

The Impact of Internet Finance on Traditional Banking Industry

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Abstract: The advent of the Internet era has led to the rise of many new industries and models. Internet finance, as a new business model that combines the Internet and traditional finance, has flourished, but at the same time, it has had a great impact on the traditional banking industry. By analyzing the characteristics of Internet finance and the problems existing in the traditional banking industry, this paper summarizes the influence of Internet finance on the traditional banking industry, and then provides some suggestions for the future development of the traditional banking industry. Facing the challenges brought by Internet finance, the traditional banking industry should speed up the pace of reform and enhance its core competitiveness in order to achieve a win-win situation with Internet finance.

1. Introduction

In recent years, with the advent of the Internet era, Internet technology has developed rapidly, and the financial industry has also developed in a trend of continuous development. The perfect combination of the Internet and finance has greatly facilitated our lives, and Internet finance has been increasingly subject to. People are concerned that innovative financial services such as virtual currencies, third-party payments, p2p lending platforms, and online financial insurance have greatly impacted traditional banks whose main business is deposits and loans. However, traditional banks have not been eliminated for the time being due to their large user groups. In the era of informatization and big data, major breakthroughs have been made in the Internet financial model. At the same time, the traditional banking industry should actively respond to shocks and challenges and strive to achieve transformation and upgrading. The key to future development is to improve its core competitiveness.

2. The Characteristics of Internet Finance

2.1 Rapid Development

With the continuous improvement of China's economic level and the gradual development of society, information technology and science and technology have developed rapidly, and the financial industry is also steadily advancing. The scale of China's Internet users is constantly growing, and the development of Internet finance is becoming larger and larger. Various landmark Internet financial services and products have been launched one after another and are welcomed by users. The development of Internet finance is on the rise, and the rate of increase is fast.

2.2 Higher Financial Risks

Due to the uncertainty of the Internet, some limitations are unavoidable. Under the Internet financial model, customers' credit status is only divided by network ratings, and an imperfect information scoring system greatly increases the information risk crisis. At the same time, the network collects customers' information. The method of real information greatly increases the risk of customers' information leakage. Internet finance concentrates a large amount of data, and improper management of data can easily lead to a series of hidden dangers to network security. As an emerging financial model, China has no relatively complete laws and regulations. The gap in the regulatory field has increased credit and legal risks to a certain extent, and there are no appropriate laws to restrict and manage some potential risks. From a macro perspective, although China's

Internet finance has made major breakthroughs, its long-term development will continue. There are certain limitations.

2.3 No Need to Rely on Intermediaries

Under the traditional financing model, the bank acts as an intermediary to connect the supply and demand of funds information, and the capital transactions between the supply and demand sides need to be through the intermediary role of the bank. The bank provides various intermediary services to obtain income. Under the Internet financial model, at this stage All financial transactions can be completed through the Internet. The Internet financial model is gradually replacing bank intermediaries to allocate resources, which not only improves the convenience of financial services, but also broadens the coverage of financial services [1].

3. Problems in Traditional Banking

3.1 Single Banking System and Inappropriate Management Model

At present, China's socio-economic development level is still steadily rising, the traditional banking system is single, and bank information technology still has a lot of room for development. At present, there is still no corresponding standard to effectively manage it. Traditional bank-based management The concept has deviated from the trajectory of the times, leaving China's traditional banking industry still far from developed countries. The traditional banking system needs innovation, the management model needs some novelty, and the current governance structure needs to be improved and expanded to meet the market In the economy, maximize the needs of customers and maximize their own interests. Promote the innovation of the traditional banking system, achieve sustainable development of the banking industry, and then obtain the best social and economic benefits.

3.2 Obsolete Financial Products and Low Quality

Under the Internet financial model, the financial products of the traditional banking industry are subject to certain challenges and threats, and their development prospects are hindered. The existing financial products cannot meet the needs of customers. The traditional banking industry needs to inject new elements into its financial products in order to Keeping financial products in full swing in the future, innovative financial products are the key to improving their core competitiveness. At the same time, upper-level managers of banks should strictly control emerging financial products, combine financial products with information technology, and strengthen their ability to respond to emerging financial products. Promotion system.

3.3 Backward Working Philosophy and Low Level of Operation

Due to the constraints of their traditional systems and management, the traditional banking industry leads to the backwardness of the concept of bank staff and cannot effectively face the rolling impact of the Internet financial model. It lacks the foresight and innovation in the innovation of the financial system and the reform of the management model. To improve the quality of bank staff, improve personal work efficiency and work concepts, strengthen the improvement of Internet technology concepts, improve the hard work of employees, and apply the concept of the integration of Internet technology and financial products into practice. As a bank's upper management, In addition, we must strengthen the innovation of the management model of the banking industry and make certain preparations for the innovation of future financial products. In the current era of informationization and technology, we must always grasp the market-oriented era of information-based Internet and fully grasp the market trends. Make effective decisions based on current economic levels and market conditions.

3.4 High Business Cost Threshold and Reduced Market Copetitiveness

Issues such as cumbersome bank approval processes and long lending times have affected many corporate credit business choices. Under the p2p online loan platform, the convenient and efficient

online loan service model has gradually reduced the traditional bank credit business. As a resident individual, the traditional banking investment threshold is relatively small. High. Deposit and loan business is one of the main sources of profit for traditional banks. Under the Internet financial model, a series of online deposit and loan businesses have become the main choice for residents. The advantages of high security, high interest rates, and convenience make up the traditional banking industry. The disadvantages [2].

