

Analysis and Research on Bank Lending Risk Control Based on Internet Finance

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Abstract: In recent years, with the development of social economy, the bank lending field has been continuously expanded, and the variety and quantity of bank lending has also shown an unprecedented development trend. Various fund lending relationships are splendid, the network system is constantly optimized, and the financial market is becoming more mature. In the increasingly real life of online transactions, bank lending business is gradually infiltrating into the Internet, and in the overall economic activities, the status is increasingly Important, and thus related financial risks. Internet has become one of the development channels of the financial market. It aims to expand financing and investment channels to meet the growing demand for financial services. The Internet has been used to promote the steady development of the banking lending financial industry. Internet financial credit, as one of the emerging forms of credit, People's daily life is more common, so the risk management of bank lending is also a problem that needs attention at present.

1. Introduction

Internet finance has had a huge impact on the financial industry, making the financial system less stable. In the process of upgrading the financial system, the entire financial industry will be promoted to improve service levels and improve business processing efficiency. Network operations help reduce input costs, but they also increase risk. Forecasting the future development direction of Internet finance will help enterprises to continuously adjust their development direction and promote the optimization and upgrading of financial structure. First, others will carry out reforms and adjustments in a step-by-step manner, and make more targeted adjustments to reduce costs. However, it will also increase the risk of bank lending. The risks are mainly reflected in the following aspects:

2. The main risks faced by Internet banking finance

With its own efficiency and coverage, Internet finance makes the current financial services more convenient, but at the same time it faces new development requirements and risk factors. Internet finance belongs to the financial field. Bank lending business is often accompanied by risks. In the process of Internet banking lending business, there are not only traditional financial risk factors, but also new risk factors due to its own characteristics. The main risk factors facing internet finance include the following points [1].

2.1 Information Technology Risk

In the process of conducting the Internet banking lending business, it is first necessary to have good Internet working equipment, and then to ensure that the bank lending business can efficiently handle and securely operate the online trading platform. Due to the certain uncertainty of the Internet, if there are hacker attacks and computer virus intrusion in the online trading platform, the risk of Internet finance will increase. At present, the openness of the online trading platform is relatively

high, and the related information technology security measures fail to achieve good protection standards, making the Internet banking lending business face the risk of information technology [2].

2.2 Operational risk and credit default risk

Under the current development situation of Internet finance, the number of people adopting online transactions has gradually increased. However, due to insufficient understanding of relevant transaction rules and process sequences, it is prone to misunderstanding in the process of online transactions, causing related financial losses. In the development of the lending business, it is easy to accumulate risk factors. The credit default risk often appears in the loan software. With the expansion of the Internet banking lending business, the user group growth of the lending business in the Internet is obvious. However, due to the lack of a perfect system in the management of related businesses in China, the Internet lending market exists [3]. The larger chaos, the lending procedures of online lending institutions are simple, and the review of the repayment ability of lending users is weak. Once users default, it will lead to large losses in the return of funds of online financial enterprises.

