

Research on Development Strategy of Commercial Banks under the Background of Internet Finance

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Abstract: With the rapid development of the information age and the rapid popularity of the "Internet +" strategy, Internet finance supported by "big data" and "artificial intelligence" technology, with the characteristics of "low cost" and "high efficiency", quickly rose to the financial market. Internet finance is booming and the scale has continued to expand. It is a new financial business model that uses network technology and information technology to conduct financial and financial technology, investing funds, payment and information intermediary services, which brings unprecedented convenience to people's lives. This new model has not only transferred the number of commercial bank users and the scale of savings, but also has a certain impact on the internal commercial banks. Based on the existing theory, literature and data, this article first explains and analyzes the current status of the Internet economy. Then use commercial banks as the object of research to analyze some of the problems it currently faces and put forward targeted countermeasures. On this basis, commercial banks are proposed on the Internet financial model in innovation development paths in product innovation, management costs, promotion channels, and risk control systems. It is expected to provide useful references to promote the upgrading and transformation of commercial banks, improve the financial innovation capabilities of commercial banks, promote the common development of Internet finance and commercial banks, complementary advantages, and then achieve win-win cooperation.

Keywords: Internet finance, commercial banks, influence, development, strategy

1. Introduction

Under the rapid development of information technology in recent years, the application of big data technology has spread, and Internet finance has also entered people's vision. Internet finance is an inevitable result of the development of e-commerce and the Internet to a certain stage. It has a significant impact on the transaction method of the financial industry and even the market order, and has brought great changes [1]. At present, globally, Internet finance has become an important way of financial service, and has gradually penetrated into all aspects of people's lives. Internet finance started late in my country, but its development speed is extremely rapid. With the rise and popular of a third-party trading platform such as "Alipay", the scale of the Internet financial market has been greatly expanded [2]. At the same time, its emergence and development put a lot of pressure on traditional commercial banks. If commercial banks still retain traditional business philosophy, commercial banks may be marginalized [3].

Foreign scholar Maryj Cronein mentioned that the Internet would have a huge impact on physical business. Allen believes that the birth of Internet finance has accelerated the use and development of credit data and promoted credit data. In Andrew Winston's view, the key to winning customer resources is differentiated financial products and services. Internet finance is regarded by Manuchehr Shahrokhi as the third largest financial model after traditional financial intermediaries and capital markets, and has many advantages. For example, reducing transaction costs and increasing information transparency also makes the processing business more efficient. In his opinion, if Internet finance wants to play an advantage, it is necessary to have higher requirements for the information technology he lives, so as to ensure the security and reliability of Internet information technology.

Domestic scholar Xie Ping analyzes the three levels of payment methods, information processing and resource allocation through learning Internet financial models. It is proposed that Internet finance is an indirect financing model that is different from traditional commercial banks. There is a competitive

relationship between them ^[4]. At the same time, some scholars believe that under the background of Internet finance for commercial banks, commercial banks can respond to the Internet Financial popularization ^[5]. Wu Tianzhu believes that Internet finance will affect commercial banks because the two are in interaction and conflict ^[6]. The advantages of Internet finance in form, profits and main objects will become a key factor affecting commercial banks. Although this will not affect the leading position of commercial banks, in view of the various disadvantages of its existence, commercial banks must also actively change their business model, innovate the original form, strengthen the viscosity with customers, and continue to expand development ^[7]. Scholars Gong Yuechen, Lai Dihui, and Chen Shuxin believe that commercial banks should adapt to the changes in the times, actively exert the advantages of Internet finance, continue to improve the level of service, and flexibly respond to the various risks that the Internet financial impact may bring ^[8]. In addition, scholar Li Xin used the excavation method and factor analysis method to construct the fintech index, built a model and given assumptions. He used the system GMM method to conduct hypothesis testing, and finally analyzed the role of fintech on the profitability of Chinese commercial banks. Based on the analysis, he put forward suggestions to give full play to its advantages, accelerate the pace of fintech research and development and innovation, improve the risk prevention system of fintech, and other development countermeasures of fintech ^[9]. On the basis of the BSS index model, Yin Qiuchen proposed that the development of Internet finance will bring a short-term and non-sustainable impact effect to the commercial banking system ^[10].

Therefore, this article studies commercial banks on the basis of Internet finance, analyzes the impact of Internet finance on commercial banks in combination with the theoretical of the learning, analyzes its current problems and proposes targeted countermeasures to promote commercial banks to promote the commercial bank Development and improvement.

