MINISTRY OF EDUCATION AND SCIENCE OF UKRAINE

V.N. KARAZIN KHARKIV NATIONAL UNIVERSITY

Karazin Banking Institute

Department: **Banking Business and Financial Technologies**
Specialty:**072 Finance, banking, insurance and stock market**
Educational program: **Financial technologies and banking management**
Group:**AF-24M full-time mode of study**

QUALIFYING MASTER'S THESIS

on the topic:

NEOBANKING AND ITS ROLE IN THE BANKING SPACE

submitted by the applicant of higher education

Li Heshuai

The qualifying master's thesis was accepted for defense by the decision of the Department of Banking Business and Financial Technologies

No 4 dated «25» November 2024

Head of Department
Doctor of Economics, Professor

_____Galina AZARENKOVA

Scientific advisor

PhD in Economics, Nadia VIADROVA

Kharkiv 2024

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APPROVED
Head of department of
Banking Business and Financial Technologies
Doctor of Economics, Professor
Galina AZARENKOVA
ASSIGNMENT
«_25» September 2024.

INDIVISUAL ASSIGNMENT

Assigned to the applicant **Li Heshuai**, full-time mode of study, in furtherance of preparation of the qualifying master's thesis on the topic « **Neobanking and its role in the banking space**». The topic was approved by order dated "17" September 2024 ya. No.4601-3k/1025 The qualifying master's thesis is based on the following materials: Qualified master's theses are based on extensive and reliable academic literature, empirical studies, statistical data, interviews, experimental results, legal documents, books, Internet resources, and your own research. Together, these materials form the theoretical framework and support for the thesis, ensuring the credibility and depth of the research.

Plan of qua

Chapter1
Research background and Purpose and significance of the study
Chapter2
The impact of Internet finance on commercial banking business
Chapter3
Counter measures and suggestions for commercial banks to deal with the development of Internet finance

The object of research: This paper aims to explore the reform and role of the emerging banking industry in the banking industry, especially in the context of Internet finance (Internet Finance). Research shows that Internet finance has significantly improved the business efficiency and market competitiveness of banks by introducing diversified financial service models, such as mobile payment (Mobile Payment), online lending (Online Lending) and crowdfunding (Crowdfunding).

The purpose of the qualifying master's work: Outline the theoretical basis of the organization, reveal the importance of the ecosystem of innovative activities of the bank, anticipate the direction of modern banking, and identify ways to improve its support instruments based on the systematization of existing recommendations on this issue.

Specific assignment that a higher education applicant must complete to achieve the goal:

In chapter1: In the context of rapid changes in the global financial environment, the traditional banking industry is faced with challenges and opportunities from Fintech (FinTech), digital currency (Cryptocurrency) and regulatory policy (Regulatory Policies). Therefore, it is particularly important to discuss the structural characteristics and functions of the new banking industry and its position in the financial system. This study aims to thoroughly analyze the formation process of new banking and its disruptive impact on banking, and reveal its core problems and potential challenges from multiple dimensions, so as to guide future theoretical research and practical application.

In chapter2: From the perspective of deposit interest rate, Internet financial platforms are often able to provide higher interest rates than traditional banks. These platforms allow depositors to offer more attractive interest rates by reducing operating costs and cutting fees for intermediaries. For example, some Internet banks offer deposit rates generally higher than the market benchmark rates, which directly attracts a large number of consumers money to these platforms. According to the latest market survey data, the deposit interest rate of a well-known Internet financial platform nationwide can reach 4.5%, while that of traditional commercial banks still hovered between 2% and 3% in the same period. This phenomenon shows that under the background of deposit interest rate competition, Internet finance has become an important driving force for consumers to choose the deposit channel.

In chapter3: Summarize the research results, put forward the possible

positive impact ofbuilding an ecosystem ofbank innovation activities, study and judge the future development direction of the banking industry, and emphasize the importance and necessity of this study.

CALENDAR PLAN

NO	Name of work stages	Deadline set dates from	Note
1	Selection of the topic		
2	Approval of the plan and tasks of thesis		
3	Submission of the thesis to the supervisor		
4	Supervisor must sign the thesis		
5	Norm controller must sign the thesis		
6	Admission by the head of the department to the defense of the thesis		
7	Defense of thesis		

Date of assignment issuance 25.09.2024

Student Li HeShuai Li HESHUAI

Scientific advisor Nadia VIADROVA

ABSTRACT
ON QUALIFICATION MASTER ' S WORK
« NEOBANKING AND ITS ROLE IN THE BANKING SPACE »

Li Heshuai

Total papers contains 83 pages, 35 references, 3 tables.

Object of research is direction of modern banking industry on the ecosystem of bank innovation activities.

Subject of research To evaluate the performance of the new banking industry using empirical research (Empirical Research), To quantify its impact on the traditional banking industry.

Purpose of qualification master's work In the context of rapid changes in the global financial environment, the traditional banking industry is faced with challenges and opportunities from fintech (FinTech), digital currency (Cryptocurrency) and regulatory policy (Regulatory Policies). Therefore, it is particularly important to discuss the structural characteristics and functions of the new banking industry and its position in the financial system. This study aims to thoroughly analyze the formation process of new banking and its disruptive impact on banking, and reveal its core problems and potential challenges from multiple dimensions, so as to guide future theoretical research and practical application.

The primary aim of this study is to clarify the key factors involved in the new banking industry and their interrelationships. In order to achieve this goal, The study will be explored in the following aspects: Through the literature review

(Literature Review), Systematically combing the theoretical basis and historical evolution of the new banking industry, With the help of multivariate analysis (Multivariate Analysis), Extract the core variables affecting the development of the new banking industry; Combined with the case study (Case Study) approach, Focus on analyzing several representative and successful new banking cases, With the combination of qualitative and quantitative methods, Explore the driving force and replicability behind its success specifically; To evaluate the performance of the new banking industry using empirical research (Empirical Research), To quantify its impact on the traditional banking industry.

The significance of the research lies in providing a systematic analytical framework and empirical support for the theoretical construction and practice of the new banking industry. The new banking industry is not only a simple replacement of the traditional banking industry, but also a deep reengineering of the whole chain of financial services (Financial Services). The new models, new thinking and new technologies born in this process may continue to promote the innovation and reform of the financial market. By exploring its diversified business model (Business Model), market positioning (Market Positioning) and innovation in user experience (User Experience), this study can not only provide a fresh perspective for academia, but also provide practical management enlightenment for industry practitioners.

Tasks of qualification master's work are

- to the sustainable development of the banking industry, and specificall y analyze its application value in the economic and financial fields, so that i t can have a profound impact in both academic and practical levels.

- to investigate the current competitive dynamics of financial markets and the actual demand for bank innovation, as well as the inevitability of the direction of bank development;

- to analyze the specific means and methods of bank innovation activities, as well as their influencing factors;

- to determine the importance of the bank's ecosystem of innovation activities;

- to propose strategies and recommendations for establishing a reasonable ecosystem of bank innovation activities.

According to the research results, combined with the theory and practice of the report, it can be demonstrated to improve the ecosystem of banking innovation activities in the financial industry, and further provide specific suggestions for the future development direction of the banking industry.

The results obtained can be used Therefore, future research should pay attention to the disruptive impact of the new banking industry on traditional banks and the innovative practice of risk management in the industry. Through case analysis and empirical research, academia and industry can more deeply discuss

the operation mode and market dynamics of the new banking industry, and provide scientific basis for policy makers to respond to emerging challenges and seize opportunities. This study not only provides a systematic framework for deeply understanding the new banking industry. It also lays a foundation for future theoretical and practical research. It is expected to stimulate more research interest and practical exploration in the new banking industry under the ever-evolving fintech background, so as to promote the sustainable development and innovation of the entire financial industry

KEY WORDS: THE NEW BANKING INDUSTRY , INNOVATION ACTIVITIES, RULE, FINANCIAL INDUSTRY

CONTENTS

INTRODUCTION

This paper aims to explore the changes and roles of emerging banking, especially in the context of Internet Finance, in the field of banking. Research shows that Internet finance has significantly improved the business efficiency and market competitiveness of banks by introducing diversified financial service modes, such as mobile payment, online lending and crowdfunding. The research points out that Internet finance has a profound impact on the liabilities, assets and intermediary business of commercial banks. For example, Internet finance has improved the competitiveness of deposits, accelerated the marketization of interest rates, and changed the traditional savings model. In the field of loans, with the support of big data and artificial intelligence technology, the credit model and review process of commercial banks have gradually been optimized, and their risk control capabilities have been enhanced. In view of the development status of Industrial and Commercial Bank of China under the wave of Internet finance, the research reveals the adjustment of its market positioning and the expansion trend of online business, and emphasizes the importance of innovative marketing strategies and risk management. In response to the challenges brought by Internet finance, we proposed a customer centric optimization strategy, as well as suggestions on the construction of mobile banking and e-commerce platforms, to provide theoretical basis and practical guidance for the sustainable development of traditional commercial banks in the Internet financial environment.

CHAPTER 1. RESEARCH BACKGROUND, PURPOSE AND SIGNIFICANCE OF THE STUDY

1.1 Purpose and significance of the study

In the context of rapid changes in the global financial environment, the traditional banking industry is faced with challenges and opportunities from fintech (FinTech), digital currency (Cryptocurrency) and regulatory policy (Regulatory Policies). Therefore, it is particularly important to discuss the structural characteristics and functions of the new banking industry and its position in the financial system. This study aims to thoroughly analyze the formation process of new banking and its disruptive impact on banking, and reveal its core problems and potential challenges from multiple dimensions, so as to guide future theoretical research and practical application.

The primary aim of this study is to clarify the key factors involved in the new banking industry and their interrelationships. In order to achieve this goal, The study will be explored in the following aspects: Through the literature review (Literature Review), Systematically combing the theoretical basis and historical evolution of the new banking industry, With the help of multivariate analysis (Multivariate Analysis), Extract the core variables affecting the development of the new banking industry; Combined with the case study (Case Study) approach, Focus on analyzing several representative and successful new banking cases, With the combination of qualitative and quantitative methods, Explore the driving force and replicability behind its success specifically; To evaluate the performance of the new banking industry using empirical research (Empirical Research), To quantify its impact on the traditional banking industry [2].

The significance of the research lies in providing a systematic analytical framework and empirical support for the theoretical construction and practice of the new banking industry. The new banking industry is not only a simple replacement of the traditional banking industry, but also a deep reengineering of the whole chain of financial services (Financial Services). The new models, new thinking and new technologies born in this process may continue to promote the innovation and reform of the financial market. By exploring its diversified business model (Business Model), market positioning (Market Positioning) and innovation in user experience (User Experience), this study can not only provide a fresh perspective for academia, but also provide practical management enlightenment for industry practitioners [3].

In todays rapidly developing and increasingly complex financial environment, the transformation of the banking industry has become an important issue that cannot be ignored. The rise of the new banking industry not only represents the modernization of financial services, but also represents the intuitive embodiment of the profound changes of the traditional banking model. The purpose of this study is to explore the role of the new banking industry and its contribution to the sustainable development of the banking industry, and specifically analyze its application value in the economic and financial fields, so that it can have a profound impact in both academic and practical levels.

The significance of the present study is reflected in multiple levels. From a theoretical point of view, the rise of the new banking industry has contributed to the reconstruction of financial theory. In this process, value chain analysis (Value Chain Analysis), as an important theoretical tool, can effectively analyze the functions of each link and the intercorrelation of the new banking industry. For example, digital transformation weaves customer service, risk management and operational efficiency, driving the pace of financial services. In this context, the

traditional banking management philosophy and practice form are facing great challenges, which promotes the academic circle to deeply explore the subversion and promotion of the emerging model to the existing theoretical framework.

The research deeply analyzes the new banking industry from the perspective of practical operation, and reveals its multiple roles in financial services. In the past period of time, the rapid rise of Internet finance and fintech (FinTech) has provided a wealth of case materials, enabling us to specifically quantify the complementary and substitution effect of the new banking industry on traditional banks. For example, many emerging banks, with their flexible digital services and low-cost operation model, attract a large number of young users, thus directly challenging the market dominance of traditional banks. This phenomenon not only indicates the trend of the integration of banks and technology, but also reflects the iterative change of consumer behavior, which is worth the systematic discussion by researchers.

Moreover, combined with the case analysis method, we can extract the key factors for the success of the new banking applications from the diversified research cases. For example, some new banks have significantly improved customers risk identification and early warning capabilities through big data analysis and the application of artificial intelligence (Artificial Intelligence, AI). The effectiveness of its operation mode not only improves customer satisfaction, but also provides a reliable basis for the risk management and compliance review of banks. This shows that the deep application of modern technology not only enhances the competitive advantage of the banking industry, but also meets the growing compliance requirements, which has important reference significance.

