

A Comparative Study of the Internet Financial Industry in China and the United States Based on a Blockchain Perspective

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Abstract: This study compares the Internet industry in China and the United States, and discusses the current shortcomings of China's blockchain industry development compared to that of the United States, such as less-than-expected infrastructure construction, weaker awareness of technology development, patent and intellectual property protection, and less ambitious Internet industry layout. By analyzing the strengths and weaknesses of the respective digital currencies of China and the United States, the perspective of blockchain is taken in the Internet industry of China and the United States for comparative analysis. Suggestions are made to; strengthen the infrastructure construction of the Internet industry; pay attention to the technology research and development, patent and intellectual property protection of the Internet industry; focus on the overall layout of the Internet industry.

Keywords: Internet Finance; Block Chain

1. Background and connotation

1.1 Background: The current development of China's Internet finance industry

After the global financial crisis in 2008, the potential growth rate of the global economy has declined, which indicates that the traditional development momentum is declining. Some scholars expect that the growth rate of the world economy in the next 10~20 years will be significantly lower compared to the previous 20 years, and there will be a longer recession, with the growth rates of developed and developing countries at around 1.7% and 5% respectively. However, with the emergence of emerging technologies such as big data, artificial intelligence, virtual reality and blockchain, new vitality has also been injected into the development of the global economy. At present, with the increasing dominance and leadership of the digital economy represented by Internet finance in the global economy, the global economy is accelerating the pace of transformation to economic activities centered on Internet technology, and the digital economy can change the production methods, sales channels and consumption methods of traditional industries and services, thus promoting the upgrading of industries. Since Internet finance is a representative industry in the digital economy, it is particularly important to study the existing development of Internet finance and how to innovate.

The development of Internet technology has gone through a long journey from Web 1.0 to Web 3.0, and now we are in the transition period from Web 2.0 to Web 3.0. In the Web 1.0 period (1994-2004), the user was only a passive recipient of content and the website was the provider of content, and there was not much interaction between the user and the website. In the Web 2.0 era (2004 to present), users became users of content, content began to be produced according to user needs, and interaction between users and websites emerged. In the Web 3.0 era, users have become creators, and blockchain technology is in line with the current wave due to its unique decentralization characteristics.

1.2 Connotation

1.2.1 Internet financial industry

Internet finance is an emerging way of financial business, which is an emerging financial business model based on the Internet, through network technology and information and communication technology to carry out fund financing, payment, investment and information intermediary services between traditional financial institutions and Internet enterprises. Internet finance is not a mere fusion of network and finance, it emerged to meet new needs and became known to customers only after the realization of network technology, mobile technology, etc.

1.2.2 Blockchain related technology

Blockchain technology originated from Bitcoin, and with the buzz and rise of Bitcoin, Blockchain is also known as the underlying core technology of a host of digital currency solutions. Blockchain is a new computing paradigm, which establishes a distributed ledger platform due to its unique distributed architecture and possesses data verification, sharing, computing, and storage functions by virtue of its consensus and other multilateral autonomous technical means. In the electronic payment context, blockchain was initially designed to deal with the situation of excessive reliance on trusted third parties resulting in excessive third-party rights.

2. Comparative Analysis of the Internet Industry in the Blockchain Field between China and the United States

2.1 The current situation of the development of blockchain Internet finance industry

The global blockchain market is hot in the field of investment and financing, and the total amount of global financing reaches 2,022.2 million USD. As can be seen from the table, a total of 10 financing operations occurred in the investment and financing field in two weeks, among which six were financing operations in the United States, with the total financing amount reaching \$1.273 billion, accounting for 63% of the global blockchain financing amount in two weeks, among which the main investment fields in the United States were focused on blockchain infrastructure construction and digital cryptocurrency field.

The U.S. blockchain financing field, whether in terms of the number of financing or the amount of financing, cliff-edge over other countries, and China ranks third in the world in terms of the number of financing but second in terms of the amount of financing, higher than Singapore, which ranks second in terms of the number of financing.

