

The Impact of Financial Technology on Commercial Banks under the COVID-19

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Abstract

In recent years, with the rise of internet technology and other emerging technologies, technology is widely used in various fields, including the financial field. With the characteristics of specialization, intelligence and modularity, financial technology has a great impact on the development of traditional commercial banks. Facing the new technology, new products and new services brought by financial technology, commercial banks face it with a positive attitude and lay the foundation for its healthy and sustainable development. Based on this, taking the impact of the epidemic as the background, this paper expounds the challenges and opportunities brought by financial technology to commercial banks under the epidemic, and makes specific strategies on how scientific and technological finance can promote the development of commercial banks, so as to strengthen the positive impact of scientific and technological finance on commercial banks.

Keywords

Commercial Bank; Financial Technology; Financial Industry; Financial Institution.

1. Introduction

In recent years, COVID-19 has been constantly attacked, which has brought great impact on China's financial system and even the global financial system, and has made the global financial system reshaped in turmoil. As one of the fast-growing and highly qualified banks in China's financial system, there is no doubt that commercial banks are also suffering from the impact of the COVID-19. During the COVID-19 period, affected by the fluctuation of the financial market environment, commercial banks were faced with problems such as the decline of interest rates, weak investment capacity and the decline of customers' ability to repay interest, which had a great impact on the development of commercial banks. In addition, due to the weak asset strength of commercial banks and the accumulation of less user information, they can not activate their own development vitality in the short term, and then can not achieve healthy development. In this context, financial technology, that is, finance + technology injects development power into commercial banks and makes commercial banks become the leader in the financial field again to a certain extent. The development and derivation of financial technology rely on technologies such as big data, artificial intelligence and blockchain, innovate the healthy development of traditional financial business, improve the operation efficiency of commercial banks and reduce their operation costs, which is the mainstream trend of the future development of the financial industry. The emergence of financial technology makes the general public deeply feel and realize the importance of zero contact financial services, and lays a foundation for enhancing the online service level of commercial banks.

2. Challenges Faced by Commercial Banks under the Covid-19

2.1. Bring Higher Credit Risk

Under the influence of the COVID-19, the orders of many entity enterprises, such as manufacturing, foreign trade and chain retail enterprises have decreased sharply, and the passenger flow has decreased significantly, which has impacted the orderly development of the real economy to a great extent. Most of the loan funds of these entity enterprises come from commercial banks. If they have poor resistance and lack of funds, it will undoubtedly hinder the follow-up development of commercial banks. The reason for this phenomenon lies in the weak bearing capacity of commercial banks themselves and the low-end cooperation with other financial structures, which makes the development of commercial banks face great obstacles during the COVID-19. Under this influence, commercial banks may have slow capital return and insufficient loan repayment, which makes commercial banks face great credit risk and can not contribute to the national financial development.

2.2. Impact on Business Income of Commercial Banks

Generally speaking, the business income of commercial banks mainly comes from the deposit and loan interest of new and old customers and intermediary business income. However, due to the impact of the COVID-19, the number of customers of commercial banks has dropped sharply, and the relevant credit business has a certain threshold, which limits the increase of business scale, which is not conducive to increasing the total business volume of commercial banks. At the same time, affected by the COVID-19, the offline traffic of commercial banks is scarce, and most customers mainly handle emergency business online, forcing commercial banks to reduce loan interest rates to maintain their healthy and sustainable development. In addition, due to the reduction of market liquidity and the decline of residents' deposits, and the depressed mood of residents during the COVID-19, it is not conducive to the formation of investment competition effect, which makes it difficult for commercial banks to seek deposit increment and customers. Commercial banks mainly rely on insurance, fund and financial products to increase business income, and most of these products are completed offline. However, due to the impact of the COVID-19, offline commercial banks have relatively few opportunities for face-to-face contact with customers, which can not increase the business volume of commercial banks and hinder their healthy and effective development.

2.3. Increase the Proportion of Bad Debts of Commercial Banks

Under the impact of the COVID-19, transportation, retailers, catering and accommodation industries have been severely hit, which may lead to the rupture of capital chain and the increase of non-performing loans. In addition, the current overall macro-economy is in a downturn, and the development of commercial banks is facing many disadvantages, resulting in an increase in the proportion of non-performing loans and bad debts, which brings some difficulties to the healthy development of the whole financial industry. In addition, during the COVID-19, many people were forced to engage in online fraud and other activities due to too much life pressure and lack of sources of livelihood, increasing the probability of bad debts of commercial banks.

3. Opportunities Brought by Financial Technology for Commercial Banks under the Covid-19

3.1. Promote the Rise of Emerging Industries

Although the COVID-19 has a great impact on Residents' lives and consumption, as well as the development of commercial banks, it has to be said that commercial banks are also facing great development opportunities under the background of the COVID-19. After the COVID-19, the

people realized the importance of health, promoted the medical industry to grow against the trend, and brought huge investment and financing needs to commercial banks. At the same time, during the COVID-19, online office has become the norm for most people, which has prompted some emerging online industries to have a huge demand for credit. On the one hand, it can improve the online service capacity of commercial banks, on the other hand, it can also improve the innovation ability of credit products of commercial banks to cope with the future development of banks. Generally speaking, affected by the COVID-19, although the number of customers of commercial banks has decreased and the demand for credit has weakened, the rise of online emerging industries has also injected strong development impetus into commercial banks, thus laying the foundation for the healthy development of the financial industry of the whole country.

