

# On the Development of Internet Finance and Its Influence on Traditional Finance

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**Keywords:** Internet finance, Development, Traditional finance, Influence

**Abstract:** Presently, with the continuous development and progress of information technology, the Internet era has come in an all-round way, and the Internet has played its unique effect in many fields, bringing certain convenience to all fields. In this process, Internet finance has also been produced and developed rapidly, which has brought great influence on traditional finance, and this paper will carry out in-depth analysis for this.

## 1. Introduction

Nowadays, the emergence and development of Internet finance has had a great impact on traditional finance. Internet Finance obviously needs to be more in line with the fast-paced financial life of contemporary people. Among them, many financial transaction modes, such as online payment and online banking, have brought more convenience to people's life, and gradually become a popular and widely used financial transaction mode. For traditional finance, the impact of Internet finance is far more than that.

## 2. Development of Internet Finance

At present, the Internet industry has occupied an unshakable position in people's life only after decades of development. At the same time, Internet finance has brought more convenience for people's life and more effective auxiliary role for people's economic life. And the role of the Internet is far more than that. In the financial industry, it has caused a certain impact on the traditional finance, which is not only some challenges of the traditional finance, but also made a significant role in promoting the overall development of the financial industry. In this process, Internet finance has gradually evolved into a new financial mode, which has become the main choice of more people in economic trading activities. For the emergence of Internet finance, many people think it is a new financing channel, and in people's life, Internet finance is loved and sought after by people, more in line with people's financial needs and financial trading habits in the current period.

## 3. Internet Finance Mode

### 3.1 Internet Payment Mode

In the process of in-depth observation and analysis of Internet finance, it is found that Internet payment mode is the main feature of Internet finance mode. In the development of Internet finance, payment function is also the most basic and very important one. After long-term development of Internet finance, the payment mode relying on the Internet has become the most stable financial mode. For example, WeChat payment in WeChat App, Alipay and Ant Credit Pay under Jack Ma Enterprise, Tenpay under Tencent have all become popular Internet payment modes at the present stage. These payment modes are loved by people with many advantages such as convenience and fast payment, and provide more convenience for people to pay.

### 3.2 Internet Financial Management Mode

In the past, the main carrier of financial activities is to carry out financial activities in major banks, stock exchanges and other places. What's more, the traditional financial activities have more

requirements for users, and the threshold of financial management is also higher. Meanwhile, there are certain requirements for the amount of financial management. In the current stage of Internet finance, the Internet financial management mode has completely solved some disadvantages of the traditional financial management mode. Users can select financial products, stocks, funds and other relevant information published on Yu'E Bao, Ant Jubao and other related applications, and independently carry out online purchase activities after selecting their own preferred products. In addition, the Internet financial management mode does not limit the time of buying and selling too much. Users can intuitively grasp the relevant information of the purchased financial products by means of mobile phones, computers and other mobile terminal devices. The advantages of these internet financial management modes attract more users. At the same time, the income of Internet financial products is higher than that of traditional financial products, and it can also be taken out at any time, such as the Yu'E Bao in Alipay. Therefore, these advantages of Internet financial products are also the main reason why internet financial products are favored by young people and middle-aged people in the current period.

#### **4. The Influence of the Development of Internet Finance on Traditional Finance**

##### **4.1 Impact on the Operation of Traditional Banking Industry**

In the traditional financial model of our country, as the main place of financial transactions, banks have a large number of users and users have high stickiness. Some products launched by banks are also more popular, and people are more inclined to deposit their idle funds in the bank, so that they can receive the corresponding interest income while keeping the funds. At the same time, under the traditional financial model, the banking industry is mainly based on the products of banks. However, after the emergence of the Internet financial model, the operation of the banking industry in the traditional financial model has changed to some extent. In the process of financial activities, banks no longer focus on products, but take customers as the leading role in business development to carry out business activities, which to a certain extent enhances customers' sense of business experience. Under the promotion of Internet finance, the traditional banking industry can better grasp the needs of customers, and provide more targeted services to customers in combination with their actual needs, so as to meet the needs of customers to the maximum extent. At the same time, the traditional banking industry under the Internet finance mode also reasonably uses the convenience of Internet finance to analyze the actual demand changes of customers, so as to be able to make corresponding adjustments to the products operated by banks and attract more bank users. Therefore, it is more clearly to find that Internet Finance has great impact on the operation of traditional banking industry.

##### **4.2 Facilitate Traditional Banking Industry to Expand Customer Channels**

Strong flexibility is one of the advantages of the Internet financial mode. Under this premise, more and more people choose to handle the banking business on the Internet. From a certain point of view, the form of people handling the banking business on the Internet is equivalent to broadening the customer channels of banking industry. Using the Internet to handle banking business is more in line with the current financial transaction needs of people. Users can rely on the Internet to handle some personal business, transfer business and so on. Such a way obviously completely breaks away from the limitations of the past users' need to go to the bank for special business, and can also save customers' effective time to the greatest extent. From the perspective of banks, it can better improve the efficiency of banking business.

##### **4.3 Compress the Role of Financial Media in Traditional Banking Industry**

Under the traditional financial mode, banking industry will obtain the corresponding profits in the process of customer's handling of financial business, which is also a key income content in the bank's income activities, while under the current Internet financial mode, this kind of function similar to intermediary is greatly weakened. Internet finance makes users' financial transactions

more concise, and provides more detailed transaction information for both customers in the process of capital transactions. At the same time, Internet finance can also provide some corresponding fund transaction functions for customers, such as automatic account splitting, collection and payment, and it also replaces the payment business of the traditional finance in the past, so as to reduce the financial media role of the banking industry under the traditional financial mode to the greatest extent.

## **5. Conclusion**

Generally speaking, the development of Internet finance has a great impact on traditional finance. It is not only a challenge to traditional finance, but also a new opportunity for the development of traditional finance. Therefore, the traditional financial industry still needs to learn from many characteristics of Internet finance to develop actively. The two should be a complementary relationship, and only in this way can we ensure that our financial industry can develop in a more positive direction.

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