

# Discussion on Diversified Digital Financial Service System under the Background of Internet

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**Abstract.** With the changes in the social and economic market, many small and medium-sized enterprises are facing financing difficulties. In order to effectively solve this problem, this paper will effectively establish a diversified enterprise digital service system based on the current development status of small and medium-sized enterprises, combined with Internet development technology, and centering on the current financial development of small and medium-sized enterprises. The countermeasures and suggestions, combined with relevant analysis to discuss how to establish a diversified financial service system, are described as follows.

**Keywords:** Internet; diversified service system; digital finance; SME financing

## 1 Introduction

China's small and medium-sized enterprises have achieved good development since the 1990s. According to relevant statistics, the GDP value contributed by SMEs in China has exceeded 60%, and in addition, 80% of related innovation patents and new product development are from small and medium-sized enterprises. For the rapid development of the whole society in our country, small and medium-sized enterprises have a very huge role, including employment absorption, good optimization of economic structure and enterprise management kidney production, and constantly improve the primary basic economic system, not only accelerate and improve the good development of our productivity, better provide important guarantee for the national economy, but small and medium-sized enterprises loans and financing difficulties, restrict and hinder the small and medium-sized enterprises bigger, stronger and further development. Even though good progress has been made through the efforts of the relevant Chinese departments in many aspects, this problem has not been fundamentally solved. How to increase support and service for small and medium-sized enterprises, is all levels of government, business and banking and theory need to focus on the problem, is also urgent need to solve the problem, therefore, this paper under the background of the Internet, how around small and medium-sized enterprises to establish diversified, digital financial service system has carried on the analysis and exploration.

## 2 Small and medium-sized enterprises have financing and loan difficulties related problems

### 2.1 The own problems of small and medium-sized enterprises

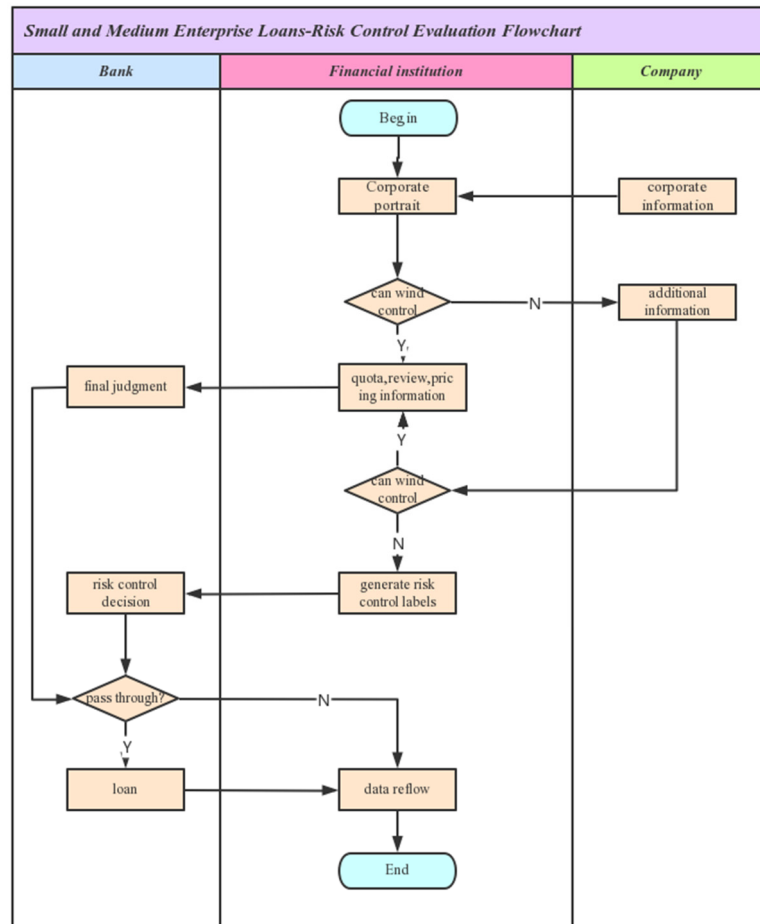
On the current development of small and medium-sized enterprises in China, not only its small, effective risk resistance and management ability is weak, and the establishment of enterprise internal accounting system is not perfect and perfect, also lack of mortgage and guarantee, enterprise credit degree is not high, therefore, it is difficult to directly from Banks, financial institutions, and small and medium-sized enterprises in the process of development, is also easily affected by macroeconomic cycle fluctuations, enterprise capital in the marginal economic return efficiency is higher. Table 1 shows the comparison of the amount and proportion of bank lending to various industries from 2018-2019.

