

THE INFLUENCE OF INTERNET FINANCE ON CHINA'S COMMERCIAL BANKS - FROM THE PERSPECTIVE OF MARKET COMPETITION

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Banking as an important part of the national economy has its special role. With the advancement of financial globalization and the increasingly fierce competition in the banking industry, China has continuously encouraged the industry to moderate competition, the implementation of a wide range of financial products and services in order to be able to compete in a healthy environment to seek financial stability and national economy in the new season balance point. However, in the context of the rise of Internet finance, the banking sector is facing a more serious situation. Financial instruments, represented by third parties, mobile banking and online banking, are increasingly occupying people's daily lives. Undeniably, the emergence of the Internet does inject new vitality into financial markets, but it cannot ignore its existence Potential risk factors. As the Internet financial business and the traditional banking industry has a lot of cross-sections.

The main object of this paper is commercial bank, which combines theoretical research with empirical analysis to analyze the impact of Internet finance on traditional commercial banks with a new perspective – market competition. The Panzar-Rosse model was established using the financial statements of 40 domestic banks to determine the market competition degree of China's banking industry from 2003 to 2016. The introduction of the Internet financial factors to establish the parameters of the equation, on behalf of the Internet financial development of the variable selection, refer to the previous literature and combined with China's economic development of the

actual situation, select the Internet financial asset share and the number of shares to measure. In addition, five additional control variables that may affect banking competition include the ratio of life insurance premium to GDP (IPGDP), the ratio of stock market value to GDP (STOGDP), market concentration index, nonperforming loan ratio And deposit and loan ratio. On this basis, the establishment of parametric equation to explore the rise of Internet finance on China's banking market competition degree. The study shows that China's banking industry is in a state of monopolistic competition and competition has been increasing in the past decade. Internet finance has little effect on the banking competition in the budding period. However, when the Internet finance reaches a certain level, it will work with China's banking industry. The degree of competition showed a significant positive correlation. Therefore, under the new norm of economic development, commercial banks should actively deepen the reform of the system, pay attention to customer experience, build customer-centric business model, at the same time, China's regulatory authorities should be able to grasp the financial environment brought about by the new Internet financial Change, should improve the sound of the law, strengthen the supervision of Internet finance.

References

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