In todays rapidly changing financial environment, the concept of new banking industry has gradually become the focus of academic and practical circles. The centered research mainly focuses on the integration of fintech

(FinTech) and traditional banking business, the innovation of service mode and the new thinking of risk management. Especially in China, due to the rapid development and innovation of Chinas financial market, related research is becoming more and more abundant. However, throughout the existing literature, effective systematic analysis is still scarce, and most of the studies are relatively scattered, and there is a lack of in-depth discussion on the emergence background and diversified characteristics of the new banking industry.

At present, the domestic research on the new banking industry can be divided into several main directions. First, an empirical study on the impact of fintech on the traditional banking business. Researchers are generally concerned about how emerging technologies such as Internet finance (Internet Finance), blockchain technology (Blockchain Technology) and artificial intelligence (Artificial Intelligence) can change the banking service delivery mode and customer experience [4]. In this regard, some scholars have analyzed the impact of Internet finance on bank credit through a quantitative model, and proposed the potential of Internet finance in improving credit efficiency and reducing risks. However, many studies failed to fully include the interactive effects between different fintechnologies, resulting in one-sidedness and limitations of the results.

Second, the domestic research also focuses on the business model innovation of the new banking industry. It is widely believed that the emergence of new banks has promoted the innovation of products, services and channels in the banking industry. Case analysis shows that many emerging banks have successfully attracted a large number of users by focusing on personal financial services, thus increasing their market share. However, the current research often lacks the analysis of the influencing factors of new bank innovation, especially how to form a sustainable competitive advantage in the complex market environment, which still needs to be further discussed.

Thirdly, risk management, as an important research field in the new banking industry, has gradually been paid more attention to by scholars. Most of the existing research focuses on the new risk characteristics and management methods brought about by fintech. For example, some scholars have discussed the application of big data analysis (Big Data Analytics) in credit risk assessment, pointing out the shortcomings of traditional risk management models in new banking services. However, the research on how new banks can build a systemic risk management framework is still insufficient, especially the new challenges in the face of uncertainty and complexity.

In todays rapidly developing financial environment, the banking industry is facing unprecedented challenges and opportunities. Therefore, it is particularly important to clarify the purpose and significance of the research. This study aims to explore the formation of the new banking industry and its role in the banking field, in order to provide theoretical support and practical reference for relevant research and practice. In this context, the purpose of our research is not only to reveal the development trend of the new banking industry, but also to explore its positive role in service innovation, risk management and financial regulation.

To achieve the purpose of the above research, this study will use the case study (Case Study Method) method, which is logically based on its ability to deeply explore the complexity and internal connections of specific phenomena. With its unique research perspective, the case study method can effectively integrate qualitative and quantitative data, and conduct a comprehensive analysis of the empirical cases in the new banking industry. By selecting a number of representative emerging banks or fintech companies and analyzing the performance of their operation model, risk control and customer service, we can reveal the core characteristics of the new banking industry and its driving role in the reform of the traditional banking industry.

In view of the importance of the new banking industry in technological innovation and market demand change, the case study method can not only conduct a thorough analysis of the complex social and financial phenomena, but also provide a more flexible research framework for researchers. The advantage of this method lies in that it can deeply explore the practical experience and lessons behind the case, and then provide reference for other banking institutions when implementing innovation strategies. For example, through some successful transformation of traditional Banks (e. g., jpmorgan) and innovative financial technology enterprises (such as Chinas ant gold suit) case study, we can identify in business strategy, technology application and customer interaction, best practices to provide feasible strategy for the formation of the new banking advice.

In the study, we paid special attention to the process of data collection and analysis to ensure the scientific nature and credibility of the research results. In case selection, we adhere to strict standards and select those institutions with certain influence and representativeness in the market to ensure the representativeness of samples and the coverage of data. In the data collection process, we comprehensively use the raw data and secondary data, and use a variety of data sources (such as official statistics, industry reports and financial statements, etc.) to conduct a comprehensive diagnostic analysis of the selected cases. With the help of hybrid research methods, we combine quantitative analysis with qualitative analysis, and the cross-testing of different types of data can effectively reduce research bias and improve the overall reliability of research.

In order to improve the accuracy and applicability of the research, we used advanced statistical tools such as SPSS (Statistical Package for the Social Sciences) in the data analysis stage to conduct in-depth multivariate regression analysis and factor analysis on all kinds of data, so as to find out the potential variable relationships and industry trend [5]. This empirical research provides a

strong empirical support for the theoretical framework, which makes the derivation of the research conclusions more scientific and rigorous.

1.2 Overview of the related theories of Internet finance and the concept and characteristics of Internet finance

As an emerging field integrating "Internet technology" and "financial services", the concept of Internet finance still needs to be defined and discussed in depth. In the context of the rapid development of information technology, the form of Internet finance has been endowed with more diversified connotations and extension. At the same time, its unique technical architecture, business model and market operation mechanism, also constitute its essential characteristics.

By definition, "Internet finance" (Internet Finance) mainly refers to a new financial model that realizes financial services and transactions with the help of Internet technology. This model not only includes the connection between traditional financial institutions and Peoples Daily life, but also includes many emerging financial service enterprises based on Internet platforms. According to previous research (Wang, 2018), the core of Internet finance lies in "convenience" (Convenience) and "low cost" (Low Cost), that is, to optimize resource allocation through technical means, so that financial services can achieve the efficient goal of inclusive (Inclusiveness).

Internet finance not only includes electronic payment (Electronic Payment), online lending (Online Lending), crowdfunding (crowdfunding) and other basic forms, but also extends to more complex financial products and services such as asset management (Asset Management), insurance technology (Insurtech) and personal finance (Personal Finance). This diversified business model not only requires the interaction and cooperation between consumers, financial institutions

and technology companies, but also needs to build a comprehensive ecosystem covering policy supervision, risk management, data security and user privacy (Liu, 2020). For example, the rise of Alipay not only meets consumers demand for convenient payment, but also realizes deeper financial services such as credit evaluation (Credit Assessment) through big data analysis (Big Data Analysis).

Then comes the challenges of Internet finance in risk management (Risk Management). Due to its low entry threshold, Internet financial platforms are extremely vulnerable to potential credit risk (Credit Risk) in terms of user credit evaluation, risk pricing (Risk Pricing), etc. Therefore, how to effectively control risks while ensuring the popularity of financial services is an urgent problem to be solved by the whole industry (Zhang, 2019). This requires relevant enterprises to strengthen technology integration and innovation, such as using blockchain (Blockchain) technology to build a decentralized credit system to achieve transparency and traceability and reduce the occurrence of fraud.

As an emerging financial system, the unique characteristics of Internet finance make it occupy an increasingly important position in todays society. Before analyzing its characteristics, we first need to understand the basic concept of Internet finance. Internet finance (Internet Finance) usually refers to the efficient allocation of funds through various kinds of financial innovation based on Internet technology. Its formation is not only driven by technological development, but also closely related to the diversification of financial needs under the background of economic globalization. With the rapid development of cutting-edge technologies such as big data (Big Data), blockchain (Blockchain) and artificial intelligence (Artificial Intelligence), Internet finance has gradually shown the following remarkable features of [7].

Convenience is one of the most prominent features of Internet finance. Users can conduct financial transactions anytime and anywhere through mobile devices,

breaking the time and space restrictions of traditional banks. For example, users of an Internet payment platform can quickly complete payments through mobile apps, without having to go to the bank in person. According to market research data, 82 percent of users believe that the convenience of Internet finance has greatly improved their quality of life. This convenience not only improves the user experience, but also promotes the popularization of financial services. Especially in remote areas, the capital flow realized through Internet finance has greatly improved the financing difficulties of small and micro enterprises.

The improvement of transparency is also a major feature of Internet finance. Traditional banking business is often due to the information asymmetry, resulting in customers lack of sufficient trust when choosing financial products. However, Internet financial platforms usually provide clearer information display, truthful transaction data, expense details and risk tips through technical means, which not only enhances the trust of customers, but also reduces the risk of financial fraud to a certain extent. According to statistics, the user return rate of Internet financial products with high transparency is about 30% higher than that of traditional financial products. Such characteristics pose a challenge to the traditional banking industry, where traditional financial institutions need to rethink the way of information dissemination and customer relationship management to adapt to the changes in the market.

Moreover, low-cost operation is another important advantage of Internet finance. Since Internet finance often carries out business through online platforms, it reduces the operating costs of human resources and physical outlets, which enables it to provide more competitive interest rates and service fees. For example, the operation model of some Internet microfinance platforms enables them to give borrowers relatively low interest rates and attract a large number of consumers, thus forming a certain scale effect in the market. This low-cost feature puts a

severe pressure on traditional banks, and traditional financial institutions must re-evaluate their business models to cope with the competition from Internet finance.

Mobile payment, as an important form of Internet finance (Internet Finance), has risen significantly along with the rapid development of technology in recent years. Its core working principle is based on the high integration of "payment gateway (Payment Gateway)" and "mobile terminal (Mobile Terminal)", which guarantees the integrity and confidentiality of transaction information through security protocol (Security Protocols) [8]. Specifically, mobile payment systems usually involve mobile devices on the client side and collection tools on the merchant side. Under this framework, users can only need to complete convenient payment operation [9] through biometric technologies such as fingerprint recognition (Fingerprint Recognition) or facial recognition (Facial Recognition), and cutting-edge technologies such as digital wallet (Digital Wallet).

Reviewing the development process of mobile payment, its initial market application scenarios mainly focus on online retail and e-commerce transactions. However, with the continuous evolution of consumption patterns, the use scenario of mobile payment scenarios has gradually expanded to offline physical stores, instant delivery, public transportation and various service industries. For example, in some cities, consumers can use mobile payment applications to easily complete the payment of subway and bus rides, which not only improves the convenience of travel, but also promotes the intelligent process of public transportation.

In terms of the importance in economic activities, the popularity of mobile payment has significantly improved the efficiency of transactions. According to market research data from User Behavior Analysis (User Behavior Analysis), users using mobile payments have generally increased their transaction speeds by 30 to 50 percent. When reflected in the merchant level, it means that its capital

liquidity can be enhanced, and the rapid liquidation of funds can be realized in a short time, thus improving the efficiency of the use of funds. The wide application of mobile payment helps to promote the innovation of business models and promote the deep integration of traditional industries and the Internet, such as the rise of the "new retail (New Retail)" model, which greatly promotes the diversification of the economy.

In addition to the static performance in economic activities, the dynamic impact of mobile payment can not be ignored. It has not only changed consumers payment habits, but also contributed to the rapid development of fintech (FinTech) to some extent. As an important part of fintech, mobile payment has promoted the transformation of banks (Banking) and financial institutions in terms of user experience, and banks are gradually transforming from traditional credit business to data-driven intelligent services. This trend shows that mobile payment is not only an alternative to traditional payment means, but also a profound change in the field of financial services.

As an important model of "Internet finance (Internet Finance)", online lending has developed rapidly in the world in recent years. Its background is due to the many deficiencies of the traditional financial system, especially the cumbersome loan application process, the low efficiency of lending and the strict credit audit standards, which lead to the financing difficulties of a large number of small and micro enterprises and individuals. This situation has given birth to online lending platforms, which use the "platform economy (Platform Economy)" model to efficiently match lending demand with capital supply, so as to optimize resource allocation and improve financing efficiency.

From the perspective of operation mechanism, online lending platforms rely on the technological innovation of "digital (Digitalization)" to build an intelligent risk control system [10] with big data (Big Data), artificial intelligence (Artificial

Intelligence) and blockchain (Blockchain) as the core. Through the intelligent analysis of the borrowers credit rating data, the platform completes the risk assessment and financing decision in a short period of time, which greatly improves the efficiency of loan approval. Take "P2P lending (Peer-to-Peer Lending)" as an example, the borrowers and borrowers trade directly through the platform and no longer rely on traditional financial institutions, which can effectively reduce the credit costs and avoid the intermediary fees of the traditional financial system.

At the same time, the impact of online lending on the traditional lending business is significant. On the one hand, it attracts a large number of unmet lending needs by simplifying the application process and shortening the approval time. According to data from a research institution, the trading volume of Chinas online lending market has reached one trillion yuan in 2019, thus showing its potential to surpass the traditional bank credit business. On the other hand, traditional financial institutions are faced with the risk of losing customers, especially among young consumers, who are more inclined to use mobile terminals for financial transactions with online platforms. This change of consumer behavior forces traditional banks to carry out business innovation and strategic transformation to adapt to the new market environment.