**Table 1.** Loans issued by banks in 2018 and 2019

Industry name	2019			2018		
	amount	proportion	Impairment ratio	amount	proportion	Impairment ratio
construction industry	3561	2%	1.66%	2423	1.45%	1.21%
real estate	2936	1.65%	0.53%	4370	2.62%	0.93%
manufacturing	59646	33.46%	4.64%	70092	41.98%	5.41%
financial industry	225	0.13%	0.06%	127	0.08%	0.05%

#### 2.1.1 SME loan financing and risk are strict and high

For the loans and financing of small and medium-sized enterprises, the conditions given by banks are relatively strict, especially for those small and medium-sized enterprises, and these small and medium-sized enterprises also need to meet certain loan conditions before they can apply for loan projects. These conditions include many aspects. As shown in Figure 1, some banks further adjust the interest rate for financing loans to small and medium-sized enterprises, and also attach other conditions, such as charging financial fees, security deposits, etc., which greatly increases the cost requirements for corporate financing. Many SMEs cannot successfully borrow from banks, so most SMEs are forced to choose other loan options, leading many businesses to turn to private lenders for high-interest loans.



**Figure 1** Small and Medium Enterprise Loans - Risk Control Evaluation Flowchart

### 2.1.2 The service and guarantee mechanism of corporate finance and credit needs to be improved

Because banks are not perfect and sound in their own competition structure and institutional structure, and small and medium-sized enterprises have serious defaults in repayment, if things go on like this, banks will lack credit enthusiasm when facing small and medium-sized enterprises, even in recent years. In recent years, the People's Bank of China has stepped up the assessment of the commercial banks' actual handling of loans to small and medium-sized enterprises. Although there have been slight changes, there are still many problems in general. It is also known that for the financial services of small and medium-sized enterprises, the overall scale of relevant guarantee institutions is relatively small, the ability to effectively manage and

resist risks is not strong enough, and the functions and amplification factors of credit guarantees are imperfect and low. The management system needs to be strengthened urgently. In finance, the commonly used formulas for calculating company financial data are as follows:

$$EAR = \left(1 + \frac{APR}{m}\right)^m - 1$$

$$PV = \frac{C}{r} - \frac{C}{r} \frac{1}{(1+r)^2} = \frac{C}{r} (1 - (1+r)^{-1})$$

stock market line:  $r_1 = r_f + \beta(r_M - r_f)$

### **2.1.3 Loan financing and risks of small and medium-sized enterprises are strict and high**

For small and medium-sized enterprise loans and financing, the bank conditions are strict, especially for those small enterprises, some Banks for small and medium-sized enterprise financing loans, will do interest rates further adjustment, also with other conditions, for example, charge fees, margin, etc., this for enterprise financing, greatly increased the cost demand<sup>[1]</sup>. Many small and medium-sized enterprises are unable to successfully borrow money from the banks, so most small and medium-sized enterprises are forced to choose other ways of lending, so that many enterprises turn to private private lending.

## **2.2 Problems with commercial loan banks**

### **2.2.1 Reasons for the impact on the financial system**

In order to effectively prevent and avoid financial risks, the corresponding development directions and strategies of state-owned commercial credit banks are mainly developed and implemented for large enterprises, large projects and large cities. Many original institutions have been cancelled and merged. From an objective point of view, the relevant credit services for central enterprises have gradually decreased, which has made it more and more difficult for many small and medium-sized enterprises to obtain financing and loans.

### **2.2.2 The bank's own incentive mechanism has not been established and perfected**

Establishing a sound and perfect related incentive mechanism is a positive driving force for the continuous development and progress of the enterprise. As far as the current stage is concerned, there are still problems in the bank's own incentive mechanism. If it does not establish a corresponding incentive mechanism according to its actual development, or the established incentive mechanism is only a mere formality, it has no practical effect. It is not optimized and perfected enough, and there is a mindset and attitude that it doesn't matter if you do more or less, and then you cannot fully mobilize the enthusiasm of the staff, especially the relevant credit marketing staff, who are not motivated enough to work, and the volume of business continues to decrease, hinder the good development of enterprises [3].

