

2012 Caixin Summit: China and the World

Friday, November 16, 20:00 - 21:45 – Internet Financing

The traditional financial industry has come under criticism due to its monopolistic nature and profits, and Internet finance has emerged from this. The use of Internet technology saves on transaction costs, provides the convenience of social networking, and enables self-financing and self-investment. How will this new phenomenon transcend traditional financial services?

Key points:

- Financial services firms must adapt to the age the Internet and expand the services they offer to consumers
- Traditional banking outlets have so far failed to fully realize the functionality of e-banking services
- Ensuring secure online transactions remains an issue, but one that can be addressed through a combination of various technologies

Synopsis

By the end of 2011, a total of 197 companies receive government licenses to conduct third-party online payment services. The value of such payments jumped to 2.3 trillion yuan last year, only 0.1 percent compared to the volume handled by the commercial banks.

Companies dealing with Internet financing have better access to customers, are more willing to lend to small- and medium-sized firms, and can rapidly expand -- many use call centers to replace traditional bank brunches.

There is much to be gained in online banking, both in revenues and customer satisfaction. The emerging reality is that the online banking industry must be expanded and include a range of financial transactions ranging from investments to delivering bill payments.

Banks have so far been slow in leveraging online banking as a means to create new revenue streams, despite the heavy cost of maintaining the current scale of traditional banking outlets. However, online banking services must be embraced by banks, and convenience of services must go hand in hand with quality. In terms of operation cost and functionality, online banking services will allow banks to streamline the provision of traditional banking services.

The electronic exchange of sensitive data makes privacy and security an important dimension in the design of online banking networks. However reliable channels can be created through a variety of technologies.

Panelists:

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FAN Zhiming, Vice President, Alipay

David YE, Co-Founder and CEO, Rong360.com

FANG Yushu, Executive Director and CEO, Dajiaobao.com

Moderated by

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Disclosure

This summary was prepared by Diana Bates. The views expressed are those of certain participants in the discussion and do not necessarily reflect the views of all participants or of the Caixin Summit.

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