

# Thinking on the Transformation of the Financial Industry Under the Environment of Normal Epidemic

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**Abstract:** Since the outbreak of COVID-19 in 2020, the financial industry has faced both new development opportunities and unprecedented risk problems under the new situation. In the post-epidemic era, what changes will the three major financial industries, insurance, banking and securities, face? Looking at the whole earth, the world economy is undergoing great changes under the impact of the epidemic. Facing the current epidemic situation, how will the financial industry transform in the future? From the perspective, the financial crisis discusses the reform of financial institutions.

**Keywords:** Financial Industry; Epidemic Impact; Transformation; Digital

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## 1. The impact of the epidemic on the financial industry

Under the normal development environment of the epidemic, the impact on the development of various industries in the country is huge, including the financial industry. The traditional financial industry cannot be separated from the real economy. That is to say, the development of the financial industry needs to be based on the entity. The greater the development of the entity, the financial industry has the highest benefit. However, under the normal environment of the epidemic, the communication between people and countries is restricted, which not only reduces the consumption desire of consumers, but also makes the economic benefits of the real industry gradually low. First of all, since November 2019, the novel coronavirus has seen a local scale outbreak. With the spread of population, the novel coronavirus has spread more and more widely. However, due to the initial development of the epidemic, the role in the 2020 fiscal year report is not very big, but by 2021, the bad debts of banks will be fully shown. With the new round of the epidemic, the impact has increased on the real economy. On the one hand, many companies struggle to make a living in the short term and are unable to pay their bank debts, thus exacerbating the ratio of non-performing assets. On the other hand, insufficient capital has increased the possibility and size of corporate loans from banks. Second, in the long run, whether it is life insurance, health insurance or property insurance, these factors will affect the development of the insurance industry due to persistently low interest rates, slow financial regulation and economic recovery. Because of the rise of unemployment due to the pandemic. Compared with other countries, China's insurance industry is still in its infancy and with relatively little impact. Finally, for the entity-based securities industry, there will be a brief decline, but a stability over longer periods; this uncertain outcome is consistent with real trends. Although the virtual securities economy market is developing, the real economy is not in good, and a huge financial bubble is brewing around the world.

## 2. Transformation of the financial industry under the normalization of the epidemic

### 2.1 The Transformation of the banking industry

In the banking industry, the impact of the epidemic is affected in two aspects, one is the increased risk factor. From a macro point of view, the economies of all countries in the world are in a large social environment, and the interdependence of various social members is constantly increasing, and the subtle changes of individuals will also cause long-term chain effects. At present, China's

banks to the network as the main body, in the current situation, each branch will be difficult to make full use of their own advantages; this is an urgent need to study the problems. In the current pandemic situation, financial technology will help banks to complete the digital transformation from two levels. First, the banking industry is on the right track, led by new technologies; from the beginning of the financial crisis, intelligent finance was transformed into digital finance, to the future financial era of finance. Bright, a writer for Bank 3.0, said: "5 G technology will push the banking industry to more real time. By 2025, people will not go to branches, but instead use face payment, smartphones, biological payments, blockchain technology and AR technology."Secondly, in terms of risk management, financial institutions not only respond to emergencies, but also accelerate the intelligent management of financial institutions. Intelligent risk control technology makes the traditional risk control business greatly, it uses modern financial technology to the borrower's social, network, behavior and so on the depth analysis, can fully reflect the borrower behavior characteristics and credit risk correlation, to improve the effectiveness of risk control in the whole credit business. However, we should also see that financial technology itself is a "double-edged knife", which not only contributes to the preventive effect, but also has a more concealment, sudden, systematic and destructive nature. Therefore, the risks potentially caused by financial technology should be prevented, controlled and handled as early as possible. In addition, in marketing, banks are accelerating their shift to digital. From the early stage of the epidemic, the center of the business network was changed to the customer-oriented, thus realizing the refinement and personalization of the market. With the support of big data, artificial intelligence and other technologies, the banking industry will establish its own data structure, explore data from multiple perspectives, and use big data and e-commerce means to conduct data analysis; to provide customers with personal services and wisdom communication. Finally, in the current epidemic situation, the banks will continue to promote digitalization and accelerate the integration of online and offline; in the future, the bank branches will greatly promote the use of intelligent scheduling, and strengthen the interaction with the surrounding ecology and communities, to create digital, physical and virtual banking services for customers.

