are almost completely failure. According to "The 2016 China University Student Entrepreneurship Report" issued by Renmin University of China, 89.8 % of 430,000 college students from 1,767 colleges and universities in 31 provinces, autonomous regions and cities have considered starting a business, and 18.2 % of them have strong entrepreneurial intentions. The report shows that university students have a large number of entrepreneurial groups and more than half of college students believe that the shortage of funds is their biggest difficulty, which has severely constrained the advancement of entrepreneurial activities. The survey also showed that 60 % of entrepreneurs mainly use their own funds, and less than 40 % of entrepreneurs use external funds, of which 24.7 % use loans. It shows that college students' venture financing system is lagging behind, and entrepreneurs face more financing constraints. The difficulty of financing is one of the main obstacles for university students to start their own business. Lin Xuezhi and Xie Feng (2015)^[1] thought that the government should simplify the procedures of college students' venture financing, and all sectors of society should introduce the commercial insurance mechanism and establish a network of university students' venture financing services. Colleges and universities should set up training courses on entrepreneurship financing, and university students should consciously strive to improve their entrepreneurial financing skills. Wang Yidan and Zhang Xiu'e (2017)^[2] proposed to developing venture capital, private equity investment, and financial leasing to expand financing channels and improving the financing mechanism from the government level after analyzing the financing channel, financing mechanism, financing risk. Duan Lian and Xu Canying (2018)^[3] believed that crowdfunding is an important way for college students to start their own business, which can not only broaden investment channels, expand investment groups, but also smooth communication channels and carry out free market promotion. Zhou Lei et al. (2019)^[4] based on the survey find that college students have strong demand for financing, so crowdfunding is expected to be a new way to solve the problem of college students' entrepreneurship financing.

So far the analysis shows that crowdfunding mode can help college students to obtain funds quickly and is an important way for college students to obtain capital. However, crowdfunding is just a mode of Internet finance. Internet finance refers to a new financial business mode in which traditional financial institutions and enterprises use Internet information and communication technologies to achieve financial integration, payment, investment, and information intermediary

services. Since 1995, due to the construction and development of Internet information technology, China's finance has gradually entered the era of Internet finance. After innovation, the current Internet + financial structure consist of traditional financial institutions and non-financial institutions. In traditional financial institutions, it mainly includes Internet innovation, e-commerce innovation, and APP software for traditional financial services. In non-financial institutions, it mainly refers to e-commerce companies that use Internet technology to carry out financial operations, for example P2P mode, network lending platforms, equity crowdfunding mode network investment platforms, and mobile phone wealth management APPs and third-party payment platforms.

According to the 37th Statistical Report on Internet Development in China released by the China Internet Network Information Center (CNNIC), in December 2015, the number of Internet users in China had reached 688 million, and the Internet penetration rate had reached 50.3 percent. The number of Internet users in 26 provinces, autonomous regions, and municipalities exceeds 10 million. There are 14 provinces, Internet penetration rates have exceed the national average. Today, the growth rate of related industries is amazing. In February 2018, the number of users using online payments reached 720 million, and the usage rate increased to 69.1 %. At the same time, according to data provided by Saidi Consultant, the overall transaction volume of China's third-party payment industry in 2017 has reached ¥215424 billion.

Internet finance also has P2P, microfinance and other operating modes. Whether these new modes of the Internet finance can successfully help college students to start their own business is a question worth studying. Based on the advantages of Internet finance, this paper will analyze kinds of Internet finance to find out the appropriate financing mode for college students' entrepreneurship under Internet finance.

2. The Advantages of Internet Finance on Entrepreneurship Financing for College Students

With the help of the Internet, Internet banking is booming, and all kinds of business is increasingly abundant and innovation. After several years of development, China has formed the basic technical and operational framework of internet finance, built a financial data communication network of initial scale, realized the electronic processing of traditional financial services, and developed new financial services projects. Internet finance is different from commercial banks, which is not just a simple combination of Internet technology and finance but is a new industry that integrates the characteristics of the Internet into the traditional finance. The Internet finance uses network technology to meet customer's demand that has the advantages of low cost, high efficiency, wide coverage, etc., so it is favored by more and more people with increased transparency and participation.

