

# The impact of rapid development of Fintech on economy and society

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**Abstract:** The development of Fintech indicates the trend of future social composite development. “Finance + technology” bridges the gap between finance and technology. For the financial industry, the development of Big data analysis, Machine learning, Artificial intelligence and Block chain has challenged the traditional financial model, and the development of artificial intelligence is even more unstoppable, making people gradually realize that “AI in all domains”, Artificial intelligence can gradually adapt to the development of various fields.

## 1. Introduction

The financial environment is different. With the launch of financial products, low threshold, high yield are changing financial market consumer expectations, low threshold, convenient and quick financial products of science and technology become better choice. Although Fintech has promoted the innovative development of traditional industries, the overheated development of fintech has also brought economic problems, and the imperfect regulatory system has also resulted in social pressure. Therefore, how to seek the balance between innovative development and economic stability is a problem we must solve in the future development. There are lessons to be learned from foreign fintech development.

## 2. Literature review

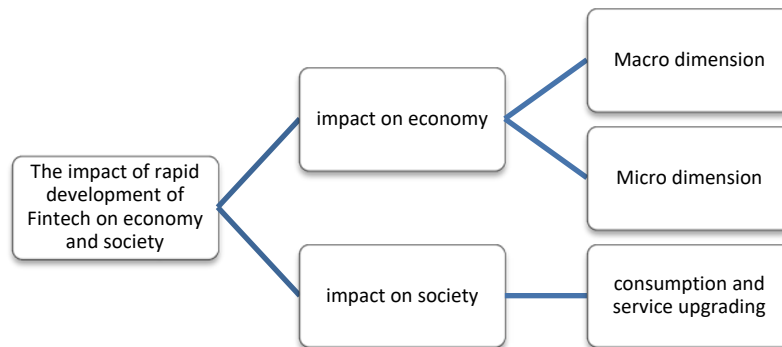


Figure 1. Mechanism analysis of the impact of Fintech development on economy and society

It is found that the innovation of Fintech has an impact on the economy and society of every province in China. Many scholars in Shanghai, Guangdong, Hubei, Hebei, Heilongjiang and other provinces have expressed their research and views on Fintech. This article we mainly study the impact of Fintech at both economic and social levels. First of all in the economic impact level, mainly divided into macro and micro dimensions. On the macro dimension, Hu Bin, a scholar, believes that financial technology provides subversive kinetic energy for the development of all industries. The development of Fintech, represented by the large number of artificial intelligence block chain cloud computing, has promoted the major changes in productivity production related production tools and business models. The scholar Luo Changqing believes that the development of Fintech has created a new engine of digital economy. Gao Yanyan, a scholar, believes that with the

development of modern Fintech, our country has explored and thought about the legal supervision of Fintech, and will have a new regulatory law. In the micro dimension, it can be divided into two angles: individual and institutional enterprise. Scholars Geng Yuning, Zhou Juanmei, Zhang Keyong, Liu Yuqiang used evidence from six central provinces in China to study the development of Fintech to promote the innovation of science and technology small and medium-sized enterprises. Scholars Sun Xuran, Wang Kangshi, Wang Fengrong, studied the influence of financial technology on the structure of banking credit industry. At the level of social impact, the development of Fintech has promoted consumption upgrading and service upgrading. Scholars Gao Yilan and Huang Xiaoye believe that attaching importance to consumer financial security should be an important direction for the development of consumer finance in the era of digital economy. Under the background of consumption upgrading, financial technology can help commercial banks transform.

### 3. Theoretical analysis

#### 3.1. The development status of Fintech

According to the report of Mckinsey, Fintech has attracted a large scale of global fintech investment only amounted to \$930 million in 2008, and soared to \$19.1 billion in 2015, increasing by more than 20 times, with a rapid growth rate. In China, the investment in Fintech increased from US \$619 million in 2014 to nearly US \$2.7 billion in 2015, an increase of more than four times in just one year. The pace of development is very rapid. In 2003, Alipay was launched for the first time, marking the beginning of China’s Fintech entering the financial market, greatly providing credit guarantee for financial market traders and improving transaction efficiency. In 2013, Alipay began to provide financial services, launched Yu’ebao, and promoted the development of various forms of fintech such as Baidu wealth management, Tencent wealth management, and Jingdong treasury, making the beginning of fintech into the field of financial wealth management. Fintech surpasses traditional finance in terms of time and cost savings, speed and intelligent.

