Research on the Impact of Internet Finance on E-commerce

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Keywords: Internet finance, E-commerce, Relationship analysis

Abstract: Internet and finance are inseparable in the development of modern society, and the integration of the two has brought about huge economic effects. Based on this background, this paper analyzes the relationship between Internet finance and e-commerce, and the impact of internet finance on e-commerce, with the impact of internet finance on e-commerce as the starting point. Finally, it proposes optimization measures.

1. Introduction

The booming Internet has profoundly affected every aspect of society. Especially during this new crown epidemic, the advantages of e-commerce were vividly displayed. The organic combination of Internet finance and e-commerce has greatly promoted social consumption. Internet finance is a new type of financial model that uses the Internet and mobile communications technologies to achieve financing, payment, and other purposes. It is typically characterized by the informatization, networking, and inclusiveness of financial activities and services. On the one hand, through the use of big data, cloud computing, social networks and other means to mine customer information and manage credit risk, on the other hand, based on point-to-point transactions, to achieve the optimal allocation of financial resources. The influence of Internet finance on e-commerce is more and more obvious, and the two have an inseparable role. Therefore, this article researches and discusses the relationship between the two, and puts forward recommended measures.

2. Overview of Internet Finance

2.1. Concept and Development of Internet Finance

Internet finance is based on Internet tools such as online payment, cloud computing technology, portal services, and social media network platforms. It provides services such as reasonable allocation of resources, effective financing, and the release and transmission of price and value information. A new financial model formed by the organic combination of domains and modern network technologies. With the continuous improvement of national consumption capacity and the comprehensive development of Internet usage habits, Internet finance is now in a "best era."

Internet finance was developed under the combined effects of multiple development environments. First of all, at present, China's economic structure has gradually shifted from consumption to exports, relying heavily on investment and exports. At the same time, in recent years, the per capita income of Chinese families has steadily increased, which has promoted the improvement of residents' consumption capacity. Secondly, the social environment. With the gradual change of people's consumption concepts, more and more families and individuals have begun to use credit tools to consume in advance, providing huge development space and development potential for China's Internet finance.

Third is the technical environment. The widespread application of the Internet provides more choices for residents' consumption. Finally, the policy environment and the introduction of government policies have promoted the development of the consumer and financial industries to a certain extent, and provided a good policy environment for the development of Internet consumer finance.

The applicability of Internet finance is gradually improved, high-speed mobile network services are continuously strengthened, and supporting facilities are gradually improved, which have been used and recognized by more and more customer groups. The essence of Internet finance's "openness, collaboration, sharing, fairness, and objectivity" makes Internet financial participation higher, more collaborative, more transparent, and more convenient for information dissemination. It also greatly reduces transaction costs, operation and management. Costs are effectively controlled. The development of Internet consumer finance shows some new changes, mainly in the following areas. First, the degree of interconnection is deepening. With the penetration of the Internet into the entire industry today, the Internet-based model of consumer finance is more diverse, and innovative service models and channels are needed to further control the risks of financial institutions. The second is the increasingly perfect credit system construction. In recent years, credit intermediary agencies have gradually started to play a role, making the society attach importance to the establishment and gradual improvement of the credit system. This requires further strengthening cooperation and docking with each other to build a sound credit system. It has also become the core competitiveness of Internet finance companies in the future. The third is that the supervision system is more in place, which can prevent various risks and minimize losses.

2.2. Operation Mode of Internet Finance

Consumer finance refers to the lack of funds for consumers when purchasing goods. They use the financial institution's loans to make advance purchases, and then repay according to the agreed time and interest. Usually this type of loan has a small amount, short term, and no mortgage is required. Features have been widely welcomed by consumers since its launch. Therefore, this method has alleviated the lack of funds for consumers and met consumer demand for commodities. It has become a very important financial service method.

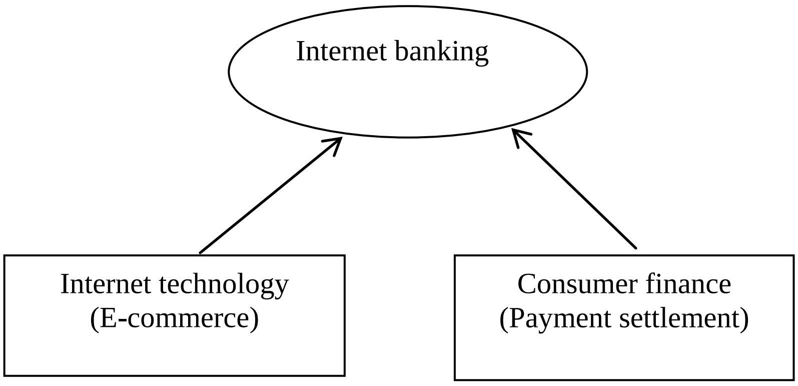

Figure 1. Relying entities of Internet finance

Whether it is a traditional financial entity, an e-commerce company, or an online loan platform, these entities are promoting the rapid development of the Internet consumer finance industry through different methods and channels, forming a complete Internet consumer finance industry chain. In this industry chain, there are four types of participants: consumers, financial institutions, consumer companies, and e-commerce platforms. Specifically, Internet finance presents the following characteristics: In terms of scope, Internet consumer finance extends service targets to low-value, short-term products such as health, tourism, and daily consumption. In terms of funding channels, the funding channels for Internet consumer finance are mainly online. In terms of credit, the approval of Internet consumer finance is more technological.