2. The impact of Internet finance on commercial banks

This paper will discuss the impact of Internet finance on commercial banks from the following four aspects.

2.1. The impact of Internet finance on commercial banks

Commercial banks' loan business mainly chooses large and medium-sized enterprises with strength or strong assets to carry out loan business. Relying on the massive data information of the Internet and strong cloud computing technology, customers analyze credit. Internet financial institutions have quickly attracted a large number of small and medium-sized enterprises users. Eligible companies can obtain loans in a short period of time, which largely solve the difficulties encountered in corporate funds. At the same time, compared with the cumbersome procedures of commercial banks and a long loan period, Internet finance is very popular due to its simple and flexible way.

Take Huabei, which are familiar with the masses as an example. First, Huabei only needs to be authenticated and opened. Huabei is determined according to the to varying degrees of the use of Alipay for each user, and the borrowing amount of each user can complete the operation of the entire process with mobile phones. Well, it is impossible for commercial banks' personal credit business. Secondly, the method of repayment of Huabei is relatively flexible. It can be repaid in advance, and provides a variety of methods such as interest-free repayment for users to choose from. It is not available for commercial bank credit card business. Third, Huabei is based on the Alipay platform. When paying, you only need a Alipay APP in the mobile phone to complete the payment. The credit card payment requires a POS machine, and there is a significant gap in the convenience degree. Based on the above, whether it is an enterprise or a personal loan business, Internet finance is a strong opponent of the loan business of commercial banks.

2.2. Affecting the liability business of commercial banks

There are three main types of liabilities in commercial banks: own funds, deposit liabilities and borrowing liabilities. From the perspective of three types of business, deposit liabilities constitute the main body of commercial bank liabilities, and are the foundation for commercial banks to engage in all business activities. According to various statistics, deposits usually account for more than 70% of commercial bank liabilities. The growth and rapid development of the Internet finance industry have had a significant impact on the current deposit business of commercial banks, and a large number of current deposits have been diverted. Nowadays, Alipay has become the most commonly used mobile payment

platform. Users can deposit money into Yu'eobao, which is attached to Alipay. After that, they can get benefits every day, and they can be used for consumption. Winning the favor of the public quickly. In addition, after investigation, Yu'eobao's income is higher than the benefits of commercial banks. Yu'eobao, with high efficiency and strong benefits, is enough to capture the hearts of most people and become the primary choice for their payment. It can be seen that commercial banks' current deposit business has been greatly affected.

In addition, while Internet finance has a significant diversion of commercial banking deposits, it also increases the cost of commercial bank deposit business. On the one hand, the reduction in the deposit period will definitely increase the proportion of regular deposits in the total amount of deposits of commercial banks, and it will also increase the cost of deposit in commercial banks. On the other hand, the funds absorbed by Internet finance are used for investment for investment. Mainly, part of the bank will be put into the bank for agreement deposit. In addition, the interest rate of the agreement deposit is higher than the interest rate of current deposits. Most of these funds are the current deposit of commercial banks, which will inevitably increase the cost of commercial banks.

2.3. Affects the intermediate business of commercial banks

The intermediate business of commercial banks mainly refer to the business banks to handle related affairs as the intermediate person, and then collect the series of operations conducted by handling fees, mainly including payment settlement business, agency fund business, and living payment business. With the rise of Internet finance, it has a significant impact on the intermediate business of commercial banks.

The first point is that before the rise of third-party payment platforms such as WeChat Pay and Alipay, people need to go to the local bank counters to handle when conducting a remittance business in a different place. Not uncomfortable. After the rise of the Internet finance business, relying on the third-party payment platform, there is no procedures for remittances in different places, and the operation is simple. For example, the WeChat transfer and Alipay transfers used by the public are the business category of Internet finance. In this way, commercial bank remittance business has been greatly impacted.

Secondly, the agency fund is the main source of income as a commercial bank, and the high handling fee has created a generous return for commercial banks. Based on bank trust, when you buy a fund, you usually choose a bank to buy it. Among these businesses, banks have to charge a certain number of handling fees. However, after the Internet financial platform carries out similar business, it relies on the advantages of the Internet, users can intuitively obtain the detailed information of various funds, provide users with diversified fund purchase options, and purchase fees are lower than banks.

Table 1: The number of asset management products by the product types.