2.1 It Simplicity the Business Processes.

Compared with the complicated processes of traditional commercial banks, the steps for handling related businesses and purchasing financial products through the Internet are much simple. For example, applying for loans, banks need a series of approvals and a large amount of information. From the application of loans to the issuance of loans, they need to go through many links, so that the entire process takes longer. The submission of loan applications through the Internet simplifies cumbersome steps, and can independently select suitable products on computers or telephones. Through big data analysis, users can obtain funds on the same day. It can be said that the Internet is anytime and anywhere to meet the needs of users.

2.2 It has Adequate Funds.

China's Internet penetration rate is very high. Every consumer using mobile devices, basically have their own financial app. These apps combine mobile payments and financing investments. Relevant data show that China uses mobile network devices to pay, such as WeChat, Alipay and other apps users have reached more than 90 %. Compared with traditional finance, Internet finance has the characteristics of large number of users and wide area. With the increase in our per capita

income, people's liquidity is abundant. Internet finance can realize the role of gathering capital through financial APP.

2.3 It Saves Transaction Costs.

Unlike traditional commercial banks, the way in which Internet finance operates is virtual and cloud-based, does not require many physical business points. It only requires links to terminals and several maintenance systems to enable funds to be borrowed and transferred. Its labor cost and fixed cost are much lower than those of traditional commercial banks. Due to the rapid development of the Internet, financial customers find that using the Internet can reduce the number of financial business places, thus reducing the operating costs of the financial industry. In addition, with the appearance of third-party payment, people find that this payment mode can save them a lot of time compared with the commercial bank system. At the same time, Internet finance can effectively collect transaction data with the help of modern information technology. The appearance of Internet finance has greatly reduced the transaction cost of capital transaction and circulation.

2.4 It Provides Personalized Services.

Personalized demand is one of the main features of financial Internetization of Internet finance has the autonomy in the process for customers using services. In breaking the restrictions on the business hours and outlets of traditional commercial banks, it provides 24-hour services. It also provides simple and convenient payment methods to increase the efficiency of transactions and save time for customers. The popularity of the Internet and the development of communication equipment make interpersonal communication more convenient and information dissemination more extensive. Customers' liquidity needs have been met as the payment method is convenient. In 2017, the number of balance holders has exceeded the number of A shares.

2.5 It can Manage Data.

People's information can collect through social networks and processed to produce value. The Internet has a strong ability to disseminate and integrate information, making customers' information more fresh and complete. According to the relevant data published by financial institutions, college entrepreneurial students can collect comprehensive information provided by Internet financial institutions on customers through real-time analysis, and understand their consumer habits by analyzing and excavating customer transactions and consumer information. At last, students can accurately predict customer behavior, so that they can adopt appropriate service platforms in marketing and realize risk control targeted.

3. There are Many Internet Financing Modes for College Students' Entrepreneurship Financing

In a narrow sense, Internet finance refers to financial services carried out on the Internet, including online banking, online securities, online insurance and other financial services and related content. In a broad sense, Internet finance is a general term for all financial activities in the world, supported by network technology. It not only includes traditional financial contents, but also includes network financial security, network financial supervision and other aspects. It is different from the traditional financial activities that exist in physical form. Internet finance is a financial activity that exists in electronic space. Its existence form is virtualized and its operating mode is networked. It is the financial operating mode in the network era that meets the needs of the development of electronic commerce^[5].

3.1 The Crowdfunding Mode.

The crowdfunding mode is also called Mass fundraising mode, which refers to the mode of raising project funds from citizens in the form of group purchase or pre-purchase. The intention of crowdfunding is to use the characteristics of the Internet and SNS dissemination to allow entrepreneurial enterprises, artists or individuals to show their ideas and projects to the public, gain

everyone's attention and support, and then obtain the required financial assistance. It consists of sponsors, investors, and platforms. The operating platform of the crowdfunding mode is diversity which needs entrepreneurs hand over project planning on the platform's website to introduce the project. It is the pure online mode, which is characterized by the fact that capital lending activities are carried out online. Usually, these companies review the qualifications of borrowers through video authentication, checking bank bills, and identification.