3.2. Promote Digital Transformation and Upgrading

Although the COVID-19 has seriously impacted the development and growth of commercial banks, it has also changed the traditional development model of banks and promoted the development of financial industry. On the one hand, the significant increase in the number of online customers provides impetus for the development of contactless financial business, and promotes the development of various online transactions such as mobile banking and online payment, which lays a customer foundation for the electronic development of commercial banks in the future. At the same time, in order to ensure normal life and production, residents and various production enterprises have to borrow loans online, laying a solid foundation for commercial banks to carry out online financial services. On the other hand, during the COVID-19 period, commercial banks carried out self exploration during the period when their business was not very busy, transferred some offline businesses to online, and formulated online service plans with the financial industry according to their own development characteristics, so as to build an online service team to improve customer satisfaction and attract more financial institutions for investment and financing. On this basis, the future development of commercial banks will have a strong capital foundation to lay the foundation for their healthy and long-term development.

3.3. Highlight the Advantages of Science, Technology and Finance

During the period of strict COVID-19 prevention and control, in order to protect bank customers and meet the handling needs of daily customers, the people's Bank of China, the Ministry of Finance and the China Banking and Insurance Regulatory Commission encouraged major banks to carry out online financial services and give full play to the advantages of science and technology finance. In view of this special period, commercial banks actively set up online business handling processes, carry out online business related handling, open online mobile banking and online banking, and further improve the online financial service system. At the same time, relevant technicians use artificial intelligence, big data and other technologies to optimize and upgrade online financial services, so that customers can handle relevant businesses at home and avoid unnecessary risk of cross infection. In addition, through the blessing of science and technology finance, commercial banks launch scientific and technological means such as cloud services and cloud office, so as to provide effective support for bank online financial services and product promotion. This not only ensures the physical safety of bank employees and customers, but also ensures the efficient and smooth operation of commercial banks and promotes the sustainability and scalability of financial services.

4. Specific Strategies of Financial Technology to Promote the Development of Commercial Banks under the Covid-19

4.1. Create a Financial Ecosystem

Over the years, the financial system, especially commercial banks has been facing the phenomenon of homogeneous competition and competition for development, which has greatly hindered the development of commercial banks. However, with the continuous iterative development of financial technology and the support of emerging technologies such as big data, artificial intelligence and blockchain technology, commercial banks have obtained great development opportunities. Specifically, enterprises and individuals have a growing demand for financial products and services. In the current context of the COVID-19, financial technology lays the foundation for commercial banks to carry out online financial services, breaking the traditional development boundary and realizing an ecological three-dimensional business. Through the embedding of various emerging technologies, commercial banks can go deep into the industry form, provide more subjects with complex and diverse products and services, and effectively activate the healthy and sustainable development of commercial banks. In addition, commercial banks can seek cooperation with other banks and take the cooperation ecosystem as the starting point to build a financial ecosystem suitable for the development of commercial banks; Provide high-frequency and high-efficiency scenario based financial services constructed by digital technology, inject vitality into the development of commercial banks through various technologies, and effectively supervise the possible financial risks in the ecosystem.

4.2. Open the Smart Ecosystem of Banks

With the continuous deepening and development of financial technology, openness, sharing and co creation have become the mainstream of the development of the financial industry, which makes the financial services and customers of commercial banks no longer stay in the traditional mode, but embed technology and finance into the development business of commercial banks. With the help of the intelligent, scientific and personalized characteristics of financial technology, commercial banks can create financial needs suitable for the development of customers, bring intelligent financial management, investment, financing and credit into a unified framework, realize the accurate docking between commercial banks and customers, and then improve the development scale and operation efficiency of commercial banks. At the same time, the staff of commercial banks should actively attract new customers and analyze the portraits of old customers through big data integration algorithm, so as to provide customers with non differentiated and efficient financial services. In addition, the purpose of implementing financial technology is to realize low-cost operation. Therefore, commercial banks can operate according to the in-depth scenario of finance+technology to provide customers with more suitable financial services, so as to increase the viscosity and quantity of customers, promote the rapid growth of business volume of commercial banks, and promote their healthy and stable development.

4.3. Improve Risk Control Capability

While using financial technology to promote their own development, commercial banks should also start from reality, establish the concept of risk prevention and control, strengthen the ability of risk prevention and control, and create a good environment for the healthy development of commercial banks. First of all, commercial banks should enhance the risk prevention awareness of employees, regularly carry out risk prevention training, and improve the cognitive ability of employees for risk prevention and control through practical exercises and scenario simulation. In this process, commercial banks should also actively cooperate with other financial institutions to explore financial risks, so as to lay the foundation for their own

development. Secondly, commercial banks should use big data, artificial intelligence and other technologies to implement hierarchical management of existing customers, and predict the possible financial risks in combination with the characteristics of inclusive finance. Finally, commercial banks should make use of the unique characteristics of blockchain technology, such as rapidity, tamperability and decentralization to create a risk prevention and control system suitable for their own development, so as to ensure that commercial banks can operate stably and effectively.

4.4. Promote the Optimization of Organizational Structure

Under the background of the vigorous development of financial technology, commercial banks should optimize the organizational talent structure to lay a talent foundation for the development of commercial banks. Specifically, commercial banks should use new information technology to adjust the organizational structure, optimize the existing talent operation system and enhance the relationship between departments. At the same time, commercial banks should use technologies such as big data and blockchain to strengthen the specialization of the financial sector, access automatic management facilities, speed up the transformation of existing business processes and organizational systems, and lay the foundation for commercial banks to launch new products and services. In this context, commercial banks can use the new organizational system to tap potential customers, accurately market intelligent and professional financial products, improve the service efficiency of commercial banks, and promote their transformation and upgrading to the digital direction. In addition, commercial banks should also reach cooperative relations with channel providers and suppliers to provide customers with one-stop service and after-sales service, so that customers can enjoy the convenience brought by financial technology and improve the performance and efficiency of commercial banks.

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