At the same time, the corresponding marketing assessment mechanism and related systems are unreasonable and need to be strengthened and improved. For the business assessment standards of marketing personnel, the assessment methods adopted by many financial institutions are basically in the form of salary assessment, and the system is changed day by day, changing and changing anytime and anywhere, and there is no unified standard requirement. Such an assessment system is not only not conducive to employees' cognition and treatment of work, but also seriously affects the marketing personnel themselves. Work and development motivation.

### **2.2.3 Financing procedures to be strengthened**

Because credit commercial banks are faced with numerous loan companies, and they are all kinds of loan businesses from all walks of life, when credit banks handle corporate financing loan projects, regardless of the number of loans, they must strictly follow the corresponding financing procedures of the bank. Because of the cumbersome procedures, many small and medium-sized enterprises are at a loss. Because the market-oriented operation carried out by the commercial loan bank is relatively limited, when small and medium-sized enterprises apply for a loan from the bank, they need to face extremely cumbersome procedures such as application and processing, and it takes a long time to process. In terms of the hidden cost of credit financing, small and medium-sized enterprises have become extremely difficult to obtain [4]. When commercial credit banks issue loans, they do not differentiate the types of enterprises to issue, but place small and medium-sized enterprises on the same measurement level as larger enterprises, and use the same measurement standard to measure, so that, the machine is easy to cause many small and medium-sized enterprises to lose more financing and loan opportunities.

### **2.3 Reasons of the local government and relevant departments**

Local governments, relevant departments and institutions have not provided sufficient support for the development of small and medium-sized enterprises. In the process of social production, operation and development, such as land acquisition, mortgage assessment and taxation, there is no corresponding support policy. Or provide certain preferential policies, resulting in the continuous increase of the operating costs of small and medium-sized enterprises, and the current social market environment is changing, therefore, small and medium-sized enterprises do not occupy a certain market advantage, and the market competitiveness is relatively weak, so it is difficult to Sustained development and good survival in the market.

## **3 Suggestions on establishing a diversified digital financial service system under the background of the Internet**

In order to effectively solve the problems of loan and financing difficulties for small and medium-sized enterprises, relevant departments and institutions are also continuously exploring and researching in depth, aiming to explore and establish a system that can take the funds of local governments as the main direction and take commercial credit The bank's loan measures are important support, and the new road system in which Mingjian and overseas capital are combined and participated together, and it is also a digital financial service system with a diversified development situation [6]. According to different projects of different small and medium-sized enterprises, different actual operation conditions, different development goals

and directions, etc., adopt timely introduction of one or more types of financing situations, and use combination methods to integrate these introduced financing methods, so as to be able to Better and specific solutions to financing SMEs.

### 3.1 Establish and improve the unified loan platform for small and medium-sized bank enterprises

The state actively advocates and popularizes the unified loan platform for small and medium-sized enterprises in various regions, and better realizes the "introducing gold into the domain". Make full use of the more advanced Internet technology, take the county, district and municipal to establish related computer network loan platform, and actively promote the national development bank, commercial Banks and small and medium-sized enterprise service center for good cooperation, combining and build perfect the credit platform, thus innovating local government, silver and enterprise related cooperation mechanism, financing and small enterprises and pioneering new road, for those who have good development prospects, high technology content and good production and operation of small and medium-sized enterprises to solve the problem of financing difficulties<sup>[2]</sup>.