4. Impact of Internet Finance Model on Traditional Banks

4.1 Changes in Traditional Banking Practices

In the new era environment, the innovation of the Internet financial model is constantly improving, and corresponding services and products are provided for different customers. Compared with the offline face-to-face method, customer service is more likely to choose the online Internet for financial services. In the new era of the Internet, the traditional banking industry must cooperate with Internet finance as soon as possible to innovate and position business methods and management. In business management, it is necessary to closely follow the pace of Internet finance, integrate with the Internet financial model, cooperate with each other, and accurately locate Market, meet customer needs, improve their own service awareness and product innovation, improve core competitiveness, and accelerate the transformation of business methods.

4.2 Promote the Marketization of Interest Rates

In the current era of information technology, the advancement of science and technology has promoted the update and replacement of the Internet financial model. The Internet itself has its unique advantages and is gradually growing in scale, and has been recognized and supported by more and more customers. It is a brand-new transaction model, which promotes the market to be more transparent and reasonable through the principle of equality between supply and demand on the Internet, and maintains a stable order in the financial market. The emergence of p2p online loans and third-party payment models has affected the changes in the interest rate market. Via the Internet financial model , Strengthened the role of the traditional banking industry in the market, traditional banks gradually controlled their positioning in the market, while serving customers, while minimizing the losses caused by their own operating risks. At the same time, Internet finance accelerated the interest rate market The process of making interest rates more transparent in the market allows customers to more effectively control market interest rates and grasp changes in financial markets. Under the Internet financial system, customers and traditional banks can understand changes in financial markets more quickly, enabling customers to better understand information The control of the system's lending mechanism to improve its transparency to financial markets and interest rate markets. Households on the market before investing in a comprehensive analysis, to reduce the risk of loss caused [3].

4.3 Broadening Customer Channels

In an era dominated by the traditional banking era, customers are the prerequisite for banks to carry out various businesses. The development of Internet finance has greatly expanded the channels of customer groups, making it easier and faster for customers to conduct business. The emergence of online banking has made customers unsatisfactory. Customers can carry out business transactions, such as the emergence of third-party payment methods such as Alipay and WeChat, which has established a bridge for cooperation between banks and non-bank institutions. To make payments through electronic payment, customers can choose Networked payment methods are used to make purchases. Under the Internet financial model, people are more inclined to conduct business through the Internet. This change has a huge impact on the traditional banking industry, and the distance between financial services in space and time is broken by the Internet financial model. Therefore, under the premise of their own development, traditional banks must gather and mine customers, shorten the distance between themselves and customers, simplify business

processes and methods, accurately target the target group, and provide corresponding products and services for different customers. To realize the transformation of traditional bank value realization methods and provide more personalized and diversified services and products.

5. Development Strategy of Banks under Internet Finance

5.1 Strengthening Cooperation with Internet Finance Companies

The relationship between the Internet financial model and traditional banks is inseparable. The development of traditional banking needs to be effectively integrated with Internet finance. One of the reasons for the current growth of Internet finance is the discovery of loopholes in the original systems of traditional banks and the formation of their own unique advantages. Internet finance relies on the current information network system to obtain a large amount of data that traditional banks cannot obtain, forming a data borrowing risk control system [4]. At the same time, traditional banks are temporarily impossible due to their mature and stable business systems and huge customer credit groups. Replaced by Internet finance. Under the premise of their respective advantages, cooperation and exchange between Internet finance and traditional banks should be strengthened to promote the common development of the two.

5.2 Change Business Philosophy and Adjust Development Strategy

Internet finance is in a period of vigorous development. Despite its rapid development, high popularization and application, due to the short development time and large space for development, it will not replace traditional banking in the short term. In the current environment, traditional Banks cannot ignore the potential risks brought by Internet finance. They should be clear about their future development orientation and direction, recognize the changes brought about by science and technology in the information age, actively respond to the challenges brought by Internet finance, and break through the original way of thinking. Being market-oriented, recognizing the advantages of Internet finance under information technology, finding its own shortcomings, actively learning and introducing advanced foreign bank management systems, fully operating mechanisms and management systems, and realizing the transformation and upgrading of traditional banking industries. The quality of service improves the ability to cope with the pressure brought by the development of Internet finance. Traditional banks have many high-quality customer resources, and as the high-quality customer base of the financial industry's main source of income, banks must make good use of the advantages of high-quality customers and combine with convenient Internet network technology to expand Own future business development potential [5].

5.3 Focus on Customer Needs and Improve Customer Feedback Mechanism

Due to factors such as the long development time cycle of the traditional banking industry, a series of defects such as poor service levels and low work efficiency have gradually departed from the customer-oriented orientation. Under the impact of Internet finance, the banking industry should strengthen the innovation of financial mechanisms , Pay more attention to customer needs, adhere to the customer-centric innovation service concept, attach importance to the sustainability of its own future, dynamically track product innovation, accurately analyze the customer's market demand, and innovate the innovation from two aspects: market evaluation and actual benefits. Financial products are evaluated [6]. At the same time, the product evaluation feedback mechanism is improved, the product effect feedback is analyzed and evaluated, and the sustainable investment and profitability of market customers are judged, so as to control market risks to a certain extent and promote banks and the Internet. Finance develops harmoniously in a market environment.

6. Conclusion

In a word, in the era of Internet technology, the financial field is gradually integrated into Internet technology, forming a unique Internet financial model, which profoundly affects the development of society and economy, and also has a certain impact on the development of

traditional banking. The method of allocating resources in time and space has promoted the process of marketization of interest rates and updated the investment and borrowing channels of customers. The historical position of traditional banks in the financial field has been shaken. Facing a series of challenges and pressures, they should change their development concept as soon as possible, adjust the future development mechanism, promote technological innovation and institutional innovation, and always pay attention to customer needs, establish customer feedback mechanisms, and constantly improve their core competitiveness. The development of Internet finance and traditional banking is inseparable, and both should promote interactive integration and the sustainable and healthy development of China's banking and financial industries.

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