Research on Internet Finance and Its Accounting Practice

Rui-qing Liu and Yin-xing Li

Abstract: With internet financial development in domestic, it is an important part of the current management to effectively manage the internet finance and avoid the financial risk for financial enterprise accounting practice. The financial accounting procedures which adapting to internet finance was established through studying on Third-party payment, P2P network platform, online fund and so on.

Keyword: internet finance, accounting practice, financial risk, procedures

1 Introduction

Internet finance is not a new term, but it is a change in the creation of a new era. Internet thinking has affected the inherent concept of finance in people's minds and profoundly changes the traditional financial landscape. With the payment of third parties, P2P lending and other formats imperceptibly penetrate our lives, traditional commercial banks have been unable to maintain the inherent advantages of sit back and relax. Alibaba, Sina, Tencent, Baidu, Jingdong, Suning and other Internet companies began to try to build their own business model in the financial industry. In addition, the public platform, Internet financial and other forms have emerged, and gradually aroused the attention of regulators and capital markets. In the face of the strong offensive of Internet finance, commercial banks are through the legal constraints to stifle in the cradle, or put down the figure with its fair competition? Or to use the joint expansion of customer base? As the Internet financial enterprises themselves, to face not only the legal status and regulatory constraints of the risk and customer awareness of the plight of the same time inevitably fall into the customer credit crisis.

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And remove the back behind a strong Internet group backing its subsidiary, the majority of small micro-enterprises if you cannot grasp the pulse of the times, will face precarious disaster. In this hottest industry, the vitality of an enterprise in the end can last long? The future direction of development and need to pay attention to the problem and where? Compared to other mature and well-established accounting practitioners, the Internet financial industry accounting staff seems to face a greater challenge, how to better exercise the functions of accounting and supervision has become an urgent problem to be solved.

2 The Background of Internet Finance

The traditional bank had been predicted by Bill Gates as a group of dinosaurs that would die in the 21st century. Now the traditional financial, although not as completely disappeared as predicted, but the rise of the Internet, in China and the whole world are no one can avoid the great changes. Third-party payment, P2P, electricity business platform has changed people's lives, and to commercial banks has brought unprecedented challenges.

In the end what is the Internet finance, the current academic community has not yet reached an agreement. Literally understandable that the behavior of financial engage in Internet companies is called online finance, while traditional financial institutions use Internet services known as financial networks. Generally believed that Internet finance is the Internet spirit into the traditional financial industry in the emerging areas, which is, large data, cloud computing-based innovative products. One of the most important is the transformation of the financial system and the concept of the masses. If you simply see it as a combination of Internet technology and finance, the formation of only the Internet technology finance. Real Internet finance should be based on the idea of the Internet, so that everyone has equal efficiency, through data mining, data analysis and other technologies to make financial services universal.

3 Internet finance in the country's main format

The so-called financial Internet, that is, financial institutions, information technology, refers to the use of information technology, the traditional operation of the process of transformation or reconstruction, to achieve management, management of a comprehensive electronic banking, securities and insurance and other traditional financial institutions. The integration of traditional financial institutions and the Internet helps to establish and improve customer information systems, improve the efficiency of capital use, improve service levels, expand service channels and reduce operating costs. In this process, the bank's information construction has been at the leading level, built by the self-help banks, telephone banking, mobile banking and online banking.
constitute a three-dimensional electronic banking system. Although the network of banking has become the same choice of traditional banks, but the establishment of pure Internet banking in the world is not ideal, the same in China, pure network bank lack of professional financial services skills, relying only on Internet technology Convenience does not make it easier for customers to become a branch of traditional banks, which seems to be a more sensible choice.

4 Internet financial risks
Anonymity and concealment of the characteristics of Internet finance makes it easy to become money laundering and other criminal activities. Although it has to go through the qualification, but the Internet users and mobile phone users can simply set up the ID number, the third-party payment platform to support the funds. This kind of authentication method has the great ills, the criminals are most likely to use the false information to take the trust of the third party payment platform and use it to realize the illegal fund allocation and transfer.

With the development of P2P network financing platform, some of the platform is no longer originally independent of the third party intermediary transactions, but gradually joined the loan to provide financing guarantee function. In the mode of debt transfer, the borrowing parties do not directly sign the debt and debt contracts, but by the third-party professional lenders to lend money to the demand, and then transferred to the investor, then P2P platform to become the hub of capital and then a pure intermediary, and illegal fund-raising have some similarity. This is far beyond the boundaries of the development of the platform, and the information of such platforms rarely disclosed, the operation is extremely opaque, easier to breed illegal activities.

Market risk is the traditional risk of the traditional financial system. Internet finance combines the dual characteristics of Internet technology and finance, and has its unique side under the premise of upholding traditional risks. First of all, due to convenience and concessions, Internet finance can absorb more deposits and loans, with the more customers will face the greater the risk of interest; secondly, in the process of cash flow, if the bad debt to this large amount of funds trapped It will make the liquidity risk accumulate, while the precipitation of funds due to the lack of effective guarantee and supervision, can easily lead to capital misappropriation.

5 Domestic existing regulation
Anonymity and concealment determine the supervision of the Internet financial business is very difficult. In addition, in a short time, the Internet financial problems have not been fully revealed, the regulatory system is inevitable lag. China's Internet financial regulatory situation is worrying, embodied in the following three aspects.
1. Internet financial regulatory legislation lag
In the field of online financial business, there is no specific laws and regulations of the norms and governance programs, there is no special sector development planning and support. One reason is that there is a difference between Internet finance and traditional finance. The definition of innovation is uncertain at present, and it is very difficult to develop the corresponding regulatory legislation in many cases. Followed by the speed of supervision is not worth the pace of development. In the face of the new Internet banking business, including the emergence of various models of various innovative platforms, so that regulators beyond the reach and effort. Finally, the financial regulatory authorities are still under the planned economic system of the practice of financial supervision, the implementation of the "first development, and then standardize" the practice, for fear of supervision in the network of financial innovation, the "degree" to grasp the regulatory authorities dilemma.

2. Internet financial supervision and evidence difficult
Internet finance does not need to be traded face to face in the face of traditional financial business, making it difficult to pursue virtual identity and liability for breach of contract, and transactions are not subject to time and geographical constraints. The transparency of the transaction process is low, leading to faster spread of risk Bigger. In the form of electronic evidence to record and save the transaction data, in the collection, preservation, audit and other aspects of the traditional evidence collection system has a greater challenge, electronic evidence is also very easy to be forged, tampered with, which makes the Internet financial transaction supervision Punish other illegal and criminal behavior.

6 Conclusion
In the United States, funds retained on a third-party payment platform are considered as indebted and regulated by the US Federal Deposit Insurance Corporation; the P2P platform sells the claims to the lender in the form of a proceeds creditor's certificate and is therefore defined in the form of a law as a securities transaction Behavior, securities regulators are responsible for it. In contrast, in view of the above problems China's legal policy there are obvious deficiencies, improve the Internet financial regulatory system will be a vast project.
First, in the national macro point of view to sort out the scope of various types of Internet banking business, a clear regulatory authorities to prevent the regulation of vacuum, so that law can be followed; secondly, in the industry to develop Internet access threshold criteria, standard classification criteria, And the formation of industry associations good self-discipline; Finally, in the enterprise micro-point of view of information transparency, Internet financial enterprises should be regularly submitted to the management of compliance
and business information and other reports, and the establishment of risk monitoring and early warning mechanism.

References