From the development trend, online lending will continue to usher in new opportunities and challenges. On the one hand, with the continuous progress of "fintech (Fintech)", the technical barriers are gradually falling, and more and more participants enter the online lending market. Research shows that it is foreseeable that the online lending market will tend to diversify in the future, with more new segmentation models, such as "QR code loan (QR Code Loans)" and "social loan (Social Lending)", which will further enrich users financing choices. On the other hand, the improvement of regulatory policies will also greatly affect

the development of the industry. Governments have gradually formulated relevant regulations to protect the rights and interests of consumers and maintain the stability of the financial market, which will directly affect the operation model and profit model of online lending platforms.

1.3 The impact of the rise of innovative technologies on the banking business.

Third-party payment is an indispensable part of the Internet finance (Internet Finance, IF) system. Its role is not limited to simple capital transfer, but covers multi-dimensional functions and a wide range of market influence. In recent years, with the rapid development of mobile Internet technology, the third-party payment platform has gradually expanded from the traditional offline payment scene to online payment, cross-border payment and other fields, bringing a subversive transaction mode and user experience. In this context, this paragraph will deeply discuss the functions and functions of third-party payment, and clarify its status and influence in the Internet financial ecosystem.

The core function of the third-party payment platform is to act as an intermediary between the two parties of the transaction, which provides users with a convenient and safe payment method. Taking well-known platforms such as "Alipay" (Alipay) and "WeChat Pay" (WeChat Pay) as examples, users can quickly complete daily consumption and transfer money, reducing the time cost and economic cost of payment. Third-party payment also effectively reduces transaction risks through technical means, such as the use of security protocol (Secure Sockets Layer, SSL) and crime monitoring system, to ensure users capital security and personal privacy. These functions not only improve the transaction efficiency, but also increase consumers trust in online finance to a certain extent.

Further, the contribution of third-party payment in promoting financial inclusiveness cannot be ignored. In the traditional financial system, many residents in remote areas are unable to enjoy basic financial services due to the lack of banking services. Through the third-party payment, these users can realize electronic payment through smart phones and other devices, and complete the centralized management and transfer of funds. Research shows that in many countries in Southeast Asia and Africa, mobile payment has become one of the key factors in promoting the development of small and micro businesses, which fundamentally improves the vitality and stability of the local economy.

In addition to its functions and functions, the business model of the third-party payment platform is also worth paying attention to. Such platforms typically use a combination of "fees" (transaction fee) and "value-added services" (value-added services), which come mainly from the percentage of fees per transaction, while they further broaden their revenue streams by providing comprehensive financial products such as insurance and investment services. Through big data analysis and user behavior research, the platform can accurately locate user needs, provide personalized financial services, improve user stickiness, and maximize profitability. For example, "PayPal" quickly captured the market by analyzing user spending habits and developing credit products adapted to different user types.

As an important form of Internet finance, P2P online lending has developed rapidly, but it is also accompanied by many potential risk factors. Effective identification and control of these risks has become an important prerequisite for the sustainable development of the industry. According to the risk factors of P2P network lending, it can be systematically analyzed from several dimensions, such as credit risk, liquidity risk and compliance risk. Credit risk (Credit Risk) is a significant challenge, mainly reflected in the possibility of the borrower to default.

According to many studies, the borrowers credit score and its previous repayment record are important indicators to assess its credit risk. However, the credit information of borrowers on P2P platforms is often not transparent enough and relies on the data provided by third-party credit evaluation agencies, which may lead to credit information asymmetry, thus increasing the potential loss of the platform.

Liquidity risk (Liquidity Risk) is also not to be underestimated, especially in cases of uncertain market conditions. P2P online lending platforms usually adopt the "matching mechanism" (Matching Mechanism), which matches lenders and borrowers, which may cause low efficiency in the use of funds in the short term, and then lead to the lack of liquidity. Therefore, the platform needs to establish a reasonable liquidity management model to ensure that the lenders demand for capital redemption can be quickly met in the short term.

In terms of compliance risk (Compliance Risk), with the continuous tightening of national regulatory policies, P2P platforms need to follow a number of laws and regulations in their operation. Platforms lacking sufficient compliance awareness may face major legal risks, or even encounter punishment from regulators, leading to the rupture of the capital chain, thus affecting their market credibility. Therefore, the platform should strengthen the construction of the compliance system to ensure that the services provided comply with the applicable laws and regulations.

At present, the risk control measures for P2P network lending are mainly reflected in the following aspects. Dynamic risk monitoring (Dynamic Risk Monitoring) is an important strategy to timely adjust the risk assessment model by monitoring borrowers credit status and industry changes in real time. The risk diversification mechanism (Risk Diversification Mechanism), which also significantly affects the risk management of the platform, requires lenders to

diversify their funds into multiple borrowing projects, helping to reduce the impact of a single project on the overall portfolio. Some P2P platforms also use security funds (Guarantee Fund) as a risk prevention means to provide lenders with a certain degree of financial security, thus improving the confidence of lenders.

In the current rapidly developing Internet financial environment, P2P (Peer-to-Peer) online lending, as an emerging financing mode, has attracted wide attention because of its unique market mechanism. The current market situation of P2P online lending not only reflects the challenges faced by both borrowers and borrowers in terms of information asymmetry and transaction costs, but also reveals the potential advantages of this innovative financial model in providing financing convenience. According to relevant data, the global size of P2P online lending market in 2023 has exceeded us $300 billion, becoming an important part of the Internet finance field.

The situation of the participants is relatively complex, mainly including borrowers, investors and platform service providers. Borrowers are usually small and medium business owners or individual consumers, who often face multiple constraints from traditional bank financing channels when seeking financing. Investors are mainly made up of individual investors, who usually want to obtain relatively high interest income through P2P platforms. As an intermediary to match lenders and borrowers, the platform service provider undertakes multiple responsibilities such as risk control, credit evaluation and dealmaking. Research shows that, with the development of digital technology, more traditional financial institutions have also begun to participate in the P2P online lending business, boosting the development of the market.

The change of market regulatory environment is an important factor affecting the development of P2P online lending industry. In recent years, many countries

and regions have issued a series of regulatory policies to maintain the healthy stability of the market. For example, in 2016, China promulgated the Implementation Plan for the Special Rectification of Internet Finance Risk, aiming to promote the compliance and standardized development of the P2P online lending industry. Under the latest regulatory policies, platforms must obtain corresponding financial licenses to implement information disclosure and risk management, thus improving the security and transparency of lending transactions. Although this strengthening of regulation has a certain inhibitory effect on the market in the short term, in the long term, it will help improve the credibility of the whole industry and investor confidence, and promote its sustainable development.

Despite the challenges in the market development, P2P online lending still shows strong vitality and potential. The P2P online lending market allows both lenders and borrowers to trade directly through the Internet, which significantly reduces the intermediary costs and improves the efficiency of capital flow. At this time, borrowers and investors get more information exchange and credit evaluation through the online platform, which improves the matching efficiency of transactions to a certain extent. Through big data (Big Data) analysis and artificial intelligence (Artificial Intelligence) technology, the platform improves the accuracy of credit assessment and reduces information asymmetry. Data research shows that the default rate of P2P platform using big data technology is reduced by about 15% compared with the traditional model. This point illustrates the importance of technology in improving market efficiency and reducing risk.

As an emerging way of fund raising, crowdfunding and its market acceptance has gradually improved, which has attracted wide attention from the academic and practical circles. When classifying the crowdfunding model, we can conduct an in-depth analysis from multiple dimensions, including the investment return

mechanism, the role of the participants, and the use of the funds.

According to the return on investment mechanism, crowdfunding can be divided into four basic modes: incentive crowdfunding (Reward-based Crowdfunding), equity-based crowdfunding (Equity Crowdfunding), debt crowdfunding (Debt Crowdfunding) and charitable crowdfunding (Donation-based Crowdfunding) [11]. Reward crowdfunding usually involves project sponsors providing physical returns or services to supporters. It is suitable for product innovation and marketing stages, and Kickstarter and Indiegogo are typical representatives of this model. It is characterized by providing intuitive returns to its supporters, thus enhancing the projects attractiveness and market acceptance. However, due to the lack of specific financial returns, incentive crowdfunding often limited to the financing of large-scale commercial projects.

Equity-based crowdfunding takes the shares of the enterprise in return and allows investors to obtain the distribution right and voting right of the companys future profits through capital investment. This model is not only suitable for start-ups to seek capital, but also to build a symbiotic relationship between investors and companies. The study revealed that participants in equity crowdfunding usually expect a higher return on investment, while actively participating in the development planning of projects in order to enhance corporate governance. Such platforms, such as Crowdcube and Seedrs, also attract high-potential startups due to information asymmetry, and investors need to conduct adequate due diligence.

Debt-based crowdfunding, or crowdloan, uses individuals or institutions to invest funds into the project in the form of loans, and the borrower needs to repay the principal and interest within the specified time. This type of model shows a strong market demand when the economy is relatively depressed, because it provides a relatively convenient access to funds for individuals and small and micro enterprises. For example, LendingClub and Prosper are both leaders in the

field. Despite its attraction, debt-based crowdfunding also faces severe challenges such as credit risk and loan default, and a sound credit review mechanism is needed to maintain the stability of the market.

Charitable crowdfunding aims at improving social well-being and usually does not expect a return. This model is highlighted in the financing field of social welfare projects, such as the medical assistance or post-disaster reconstruction projects commonly seen on GoFundMe platforms, which fully reflects the sense of social responsibility. Research shows that charitable crowdfunding has been widely recognized by the society because of its low threshold and high value orientation, but the sustainability of its funds is relatively weak and depends on the support of social credibility and the macroeconomic environment.

Crowdfunding, as an emerging financing mode, has achieved significant development in the field of Internet finance (Internet Finance) in recent years. Its core feature is to connect the projects with capital needs with potential investors through the Internet platform, so as to realize the efficient allocation of resources. However, while crowdfunding has shown a positive role in promoting entrepreneurship and the development of small and micro businesses, its complexity and uncertainty also pose potential risks. Therefore, it is of great theoretical significance and practical value to deeply explore the risks faced by crowdfunding, to evaluate the existing risk management strategies and their effects, and even to put forward suggestions for improvement.

The subjects of crowdfunding include project sponsors, investors and intermediaries running crowdfunding platforms. There is asymmetric information in the rights and interests and responsibilities of all parties, which may lead to poor information flow and moral hazard (Moral Hazard). For example, project sponsors may exaggerate the return of the project, and investors blindly follow the trend without sufficient information, thus facing the risk of project failure. In

this context, the Risk Assessment Matrix (Risk Assessment Matrix) has become an effective risk identification and analysis tool to help project managers more clearly identify potential risks in the crowdfunding process.

At present, the common risk management strategies in crowdfunding mainly include project audit mechanism, investor education and fund custody system. Although these strategies improve the risk prevention ability to some extent, they still have defects. For example, the project audit mechanism often focuses on the compliance audit, but ignores the in-depth analysis of the project feasibility and the market competition environment, resulting in investors lack of cognition of the real situation of the project. Therefore, it is necessary to establish a more comprehensive evaluation framework, which combines the business model, competitive situation and financial situation, so as to improve the transparency of the project and investor confidence.

However, in the actual case of risk control, some successful crowdfunding projects often significantly reduce the trust cost of investors through the establishment of more stringent project audit standards and transparent information disclosure system. For example, in the process of strict project screening, a well-known crowdfunding platform increased its emphasis from data analysis (Data Analytics) to investor education. Through online training and experience sharing meetings, investors judgment and risk identification ability were improved.

Suggestions for the improvement of crowdfunding risk management, we can consider introducing big data analysis (Big Data Analytics) technology at the platform level, and with the help of its powerful data processing capability, monitor the operation dynamics of projects in real time and timely early warning of potential risks. The platform can also add a community interaction mechanism to promote the two-way flow of information between investors and project

sponsors, and enhance the credibility of the project and user stickiness of the project.

CHAPTER 2. THE IMPACT OF INTERNET FINANCE ON COMERCIAL BANKING BUSINESS

2.1 The Impact of Internet finance on the debt business of commercial banks

In the current economic environment, the rapid rise of Internet finance (Internet Finance, IF) undoubtedly has a significant impact on the debt business of traditional commercial banks, especially the deposit competitiveness. Through diversified financial services and flexible operation mode, Internet finance has greatly changed the financial behavior of consumers, which makes commercial banks face unprecedented competitive pressure. Specifically speaking, the high-interest rate deposit products, convenient online account opening process and high-quality user experience provided by Internet finance gradually weaken the advantages of traditional banks in attracting deposits.

From the perspective of deposit interest rate, Internet financial platforms are often able to provide higher interest rates than traditional banks. These platforms allow depositors to offer more attractive interest rates by reducing operating costs and cutting fees for intermediaries. For example, some Internet banks offer deposit rates generally higher than the market benchmark rates, which directly attracts a large number of consumers money to these platforms. According to the latest market survey data, the deposit interest rate of a well-known Internet financial platform nationwide can reach 4.5%, while that of traditional commercial banks still hovered between 2% and 3% in the same period. This phenomenon shows that under the background of deposit interest rate competition, Internet finance has become an important driving force for consumers to choose the deposit channel.