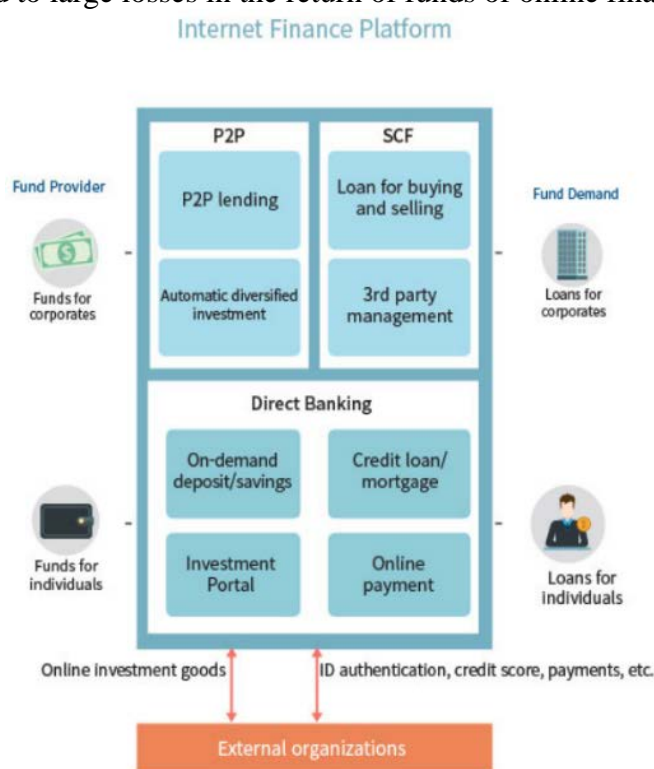


Fig. 1 Internet Finance Bank Lending Risk Analysis

2.3 Policy and legal risks

At present, China is relatively perfect for the traditional financial enterprise system, but the relevant legal system is not perfect for the Internet finance system with rapid development at this stage. Due to the lack of relevant supervision, the relevant financial institutions have experienced the phenomenon of illegal development of business, through illegal financing channels, illegal fund-raising, and undermine the balance of the Internet financial market [4]. Therefore, in the process of Internet finance development, policy and legal risks are also significant risk factors.

3. Reasons for the formation of lending risk of internet financial banks

3.1 Internet finance's banking transaction subject lacks management experience

The development of the financial system in the Internet era has enabled many companies to transform and participate in the Internet finance market. The risk of bank lending will gradually increase. At the same time, it attracts many investors and entrepreneurs to invest in Internet finance

development projects [5], some of the company's management measures lack a complete system, resulting in greater uncertainty in the company's operations. In the business operation of the mature Internet financial bank, it usually has a good technical foundation and management foundation. Through the technical support of big data analysis and cloud computing, it analyzes and records the transaction business, and strengthens the business risk according to the feedback of relevant data. Response. Therefore, relevant risk control teams and technical support are crucial in the development of Internet financial banks, and related transition enterprises, investors and entrepreneurs have increased the probability of Internet financial risks due to negligence of risk management and team management [6].

3.2 The social credit system is not sound enough

In the current social credit system construction, the national credit information is difficult to cover enterprises and individuals, and the utility has greater limitations. As a result, the related credit certificate work is difficult to develop, laying a risk hazard for the development of Internet finance. In addition, personal information is prone to theft and misappropriation in the Internet environment, which limits the construction of the Internet credit system. Internet gold enterprises have developed rapidly in recent years, but the credit system has not been developed simultaneously, and the authenticity of relevant information is difficult to confirm, and the authenticity is uncertain. Under various factors, Internet finance faces greater credit risk in its development.

4. Countermeasures to prevent lending risks of internet financial banks

4.1 The bank implements a rigorous credit investigation of the borrower

At the same time, the risk of fraud prevention has been found through market research. Many small and medium-sized bank employees now have a lot of pressure on sales performance. At present, many auditors choose to review lightly, and even more do not hesitate to commit crimes against the law for personal benefit. If a large amount of non-performing loans is caused by the mistake of the approver, regardless of whether the approver intentionally or unintentionally, the approver should be strictly punished; the bank can also set up a reporting hotline and implement a reporting system, regardless of internal employees or external complaints, if found inside the bank. If the approval process is not appropriate, the bank will verify the specific situation, if the employee does have such a phenomenon, not only the bank should punish the employee, but the state should also strengthen the supervision system in this aspect. If the circumstances are serious, the sentence should be sent and the report should be reported. People make appropriate rewards. When necessary, banks can seek the help of third-party audits to investigate whether there is fraud in the credit approval process.

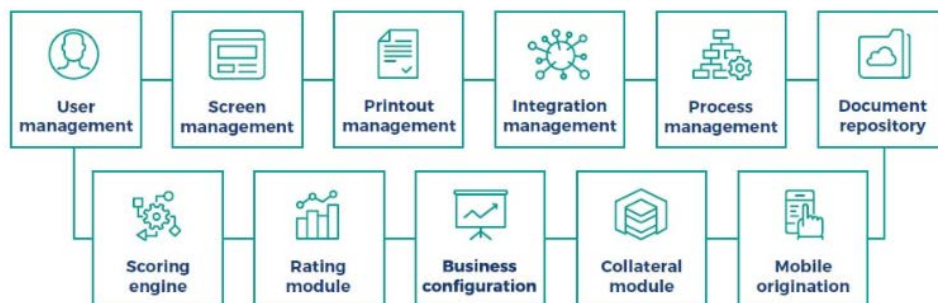


Fig. 2 Internet financial bank lending function channel

4.2 Close monitoring of the use of borrower funds

Banks can conduct an unscheduled interview with a borrower to understand the true financial status of the company or the borrower and determine the repayment ability and willingness of the company. At the same time, it is more important to investigate the cash flow and asset status of the borrower. The cash flow statement can often reflect the actual liquidity status of the enterprise. If