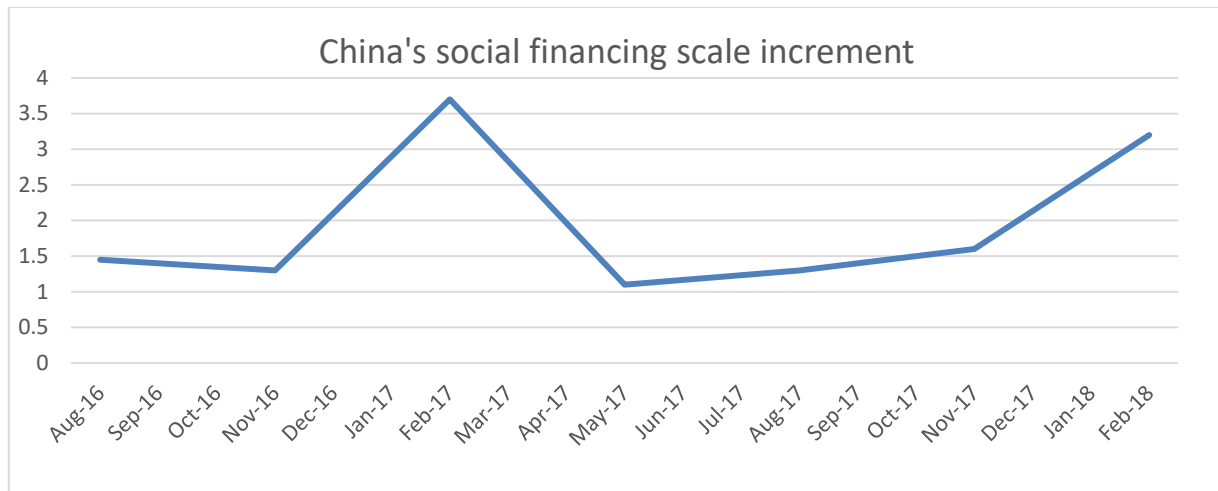
#### 3.2. Fields that have been hit by Fintech

Fintech will change the traditional financial profession in the following three aspects after experiencing broad market demand brewing and advanced scientific skills leading: first, Fintech has the potential to transform manufacturing industry because it lowers the costs and error rate. Second, the traditional finance industry, big data credit investigation comes first, intelligent investment next, the reconstruction of the financial category collaboration method. Fintech can bring good development to Economic society, but it also brings new security problems. The following is the data of China's social financial capital and account during the period of rapid development of Fintech.

Table 1 China capital and financial account



Table 2 China's social financing scale increment



Data resources: [www.cifinet.com](http://www.cifinet.com)

From the table we can see that the growth of financial capital has an uncertain trend and the scale of social financing in China is expanding. This trends us to think deeply about the way to control the development of Fintech and to use Fintech to improve investment financing efficiency.

### 3.3. Methods to adapt to the development of Fintech

For fields have been hit by Fintech development like banks, the best way to follow the pace of the times is to make full use fintech and to optimize the existing business model. The trend is for traditional financial institutions to merge with new technology finance companies. Trust the company new loan line risk capital and net capital constraints are relatively smaller than traditional banks, leverage ratio is higher, from the operation, capital, risk control, access to customers to help the combination of the four aspects. For government, improve the regulatory system to solve the existing speculation and profiteering behavior is important. For example, financial sandbox regulation in the UK and Singapore better solved the problem. Chinese government should learn from the regulatory and create ways to adapt to our own Fintech development problems.

## 4. Conclusions and inspirations

### 4.1. Conclusion

The development of Fintech has had an impact on the national economy and society, which is twofold. On the one hand, it has driven the national economic and social development and advanced towards international indicators; on the other hand, it has brought many new problems to be solved urgently.

### 4.2. Research Inspiration and Policy Advice

First, we should strengthen the overall implementation of Fintech planning, actively formulate development plans and industrial support policies, increase fiscal and tax support policies, encourage Fintech innovation, improve the development environment, create a good atmosphere for innovation, actively formulate policies, encourage financial institutions to go out and reduce policy barriers. Second, we should strengthen the training of Fintech related talents, innovate the ways to attract talents training in various provinces and cities in various regions, formulate policies to encourage talents, and enliven the atmosphere of the whole society for the training of Fintech talents. Third, further improve the legal system of Fintech security, build a long-term regulatory mechanism, incorporate Fintech into the long-term regulatory framework, clarify the main regulatory bodies, set up industry entry barriers, distinguish all kinds of Fintech business from the risk perspective, establish differentiated regulatory agencies, and learn from international advanced experience to speed up the pilot promotion of the Chinese version of the "regulatory sandbox".

### 4.3. Inadequate research and outlook

Fintech often appear in the development of information leakage, invasion of personal privacy, illegal fund-raising and other legal risks, Fintech in the development process is increasingly diversified, with the characteristics of cross-market cross-industry development, the traditional supervision of his constraints appear less effective, regulatory efforts gradually can not keep up with the pace of financial technology development. So the current regulation, lack of predictability, systematicness, comprehensiveness, effectiveness. When our country can learn from the international advanced experience and constantly improve its own regulatory system, Fintech will certainly become a powerful kinetic energy for the development of the national financial industry, and promote our financial industry to become a leader in international financial development and a new engine for national economic development.

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