3.2 P2P Lending Mode.

P2p lending also called peer-to-peer credit is an abbreviation for peer to peer lending. P2P lending refers to the matching of lend parties and loan parties through third-party Internet platforms. The P2P online lending platform is an Internet finance (ITFIN) service website that combines P2P lending and online lending. People who need to borrow can find the people who have the ability to lend through the website platform and are willing to lend based on certain conditions. P2P lending mode is realized through the Internet. It is a new kind of financing modes which has developed with the development of the Internet and the rise of private lending. Its platform can examine the borrower's credit and repayment ability through the agent.

3.3 The Microfinance Mode.

Microfinance refers to activities that provide small, sustainable levels of financial products and services to small enterprises and low-income and middle-income sectors. It is a project or institution that provides special financial products and services to specific target clients, which will be more suitable for people who need funds. The microfinance mode is a new kind of financial modes online which services for small and medium-sized enterprises, entrepreneurs, individual businesses, small investors, etc. Due to the strict examination of the credit card system of commercial banks in China, microfinance has grasped this gap and launched the Internet financial lending function. The more representative ones are the Jingdong White Bar in Jingdong Mall and the Ant Flower in Alipay. Both of them have the function of first consuming and then repaying. It is convenient to operate so that it has now been recognized by most people. At the same time, Alipay also launched an ant loan business based on the characteristics of Internet finance.

3.4 The Venture Capital.

Venture capital (VC) is referred to as venture capital which originated from the United States in the middle of the 20th century. It mainly refers to a way of financing start-ups to provide financial support and obtain shares in the company. Venture investors and institutional investors will actively participate in. If college entrepreneurs can successfully attract the attention of venture capitalists, they can not only receive financial support from social network, but also receive technical support and product improvement suggestions, which will increase corporate value. In general, college entrepreneurs in high-tech enterprises can try to obtain the help and support of venture capital institutions, but the final result mainly depends on factors such as the development prospects of the project and individual business ability.

3.5 The Financial Leasing Mode.

Financial leasing is the most common and basic form of non-bank finance in the world. It refers to a contract of supply concluded by the lessor with a third party (supplier) at the request of the lessee (user), under which the lessor pays for the equipment selected by the lessee. At the same time, the lessor and the lessee enter into a lease contract to lease the equipment to the lessee and charge the lessee a certain rent. It is a kind of leasing method for the purpose of integrating capital. The enterprises established by college students are generally small in size and in funds. They can retain a large amount of cash through the financing leasing mode, which is conducive to the production and operation of enterprises.

How to Find Out the Appropriate Financing Mode for College Students

With the help of Internet information technology, there are so many financing modes in Internet finance. It is a problem how to choose the appropriate financing mode for a college student who

wants to start a business. College students should know well about the characteristics of each financing mode and know well about the characteristics of each entrepreneurial project so that they can choose the appropriate financing mode to get the funds.

3.6 Know Well About the Characteristics of Each Financing Mode.

Each Internet financing mode has its own advantages and disadvantages. The crowdfunding refers to the behavior of raising funds from the masses to support the initiated individuals or organizations. The characteristics of crowdfunding mode are having low thresholds, diversity, relying on mass forces, and focusing on creativity. In general, sponsors and sponsors are linked through platforms on the Internet. Mass fundraising is used to support various activities, including disaster reconstruction, private fundraising, election campaigns, entrepreneurial fundraising, artistic creation, free software, design inventions, scientific research, and public projects.

P2P lending mode is the future development trend of financial services. It helps lenders spread risk by sharing a loan line with other lenders and it can also help borrowers choose attractive interest rate conditions in well-compared information. The P2P online lending platform is divided into two products, one is investment finance, and the other is loans, both of which are implemented online.

The microfinance services have been expanded with the growth of the micro-financial information services system, which provides small, short, sustainable and circular financial products and services. Its functions are similar to that of a credit card, but it will be issued according to the customers' credit situation and consume hobbies. It provides a new way of reception for ordinary wage earners.