necessary, the bank can understand the cash flow status of the enterprise or the borrower by checking the online announcement or hiring a third party to audit. At the same time, the bank risk control department should be in real time. Record the flow and use of borrowing funds. Since the repayment period of large loans is generally long, the bank risk control department should pay attention to whether the loan interest is returned in time. If it cannot be returned in time, you can choose to reduce the loan amount, increase the interest rate of the loan, etc. to prevent risks, and if necessary, add the borrower to the black. The list is processed to better protect the rights and interests of banks.

4.3 Implement strict ban measures on overdue borrowers

Nowadays, in order to maintain the necessary cash flow for daily business operations, most companies will choose external financing and various financing methods. Due to the low interest rate of bank loans, enterprises generally choose bank loans for financing, and banks will provide enterprises with A series of loan facilitation conditions. For various reasons, the borrower cannot repay the principal on the maturity date, or even unable to repay the loan interest in a timely manner. The bank should crack down on these borrowers and add overdue blacklists to reduce the non-performing loan ratio.

4.4 Strict approval of the mortgage or pledge of the loan

At present, in order to reduce the risk of borrowing, most banks will choose to guarantee the guarantee or mortgage, pledge guarantee to provide protection for the loan, the collateral is mostly real estate, land, machinery and equipment. The collateral and collateral are the last line of defense for borrowers to repay their loans, and it is essential to strictly examine their value. In the process of collateral value assessment, because the false title certificates are not uncommon, the bank risk control department should focus on the authenticity of the collateral or pledge and the fairness of the value. The site will investigate the physical objects by paying attention to some signals such as: Whether the collateral can be used or is sluggish, can provide the collateral or pledge with the ownership certificate, the asset evaluation value is too high, the industrial and business address provided by the borrower is inconsistent with the actual office address, etc., to verify whether the borrower's credit is Good, whether there is a risk of fraudulent loans. If these situations are encountered, the bank should be vigilant, strictly review it through special means, and hire a third-party agency to evaluate it if necessary. After lending, the bank should conduct on-site inventory of the collateral and regularly evaluate the value of the collateral to prevent the borrower from paying more and more loans.

4.5 Strategies for the transformation of bank lending business

Banks formulate strategic development plans to enhance Internet thinking. The development of bank loan business under the background of Internet finance has its own advantages and opportunities. Bank lending business should be highly aware of the impact of its loan business in the context of Internet financial development. The Internet upgrade application is integrated into the transformation and upgrading of the loan business, integrated into the transformation and development of the loan business, and formulated the strategic action plan for transformation. In the short-term, the loan business transformation cost is relatively large, and the profit is also effective. This requires the bank lending business to get rid of this sway at the strategic level. In addition, there will be many problems in the process of applying new technology, requiring the bank lending business to be The existing organizational structure and mechanism, performance appraisal standards, etc., should be fully utilized to give full play to the advantages of bank lending business in terms of brand credit accumulation, mass base, and extensive network layout of outlets. From the perspectives of payment, asset and liability, investment, financing, etc., from the perspectives of product innovation, technological innovation, risk management, customer operations and experience, we will promote the transformation of the bank lending business into an internet finance strategy. The bank lending business starts from its own status and background, seeks truth from facts, accurately locates the

transformation of the loan business, and formulates the corresponding strategic plan for the development of the loan business, and then steadily advances.