Time	(Quantity)				
	bank wealth management products	trust products	insurance products	pension products	other products
2021Q4	40,768	71,788	9,221	10,614	56,205
2022Q1	37,949	74,589	9,685	10,215	57,932
2022Q2	38,960	78,449	10,059	10,661	60,152
2022Q3	37,780	81,739	10,492	10,519	63,117
2022Q4	37,848	90,100	10,192	11,125	64,918

Data source: China Securities Investment Fund Industry Association

Table 2: Divide the size of the asset management product scale according to the product type.

Time	(100 million yuan)				
	bank wealth management products	trust products	insurance products	pension products	other products
2021Q4	314,137.81	208,052.15	276,505.78	107,276.25	436,712.66
2022Q1	311,905.67	211,368.01	289,775.15	106,747.24	459,086.69
2022Q2	320,042.92	220,981.42	303,200.28	111,077.42	470,137.39
2022Q3	331,841.31	218,434.86	309,508.61	113,788.50	494,748.49
2022Q4	298,547.46	219,791.76	314,621.97	115,465.13	513,644.30

Data source: China Securities Investment Fund Industry Association

From Table 1 and Table 2, it can be seen that from the fourth quarter of 2021 to the fourth quarter of

2022, the scale of banks' custody asset management products was decreasing.

Table 3: Non-monetary funds in various institutions.

(100 million yuan)

time	bank	Proportions	Brokerage + Insurance	Proportions	Its independent sales platform	Proportions
2021.03	37531	58.34%	9669	15.03%	17135	26.63%
2022.12	38927	48.61%	15115	18.87%	26037	32.51%

Data source: China Securities Investment Fund Industry Association

Table 4: Stocks and hybrid funds of various institutions.

(100 million yuan)

time	bank	Proportions	Brokerage + Insurance	Proportions	Its independent sales platform	Proportions
2021.03	33019	61.52%	8805	16.40%	11851	22.08%
2022.12	28868	51.07%	13156	23.27%	14501	25.65%

Data source: China Securities Investment Fund Industry Association

From Table 3 and Table 4, compared with the first quarter of 2021, the incremental scale of bank non-monetary funds is less than 140 billion yuan, and the absolute amount is significantly less than non-silver institutions. Compared with the independent sales platform, the market is far from. The share fell from 58% to 48%, and fell below 50% for the first time. And if you exclude the traditional advantage project of the bond fund, just look at the amount of stock and hybrid funds, in the past two years, bank institutions have a significant shrinkage, reducing more than 400 billion yuan; not banks and independence and independence The number of platforms grows. Obviously, within the scope of this business, commercial banks are also under tremendous pressure brought by Internet finance.

2.4. Affecting the intermediary status of commercial banks

For a long time, commercial banks are unshakable as the role of intermediary characters in the financial sector. However, in the as much as Internet finance, this status is being challenged and weakening and disappearing. On the one hand, commercial banks have been recognized by the masses as the status of payment agencies, but because they go to the bank to handle various payment services, it is more cumbersome, causing a lot of inconvenience to the masses. This situation continues to the emergence of Internet finance, creating a more convenient and humane payment platform, and users can comfortably pay for transactions in a short time. At present, commercial banks' payment agency position has diluted. On the other hand, incomplete technology also forces the demander and supplier of funds to rely on banks as intermediaries to realize information symmetry and integrate funds. However, today, the Internet finance is in the ascendant, and the funds supply and demand parties have not caused inconvenience due to poor financial information communication. With the help of Internet financial platforms, funds and demanders can have more choices. In this way, the status of commercial banks' credit intermediary is also shaken.

3. Discussion on the development strategy of commercial banks under the background of Internet financial

The rise and environmental factors of Internet finance are inevitable. The continuous development of e-commerce, online shopping and other technologies provides a technical environment for Internet finance, but it also brings problems. Today, when people's quality of life is getting higher and higher, people's awareness of financial management is also increasing day by day. In addition, in recent years, my country's market has been developing slowly, and bank deposit interest rates have declined year by year. People no longer use banks as the main place to deposit money. Instead, they have gradually begun to pay attention to financial management. Internet finance has brought a huge impact on the development of traditional commercial banking industry. In the new period, the commercial banking industry must strengthen innovation and development, strive to seize the opportunities brought by Internet finance, continuously enhance its core competitiveness, and finally achieve long-term stable development goals.