In terms of convenience and improved user experience, Internet financial

platforms use their flexible information technology (Information Technology, IT) to provide extremely convenient service experience through mobile terminals and Internet platforms. Consumers can easily make deposits, withdrawals and other financial transactions only through their mobile phones or computers. This efficiency and convenience is particularly prominent compared with the face-to-face service mode of traditional banks. Research shows that about 70% of young consumers are willing to give priority to Internet financial platforms for deposit, not only because of the high interest rate, but also because of the convenience and transparency of their operation.

In response to such competitive pressures, commercial banks need to re-examine and optimize their deposit products and service strategies. For example, banks can meet diversified market needs by introducing flexible deposit product designs, such as structured deposits (Structured Deposit) and lump-sum withdrawal innovation. At the same time, banks should strengthen their digital transformation to improve the availability and interactivity of online services, so as to enhance customer engagement (Customer Stickiness) and satisfaction.

In terms of specific cases, taking a joint-stock commercial bank as an example, after facing the fierce competition from Internet finance, the bank successfully increased the deposit scale by about 20% by introducing a digital platform and introducing high-yield intelligent financial products. This strategy not only improves the competitiveness of its deposit interest rate, but also obtains higher customer satisfaction through high-frequency customer interaction.

Under the background of the rapid development of Internet finance, the acceleration of interest rate liberalization has brought a potential reshaping effect to the debt business of commercial banks. Through the market structure analysis method and taking this as the framework, the impact of interest rate liberalization on the business strategy and long-term development of commercial banks can be

discussed more deeply.

Interest rate liberalization means that the interest rates of bank deposits and loans will no longer be completely controlled by the government, but are determined by the market supply and demand relationship. This transformation makes the commercial banks must pay more attention to the market reaction and competitive pressure when designing their debt business. For example, when market interest rates rise, customers will be more inclined to look for higher-yielding financial products, which will directly affect banks strategy of focusing on low-interest deposits. In this context, commercial banks may need to enhance the attractiveness of their debt products, such as increasing deposit rates to attract customers and thus maintain their market share.

The competitive environment under interest rate liberalization also urges commercial banks to pay more attention to product innovation and the change of customer demand. In this new market model, the emergence of Internet financial enterprises makes traditional banks face fierce competition from non-bank financial institutions. These Internet financial platforms tend to enter the market with lower cost and higher service efficiency, and can provide personalized services to customers through data mining and precision marketing. For example, due to their fewer physical outlets and operating costs, Internet financial enterprises can provide relatively high deposit interest rates, which directly puts greater pressure on commercial banks. In this case, commercial banks must deeply study the needs of customers, flexibly adjust their own debt product structure, and develop new products that meet the market demand.

At the same time, the popularization of Internet finance has promoted the rapid development of information technology and provided more technical means for commercial banks to optimize their debt business. For example, through big data analytics and blockchain technology, banks can improve their risk

management level and customer service efficiency. In the process of optimizing the debt business, commercial banks should not only pay attention to the setting of interest rates, but also consider how to use emerging technologies to improve customer experience and operational efficiency. Commercial banks can also strengthen their market competitiveness by virtue of the technological advantages of Internet financial enterprises through cooperation or by means of mergers and acquisitions.

It is worth noting that the promotion of interest rate liberalization has also brought about the rise of financial risks. Market-oriented interest rate mechanism may lead to increased interest rate volatility, which will further affect the balance sheet structure of banks. This means that commercial banks need to pay more attention to the matching of assets and liabilities to avoid liquidity risks and interest rate risk. To this end, banks can introduce financial derivatives and risk hedging instruments to establish effective risk management mechanisms to reduce the uncertainty caused by market fluctuations.

With the rapid rise of Internet finance, the core business of commercial banks, —— debt business, especially the transformation of savings mode, is facing profound challenges and opportunities. The rise of Internet finance (FinTech) has not only promoted the innovation of financial services, but also reshaped the structure of savings products and customer experience, thus having a direct and far-reaching impact on the profit model of commercial banks. By applying the change Management model (Change Management Model), the analysis of these changes can more clearly reveal the impact of Internet finance on the traditional savings model.

The popularity of Internet finance has led to the qualitative change of depositors understanding and demand for the traditional savings methods. Based on the high-interest rate deposits and flexible and diverse savings products

provided by online platforms, consumers choice space increases significantly. Compared with the time deposit (Time Deposit) generally provided by traditional banks, Internet financial companies tend to attract users through lower operating costs and more flexible financing structure. For example, money market funds such as Yu ebao (Yu ebao), which have emerged in recent years, meet users dual demand for liquidity and income through their interaction with users, thus leading to the reduction of consumers loyalty to deposit products. The change has prompted commercial banks to rethink their savings strategies to adapt to the new consumer preferences.

Further, the change of savings mode is not only reflected in the form of the product, but also involves the change of user behavior. In the past, depositors allocation of resources mostly depended on their trust in commercial banks. However, with the improvement of the transparency of Internet financial information, consumers began to flow between different financial platforms, forming a platform-basedfinancial management mode. This means that consumers are not only passively accept the savings products provided by banks, but also actively seek the optimal capital allocation scheme. In this new environment, commercial banks are facing more and more fierce competition. How to improve the competitiveness of their products has become an urgent issue to be solved.

Data support is particularly important when analyzing these changes. According to the statistics of the Peoples Bank of China (PBOC), the growth rate of national household savings deposits dropped to 5% in 2022. In the same year, the attractiveness of Internet financial products increased significantly, further highlighting the disadvantage of commercial banks in this competition. According to a report released by market Research firm, the number of users of Internet financial platforms increased by more than 30 percent year on year in

just two years, while the savings customers of commercial banks showed negative growth. The data not only reflect the shift in market demand, but also reveal the slow response of traditional commercial banks to respond to the impact of Internet finance. Under the background of the rapid development of Internet finance, the asset business of commercial banks is facing unprecedented challenges and opportunities. The emerging financing mode has greatly changed the traditional loan process and risk management mechanism, enabling commercial banks to find more efficient solutions by introducing the concept and technology of Internet finance, especially in terms of loan risk diversification. The core of Internet finance is to optimize the asymmetry of information by means of technology and emerging technologies such as big data analysis, so as to realize the optimal resource allocation.

Internet finance provides a more abundant lending channels, which provides a new perspective of risk diversification for commercial banks. For example, through the P2P (Peer-to-Peer) lending platform, individuals and small and micro enterprises can directly connect with investors, reducing the role of commercial banks as intermediaries. This model not only reduces the credit risk of banks, but also spreads the lending risk through diversified investment. Related studies show that when comparing the credit risk data obtained by traditional bank loans and P2P loans, the loan default rate of the latter loans is significantly reduced, forming a benign investment return mechanism.

By using big data analysis technology, Internet finance can provide more accurate judgment in credit review and risk assessment. This process includes a comprehensive evaluation of borrowers multidimensional data such as credit score, transaction behavior, and social networks. For example, some Internet financial enterprises have successfully constructed detailed credit models by analyzing users activity, consumption habits and online behaviors on social media.

This risk assessment ability based on big data makes the loan approval more rapid and efficient, thus forming an innovative challenge and supplement to the credit assessment standards of traditional commercial banks.

Moreover, the risk dispersion model of Internet finance brings multiple benefits, especially in liquidity management and risk hedging. For example, the crowdfunding financing mechanism can gather the funds of a large number of small investors, which greatly improves the financing ability of small and micro enterprises. At the same time, the loans provided by multiple capital entities can further reduce the risk of a single loan. Such a benefit-sharing mechanism enables banks to avoid the risk aggregation caused by the default of a single borrower by participating in diversified financing activities, so as to realize the effective diversification of risks.

The technological innovation of Internet finance also promotes the active exploration of commercial banks in credit product innovation. Through the rapid response to the market demand and the immediate adjustment of various financial products, the banks can more effectively control and manage the risk of the loan portfolio. For example, banks can cooperate with Internet financial platforms to launch joint loan products; with the technological advantages of the Internet platform, they can quickly obtain market information, which not only improves their market competitiveness, but also realizes benign risk control.

In recent years, the rapid development of Internet finance (Internet Finance, IF) has brought profound changes to the traditional banking industry, especially in the aspect of credit model, and the asset business of commercial banks is faced with new challenges and opportunities. Due to the rapid popularization of Internet technology and the enhancement of big data (Big Data) analysis ability, the limitations of traditional credit models are becoming more and more obvious, and commercial banks urgently need to adjust their strategies to cope with this change.

Internet finance has promoted the convenience and efficiency of credit applications. The credit application of traditional banks often requires customers to provide a large number of certification materials, and the approval process is cumbersome and takes a long time. Internet finance has optimized the loan approval process through digital and automated means. For example, many Internet financial platforms use real-time data analysis and credit scoring model (Credit Scoring Model) to complete customer credit assessment in a very short period of time. This transformation not only improves the efficiency of resource utilization, but also brings in a large number of customers who originally have no credit qualifications, and expands the potential market base.

Mode innovation analysis shows that Internet finance makes the trend of productization credit services increasingly obvious. Traditional bank credit products are mainly in the form of loans and mortgages, which are lack of flexibility. However, Internet financial institutions continue to launch diversified credit products, such as small loans (Microloans), consumer credit (Consumer Loans) and corporate credit loans. This change promotes product innovation in the banking sector to meet the increasingly diversified customer needs. For example, some commercial banks have begun to cooperate with Internet financial enterprises to launch online credit products with competitive advantages, improve user experience with technical means, and thus enhance the attractiveness of customers.

The rise of Internet finance has also prompted traditional banks to improve their credit risk control. Internet financial platforms usually combine social network (Social Network) data and transaction behavior analysis to provide more dimensional information support for credit decision-making. Through big data analysis, banks can more effectively assess customers credit risks, and implement precision marketing to reduce credit losses. For example, through the cooperation

with technology companies, a bank has introduced an advanced risk management system to conduct in-depth mining and analysis of customer behavior, so as to more accurately identify potential risks in the pre-loan audit, so as to protect the asset safety of the bank to a certain extent.

However, commercial banks should not ignore the regulatory compliance when responding to the reform of Internet finance. Due to the flexibility and innovation of Internet finance, the risk management behind it is not fully mature, which is easy to cause problems such as financial crisis and information leakage. Therefore, while innovating the credit model, banks need to strengthen communication and cooperation with regulatory agencies and establish a sound risk control mechanism (Risk Control Mechanism) to cope with the potential threats brought by policy risks and market fluctuations.

Under the background of the rapid development of Internet finance, commercial banks are facing unprecedented challenges and opportunities. Internet finance (Internet Finance) has not only changed the model of financial services, but also profoundly affected the traditional asset business of commercial banks, especially in the optimization of the loan review process. By introducing advanced process optimization tools (Process Optimization Tools), banks can significantly improve the efficiency and accuracy of loan audit.

With the help of the big data analysis capabilities provided by Internet finance, commercial banks can use data mining (Data Mining) technology to conduct customer credit evaluation in the initial stage of loan review. The introduction of big data enables banks to obtain more comprehensive customer information, including their consumption behavior, social network behavior and historical credit records, so as to build an accurate credit score model (Credit Scoring Model). For example, a bank analyzed the transaction data of millions of users, and found that a specific consumption pattern was significantly associated

with the default risk, and then adjusted its audit standards to better distinguish between high-risk customers. This credit evaluation method based on data analysis not only improves the scientific nature of loan approval, but also effectively reduces the credit risk.

The popularity of Internet finance has promoted the application of machine learning algorithms (Machine Learning Algorithms) in loan review. By building and optimizing multiple algorithm models, banks can identify potential default markers in large amounts of historical data and speed up data processing. For example, a large commercial bank uses advanced technologies such as random forest algorithm (Random Forest) and support vector machine (Support Vector Machine) to automate the processing of loan applications submitted by customers, thus greatly shortening the time limit of loan review. This automated processing not only reduces the subjectivity and error rate of manual audit, but also makes the audit process more accurate through continuous learning and adjustment.

However, despite the convenience brought by Internet finance, banks still need to give consideration to information security and customer privacy protection when optimizing the loan review process. The risk of data leakage and the abuse of credit information cannot be ignored. To this end, commercial banks must rely on blockchain technology (Blockchain Technology) and other encryption means to improve information security. The application of blockchain can provide an imtamable security guarantee for the data transmitted during the loan review process, thus establishing a trust relationship between customers and banks. The influence of Internet finance on the intermediary business of commercial banks analyzed in table 1.