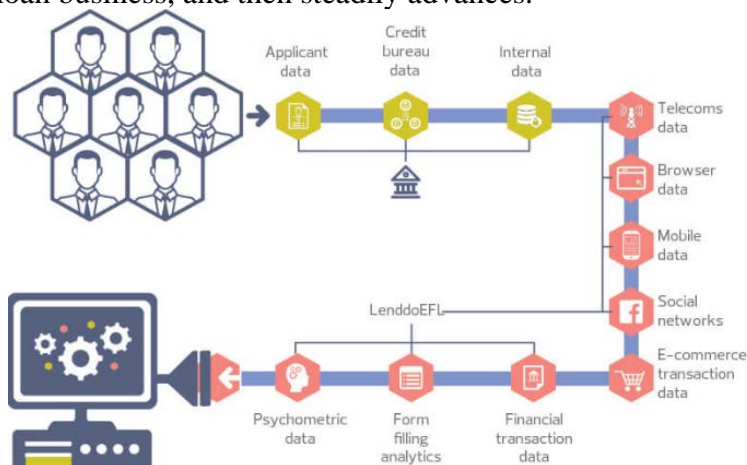


Fig. 3 Analysis of Internet Finance Bank Lending Management

4.6 Accelerate business innovation to innovative banks

(1) Accelerate the innovation of financial bank lending and promote the use of big data. Cultivate more product talents with Internet thinking, create more brand financial bank loans, and provide customers with more choices. Driving big data applications, the big data era has a fast-charging feature, that is, the speed of information generation in the era of big data is almost simultaneous. Bank lending business pays attention to the use of big data in the process of loan business transformation. On the one hand, bank lending business generates a large amount of customer data, and the bank is not efficient in using this large amount of data, resulting in waste of data. On the other hand, these data are of great significance for financial bank lending precision marketing, product innovation, user demand control, and risk control.

(2) Build mobile application scenarios and promote the use of technology. At the same time, we actively build mobile application scenarios. The data shows that although the major banks' lending businesses have their own applications and software systems in recent years, the number of users and active users are obviously insufficient. On the one hand, the bank lending business should increase investment in science and technology, and apply the latest technologies such as artificial intelligence and blockchain to its own APP. On the other hand, it needs to use Internet thinking to operate its own APP, grasp user needs and enhance user stickiness.

(3) Accelerate the construction of smart banks and explore new modes of bank intelligence. Accelerate the construction of smart banks, and major banks have explored the different forms and extents of smart banks. Bank lending business can establish its own technology subsidiaries or laboratories, provide technical support for the development of bank lending business, promote digital banking construction, accelerate blockchain and biometric identification, big data and artificial intelligence, internet financial innovation, cloud computing innovation, etc. Accelerate the launch of the smart banking information system construction project and promote the technological transformation of the bank.

4.7 Improve customer service and financial service quality

Bank lending business should be managed through lean management, and use intelligent customer service, network point robot services to achieve standardized services to enhance customer experience. Under the premise of customer-centricity, the bank loan business should continue to develop and evolve, communicate with customers in a new way, and build a new retail user experience in the digital world of the Internet. It is the use of blockchain technology to create a seamless experience environment for the traditional business of auto loans, providing one-stop supporting services including auto loans, insurance, acquisition of license plates and even road emergency assistance. Ensuring that every part of the ecosystem, customers, car dealers,

governments, insurance companies and banks can benefit from a faster and safer process. Through big data analysis and artificial intelligence technology, through the collection of customer feedback and purchase behavior data, we conduct customer financial behavior analysis, draw customer portraits, and provide customers with accurate and personalized advice.

5. Accelerate risk management and control, avoid policy risks

In the process of bank lending business transformation, the effectiveness of risk management should be enhanced. Actively cooperate with the focus and main direction of the transformation of the loan business, and clarify the risk management objectives and initiatives. The loan business has the characteristics of high standardization. Therefore, the focus of risk control should be on the pre-controlled loan business model and product characteristics, and batch processing of retail-related businesses with higher standards. In a hard environment, we should increase investment in risk management IT system construction, master the two core business needs of business processes and risk categories, and improve IT risk management capabilities. In terms of soft wind control, we will create refined risk management, promote risk analysis, and strengthen quantitative risk management, risk management models and corresponding risk reporting capabilities.

6. Conclusion

This paper studies the specific forms of Internet finance and traditional bank lending business, analyzes the advantages and disadvantages and opportunities of the bank lending business transformation, and proposes strategies for transforming bank lending business in terms of strategy, technology, customer service and risk. Promote mutual development, and when necessary, we can make good cooperation, give full play to their respective advantages, truly return to the essence of finance, and contribute to the development of the real economy. The transformation of bank loan business under Internet finance enterprises has a positive impact on the stability and prosperity of China's financial market order, the activation of China's domestic lending market, the promotion of national economic development, and the improvement of people's living and happiness.

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