

Discussion on the Current Situation and Trend of Commercial Bank Development in the Background of Internet Finance

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Abstract: In recent years, China's rapid development of Internet technology, the financial market continues to introduce new ideas, a new financial model - "Internet finance" came into being. The rapid popularity of Internet finance to the traditional financial industry has brought a great impact on the challenge and development opportunities, and commercial banks as the main body of financial institutions to bear the brunt. If the traditional commercial banking industry wants to develop smoothly under the background of Internet finance, it should grasp the opportunities, meet the challenges, actively adapt to the changes of the times, be brave to change, and actively use the advantages of Internet finance to continuously improve and innovate the service system of the commercial banks, find a new market positioning, and improve market competitiveness. This paper explores the development status quo of commercial banks in the context of Internet finance and discusses the development trend of future cooperation between commercial banks and Internet finance.

Keywords: Internet Finance; Commercial Banks; Development Trends

1. Concept and characteristics of Internet finance

1.1 The concept of Internet finance

Internet finance is a combination of the Internet and financial business, resulting in a new type of financial model, mainly refers to the financing of funds through the Internet technology. Internet finance network payment platforms include: Alipay, WeChat Pay, Paypal, Cloud Flash Pay, One Wallet, Jingdong Pay and other new financial platforms. By building a financial system on the Internet platform, it can make good use of the characteristics of the Internet's efficiency and convenience, break the restrictions of time and space, and optimise financial services. At the same time, compared with traditional finance, the use of Internet finance has a lower threshold and more advanced information processing technology^[1].

1.2 Characteristics of Internet finance

1.2.1 Inclusive

Internet finance can be used to handle financial business through the Internet platform, which relies on the Internet and has a lower threshold and lower cost than traditional finance, making it much cheaper for the working class to manage their finances.^[2] Traditional finance is constrained by space and geography, generally in the brick and mortar shops in the city where they live, while the Internet finance model covers traditional financial services, making the scope of traditional financial services more extensive and by direct, people can more easily achieve cross-border services.

1.2.2 Efficiency

Internet financial business is conducted through computer technology for business processing, and users no longer need to wait in queues to handle financial business, saving their time costs. In addition, convenient payment channels such as money transfers and online transactions have brought convenience to people's lives, and convenient and fast payment methods have become people's first choice.

2. The Development Status of Commercial Banks in the Context of Internet Finance

2.1 Commercial Bank Customers Flowing to Internet Finance

In China, commercial bank-type financial institutions have traditionally been a pivotal part of the banking system, but also directly

involved in market economic activities of the indirect financial subjects, playing an important role in the financing of monetary funds. However, with the increasing improvement of China's Internet technology, the Internet has given more functions to finance. Especially during the new crown epidemic, China's commercial banking economy was hit hard, and the credit business of commercial banks also received suppression in a short period of time. And according to the China Payment Clearing Association released in the "China Payment Industry Annual Report", as of 2021, China's network payment user scale reached 904 million, accounting for 87.6% of the overall netizen ratio. It can be seen that people's consumption methods are changing subconsciously, and users are more inclined to Internet finance. Third-party payment platforms are rapidly capturing market share, squeezing the profit margins of commercial banks' intermediary business, so that the market share of the payment and settlement business originally belonging to commercial banks is also seized by these Internet financial platforms.

Internet finance enables customers to carry out daily transactions only through PC or mobile phone apps, so mobile payment, online finance, online credit and other financial services through the Internet platform have become people's first choice. Among them, mobile payment has become the mainstream retail payment method because of its simple and convenient operation and the fact that it does not need to carry cash or bank cards. At the same time, market players are offering more discounts and promotions, expanding the use of mobile payments, which also plays an important role in cultivating user habits. These changes in attitudes, methods and behaviours have had a certain impact on the development of commercial banks, reducing the number of commercial bank transactions and gradually shifting their customer base to Internet finance.

2.2 Lack of competitiveness in banking

There is a competitive relationship between Internet finance and traditional commercial banks in terms of business and customers. Among other things, Internet finance analyses consumers' financial behaviour, develops financial solutions that meet consumers' financial needs, and enables precise investment in financial products for individual users, thus providing financial services with differentiated and personal characteristics for a single customer. Internet finance provides 24-hour service, customers in need do not need to go out and do not need to show the relevant documents, you can complete the closed-loop operation of the business process, which brings great risks to the operation and development of commercial banks. Because compared with the Internet finance, commercial banks are waiting for the arrival of customers in the designated location, once more than the business hours, it will immediately stop the service, and when the customer to deal with some special financial services, the review of the time is longer, less efficient, so the commercial banks of the banking industry competitiveness is not strong. If commercial banks do not realise the gap with Internet finance, and carry out the transformation and upgrading of their business model, it will have a negative impact on China's economic development.