The biggest difference between Internet consumer finance and traditional consumer finance is reflected in the way of raising funds, which also constitutes several current models of China's internet consumer finance. The first is Internet consumer finance based on an e-commerce trading platform. In this model, the e-commerce trading platform is one of its core participants because it has comprehensive information and has become the core competence of e-commerce companies to participate in the consumer financial market.

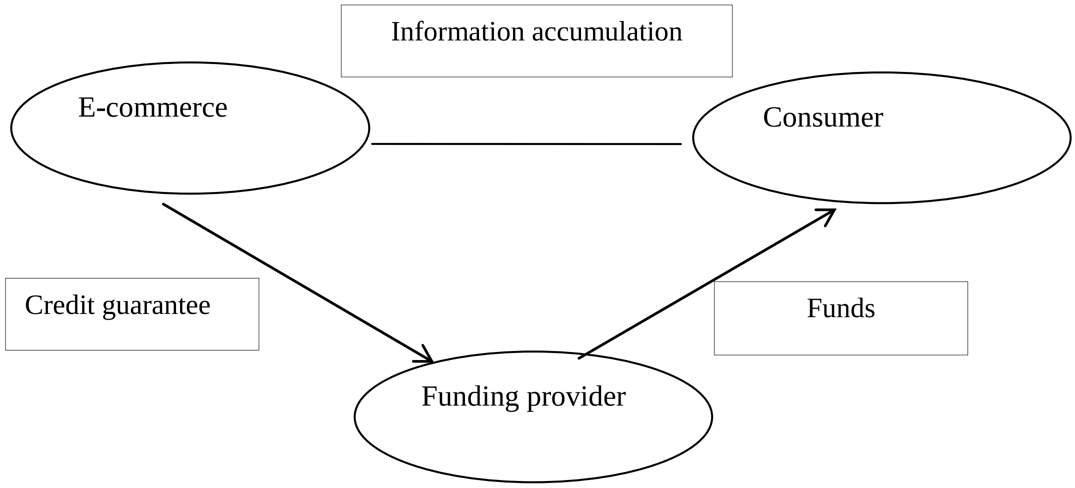

Figure 2. Internet financial operation model

The second is that banks build online consumer finance platforms. Compared with corporate credit, the emergence of the Internet has alleviated problems such as long cycles and low funds to a certain extent. The third is a P2P online goods platform. Compared with other models, this model has a large amount of information, strong user autonomy and high borrowing efficiency, but it also has relatively high risks. The fourth is the Internet consumer finance company. In general, Internet consumer finance companies need to make better use of the advantages of the Internet in the future to build an offline physical consumer finance + online Internet complex.

3. The relationship between Internet finance and e-commerce

3.1. Contents of Internet Finance

The first is online electronic banking. It relies on computer and Internet technology to provide comprehensive, instant and convenient banking services. Compared with traditional commercial banks, online banking provides a brand-new means of banking services and implements a modern enterprise organization, management, and supervision model. The second is the network capital market. That is, it takes advantage of the forward-looking role of modern information technology. It is widely used in the capital market, especially in the securities market, including online bidding and issuance, electronic securities trading systems, Internet brokerage services, and related comprehensive services. The third is network insurance. It refers to the economic behavior of insurance companies and their intermediaries operating insurance sales and managing insurance activities through the Internet and e-commerce. Due to the extensive planning outline of network information coverage, insurance companies have achieved savings, reduced labor costs, and shortened the sales process, thereby increasing corporate visibility and competitiveness. The fourth is network finance. It refers to the use of network technology to provide investors with professional investment and financial analysis techniques, and correspondingly launches high-quality personalized financial management tools and comprehensive investment and financial transaction services to achieve the purpose of preserving and increasing the value of wealth for investors. Fifth, online lending. This model provides more intermediary services, which perfectly connects the supplier and the demander of funds, and thus generates a network loan platform such as a P2P model and a network investment platform of a crowd funding model.