3.1. Use Internet technology to realize product innovation and expand asset business

Weapon for commercial banks to participate in interbank competition. At present, in terms of product

innovation, commercial banks should be based on the key difficulties of supporting and solving social development. They cannot be separated from reality. Based on the actual situation, product innovation is achieved on the basis of the original asset business of commercial banks. In the era of Internet finance, rural financial issues, small and micro enterprises' funding issues are all real problems. It is also an inevitable trend to explore and launching Internet financial business outside the traditional banking business. Based on these issues, product innovation can help solve national development problems on the one hand, and can also be supported by national policy in the process. On the other hand, traditional commercial banks pay less attention to the loan business of small and micro enterprises and individual users. It can be said that it is ignored, creating special products for them, and launching products suitable for rural enterprise credit and small and micro enterprise credit. It is also a commercial bank. Product innovation is one of the magic weapons of victory in competition.

For example, the combination of Industrial and Commercial Bank of China's mobile Internet with traditional financial business is a good example. Its business includes credit cards, small business loans, and financial leasing. For ICBC, the development of electronic banking business is better, which not only brings new customers, but also drives the transformation and upgrading of business. At present, ICBC has carried out in -depth cooperation with a large number of industry leaders such as Everbright Bank and Minsheng Bank in a large number of industry leaders. At the same time, the concept of online and offline is also adopted in the wealth management business. In the future, the combination of ICBC online and offline will become an important way for ICBC to enhance the core competitiveness and build an advantageous commercial banks. In the future, ICBC will continue to promote the construction and optimization and innovation of electronic banking channels; accelerate the construction of the omni -channel customer service platform system; vigorously develop personal loans and consumer loan business; optimize retail product structure; promote the construction of customer relationship management systems; vigorously develop credit card business; optimize optimization; optimize Payment settlement system and so on.

Therefore, in this context, commercial banks should continuously improve the service level, improve the quality of asset business products, increase investment in Internet financial innovation, make full use of the advantages of information technology, explore innovative ways and products suitable for the characteristics of Internet financial business, and achieve the improvement of customer financial experience.

3.2. Use Internet technology to reduce management costs and extend the debt business

As a tool, Internet technology is the product of the information revolution. Commercial banks should effectively use Internet technologies such as big data and cloud computing to improve data processing efficiency. The essence of Internet finance is the transaction model. Banks can integrate transactions through platforms and provide users with multiple payment services. When providing transaction services, banks can use the platform's online functions to achieve offline operations, thereby achieving electronicization of the entire transaction process. While reducing the management cost of banks, it can also attract more potential customers with deposit ideas, thereby reducing the cost of deposit in commercial banks, and extending the liability business of commercial banks.

First, vigorously extend the online banking business. Online banking has expanded the window of commercial banks to serve customers, while breaking through the limitations of time and space. Commercial banks should continuously explore personalized services to make online banking business more diversified and more comprehensively covering the people's lives and financial management. The accumulation of platform customer data, screening deposit subjects, and improving deposit approval effectiveness laid the foundation for Tuozhang's debt business. The use of Internet technology to integrate and classify data information to achieve effective management of customer information and reduce management costs of banks. The development of "long -tailed customers" potential, and relying on the advantages of diminishing marginal costs, operate customers in batches to reduce the cost of acquisition, living customers, and customers.

Second, through the effective integration of customer resources, improve the level of customer management, build a comprehensive customer management system, to achieve fine customer management. The technical layout of Internet banking can replace the traditional customer manager's sea tactics, rapidly expand the breadth and depth of services, promote the customer group with a wide range of financial services, and tap customers with deeper financial services.

3.3. Use Internet technology to strengthen channel promotion, extend the intermediate business

At present, many commercial banks themselves are not only high -quality and rich, their software is practical, and its functions are powerful, but there is no suitable marketing channel, or commercial banks have not carried out appropriate marketing. As a result not much. In this case, on the one hand, commercial banks can cooperate with mobile phone manufacturers to make their APP the default software of mobile phones, attract customers 'attention, increase the frequency of use, and Tuozuo commercial banks' intermediate business. On the other hand, commercial banks can use various Internet platforms like other companies, such as Weibo and various video websites to set up pop -ups or advertising in the middle. Nowadays, the number of various types of websites on the Internet, and the promotion efficiency will increase as a result. When customers need to handle the intermediate business such as payment settlement, living payment, etc., they will automatically remember the products promoted and use the product of the commercial bank. In addition, for commercial banks, it can also cooperate with other banks to sell financial products for other banks. This can not only enrich the types of bank wealth management products, but also allow customers to have more choices and increase customer stickiness. At the same time, it is necessary to reduce the threshold for users to use to a certain extent, reduce the cost of procedures in order to attract more people to use, and improve the application efficiency of the field of Internet financial marketing.