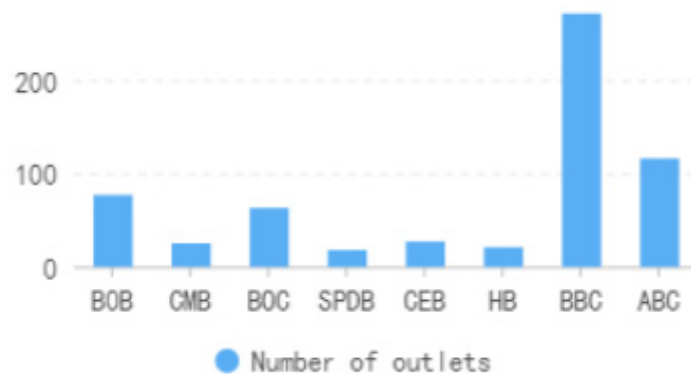
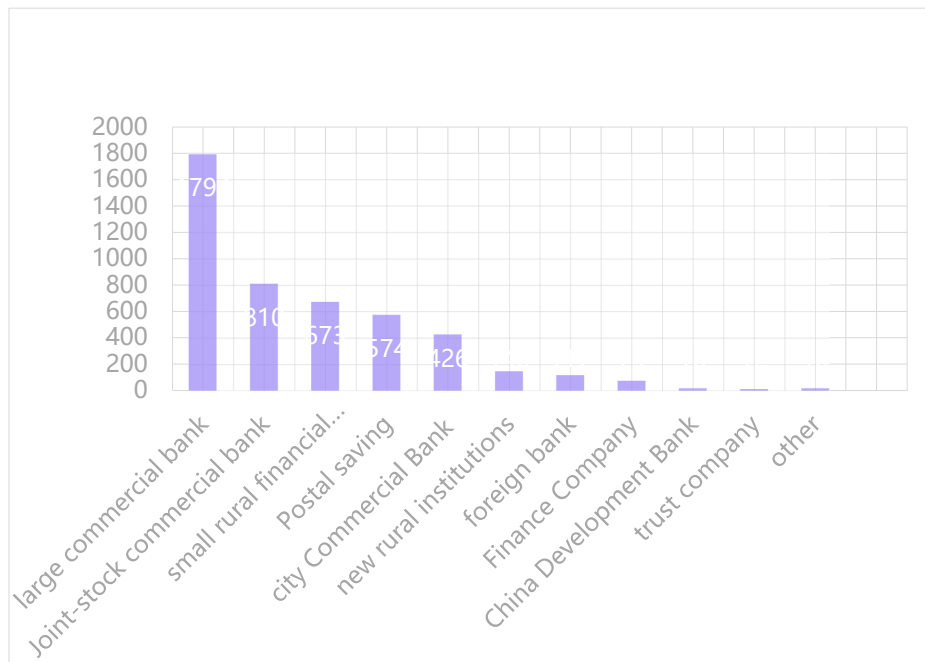


Figure 2. Statistical chart of the number of bank branches in Beijing in 2006

### 3.2 We will improve the financing services of commercial banks for small and medium-sized enterprises

Strengthen the association relationship between commercial banks and small and medium-sized enterprises by holding and establishing banks and small and medium-sized enterprises, and directly recommending the relevant small and medium-sized loan enterprises to various commercial banks<sup>[3]</sup>. Through different ways, forms and ways, we will constantly solve and improve the existing problems between enterprises and banks, information disorder, asymmetry and other problems, so as to better help small and medium-sized enterprises to solve the related problems of financing and loan difficulties in the development.

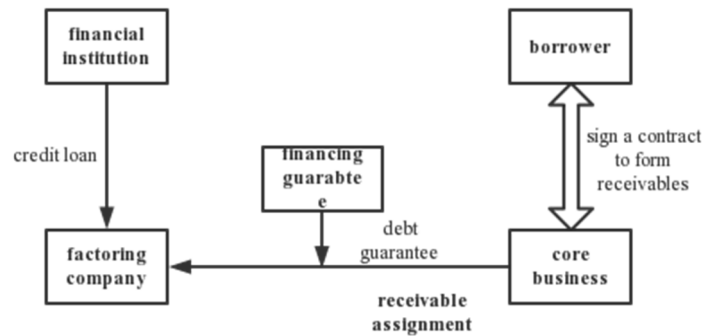


**Figure 3.** Number of Bank and financial institutions in Beijing in 2020

Through the data comparison of Figure 2 and Figure 3, it is not difficult to see that the number of financial institutions in China has increased significantly in 15 years, including 1794 large commercial banks, 810 joint-stock commercial banks and 673 small rural financial institutions. The emergence of these institutions is undoubtedly a timely help for the development of small and medium-sized enterprises in China.

### **3.3 We will establish a sound credit guarantee system for small and medium-sized enterprises**

Combined with the actual demand, establish the corresponding credit guarantee association, actively promote good cooperation between small and medium-sized enterprises and the guarantee institutions, so as to promote the guarantee institutions can be their own business, business model innovation and perfect, and constantly improve and perfect the relevant small and medium-sized enterprise credit guarantee system, under the background of the Internet, actively build a more perfect and new, new cooperation mode between enterprises and guarantee institutions, as shown in Figure 4.