Venture capital is a form of private equity investment which combines a group of people with finance-related knowledge, technology and experience. It provides funds to those who need funds (like invested companies) through direct investment to obtain equity in investment companies. Most of the venture capital company's funds are used to invest in start-ups or unlisted companies. They are not only intended to operate investment companies, but provide funds and professional knowledge and experience. In order to assist the investment company to obtain greater profits, it is a high-risk and high-reward business that pursues long-term profits.

The advantages of the financial leasing mode include that enterprises can quickly obtain the rights to use the equipment and achieve the purpose of quickly updating the equipment. It eliminates the pressure of single payment and improves the efficiency of funds. Finance-leased equipment is not shown on the balance sheet of the enterprise and is not considered a liability of the enterprise. Therefore, it does not affect the ability of the enterprise to continue borrowing.

3.7 Know well About the Characteristics of Each Entrepreneurship Project.

Different entrepreneurs need different amounts of capital in different times. So we should know well about our entrepreneur projects, such as the industry and the business mode it belongs to. If a student wants to have a business in the catering industry, the funds he or she needs are not more than that in the building industry or the manufacturing industry. Then he or she can use the microfinance mode; otherwise, use the venture capital mode or the financial leasing mode. If a student wants to take marketing as his or her new business, he or she can use the crowdfunding mode or P2P lending mode or microfinance mode because those modes can provide many funds in low costs and leave many decision opportunities for the entrepreneurs. College students also can actively find suitable Internet finance mode through social network relations such as friends, relatives, and the Internet. At the same time, entrepreneurial enterprises cannot wait until they need funds to seek funds, and they should improve the project's business plan so as to obtain their support. Financing takes time. In particular, if you work with venture capitalists too early, it will lead to excessive transfer of power and will not be conducive to the success of entrepreneurial activities.

4. Conclusion and Advices

The so-called Internet finance, also known as e-finance, refers to financial activities that are

realized on the Internet based on the results of financial electronic construction, including Internet financial institutions, Internet financial transactions, financial market and Internet financial supervision. With the Internet technology breaking through the limitation of time and space, it has functions such as online payment, transfer of remittances, secured transactions, living expenses, and mobile payments. Internet finance has the advantages of fast payment, efficient allocation of funds, and low transaction costs. It has expanded the boundaries of financial services and, to a certain extent, satisfied the individual needs of market participants.

Internet finance also affects the way entrepreneurs finance, entrepreneurs' social networks, entrepreneurs' collaborators, entrepreneurs' industry and enterprise size, etc.. Therefore, in the era of "Internet +Finance" entrepreneurship, in order to give full support to the college students' entrepreneurship, it is necessary for government departments, start-ups, crowdfunding platforms, qualified investors, universities and other subjects to further adopt targeted policies and measures to expand financing channels, improve financing mechanisms, reduce financing risks, and strengthen information sharing and training.

Banks should follow the trend of the times, speed up the transformation, make full use of Internet technology and experience in banking management, build innovative banks, reshape business processes, allocate resources efficiently, be sensitive to the needs of customers, and continuously enhance their customer experience in order to provide financial services for customers with diversified, personalized, at anytime, anywhere.

The government should lower the threshold of application and increase support to invest in more potential college students. Governments should encourage financial institutions to invest in entrepreneurship. In venture capital investment, the government can apply tax incentives to financial institutions that make venture capital investments, reduce deposit reserves and other policies, so as to increase the profitability of financial institutions and increase their willingness to invest.

Colleges should construct a perfect system to help college entrepreneurs, like setting up education course on college students' entrepreneurship. For senior students, training activities on entrepreneurship can be carried out so that college students can master the basic knowledge and simple skills of choosing Internet financing mode. They can also establish special institutions to help college students start their own businesses. In addition, try to establish an entrepreneurial mentor system, which will invite successful and experienced alumni to return to school as mentors to provide both funding and relevant experience and networking for college graduates who have the intentions of start a business.

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