The booming development of Internet finance provides a broader cooperation opportunity for commercial banks. In addition to promoting channels, it also includes the development of commercial banks itself, cooperation between commercial banks and third -party payment platforms, and use the data of the third -party payment platform to expand the intermediate products of commercial banks, so that more and more customers Select and use the financial product. The various development of commercial banks, while enhancing customer experience and enhancing customer stickiness, it also promoted the transformation and upgrading of commercial banks and became more Internet.

3.4. Use the Internet technology to optimize the risk control system and stabilize the intermediary position

The development of Internet finance provides a new risk control model for banks. This change will reshape the risk management capabilities required by the banking institution, thereby improving the efficiency and profitability of commercial banks. At the same time, the rapid development of Internet technology has also provided more convenient means for commercial bank risk management, creating conditions for commercial bank risk management, and helping commercial banks to stabilize its intermediary position.

The progress of information technology with Internet technology as the core element has brought new ways of risk management and control to commercial banks. The traditional risk prevention is no longer suitable for the risk control innovation brought by scientific and technological innovation, and more refined risk management and control means must be adopted to better control risks. For commercial banks, the establishment of a more effective and simple risk prevention mechanism driven by scientific and technological innovation is an important condition for the smooth operation of commercial banks, a key reason for stabilizing the intermediary position, and a fundamental guarantee for more effective risk control and sustainable and healthy development of banks.

First of all, under the risk control model of traditional commercial banks, establish a sound risk management and control system, and comprehensively control the financial trading risks involved in Internet financial innovation business, and control the risk data and risk information among the departments between various departments. Sharing and communication and cooperation with external regulators prevent risks to prevent risks and ensure the safety and reliability of transactions. In this way, we can ensure the smooth progress of commercial banks' assets, liabilities, intermediate categories and other businesses, and there will be no major problems such as information leakage. Secondly, strengthen the transformation of core business systems and other basic business systems, provide effective support for the entire commercial banks' business and business process from the bottom design and the bottom technology implementation, and strengthen the means of risk management in the process of product innovation. To simplify the business handling process, shorten the handling time, and facilitate customers to handle various required businesses, so as to stabilize the intermediary position of commercial banks. Finally, the hidden risk hazards existing in all links should start with product innovation. During the product design phase, customers should conduct risk recognition and assessment to increase customer participation and loyalty; during the product sales stage, product risk assessment and product risk

assessment and customer risk assessment and Related technical design; after the product expires, it is necessary to track and evaluate the risk of the product to prevent systemic risks; during the implementation stage of the project, the whole life cycle management of the development of the development of the development of the development of the product should be analyzed evaluate. In this way, we can control the emergence of risks more efficiently and ensure that commercial banks can develop healthy and sustainable.

All in all, commercial banks should strengthen their own risk control capabilities, improve the risk control system, and use it to deal with the various risks brought by Internet finance, and strengthen risk management and control capabilities. The long-term risk control mechanism is the foundation for commercial banks to achieve transformation and innovation in the tide of Internet finance.

4. Conclusion

To sum up, commercial banks face the choice of innovation and transformation under the background of the Internet. Commercial banks should combine their own conditions, extend and expand on the basis of advantages, and respond rationally on the basis of disadvantages. Commercial banks should actively carry out cooperation with Internet enterprises, actively innovate, comprehensively upgrade and focus on transformation in terms of product innovation, management cost, expansion channels and risk control system, so as to effectively enhance their core competitiveness in the era of Internet finance. This can also lay a solid foundation for the sustainable development of commercial banks themselves. With the development of Internet technology to a certain stage, the real economy will continue to be virtualized, and the form of service industry will also change. These information integration has led to many industries crossing each other, cross-border and integration, industrial boundaries are becoming blurred, the formation of a large service concept, each industry has a certain composite form. Banks are no longer just finance. In the end, the winner is the information supermarket, a comprehensive Internet platform. This is a structural change, a characteristic of the changing times.

Acknowledgements

This work was supported by the Fund project, Guangzhou College of Commerce 2021 Excellent Course Construction Project: Private Equity and Venture Capital Investment (Project Number: XJYXKC202106) and Research on OBE training Mode of economic applied talents in private colleges under the background of new business (Project Number: 2021JXGG01)

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