Table 1: Analysis framework for the impact of Internet finance on various businesses of commercial banks

type of service	influencing factor		
Interest rates	Credit and risk	Intermediate business	

type of service	influencing factor		
and deposits	management	transformation	
Debt business	Attraction rates with flexible deposit options	Optimize the credit approval process	The payment link is replaced
		Pricing capacity is limited	Fee income is under pressure
Asset business	Big data analysis and credit evaluation	Greater transparency to reduce credit risk	Asset Management and Intelligent Investment Advisor
		Risk management strategies need to be reviewed	
		Promote the reform of the credit model	
summarize	Deal with market competition	Focus on the risk management framework	Emphasize customer experience

In todays rapidly evolving financial technology environment, Internet finance, as an important force driving the transformation and innovation of the traditional banking industry, is having a profound impact on the business of commercial banks with its unique operation mode and business logic. For commercial banks, understanding how Internet finance (IF) reshape its business structure and business philosophy has become an important topic for them to cope with future competition. The core competitiveness of Internet finance is reflected in its high efficiency and convenience, which makes consumers more inclined to use Internet financial platforms that provide diversified and personalized services when choosing financial products. In contrast, traditional banks often lack themselves in terms of service response speed and product innovation.

Taking the debt business of commercial banks as an example, Internet finance has had a significant impact on the competitiveness of bank deposits due to its ability to provide more attractive interest rates and flexible deposit options through online platforms. The diversification of deposit channels makes commercial banks face the increasing risk of customer loss, forcing them to adjust

their interest rate policy and product design. Further, the promotion of interest rate liberalization (Interest Rate Liberalization, IRL) restricts the pricing power of commercial banks in debt business and increases the uncertainty brought by market competition. The shift has prompted banks to revisit their deposit product strategies to maintain their market share and profitability.

As for the impact of commercial banks asset business, Internet finance is promoting profound changes in the credit model through "online lending" (Online Lending) and other innovative financial instruments. For example, the credit evaluation model based on big data (Big Data) analysis optimizes the loan approval process and greatly improves the efficiency and reliability of loan approval. At the same time, the problem of information asymmetry has also been solved to some extent due to the improvement of the transparency of the Internet platforms, thus reducing the credit risk. However, this also requires commercial banks to reconsider their original risk management strategies to adapt to this new credit environment.

It is worth noting that under the background of Internet finance, the intermediary business of commercial banks is also undergoing profound changes. On the one hand, free third-party payment platforms are gradually replacing the role of traditional banks in the payment link, leading to pressure on the fee income of commercial banks; on the other hand, the innovation and expansion of intermediate business, such as Internet asset management services (Internet Asset Management (IAM) and intelligent investment adviser (Robo-Advisor), bring new growth points for banks.

By analyzing the development status of Bank of China of Bank of China (BOC) in the background of Internet finance, we find that it has adopted many strategies to deal with this change. For example, through the expansion of online business, the deep integration of traditional business and Internet finance is

promoted, and customer stickiness and market competitiveness are improved. At the same time, its marketing strategy has also been adjusted to emphasize the importance of customer experience (Customer Experience, or CX). The risk management framework of Internet finance (Risk Management Framework, RMF) is also getting increasing attention within banks to deal with potential financial risks.

As an important innovation in the modern financial market, Internet finance is vigorously promoting the profound changes of commercial banking business. Understanding and responding to these changes is not only a necessary condition for the survival and development of commercial banks, but also the key to enhance their market competitiveness.

Under the background of the rapid development of information technology, Internet finance, as an emerging financial model, is exerting a profound impact on the intermediary business of traditional commercial banks. At the same time, in order to adapt to this wave of fintech revolution, commercial banks are forced to adjust their leading businesses accordingly to maintain market competitiveness and customer stickiness. Based on the market positioning analysis framework, this paragraph will discuss in-depth the impact of Internet finance on the intermediary business of commercial banks, and focus on the adjustment process of leading businesses.

The introduction of Internet finance has significantly interfered with the intermediary business of commercial banks, especially in the fields of payment and settlement, financial leasing and asset management. Taking payment and settlement business as an example, the popularity of mobile payment means that traditional bank card payment methods are facing unprecedented challenges, especially the rapid development of Internet financial applications such as two-dimensional code payment and one-click payment. Therefore, commercial banks

must re-evaluate their market positioning in the payment field, learn how to improve the user experience and provide personalized services to maintain users trust in their payment products.

Further analysis, this transformation is not only a change of surface business, but also a deep reconstruction of the core competitiveness of banks. Under the impact of Internet finance, commercial banks need to focus on the adjustment of giant business, such as the innovation of loan business. For example, a well-known bank cooperated with fintech companies and used "big data analysis" (Big Data Analysis) and "machine learning" (Machine Learning) technology to achieve accurate credit assessment, greatly improving business efficiency and customer acquisition capabilities. This case shows that the trend of Internet finance makes the quantitative management of banking business combined with risk control to an unprecedented degree, forming a new business model.

Commercial banks also need to pay attention to the compliance issues when adjusting their leading businesses. With the change of policy environment, especially the increasingly strict regulatory policies for the development of Internet finance, banks should fully follow the principle of "compliance cost" (Compliance Cost) when promoting business innovation, so as to avoid the legal risks and compliance costs caused by non-compliance behaviors. Through the strengthening of internal control mechanism and the establishment of compliance culture, the security and sustainability of banks in business adjustment can be effectively improved.

In this context, the intermediate business adjustment of commercial banks in the Internet financial environment must improve their technical capabilities while giving consideration to risk management and compliance. For example, the traditional wealth management business is facing new competitive challenges, and banks need to optimize their product mix through targeted market analysis.

For example, many banks began to launch the "intelligent investment banking" (Robo-Advisory) service, using intelligent algorithms to provide personalized investment advice to customers, which not only makes up for the shortcomings of the traditional model, but also reflects the change of market demand.

In the current Internet finance (Internet Finance) environment, commercial banks are facing unprecedented challenges and opportunities. In order to maintain and enhance their competitiveness, commercial banks must actively carry out innovation in new businesses to cope with the increasingly fierce market competition and decentralized customer needs. This paper will discuss how commercial banks use the innovation management model (Innovation Management Model) to implement the innovation of new business, and cite successful cases to demonstrate their rationality and effectiveness.

With its efficient, instant and convenient characteristics, Internet finance has greatly changed the operation mode of the traditional business of commercial banks. In this context, commercial banks need to develop new business models through innovation, so as to optimize customer experience and improve service quality. For example, some banks have improved the efficiency of their cross-border payment services by introducing blockchain technology (Blockchain Technology). This technology can significantly reduce trading time and cost, thus giving it an advantage in the competition.

In the process of new business innovation, commercial banks should pay attention to the dynamic demand and market trend of customers. With big data analysis (Big Data Analysis), banks are able to identify customer behavior patterns and assess customer preferences. For example, a comprehensive commercial bank uses the algorithmic model (Algorithmic Model) to mine the massive transaction data, and found that its customer groups demand for mobile payment (Mobile Payment) and personalized financial products (Personalized

Wealth Management Products) is increasing by [12]. Based on this, the bank has introduced the intelligent investment consulting service (Robo-Advisory Service) based on artificial intelligence (Artificial Intelligence), which effectively improves customer stickiness and user satisfaction [13].

Further, commercial banks need to have a flexible organizational structure and innovative atmosphere in the process of new business innovation. Research shows that the innovation ability of an enterprise is closely related to its internal culture and management strategy. Commercial banks can create a free flow of ideas by creating cross-agency collaboration teams (Cross to Departmental Collaboration Team) to stimulate the [14] of new businesses. For example, some banks have set up dedicated fintech (Fintech) laboratories to encourage employees to come up with new ideas and experiment with and iterate on them. This project incubation mode effectively promotes the rapid development of new business and further promotes the promotion of market competitiveness.

2.2 Development status and influence of Banks in China under the background of Internet finance

In todays rapidly changing Internet financial environment, the Bank of China, as an important member of the traditional banks, is facing unprecedented market challenges and opportunities. In this context, the in-depth analysis of the market positioning of Chinese banks, especially based on market segmentation analysis (Market Segmentation Analysis), can undoubtedly lay the theoretical foundation for the formulation of adaptive development strategies. The core of market segmentation theory is to optimize the products and services of banks by identifying and understanding the needs of different customer groups, so as to enhance their advantages in the competition.

In terms of market positioning, Bank of China mainly focuses on two market segments: high-end customers and small and medium-sized enterprises. High-end clients, such as large enterprise groups and high net worth individuals, often have a high demand for risk management and wealth management. In this market segment, Bank of China can enhance its competitive advantages by providing personalized financial consulting and customized financial products. For example, it launches asset allocation solutions and wealth inheritance services for high net worth clients, so that it can form obvious differentiated competitiveness in the market.

At the same time, the credit demand of small and medium-sized enterprises also provides broad market opportunities for Chinese banks. The rise of Internet finance makes smes face more choices in the financing process, such as with the help of new financing tools such as P2P lending and online bills. The Bank of China needs to combine the big data (Big Data) technology and the Internet financial platform to have a deep understanding of the financing pain points of small and medium-sized enterprises, so as to launch targeted credit products to solve their difficulties in capital turnover and liquidity management. For example, dynamic evaluation and real-time monitoring are adopted to ensure that smes can obtain the corresponding financial support on time, thus increasing their customer loyalty and market share.

It is worth noting that Internet finance is not only an opportunity, but also brings many threats to traditional banks. In the process of market positioning, the Bank of China must face up to its deficiencies in technological innovation and service mode. According to the market research data in recent years, although the Bank of China has relatively rich experience in the field of traditional financial services, it still lags behind some Internet financial enterprises in terms of the speed and depth of digital transformation. This phenomenon limits its brand

recognition in the eyes of young users and consumers in the era of Internet finance. Therefore, improving user experience (User Experience) and strengthening digital service capabilities have become urgent issues that Chinese banks must solve.

In the application level of market competition, the Bank of China can realize complementary advantages through the cooperation with Internet enterprises. By building an open financial ecosystem, we will carry out in-depth cooperation with various fintech companies (FinTech companies) and Internet giants such as Alipay and WeChat Pay, and further enhance their strong user base and technical support. For example, with Alipays online payment technology, Bank of China can provide customers with more convenient mobile payment solutions, and optimize customer service through big data analysis to improve customer satisfaction.

In todays complex and changeable financial environment, the rise of Internet finance has had a profound impact on the business model of commercial banks and their market competition pattern. Using the "PEST analysis method" (Political, Economic, Social, Technological), we can deeply analyze the specific changes of Internet finance to the competitive environment of the banking industry, [15]. Especially in China, a rapidly developing country with a potential market, commercial banks are facing unprecedented challenges and opportunities.

From a political (Political) perspective, the Chinese governments policy support in promoting the digital economy and Internet finance has greatly promoted the rapid development of the industry. The guidance of policies has enabled the emergence of various emerging fintech enterprises, which are constantly eroding the market share of traditional banks with their flexible operation mode and innovative financial products. For example, Alipay and WeChat Pay have significantly improved users financial service experience

through convenient payment solutions, thus making consumers more inclined to choose non-traditional banking services.

From the perspective of the nature of economy (Economic), Internet finance has contributed to the transformation of the market supply structure. Emerging fintech companies can use big data analysis and artificial intelligence technology to conduct more efficient credit assessment and risk management, which directly leads to the strategic adjustment of commercial banks in credit approval and interest rate policy. Data show that the market penetration rate of Internet finance in China is increasing year by year, from 20% in 2015 to 45% in 2021, which not only reduces customer acquisition costs, but also promotes the popularization of financial services. Traditional banks have to implement differentiated credit strategies to seize market share and enhance their competitiveness.

At the social (Social) level, changes in consumer behavior are also an important factor affecting the competitive environment. As the younger generation gradually becomes an important consumer group, the convenience and transparency of Internet finance have been widely favored. Traditional banks such as China Construction Bank (CCB) and Industrial and Commercial Bank of China (ICBC) have gradually realized that the traditional bank branches and counter business alone cannot meet the needs of new customers. As a result, many banks are begun to invest more in digital platforms, developing mobile banking applications and enhancing the digital customer experience. For example, China Merchants Bank (CMB) has successfully attracted a large number of young customers and significantly improved its market competitiveness by launching personalized financial products and the introduction of robot consulting (Robo-Adviser) technology.

The establishment of the Bank of China can be traced back to the early 20th century, when Chinas financial system was still in the initial stage of development,

and the demand for the establishment of commercial banks was increasingly strong. In 1912, with the victory of the 1911 Revolution, the financial system of the Qing Dynasty experienced profound changes, and the country was faced with the urgent need to rebuild the modern financial mechanism. In this context, the Bank of China emerged and became a part of state capitalism, aiming to meet the needs of national development and economic modernization.