3.2. Relationship between Internet Finance and E-commerce

As companies in different fields enter the Internet financial market, Internet finance and other related markets (e-commerce, etc.) have shown a linkage phenomenon. From the perspective of the relationship between Internet finance and e-commerce, the technologies, products, and services of internet finance have improved the capital operation efficiency of e-commerce application companies to a certain extent; meanwhile, internet finance also mainly functions through e-commerce platforms or service systems. For early-stage companies involved in e-commerce, because their e-commerce platforms have accumulated a large amount of customer resources and information, these e-commerce companies can gain more market share when promoting Internet financial products and developing Internet financial services. . The function of Internet finance is to raise funds and manage wealth, etc., to improve the efficiency of capital operations; the function of e-commerce is to electronize and networking traditional business activities through platforms or network services.

The first is to promote the integration of finance and e-commerce. Finance is reflected between buyers and sellers. Under this Internet financial model, more types of transaction models have emerged. The penetration of Internet finance with e-commerce as the carrier is increasing year by year. For SMEs, which are important forces for rapid economic development, the transaction volume of China's SME B2B e-commerce market reached 8.2 trillion yuan in 2013, a year-on-year increase of 31.2%. The online retail market transaction size reached 188.5 billion yuan, a year-on-year increase of 42.8% "

Second, Internet finance has expanded payment channels for e-commerce. The third-party payment platform is a virtual platform that temporarily deposits funds during the transaction between the buyer and the seller. The third-party payment platform is a new embodiment of the financial transaction model, optimizing the traditional transaction model, and building a bridge of trust in the electronic transaction process. The first is to reduce transaction costs and save costs in the middle of the enterprise. The second is to use a wide range of application interface operations to integrate the information payment systems of different banks into a unified payment platform. The third is to make up for the emptiness of the borrowing model and create an e-commerce supply chain financial model.

4. Internet Finance's Optimization Suggestions for E-commerce

With the vigorous development of e-commerce, e-commerce finance is ushering in its own era. In this context, it is necessary to construct specific support measures for optimizing Internet finance for e-commerce and make it a new engine for future economic development.

4.1. Strive to develop large Internet finance and e-commerce companies

The development of large-scale Internet financial companies and e-commerce companies can increase the level of corporate risk resistance and avoid liquidity shortages. Secondly, large-scale Internet financial companies can meet the needs of investors and consumers at different levels and reduce the time cost of docking with each other. From this, they can not only act as an intermediary agency, but also independently undertake corresponding lending tasks.

4.2. Give full play to the positive influence of the fund on the internet finance and e-commerce market, meet the growing funding needs of internet finance, and broaden the source channels for e-commerce funds

At present, a large number of funds are flowing to the e-commerce market, and the funds are crazy for e-commerce. Taking Yu'ebao as an example, it is an online idle fund value-added service project created by Alibaba's Alipay industry and Tianhong Fund for individual investors. Tianhong Fund Management Co., Ltd. announced that as of January 15, 2014, Yu'ebao's scale had exceeded 250 billion yuan. As of February 27, 2014, Yu'ebao's user base had exceeded 81 million. Investors can use Yu'ebao not only to obtain asset appreciation, but also to purchase wealth management products such as funds directly on Alipay's website. At the same time, they can also perform transfer and payment services on e-commerce shopping platforms.

4.3. Strengthen the supervision of Internet financial markets

Internet finance, an emerging industry in recent years, faces a variety of risks. Internet finance is virtual, and some products are currently out of regulation, which easily leads to adverse selection and moral and legal risks. Therefore, the legislative department needs to keep pace with the times and improve the law in a timely manner, so that when disputes occur between the two parties in the transaction, there can be laws to protect the lawful rights and interests of the parties. Therefore, it is necessary to adopt a proactive and prudent regulatory policy, adhere to the protection and education of Internet financial market participants, improve the functional supervision of Internet financials, and force Internet financial companies to disclose information in an open, comprehensive and timely manner.

4.4. Work hard to develop a professional P2P model

P2P micro-lending is a business model that gathers very small amounts of funds to lend to people in need of funds. Its social value is mainly reflected in the three aspects of meeting the needs of personal funds, developing a personal credit system, and improving the utilization rate of social idle funds. Its low threshold, high rate of return, strong mobility and other characteristics meet the psychological needs of modern young people, so it has been widely recognized. In summary, it can be seen that the development of the P2P model is in line with the needs of the development of e-commerce and also more in line with the spirit and characteristics of Internet finance.

5. Conclusion

Finance is the blood of socio-economic operations and the support of the real economy and the virtual economy. In the context of the rapid development of the Internet, e-commerce and Internet finance have produced profound changes in economic development. During the new coronary epidemic, the development of e-commerce was a sudden rise, and the role of Internet finance in supporting it was very obvious. Therefore, it is necessary to strengthen Internet finance's support for e-commerce, take measures to promote the deep integration of the two, and promote the overall economic development.

Acknowledgements

This study was supported by National Students' Platform for Innovation and Entrepreneurship Training Program (S201910542004X).

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