

Research on the Development Status, Problems and Countermeasures of Internet Consumer Finance

Peng Wang

School of Economics and Management, Dalian University, No.10, Xuefu Avenue, Economic & Technical Development Zone, Dalian, Liaoning, The People's Republic of China (PRC)

Keywords: Internet consumer finance, financial supervision, credit reporting system

Abstract: In recent years, the rapid rise of Internet consumer finance has attracted more and more attention. This article first introduces the concept, characteristics and classification of Internet consumer finance, and studies its development scale and background. It then analyzes its current development status and problems, such as lagging legal supervision, inadequate protection of user rights, and inadequate development of the credit system. Finally, it puts forward suggestions to promote the steady development of Internet consumer finance from the aspects of legal supervision, international experience, technical security, and credit information system.

1. Introduction

Consumption has now become the main driving force for China's economic development. As one of the important means to stimulate consumption, consumer finance has also risen to the national strategic level, which contains a broad prospect and market. Based on the strong desire of financial individuals to reduce costs, combined with the strong support provided by the rapid development of modern information technology, the rapid development of Internet finance has also promoted the rise of Internet consumer finance and has continuously changed people's lifestyles and consumption patterns. According to MobData's "Risk Control for Wind Control, How to Breakthrough-Internet Consumer Finance Research Report" shows that the overall transaction scale of China's Internet consumer financial market in 2017 has approached one trillion. Therefore, its development space is huge. However, in recent years, many Internet consumer financial risk spillover incidents have also occurred, which have caused extremely serious consequences and bad social impacts. The government and regulatory authorities have also become more standardized and compulsory. The platform has now been explicitly banned. This article intends to study various issues of Internet consumer finance and propose corresponding countermeasures [1].

2. Analysis of the Status Quo and Problems of Internet Consumer Finance

2.1. Laws and Regulations Continue to Improve, but there is a Certain Lag

The continuous efforts of the government and the regulatory level are conducive to the development of the Internet consumer finance industry, but there is still a certain lag in the current supervision.

The development of Internet consumer finance products, models and channels is constantly changing, and various problems are emerging. From the hidden dangers of potential problems, to the emergence and outbreak of problems, to the identification and judgment at the government level, to the formulation, promulgation, trial, and formal implementation of policies, regulations, and documents, the cycle is relatively long, and the effectiveness of various countermeasures And the pertinence is greatly weakened, and the regulatory effect will be greatly reduced. In addition, the regulatory blank areas and gray areas are still large, and it is easy to trigger risk events [2].

2.2. Inadequate Protection of Internet Consumer Finance Users' Rights and Interests

Internet consumer finance users are always in a relatively weak position during the entire transaction participation process. Their legitimate rights and interests are often infringed and their protection is not sufficient. They are mainly reflected in the following three aspects: First, in terms of technical security, Internet consumer finance relies on the Internet. Development, there are technical security issues with different degrees of error rates and vulnerabilities in both hardware and software technologies. There are also various risks in the Internet operation process, and the user's financial security cannot be fully guaranteed. Second, in terms of data security, a large number of the data is deposited in Internet consumer financial institutions. It is difficult to effectively monitor and manage the regulatory aspect. On the one hand, it may cause data fraud, on the other hand, user information may be leaked, affecting the daily life of users, and even threatening their property and personal safety. In the process of debt collection, Internet consumer financial institutions may locate the user's information location based on the operator, and carry out "malicious collection" or even "violent collection". Third, the problem of adverse selection caused by information asymmetry, the source and scope of the user's information Limited, select passive and has limitations in the choice of products and platforms during the user can easily be in the highlands of Internet information resource consumer finance companies make misleading or even wrong deviate from rational investment decisions [3].

2.3. Credit System Development is not Sound, and Data Islands Exist

China's credit reference market started relatively late compared to the European and American credit reference markets, and its market foundation is relatively weak. As of June 19, 2019, the People's Bank of China's credit information system showed that it had collected 990 million natural persons, 25.91 million enterprises and other organizations. In the Internet consumer financial system, especially the Internet-based consumer financial system of non-bank institutions. Corporate credit reporting agencies have a large, comprehensive, and rich individual credit reporting information, such as Sesame Credit, Tencent Credit, Xiaomi Credit, etc., but their information is independent of each other and there is no travel credit sharing mechanism. Generally speaking, the development of China's credit reporting system is not yet complete, the level of data openness is low, the information transparency is low, the problems of segmentation and departmental monopoly are prominent, a large amount of information is scattered in different systems and enterprises, and the problem of data islands is more serious [4].

3. Suggestions for Promoting the Steady Development of Internet Consumer Finance

3.1. Continuously Improve the Comprehensiveness and Effectiveness of Laws and Regulations

In terms of law, China has gradually introduced a lot of laws and policies on Internet consumer finance, but many laws have been issued for a long period of time from research, formulation to trial, and implementation. Some problems have not been resolved in time. In addition, some new problems may appear one after another, or the legal policies at the time of formal implementation are no longer applicable to the problems at the time. Therefore, it is recommended to improve the efficiency of legal policy formulation to ensure pertinence and timeliness.

In terms of supervision, this article proposes the following three suggestions to enrich China's Internet consumer finance supervision methods and improve the effectiveness of supervision: First, establish a clear and clear threshold for entry. At present, the Internet consumer finance industry "rises up multiple players" and has traditional consumer finance. Institutions, and Internet companies' consumer finance, with different themes and regulations, so you can refer to Japan 's access mechanism to restrict more stringent and standardized market thresholds; the second is the supervision of classification and content, and it is recommended to develop a The overall national supervision method, provinces across the country can further strengthen and supplement the supervision measures of each province according to their actual conditions, and cities and regions can further supplement and refine the supervision measures according to their own special conditions. Each supervision policy has a corresponding Jurisdiction and adaptive areas will also be very convenient to adjust and change. You can refer to the democratic federal system in the United States to refine the scope of supervision. , Coincides with the traditional financial supervision ideas, which is conducive to more Innovation and development of the relationship between balance and risk prevention.

3.2. Continuously Improve Technical Security

The first is to establish a defense system for the Internet consumer financial platform, to strengthen the maintenance of hardware facilities such as computers and servers to prevent hackers from invading and damaging, while improving the level of enterprise software, reducing system business vulnerabilities, and enhancing risk prevention and resistance capabilities; the second is through comprehensive The network management system develops Internet consumer finance business, rationally allocates network resources, optimizes network management, and improves the safety of Internet consumption. The third is to create a good external environment for the Internet consumer financial network, improve network audit standards, and strengthen industry supervision.

Acknowledgements

This article was specially funded by Dalian University's 2019 Ph.D. Startup Fund (20182QL001) and 2019 Jinpu New District Science and Technology Project.

References

- [1] Philipp, W. (2018) *Supply Chain Finance, Financial Constraints and Corporate Performance: An Explorative Network Analysis and Future Research Agenda*, *International Journal of Production Economics*, 5, 364-383.
- [2] Qi, S.Q. (2017) *The Exploration of Internet Finance by Using Neural Network*, *Journal of Computational and Applied Mathematics*, 4, 126-168.

- [3] Wolfgang, A. (2018) *Continuous-Time Production, Distribution and Financial Planning with Periodic Liquidity Balancing*, *Journal of Scheduling*, 5, 219-237.
- [4] Xu R.J. (2018) *Complex Network Construction of Internet Finance Risk*, *Physical A: Statistical Mechanics and its Applications*, 5, 546-552.