**Figure 4** Process of sexual cooperation mode between guarantee institutions and smes

### 3.4The government actively provides relevant small and medium-sized fund financing services

In order to promote the active development of small and medium-sized enterprises, the local government should customize relevant preferential service policies, such as creating a corresponding financing fund for the development of small and medium-sized enterprises, so as to promote the better development of enterprises. For example, small and medium-sized enterprises start-up funds, science and technology development funds, technological transformation funds and agricultural holding funds can be created [9]. One of the most unique features of these funds is that the interest rate is low, and there are even interest-free ones. The funds have sufficient repayment time. In special circumstances, they can be repaid. However, if they want to obtain these funds, small and medium-sized enterprises must meet the requirements, relevant conditions and policies. As for PE (financing) services in equity, according to their own technology, capabilities and development characteristics of small and medium-sized enterprises, some relatively successful and big-name investment companies and institutions are actively introduced for investment, such as China Development Investment Corporation and municipal-level operations. Large-scale investment companies and institutions encourage small and medium-sized enterprises to introduce external capital investment by transferring part of their equity, thereby improving the weight of small and medium-sized shareholders, helping enterprise projects to better achieve secondary financing, and finding new channels for enterprise development and growth, etc.

### 3.5 Improve BOT project financing projects

The so-called BOT, namely BUILD OPERATE TRANSFER, is a financing project from construction to operation, operation and development to transfer form. , to achieve a project way of providing public services to the society. When small and medium-sized enterprises invest in public engineering facilities, the local government grants small and medium-sized enterprises the concession for project construction according to the actual investment and construction



situation of the enterprise. Usually, the investment and construction method adopted is this BOT project financing method.

#### **4 The key to solving financing difficulties for small and medium-sized enterprises under the Internet background**

From the perspective of government departments, it is necessary to actively build and create a good corporate financing environment, so as to provide corresponding financing services for small and medium-sized enterprises more effectively, actively establish cooperation with credit banks and enterprises, and promote enterprises and local economies. Sustained development requires the following points to be effectively achieved. The first point: effectively strengthen and improve the financial service environment; the second point: continuously establish and improve the guarantee system, and gradually optimize and improve it in the actual operation process; the third point: improve the communication system between commercial banks and SMEs, and actively establish a long-term mechanism for better connection between banks and enterprises. From the perspective of financial institutions, financial credit institutions need to continuously innovate their own relevant service systems in the process of actual credit business development, and increase their efforts to support small and medium-sized enterprises in financing construction. to the following points [12]. First, financial institutions need to further emancipate their own working thoughts, including credit risk, support for enterprises, and corporate credit ratings; secondly, in terms of credit volume, institutions need to expand the credit market to further expand credit business, thereby increasing the total amount of financing credit. The third is the good development of peripheral products and work, continuous reform and innovation of related financial products, and further increase and strengthening of mortgages and methods, so as to create more diversified forms of credit, improve SME financing, and meet the needs of SMEs. Various financing needs; finally, according to the actual situation of financial institutions, combined with the market development situation of small and medium-sized enterprises, as well as the specific operation and operation of small and medium-sized enterprises, gradually optimize and transform the financial service system, and actively combine the current market development, Internet, information With the continuous in-depth research and exploration of more modern financial service methods, the diversified digital financial service system of small and medium-sized enterprises can be better realized. From the perspective of the operation and development of SMEs themselves, take the initiative to attack, actively establish a good communication method with financial institutions, show the financial institutions their own strength and specific information, etc., and establish a foundation on which financial institutions have a detailed understanding of their actual situation. , take the initiative to obtain financial support and work support from financial institutions, which can be carried out from the following points<sup>[5]</sup>.

#### **5 CONCLUSION**

Under the background of Internet technology, establishing a diversified digital financial service system for small and medium-sized enterprises is a long-term and arduous task, which requires the joint efforts of the national government, financial institutions and all small and medium-

sized enterprises. While government departments must actively build and improve the relevant financial environment and guarantee system, financial institutions must continue to reform and innovate, effectively combine current advanced Internet technologies, and increase support for the development of small and medium-sized enterprises, thereby further transforming and establishing diversified service methods. In addition, SMEs should continue to seek and introduce strong support from relevant financial institutions, build relevant digital management and contact platforms, and further promote good cooperation between SMEs and financial institutions. Only with the joint efforts of government departments, financial institutions and SMEs, not only to explore and build a diversified digital financial service system, but also to better solve the key problem of SMEs' loan and financing difficulties, so as to effectively promote SMEs to better achieve healthy and sustainable development. Develop and become bigger and stronger, and promote the sound improvement and development of my country's overall economy.

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