At the beginning of its establishment, the main function of the Bank of China was national financing and foreign trade support. With the gradual development of its business, its status in the international financial market is also rising day by day. For example, a branch was established in Shanghai in 1914, marking that it has become an important financial institution in line with international standards. Since then, the bank has not only provided support for domestic agricultural and industrial financing, but also participated in the monetary and credit system in the international market, laying the foundation for its role as an international bank.

In the 1920s, China experienced a series of social and economic changes, and the rapid economic development stimulated the demand for financial services. During this period, the Bank of China continued to expand its service network and launched a series of financial products, such as foreign exchange business and credit business, which in turn supported the countrys infrastructure construction and economic development. From this development process, we can see the important role of financial institutions in the process of economic modernization, especially in promoting trade and investment.

However, the Great Depression of the 1930s had a severe impact on Chinas banking sector, especially the divestment of foreign banks and the gradual collapse of local commercial banks. In this context, Bank of Chinas business strategy has undergone a series of adjustments to cope with the changing market environment. During this period, the Bank of China emphasized risk management

and rational allocation of capital to ensure liquidity, and gradually cultivated local customer groups, demonstrating its flexibility and forward-looking in risk management.

At the end of the 20th century, under the guidance of the reform and opening up policy, the business of the Bank of China has been expanded rapidly. The gradual opening of the financial market enables commercial banks to introduce foreign capital and international advanced management experience, so as to optimize their business structure and service mode. At this time, the Bank of China not only expanded its domestic branches, but also conducted overseas business, forming a global network of banks, demonstrating its importance in the global financial system.

Looking into the future, the development of Internet finance will have a more far-reaching impact on the banks of China. On the one hand, advances in digitalization and information technology provide the opportunities to optimize business processes, for example, improving customer service quality and loan review efficiency through big data analysis and artificial intelligence algorithm; on the other hand, the rise of various Internet financial platforms challenges its traditional business, thus prompting the Bank of China to constantly innovate to maintain its competitive advantage. Therefore, understanding the historical evolution is not only a necessary condition for assessing the current state of the Bank of China, but also a basis for having a deep insight into its future development.

The historical evolution of the Bank of China can be divided into multiple development stages, which not only reflect its ability to adapt to market changes, but also reflect how the bank makes strategic adjustments in the context of the evolving financial system. The early development stage (before the 1980 s) was mainly the traditional banking business, with a single business model and faced

with various restrictions under the national planned economy system. During this period, banks of China, like other state-owned banks, were strongly influenced by political factors, mainly provided deposits and loans ordered by national or local governments, and lacked innovation ability and market competition consciousness.

In the mid-1980s, with the deepening of Chinas reform and opening up, the functions and market environment of commercial banks have undergone significant changes. During this period, the Bank of China began to gradually introduce the market mechanism, and successively experienced the reform of the system and the expansion of the business scope. However, due to the lack of effective risk control mechanism and modern management level, the operating efficiency of Chinese banks is low, and it is difficult to meet the growing market demand. Therefore, the strategic transformation in this stage mainly focuses on the reform of mechanism and product innovation. Although some results have been achieved, the overall competitiveness is still limited.

In the 1990s, the Bank of China further made a series of strategic adjustments in the wave of market-oriented reform. For example, the process of business diversification continues to accelerate, and it begins to expand its intermediary business and international businesses. However, compared with the rapid development of the international financial market, the Bank of China is relatively lagging behind in the application of information technology and customer service, which makes it face greater challenges in the open competitive environment. The high incidence of financial risks and the fluctuations of the macroeconomic environment also have an impact on the stability of banks, so the adaptability of this stage needs to be enhanced.

Since the beginning of the new century, the Bank of China has begun to promote the modernization transformation in an all-round way, actively learn

from international experience, and strengthen its self-innovation ability. In particular, it has made significant progress in risk management and compliance management. At this time, the rapid development of Internet technology has had a profound impact on the operation mode of banks. Under the wave of the rise of Internet finance, Bank of China timely realized the disruptive potential of network digitalization on financial services, and quickly promoted the online transformation of core businesses, including the popularization of online banking, mobile banking and other services, which greatly improved customer experience and service efficiency.

Under the background of the new banking industry, the booming development of Internet finance makes the Bank of China more diversified in its business development. For example, on the debt side, Internet finance has brought profound changes in the savings model, from the traditional face-to-face deposit to mobile and online financial products; on the asset side, the optimization of loan review process not only improves the lending efficiency, but also greatly reduces the application cost of customers; in the intermediate business, with the continuous innovation of new business models, Bank of China has continuously launched new financial products, expanded the business scope, and won a wider market coverage.

As a commercial bank with international vision and extensive influence, Bank of China is relatively complex and presents the characteristics of diversified development. Based on organizational chart analysis (Organization Structure Diagram Analysis), we can divide our business into several core segments, including: retail banking, corporate banking, global banking, and other financial services business [16]. The synergies and interdependence between the various business segments have further boosted the overall profitability of the Bank of China.

Retail banking is one of the most important sources of income for Chinese banks, including personal deposits, personal loans, wealth management and credit cards. According to the annual reports for 2019 and 2020, retail banking accounts for more than 50% of the overall revenue. Behind this increase is not only closely related to the increase of the growing middle class peoples demand for financial services, but also directly related to the active layout of the digital transformation of banks. Especially in the context of the development of mobile Internet finance (Mobile Internet Finance), Bank of China uses big data analysis (Big Data Analysis) and artificial intelligence technology (Artificial Intelligence) to optimize customer experience and improve business efficiency, which not only enhances customer engagement, but also further consolidates the market share of [17].

Corporate banking is a core component of the business structure of Chinese banking, mainly including corporate deposits, corporate loans and trade financing. It is worth noting that, under the influence of the changes in the economic situation at home and abroad, the companys banking business is faced with multiple challenges, such as the increased difficulty in controlling credit risk (Credit Risk) and the loss of customers. Nevertheless, overall, the corporate banking business still provides an important support for the profitability of banks of China, with its revenue ratio at around 30%. By providing financial support for small and medium-sized enterprises and large state-owned enterprises, the market positioning of banks of China has become more stable.

The Global Banking business supports the bank of Chinas expansion in the global financial markets. The business mainly covers cross-border loans, foreign exchange transactions, investment and financing, and its income is relatively stable. In the face of changes in the global economy, the Bank of China has increased its investment in the Belt and Road " Initiative (Belt and Road Initiative)

-related business, which lays the foundation for its future growth potential. To be specific, by providing financial support for the infrastructure construction of countries and regions along the Belt and Road, the Bank of China has successfully expanded its international business territory, enhanced its strategic cooperation with local financial institutions, and further enhanced its competitiveness in the international market.

2.3 The development status of The Bank of China under the background of Internet finance

Under the current background of Internet finance (FinTech), the Bank of China is facing unprecedented development opportunities and challenges. With the implementation of the digital transformation model, the online expansion of the banking business has become an inevitable trend. The rapid development of Internet finance has not only changed the operation mode of traditional banks, but also provided it with rich opportunities for online service innovation.

From the perspective of market demand, the Bank of China has benefited from consumers thirst for convenience and rapid financial services in promoting its online business expansion. With the popularity of mobile Internet (Mobile Internet), customers financial needs have been increasingly tilted to online services. Data show that the online transaction volume of Bank of China increased by 35% in 2022 compared with 2021, effectively driving customer acquisition and revenue growth. Through the establishment of a digital platform, Bank of China can respond to customer needs in real time and provide personalized financial products and services, such as online loan evaluation and real-time approval, which significantly improves customer experience.

However, despite the success of its online business expansion, the Bank of

China still faces multiple challenges. The first is the rapid iteration of the technology and security issues. In todays rapidly changing technologies such as big data (Big Data) and artificial intelligence (Artificial Intelligence), banks need to face network security risks, data leakage and fraud while improving their online services. To meet these challenges, The Bank of China has actively introduced blockchain (Blockchain) technology to enhance transaction transparency and security.

In addition to technical challenges, the establishment of customer trust is also an important factor that must be considered in bank online business expansion. Take the case of an online financial product as an example. In the early stage of launch, the product lacked a lack of sufficient user feedback and trust, which led to low customer acceptance and affected the development of the business. To this end, while promoting online business, Bank of China has deepened customer education and services, communicated with customers through social media, enhanced brand reputation, and enhanced customer identity and satisfaction.

Changes in the competitive landscape have also put pressure on Chinese banks to expand their online business. Internet financial companies such as Alipay (Alipay) and WeChat Pay (WeChat Pay) have taken a significant share in the market, with flexible operation models and innovative business concepts. In order to remain invincible in the fierce market competition, the Bank of China urgently needs to strengthen the cooperation with Internet Technology companies (ICT Companies), actively explore the innovative cooperation mode in the field of financial technology (FinTech), and improve its own business flexibility and market response speed.

At the same time, the Bank of China should also strive to build a comprehensive digital transformation strategy when facing these challenges. By combining the advantages of online and offline (O2O) business, we will improve

the comprehensive and intelligent level of customer service. For example, by building a customer-centered ecosystem, we can improve the cross-selling capability of various financial products, realize big data-driven precision marketing, and thus enhance customer stickiness.

In the context of Internet finance, the marketing strategy of Bank of China must be adjusted accordingly to adapt to the increasingly fierce market competition and changes in customer demand. The impact brought by Internet finance (Internet Finance) makes the traditional banking business model face unprecedented challenges, which requires banks to carry out a deep transformation in their marketing strategy. Product, price, channel, and promotion strategies in the four marketing combinations (4P) (Product, Price, Place, Promotion) are the core elements of its marketing strategy adjustment.

In terms of product strategy, the Bank of China needs to innovate and diversify its products according to the development trend of Internet finance. For example, through the launch of highly targeted personal finance products and Internet payment tools, to meet customers dual needs for convenience and security. At the same time, banks should also combine big data analysis technology to conduct in-depth analysis of customers consumption habits and credit status, so as to design financial products that are more in line with different customer groups. On the one hand, this can improve the users digital experience, and on the other hand, it can effectively enhance the customers stickiness.

In terms of pricing strategy, the Bank of China should adopt a flexible pricing mechanism to enhance its market competitiveness. In the ecology of Internet finance, many emerging financial service platforms adopt the strategy of low fee or even zero fee to attract customers. In this regard, the Bank of China can implement differentiated pricing strategies to meet the needs of different customers. For example, providing preferential quotas to enterprise users with

large transaction volume, and setting special preferential fees for users of small, medium and micro enterprises. Such a pricing mechanism can not only improve the availability of services, but also increase the market share, and thus stabilize its position in the competition.

In terms of channel strategy, the Bank of China must accelerate the integration and optimization of online and offline channels. As consumers gradually shift to the digital platform, the construction of online channels is particularly important. Banks should increase their investment in the mobile Internet (Mobile Internet) and social media (Social Media), and optimize their online service systems so that customers can easily and quickly conduct various financial transactions. At the same time, banks also need to take into account the functions and experience of physical outlets. By introducing intelligent teller machines (Smart ATM) and self-service terminals (Self-service Terminal), banks can improve the service experience of customers in the branches, so as to reasonably integrate online and offline resources and form a full range of customer contact points.

With the rapid development of Internet finance (Internet Finance, IF), Chinese commercial banks are facing severe challenges and opportunities. In this context, the risk management mechanism of commercial banks is particularly critical, especially in ensuring the security and stability of the business. In order to cope with various challenges brought by Internet finance, Chinas commercial banks must comprehensively improve their risk management capabilities from multiple dimensions such as system, technology and culture.

Risk identification and assessment is an important part of risk management. Commercial banks should establish a scientific risk identification mechanism to identify potential credit risks, market risks and operational risks. With big data analytics (Big Data Analytics) technology, banks can develop advanced risk

assessment models that can monitor and analyze customers credit performance in real time, and improve the accuracy of risk recognition through machine learning (Machine Learning) algorithms. For example, a large commercial bank in China has used big data technology to build a credit scoring model, which has significantly improved the reputation evaluation ability of small and micro enterprises and reduced the loan overdue rate.

Risk management in the Internet financial environment needs to strengthen internal control and compliance. Traditional risk control models are often difficult to adapt to the rapidly changing market environment. Therefore, banks should learn from the Comprehensive Risk Management Framework (Enterprise Risk Management Framework, ERMF) to form a cross-departmental collaborative risk management mechanism [18]. This framework emphasizes the integrity and foresight of risks, and promotes the balance between risk control and business development in various businesses. By setting up special compliance departments and holding regular special training and drills, banks can enhance employees risk awareness and compliance ability. In fact, after the implementation of ERLMF in a state-owned bank, the qualified rate of internal compliance inspection increased by 20%, and the number of risk events was significantly reduced.