2.2 Comparative analysis of blockchain financing between China and the United States

2.2.1 Comparison of the number and amount of financing between China and the United States

In the first quarter of 2022, the highest number of blockchain financing in China was 10, in January; the lowest was 5, in March; the number of financing in February was 9, ranking second in this quarter. From the specific financing situation of each month in China, the number of financing shows a downward trend, and the best financing situation is in January, where 10 financing occurred, accounting for 45%. In February, although the number of financing fell, the amount of financing was \$234 million, accounting for 61.97%.

In the first quarter of 2022, the number of blockchain financing in the United States was basically flat, with one less financing in February compared to January and March, at 40. Like China's financing amount curve, the U.S. financing

amount in February was also the highest in the quarter, with a number of \$272,482,900, but the difference between the amount and January and March was not much, accounting for only 35% of the total amount in the first quarter.

Comparing the graph of blockchain financing quantity and financing amount in the first quarter of 2022 between China and the United States, the monthly financing quantity and financing amount in the United States are more stable compared with China, and the financing quantity and financing amount are multiples of China.

2.2.2 Comparison of the distribution of the number of financing in the secondary industry of blockchain between China and the United States

From the distribution of secondary industry financing quantity, digital asset-related application scenario, infrastructure/technology solution and on-chain application scenario are the most popular investment scenarios in the U.S. blockchain field, with 45, 29 and 28 cases respectively, accounting for 83% of the total. In addition, the real economy application scenario and financial application scenario occurred 17.

In terms of the distribution of the number of secondary industry financing, on-chain application scenario and digital asset-related application scenario are the most popular investment scenarios in China's blockchain sector, with 13 and 6 cases respectively. Infrastructure/technology solutions, financial application scenarios and real economy application scenarios occurred in 2, 2 and 1 cases, respectively.

Compared with the United States, China has less financing for infrastructure construction in the blockchain field.

2.3 Differences in blockchain industry development between China and the United States

2.3.1 Different ways of cultivating the competitiveness of the Internet financial industry in China and the United States

The network industry in the United States has established a benign interaction between technology promotion and research and development, which promotes the continuous development of technology, thus enabling the network industry to continuously develop and improve its competitiveness. Domestic Internet companies, on the other hand, focus on how to better meet the needs of consumers, which has led to the rapid development of domestic Internet companies and the formation of a number of internationally renowned companies, but there is still a large gap between their core technologies and those of the United States.

2.3.2 Different innovation models of the Internet industry in China and the United States

As the leader of the global Internet industry layout, the U.S. Internet industry is deeply engaged in the innovation of underlying basic technology, and the innovation of business model is built on the innovation of underlying technology. According to the forecast, the U.S. is planning the development of emerging Internet industries such as industrial Internet, artificial intelligence, smart city, and energy Internet, and a large number of enterprises will carry out business model innovation in the future. The domestic network business model innovation, on the other hand, is still imitating foreign business models, using marketing to expand the market and relying on the scale effect to develop rapidly.

2.3.3 China and the United States Internet industry chain expansion in different ways

The U.S. considers the Internet as a universal technology, and it emphasizes the need to apply it to all walks of life and make full use of its important role in promoting production and life, so it rapidly expands the industry to the entire upstream and downstream of the Internet and conducts in-depth layout to form continuous innovation and development, so that the comprehensive effect of the network can be given full play. In contrast, China's focus is on the downstream industry of the Internet, with special emphasis on the Internet industry's role in driving the virtual economy.

3. Conclusion Countermeasures and Suggestions

Through comparative studies, the development models of Internet finance in China and the U.S. have differences. The advantages that need to be adhered to in China's Internet finance development model compared to China's: more independent development direction and technology penetration not hindered by the traditional financial industry; at the same time, the characteristics of the U.S. Internet finance development model that need to be learned from: more emphasis on new technology development and infrastructure construction, and a better regulatory system. In response to these four conclusions, this paper puts forward three corresponding countermeasure suggestions.

- (1) Guiding Internet finance to serve the real economy
- (2) Strengthen the self-building and risk management of Internet financial platforms
- (3) Deepen the construction of Internet financial technology and infrastructure

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