3. Development trend of commercial banks in the context of Internet finance

3.1 Innovative Financial Service Models for Commercial Banks

The innovative development of technology will bring about changes in the industry, the prosperous development of Internet finance, promoting consumers to produce new financial needs, traditional commercial banking services are difficult to adapt to the changing needs of customers, commercial banks and Internet financial business integration and development to be an inevitable trend. If commercial banks want to secure their development position in the competitive market, they must enhance the communication and cooperation with the Internet financial industry, and perfectly combine its openness and sharing concept with the operation and management of commercial banks.^[3] The concept of openness and sharing is perfectly combined with the operation and management of commercial banks.

On the one hand, Internet finance its superiority in the accumulation of data, in-depth mining, can easily and conveniently access to massive information resources, thus, commercial banks can share resources with Internet finance through the joint construction of online financing platforms for small and medium-sized enterprises, and effectively tap potential customers, which is a good complement to commercial banks.

On the other hand, in the process of the development of Internet finance, commercial banks should take customer experience as the

core, continuously optimise traditional financial services, improve business processes, take customer demand as the guide, and adjust the development policy in a timely manner, so as to satisfy the diversified financial needs of customers, with a view to realising more efficient and safer financial services^[4]. Firstly, financial products, value-added services and professional information from multiple channels can be integrated through Internet channels such as mobile banking and WeChat clients, so as to interact with customers in a convenient and fast way. This model breaks through the limitations of sectoral banking by integrating various information such as customer deposits, loans, payments and wealth management to establish a process bank based on big data. Secondly, commercial banks can innovate financial products, design and develop convenient, interesting and practical products to bring unique financial services to customers.

3.2 Sound own big data information bank

The big data service system is the basis for building online financing for small and medium-sized, small and micro-enterprises, a new type of credit technology, and a data-based credit review paradigm. Promoting the upgrading and transformation of traditional commercial banks with big data system can be detached from the traditional random sample data model, which is in line with the current trend of economic and financial development.^[5] Based on this, commercial banks must make full use of their own huge user data resources, reorganise and integrate them, establish a perfect customer information database, accurately mine customer data, accelerate the application of information technology such as mobile phone banking, cloud computing, big data and other information technology in the business process through the change of the data architecture in the information system and the standardised management of the data assets, and improve the comprehensive processing capacity of the information, so that its technological advantages into its own competitive advantages^[6]. In the era of e-commerce, customer and business data is an important part of an enterprise's core competence. In terms of big data, it should give full play to the advantages of internal data of banks, strengthen the integration of data resources of various departments, accelerate the establishment of data-centred risk management system, and build an open and effective data cloud service and e-commerce service platform to meet the needs of business development through cloud platform.

3.3 Innovative Talent Cultivation Model

In the era of Internet finance, the training of talents needs to be changed, and needs to be different from the traditional training of banking talents.

Firstly, change the way of talent training, increase the training of professional skills to ensure that employees can learn new technologies, new ideas and new models, have strong financial service capabilities, and have a role in promoting the development of innovation in the industry.

Secondly, the incentive system should be improved, and the professional skills should be assessed in order to stimulate the enthusiasm of the personnel to work, participate in the practical work independently, and play the role of duty in accordance with the principle of special competence. At the same time, the staff work performance should be associated with salary and treatment, to strengthen the staff sense of responsibility and management awareness, stimulate the staff's sense of competition. The overall system is based on the standard of customer service, mutual promotion, mutual incentives, healthy competition, and enhance the cohesion of the commercial bank's talent team and the overall business capacity.

4. Concluding remarks

Internet finance has brought great impact and challenges to traditional commercial banks, but also provides new ideas for commercial banks in the future development. Commercial banks should change their business strategy, look at the problem with a long-term vision, face up to their own shortcomings, take customer demand as the guide, and constantly innovate, adopt the Internet financial model to achieve the commercial bank's own business innovation, expand business channels, and improve business capacity; at the same time, they should make full use of the Internet and big data technology; strengthen their own big data service system and innovate the talent cultivation mode, so as to At the same time, it should make full use of the Internet and big data technology; strengthen its big data service system and innovate talent

training mode, so as to promote the upgrading and transformation of China's commercial banks and guarantee their sustainable and healthy development in the future.

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