In the context of Internet finance, the application of technology has played an important role in the enhancement of the risk management mechanism. With the booming development of fintech (Fintech), emerging technologies provide rich tools for risk management. For example, a transparent trading system based on blockchain (Blockchain) technology can effectively reduce the risk of fraud and improve the security of accounting processing. Studies have shown that banks using blockchain technology have reduced their risk by more than 30% in post-loan management. Artificial intelligence (Artificial Intelligence, AI) solutions can play an important role in risk early warning, customer behavior

analysis and other fields, providing a scientific basis for banks decision-making.

The rapid development of Internet finance has profoundly affected the debt business of banks of China, especially in the aspects of capital source, cost structure and risk management. Internet finance has greatly enriched customers choices through diversified channels and formed a diversified source of liabilities. To be specific, traditional commercial banks usually rely on traditional models such as branches and customer trust when absorbing deposits, while the rise of Internet finance has introduced emerging business forms such as third-party payment, online lending and online financial management. The emergence of these forms not only provides consumers with more convenient financial services, but also has a certain impact on the ability of commercial banks to attract deposits. For example, the rise of P2P (person-to-person) lending platforms has made some customers willing to give up traditional deposits and turn to obtain higher returns on online platforms.

The competition of Internet finance can significantly change the debt cost structure of commercial banks. Due to lower operating costs and flexible capital practices, Internet financial platforms are often able to offer more attractive interest rates than traditional banks. As a result, commercial banks have had to adjust their interest rates to maintain the stability of customer deposits. When commercial banks raise their deposit rates in order to maintain market share, their overall debt costs rise accordingly. According to statistics from a financial research institution, the debt costs of a number of major Chinese banks generally rose by more than 50 basis points between 2018 and 2022, due to the strong attractiveness of Internet finance.

Moreover, the rapid development of Internet finance has also intensified the volatility of the financial market and brought challenges to the risk management of commercial banks. With the access of Internet financial business, commercial

banks face credit risks, liquidity risks and market risks from non-traditional competitors. For example, large-scale online loans can not only promote the expansion of consumer credit, but also increase the probability of default, thus increasing the credit risk of banks. In general, the impact of Internet finance makes the debt business of commercial banks have to actively adapt to the change of the market environment, so as to reduce operational risks and improve the response speed.

In order to effectively cope with these changes brought about by Internet finance, Chinas banking industry is in urgent need to strengthen its own fintech capacity building and innovation, so as to enhance its core competitiveness. By strengthening data analysis capabilities and using advanced technologies such as big data (Big Data) and artificial intelligence (AI), commercial banks can better identify customer needs and risk characteristics, so as to improve the flexibility and security of debt business. For example, through big data analysis means, banks can effectively select the customer groups with good credit, and design more personalized financial products to reduce the debt pressure caused by customer loss.

Chinas commercial banks also need to catch up with the pace of Internet finance in the innovation of products and services, and develop flexible financing strategies in areas such as payment, consumer loans and wealth management. Cooperation with Internet finance, jointly customized products and even discussing resource sharing will help banks better integrate into this rapidly developing ecosystem and form synergy to cope with market competition.

To some extent, the rapid development of Internet finance has reshaped the asset business structure of traditional commercial banks, and its influence can be deeply analyzed from multiple dimensions. The basic connotation of "Internet finance (Internet Finance)" includes not only financial products and services

based on Internet platforms, but also innovative applications of big data (Big Data), artificial intelligence (Artificial Intelligence) and other technologies, which brings profound changes [19] to the business model of traditional banks.

Traditional commercial banks have expanded the customer base of their asset business and reduced the customer acquisition cost through the Internet channels. According to the research data, the Internet financial platform can not only attract small and micro enterprises and individual customers, but also realize the accurate assessment of customer credit risk through data mining analysis (Data Mining Analysis), significantly improving the efficiency of credit granting. For example, an Internet financial service platform realizes the credit score of individual users through the AI algorithm, thus helping banks to better identify high-quality customers and improve the accuracy of credit supply. The decentralized characteristics of Internet finance have greatly improved the liquidity and transparency of funds, promoted banks to use working capital more flexibly in their asset business, and improved the efficiency of capital use (Capital Utilization Efficiency).

The impact of Internet finance on the asset allocation of commercial banks is also obvious. The asset business of traditional financial institutions is mostly concentrated on credit assets and investment portfolios, while with the help of Internet finance, banks can allocate assets in a wider market. For example, through the cooperation with P2P (Peer-to-Peer) platform, banks directly put credit resources on the high-yield track, thus improving the overall yield level. This new asset allocation strategy alleviates to some extent the risk of the traditional credit model being subject to market fluctuations, and demonstrates the innovative impact of Internet technology on the risk management (Risk Management) strategy.

However, it should be noted that the surge of Internet finance also poses new

challenges to the risk management framework of traditional commercial banks. According to the analysis of influence Matrix (Influence Matrix), the new financial products and services brought by Internet finance often have irreconcilable contradictions between convenience and high risk. For example, due to information asymmetry and lack of supervision on P2P platforms, many borrowers have a relatively high default rate, which means that commercial banks need to bear higher credit risks when cooperating with these platforms. Therefore, commercial banks must learn from the advanced risk pricing model (Risk Pricing Model) to realize the effective identification and control of potential risks.

2.7.3 The Impact of Internet Finance on the development of intermediate business of Banks in China

With the progress of science and technology, Internet finance (Internet Finance, IF) has risen rapidly and penetrated into various economic fields, especially the traditional core business [20] of commercial banks (Commercial Bank, CB). Especially in China, the development of Internet finance has had a profound impact on the intermediate links of banking business. This impact is reflected in the reshaping of the business model, but also reflected in the change of the profit structure.

Internet finance improves the service efficiency and cost control of intermediate business through technological innovation. Based on big data (Big Data) and cloud computing (Cloud Computing), fintech companies have demonstrated unparalleled advantages in customer data analysis, risk assessment, and customer relationship management. For example, some Internet financial platforms use artificial intelligence (Artificial Intelligence, AI) technology to process customer information in real time and generate personalized financial product recommendations. This new service model not only improves the user experience, but also reduces the cost of acquiring customers and providing

services, thus allowing banks to take advantage in the competition.

Internet finance has introduced a new mechanism in the risk management, and optimized the risk control system of banks through scientific and technological means. In the traditional intermediary business model, banks mainly rely on manual review and empirical judgment to conduct credit evaluation. However, through online data collection and analysis, Internet finance can more accurately identify customers solvency, and achieve the effect of real-time monitoring and early warning. For example, a large commercial bank cooperates with an Internet financial enterprise to establish an intelligent risk control platform to effectively reduce the risks caused by information asymmetry in the credit approval process, thus allowing more flexible credit product design.

Internet finance has also promoted the diversification of intermediary businesses. In payment intermediaries (Payment Intermediary), for example, with the popularity of mobile payment (Mobile Payment), many banks have had to adjust their business strategies and provide more online payment solutions. According to data from the Payment and Clearing Association of China (China Payment and Clearing Association, CPCA), the size of Chinas mobile payment market has exceeded 200 trillion yuan in 2019, highlighting the strong demand of users for convenient payment of [21]. This has prompted traditional commercial banks to accelerate the layout of mobile payment services, and maintain market share and meet customer needs by launching more competitive products.

CHAPTER 3. COUNTERMEASURES AND SUGGESTIONS FOR COMMERCIAL BANKS TO DEAL WITH THE DEVELOPMENT OF INTERNET FINANCE

3.1 Customer-centered and optimize the service quality of outlets

In todays rapidly changing financial environment, commercial banks must closely follow the development trend of Internet finance, improve the existing service model, so as to enhance customer experience, and thus enhance customer stickiness. The realization of this goal should not be limited to the technical optimization, but also be customer-centered, with a comprehensive understanding of the current changes in customer needs and their impact on banking services.

The improvement of customer experience (Customer Experience, CE) is an indispensable factor for banks to attract and retain customers. With the deepening of digital transformation, customers demand for interactivity, convenience and personalized services in financial services is becoming more and more obvious. Specifically, customers want to be able to seamlessly communicate and trade with the bank at any time and anywhere. Therefore, banks should build an omni-channel (Omni-channel) service platform to ensure that customers can have easy access to all kinds of financial products and services.

Using data analysis technology, commercial banks can dig deep into customers behavior patterns and be sensitive to the changes in customers needs. For example, by implementing big data (Big Data) analysis technology, banks can conduct a comprehensive analysis of customers historical transaction data, feedback information, and social media behavior to identify their preferences and pain points. This data-driven decision-making mechanism will lay a solid foundation for banks to develop customer-centered marketing strategies. For example, personalized referrals for specific customer groups can not only

improve customer satisfaction, but also effectively increase opportunities for cross-selling (Cross-selling) and upselling (Up-selling).

Moreover, improving the quality of customer service is also an important link for banks to optimize customer experience. Commercial banks should introduce an advanced customer relationship management system (Customer Relationship Management, CRM) to improve the communication efficiency with customers and the service response speed of [22]. Through timely processing and analysis of customer feedback, banks can not only build up customer trust, but also enhance their dependence on banking services. Training and improving the professional service ability of the frontline staff is also an aspect that cannot be ignored, they are the most direct connection between the customer and the bank. Providing quality customer service is not only reflected in the timeliness of business response, but also reflected in the ability to actively understand customer needs.

Under the customer-centric strategy, banks must also pay attention to the important role of digital technology in improving the customer experience. For example, many banks have started to use artificial intelligence (Artificial Intelligence, AI) and machine learning (Machine Learning, ML) technology to provide customers with a 24-hour uninterrupted service [23] through intelligent customer service (Chatbot) and online financial consultants. This new service model can effectively reduce the waiting time of customers, improve service efficiency, and help banks maintain an edge in an increasingly competitive market.

In the current Internet financial environment, the survival and development of commercial banks are facing many challenges, especially how to build and optimize the customer relationship management (Customer Relationship Management, CRM) system, so as to more effectively respond to the competitive

[24]. Therefore, it is particularly important to strengthen customer relationship management, which is one of the key measures for commercial banks to maintain customer loyalty, improve service quality and respond to market changes.

Banks should pay attention to the in-depth analysis of customer data. By building a comprehensive customer information database, the bank can realize the fine management of customer behavior. For example, big data analysis (Big Data Analytics) is used to identify customers consumption habits and preferences, so as to achieve personalized service and product recommendations. In this way, not only can enhance the customer experience, but also improve the stickiness of customers, forming a good customer relationship cycle. The insights based on data analysis will help banks to accurately position themselves when developing marketing strategies and minimize the customer turnover rate.

Commercial banks need to strengthen their communication channels with their customers. Establish a variety of communication platforms, such as wechat public account, mobile APP and online customer service, to meet customers immediate feedback needs, can effectively improve customer satisfaction and trust. In order to better serve customers, banks should conduct regular customer satisfaction surveys and make timely adjustments to existing services based on the survey results. This dynamic management mechanism based on feedback can effectively improve customer loyalty and further consolidate the market position of the bank.

Banks should actively introduce intelligent technology in strengthening customer relationship management. Using artificial intelligence (Artificial Intelligence, AI) and machine learning (Machine Learning) technology, banks can automatically identify potential customer needs on the basis of customer behavior analysis, so as to predict and provide the corresponding financial service [25] in advance. For example, the use of automated customer service system and

online customer consultation through intelligent assistant (Chatbot) can effectively improve service efficiency and response speed, reduce labor costs, and also improve the quality of customer service.

At the same time, banks also need to create a valuable customer interaction experience. This can strengthen the emotional connection with customers by organizing a variety of customer activities, including financial knowledge lectures, investment salons and customer appreciation meetings. By providing unique experiential services, such as private banking (Private Banking) services and wealth management consulting, customers can feel valued and respected, thus consolidating their trust in the bank and improving their satisfaction.

In the context of the gradual transformation of the banking industry to digital, the establishment of intelligent network has become one of the important strategies for commercial banks to improve customer service quality and operational efficiency. Intelligent network points can not only effectively respond to the rapid development of the Internet finance field, but also optimize the service network structure of the banking industry while improving customer experience. From the classic theory of service quality, the introduction of intelligent network points can be regarded as an effective measure [26] to improve customer satisfaction (Customer Satisfaction, CS) and loyalty (Customer Loyalty, CL) through technical means.

Through big data analysis (Big Data Analytics), artificial intelligence (Artificial Intelligence, AI), the Internet of Things (Internet of Things, IoT) and other technologies, intelligent network points can capture and analyze customer needs [27] in real time. In the past, bank outlets often relied on experienced tellers to judge customers needs, while intelligent outlets introduced advanced technologies such as dynamic recommendation system (Dynamic Recommendation Systems) and customer portrait (Customer Profiling) to provide

customers with more personalized service [28] according to their historical transaction records, behavior patterns and preferences. This not only improves the accuracy of the service, but also reduces the possible errors in the traditional service, so as to effectively improve the quality of the service.