## **2.2 The Transformation of the securities industry**

In the face of the current epidemic situation, the changes of the securities market is as follows: first, regarding information sharing between different brokerages, the Shanghai Stock Exchange is vigorously promoting this model, requiring brokerages to transmit information to Shanghai Cloud platform; expected to gradually realize information sharing among all brokerages, so as to help enterprises quickly identify problems and conduct wider digital conversion. Second, in the stock market, with the digital transformation of China's stock market, it will gradually replace the manual intelligent business. Under the condition of intelligent automation, brokers can set up business logic and business process in the system to freely select customers; tailor and personalized business for customers in need; and also provide customized trading methods and operation methods for those who meet the requirements. For example, the average purchase method is set in the system, and then the K-chart comparison is then set by the user; to cooperate with the current market trend, without human manipulation. Later, if the user needs to modify the model, it is also possible to do so within the system. At the same time, the automated intelligent trading system will also have the machine learning ability to optimize and improve its own business. Third, under the background of accelerating the transformation of digital economy in China's securities market, various brokerages have promoted financial technology to a strategic level.

## **2.3 The Transformation of the insurance industry**

Traditional insurance salesmen have to meet with customers every day and need to participate in training, signing contracts and other face-to-face work, so the new round of COVID-19 has had a great impact on the way that insurance companies show their business. In the early days of the COVID-19 outbreak, the entire insurance industry was reducing the proportion of offline agents and shifting to increasing the proportion of online insurance industry. In the current epidemic situation, the insurance industry should take the following ways to conduct digital transformation: First, from the perspective of acquiring customers, to reduce the traditional offline business and technology giants. For example, to establish cooperative relations with Tencent and other companies, make use of the traffic advantages of network companies, and guide the insurance industry through small programs, wechat public accounts and other ways. Second, we can increase the investment in the website of insurance company products and products to promote the streamlining of the website; the website design can effectively improve the user experience and satisfaction; and continuously improve

and strengthen the relevant performance and promotion of App. For example, many enterprises have launched intelligent customer service, to achieve 724 h of effective and uninterrupted service for customers, thus strengthening the support of marketing and service; insurance companies should also actively explore insurance payment, claims, return visit, consultation, insurance and other online insurance business work. Third, in product design, due to the influence of COVID-19, consumers have increasing requirements for personalization, making it difficult for similar products to be loved by customers; Therefore, insurance companies should redesign and update the digital AI system to highlight the differences between customer needs and products, so as to realize customer requirements and improve customer satisfaction. Fourth, from the perspective of claims, in the early stage of COVID-19 outbreak, insurance claims were relatively slow, self-service claims are still in their infancy, and the current market response is not very good; in electronics, the number of projects decreased; customers lack of convenient information channels, which caused a lot of negative psychology. At present, with the change of the global economic situation, the insurance industry begins to use financial technology to reform the claim model, and to provide better services for customers based on technology. For example, in underwriting claims settlement, reflective questionnaire, intelligent underwriting engine, automatic medical text recognition, big data application can be used to improve the effectiveness of claims settlement; in customer service, expanding service platform, and increase publicity to improve service efficiency and user satisfaction.

## Epilogue

Despite the impact of COVID-19 on the financial industry, the financial industry can take this opportunity to accelerate the development of the digital economy; from the technology alone in the early stage of the epidemic to the use of big data and AI technology to acquire customers; using financial technology to innovate products, improve the operating efficiency, transform the digital economy of the whole industry, and promote the rapid progress and sustainable development of the financial industry with new impetus.

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