In terms of improving service efficiency, intelligent outlets greatly shorten the waiting time and processing time of customers through self-service equipment (Self-Service Machines) and robot customer service (Chatbots). The introduction of financial tech (Financial Technology, FinTech) enables customers to quickly complete operations through self-service terminals and mobile application platforms when handling complex services such as account opening and loan application, thus significantly improving the customer experience. In this case, the average waiting time of a bank with smart network when customers handle business was shortened from 15 minutes to 5 minutes, and customer satisfaction increased by about 20%. This further shows that optimizing the service process through intelligent means can not only improve the service efficiency, but also enhance the customers trust in the bank brand.

3.2 Use mobile banking to absorb the balance for financial management

Under the background of the rapid development of Internet finance, commercial banks are faced with unprecedented challenges and opportunities. In order to adapt to this trend, the function expansion of mobile banking is particularly important, and it has become an important means for commercial banks to optimize the allocation of resources and improve customer stickiness. Mobile banking is not only the product of technological progress, but also a key tool to meet the needs of the new generation of consumers. To this end, we need to explore the expansion of mobile banking capabilities to help it complement

traditional banking products so as to attract and retain customers in the increasingly competitive market.

Mobile banking should focus on user experience optimization and personalized customization in function expansion. With cutting-edge technologies such as "Big data Analytics (Big Data Analysis)" and "machine learning (Machine Learning)", commercial banks can provide more accurate product recommendations and services based on customers behavioral data and preferences. For example, through the "user portrait (User Profiling)" technology, banks can analyze users trading habits, asset structure and financial needs in real time, so as to achieve personalized financial product recommendation. This approach not only improves customer satisfaction, but also helps banks maintain a competitive edge in an increasingly complex market environment.

The function expansion of mobile banking should focus on realizing the deep integration with other financial services. Through the "fintech (Fintech)" means, commercial banks can combine mobile banking with the "balance finance (Balance Wealth Management)" and other products to provide a package of financial services. For example, the introduction of the "intelligent investment banking (Robo-advisory)" system to provide users with personalized portfolio advice to help them make more forward-looking decisions in specific market environments. This diversified service can not only attract new customers, but also improve the efficiency of asset management of existing customers, and enhance the overall customer loyalty.

Further, the enhancement of mobile banking function for security and privacy protection is also an important direction of its expansion. With the increase of network security threats, users pay more attention to the protection of personal information. Banks need to use "blockchain technology (Blockchain Technology)" and "encryption algorithm (Encryption Algorithms)" and other

means to improve transaction security and transparency [29]. For example, by adopting the "multiple authentication (Multi-Factor Authentication)" mechanism, mobile banking can effectively prevent the risk of account theft and information leakage, thus increasing users trust in the banking platform.

In the era of mobile Internet, the subsequent rise of "mobile banking (Mobile Banking)" requires commercial banks to re-examine the way their users interact. In order to adapt to this trend, it is particularly important to optimize the user experience of mobile banking. User experience not only refers to the satisfaction perceived by users in the use of mobile banking applications, but also involves the convenience and pleasure of the whole interaction process. By optimizing user experience, commercial banks can not only improve the frequency of customers, but also enhance customer loyalty, thus enhancing market competitiveness.

Commercial banks should adopt a "data-driven (Data-Driven)" approach. Through big data analysis technology to obtain users habits and preferences of using mobile banking, it can identify users pain points in the operation process, and conduct in-depth research combined with the user behavior model (User Behavior Model). Visual tools such as "User Journey mapping (User Journey Mapping)" can provide a more comprehensive understanding of the user experience route in the application, so as to further identify the entry point for optimization.

Commercial banks should focus on the simplicity and intuitiveness of the "interface design (Interface Design)". Studies have shown that too complex operational processes often lead to the loss of users. Therefore, optimizing the user interface of mobile banking should not only reduce the difficulty of operation, but also improve the level of information visualization. For example, use responsive Design (Responsive Design) to ensure a consistent experience for

users of different devices. Enhanced "visual hierarchy (Visual Hierarchy)" and "interactive feedback (Interaction Feedback)" can help users understand the operation results more clearly and reduce the frustration caused by uncertainty.

Further, in the process of user interaction, commercial banks can introduce the concept of "emotional design (Emotional Design)" to strengthen the emotional connection between users and brands. Through personalized push information and services, banks can actively provide corresponding financial advice based on users historical transaction data. This can not only improve the activity of users, but also enhance the users financial awareness and risk control ability, thus forming a virtuous cycle.

With the continuous progress of technology, commercial banks can also adopt cutting-edge technologies such as "artificial intelligence (Artificial Intelligence, AI)" and "machine learning (Machine Learning)" to realize the intelligent customer service system [30]. This can not only improve customer response speed, but also continuously optimize the interaction process by learning user feedback. In the process of use, if they encounter problems, customers can quickly get feedback through intelligent customer service, which will significantly improve user satisfaction and loyalty.

3.3 Strengthen the construction of e-commerce platforms and train professional talents

In the context of the development of Internet finance, it is necessary for commercial banks to optimize the structure of their e-commerce platforms to enhance their overall competitiveness. The optimization of e-commerce platform architecture should be deeply discussed from the perspective of "system architecture analysis method", covering three aspects of technology underlying architecture, functional module design and user experience improvement. In

terms of the underlying technology architecture, commercial banks can adopt the "microservice architecture (Microservices Architecture)" to achieve the decoupling of system components, facilitate the flexible expansion and maintenance of future functions, and then respond to the rapidly changing market demand. For example, by transforming the traditional single application architecture into a micro-service system composed of multiple service modules, banks can achieve rapid iteration and continuous delivery, thus improving the overall resilience and processing capabilities of the platform.

In terms of functional module design, banks should focus on the deep integration of "customer relationship management (CRM) system" and "data analysis (Data Analytics) module". This not only helps to establish a comprehensive customer portrait, improve the ability to predict customer needs, but also can promote the push of personalized services, and thus improve user satisfaction and stickiness. For example, by collecting and analyzing transaction data, commercial banks can launch precision marketing strategies for specific consumer groups to enhance their market competitiveness. At the same time, the data-driven decision-making process can be further optimized through advanced algorithms such as "machine learning (Machine Learning)" to provide intellectual support for business growth.

The dimension of user experience improvement also cannot be ignored. The optimization of the e-commerce platforms should focus on improving the friendliness of the "user interface (UI)" and the "user experience (UX)". Commercial banks can learn from the design concept of "human-computer interaction (HCI)" to make the system interface simple and intuitive, reduce the learning curve of users using the platform, and provide diversified customer service channels, such as instant chatbots or intelligent customer service, to facilitate users to get the help they need. The introduction of such functions not

only optimizes the user interaction experience, but also provides a unique service advantage for banks in the fierce market competition.

With the continuous expansion of business, commercial banks must also consider "security" and "compliance" in the construction of e-commerce platform. Building a "cross-layer security protection system (Defense in Depth)" is a solution worth exploring. Through the implementation of multi-level data protection and risk assessment measures, commercial banks can effectively prevent risks such as network attacks and data leakage. This strategy of security maintenance from multiple levels will help users trust and use the platform.

Under the background of the current development of Internet finance, commercial banks are facing unprecedented challenges and opportunities. In order to effectively cope with the changing market environment and competition situation, banks must pay attention to improving the professional skills of employees and promote the comprehensive improvement of their comprehensive quality and service ability. Such as accumulation, prepare for a rainy day, vocational skills training is particularly important in this process. The training demand analysis should be based on the industry status quo, market trend and technological progress, and provide a basis for commercial banks to formulate training strategies reasonably and effectively.

Banks should be fully aware of the innovation and change brought about by Internet finance. The technologies involved include cloud computing (Cloud Computing), big data analysis (Big Data Analysis), blockchain technology (Blockchain Technology), etc. These technologies not only have a profound impact on the traditional banking business processes, but also put forward higher [31] requirements for the professional skills of employees. Therefore, it is imperative to develop vocational skills training based on emerging technologies. For example, in the context of big data analysis, banks can train employees to

master skills such as data mining (Data Mining) and data visualization (Data Visualization), which will help improve their ability in customer demand analysis, risk control and other aspects.

For employees at different positions and levels, banks should design differentiated training courses according to their specific needs. Among front-line service personnel, training focusing on improving their customer service skills (Customer Service Skills) and product knowledge (Product Knowledge) will help them better understand and meet customer needs [32] in interacting with customers. The training of senior bank managers should take into account the improvement of strategic thinking and decision-making ability (Strategic Thinking and Decision-Making Competence) to ensure a leading [33] in a dynamic market environment. For example, through case analysis (Case Study) and scenario simulation (Scenario Simulation), senior managers can more effectively grasp the market trends and develop scientific strategic planning for the long-term development of the bank.

In the process of the design and implementation of vocational skills training, commercial banks also need to pay attention to the diversification and flexibility of learning models. Using online learning platform (Online Learning Platform) and mobile learning (Mobile Learning) technology to provide employees with self-directed learning opportunities, which will effectively improve the convenience and flexibility of learning [34]. Through the establishment of an internal mentor system (Mentorship Program), experienced employees can lead new employees to carry out efficient learning and sharing, which can not only accelerate the growth process of new employees, but also promote the effective transmission and accumulation of knowledge.

Under the current situation of the rapid development of Internet finance, commercial banks are facing unprecedented challenges and opportunities. In this

context, the necessity of promoting the "industry-university-research cooperation model" (Industry-University-Research Collaboration Model) is particularly prominent, the core of which is to promote the sustainable growth of the banking industry in fintech and innovation development through the establishment of closer cooperation between academic research institutions, educational institutions and enterprises. Through this model, commercial banks can absorb a large number of emerging technologies and ideas, so as to improve their market competitiveness and service level.

The promotion of "industry-university-research cooperation mode" can promote commercial banks in-depth understanding and analysis of the current situation of the Internet finance industry. Through continuous cooperation with universities and research institutions, banks can gain access to the latest market research data and user behavior analysis. The accumulation and analysis of such data can not only help banks to accurately identify market needs and customer preferences, but also provide a scientific basis for their subsequent product design and strategic decisions. For example, in the process of digital transformation of financial services, banks can improve their own capabilities in data mining and analysis through cooperation with IT engineers and data scientists, so as to provide personalized financial services to customers.

In the "industry-university-research cooperation mode", commercial banks can effectively improve their internal innovation ability and technical level through talent training and technical exchange. Specifically, banks can provide systematic training and learning opportunities for employees through joint education and internship programs with colleges and universities. The cultivation of senior professionals has undoubtedly paved the way for banks in the increasingly competitive Internet financial market. For example, if a bank cooperates with a university of Science and Technology to set up a fintech

research center, it can gather a group of talents with cutting-edge technology and financial knowledge, and create innovative financial products that meet the market demand. Such cooperation can not only solve the problem of personnel shortage, but also form a good innovation ecology in each research direction.

Moreover, the promotion of "industry-university-research cooperation mode" can also promote the transformation and application of technological achievements and accelerate the pace of technological innovation in the financial industry. In the process of cooperative research, banks can apply the latest scientific research results in the laboratory with the help of the scientific research ability of universities to the actual financial products and services. By sharing research results, technologies and resources, banks can not only reduce research and development costs, but also accelerate the implementation and application of technology. For example, a payment system based on blockchain technology jointly developed by a large commercial bank and a research institution not only enhances the security of transactions, but also improves the payment efficiency, which opens up a new growth point for banks in the field of Internet finance.

CONCLUSION

Internet finance, especially the new banking industry and its various forms, are in the stage of vigorous development, gradually changing the pattern of traditional financial services with its remarkable characteristics of convenience, efficiency and low cost. In the rapidly changing economic environment, the new banking industry, relying on advanced technologies such as big data, artificial intelligence and blockchain, not only improves service efficiency, but also enhances customer trust and satisfaction. At the same time, innovative models such as mobile payment, online lending and third-party payment have emerged, which have profoundly affected consumers payment habits and financing choices. Especially in the background of the continuous improvement of policy supervision, the sustainable development of the new banking industry and its position in the financial market are becoming more and more important. However, this area also faces many challenges. Problems such as credit risk, liquidity risk and compliance risk need to be solved to ensure the safe and stable operation of emerging financial services. Therefore, future research should pay attention to the disruptive impact of the new banking industry on traditional banks and the innovative practice of risk management in the industry. Through case analysis and empirical research, academia and industry can more deeply discuss the operation mode and market dynamics of the new banking industry, and provide scientific basis for policy makers to respond to emerging challenges and seize opportunities. This study not only provides a systematic framework for deeply understanding the new banking industry. It also lays a foundation for future theoretical and practical research. It is expected to stimulate more research interest and practical exploration in the new banking industry under the ever-evolving fintech background, so as to promote the sustainable development and innovation of the entire financial industry.

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