

Risk Management of P2P Internet Financing Service Platform

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Abstract. Since 2005, the world's first P2P Internet financing service platform Zopa in UK was introduced, in the development of "Internet +" trend, P2P Internet financing service platform has been developed rapidly. In 2007, China's first P2P platform "filming loan" was established, marking the P2P Internet financing service platform to enter China and the rapid development. At the same time, China's P2P Internet financing service platform also appeared in different forms of risk. This paper focuses on the analysis of the causes of risk of P2P Internet financing service platform and the performance of risk management process. It provides a solution to the Internet risk management plan, and explains the risk management system of the whole P2P Internet financing service platform and the future development direction.

1. The Development of P2P Internet Financing Service Platform in China

In 2007, China launched the Internet financing service platform. With the "Internet +" action plan put forward by the government in 2015, it also brings out policy concept such as "Internet financial emergencies" and "promoting the development of Internet financial health", which makes the Internet financing platform develop rapidly. At the end of 2016 there are 2448 P2P operating platforms. Since the Internet financing platform began to appear, the quality of the platform varies greatly, P2P mechanism Paolu(run away with all assets) phenomenon becomes common, the platform comprehensive interest rates are constantly changing, see Fig.1 and 2 for details

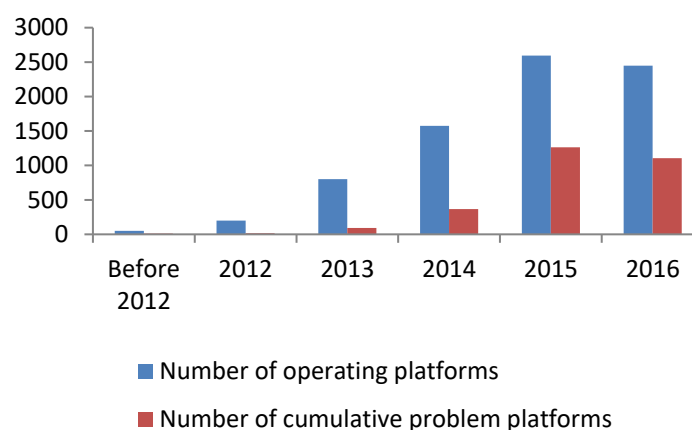


Figure 1: Number of operating platforms and cumulative problem platforms



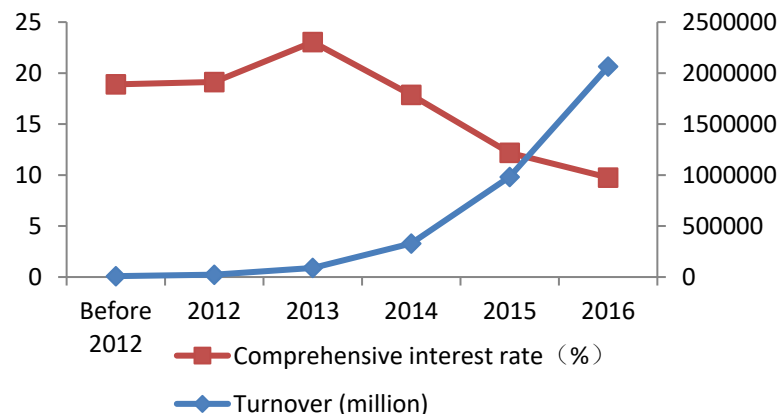


Figure 2: Relation of Comprehensive interest rate and Turnover

From Fig.1 and 2 can be intuitively see from the Internet financing service platform in 2013 the number of blowout trend, but with the number of problems with the number of platforms is also increasing, 2014 and before the financing platform to maintain a comprehensive interest rate of more than 15%, Relative to the bank deposit interest rate is very rich income. With the P2P platform pacing and difficult to mention, the state has strengthened its supervision, since 2015, the financing platform interest rates gradually decreased to about 10%. For the highly developed information today, the study of Internet financing service platform operation, grasp the P2P risk issues and management status, for the creation of a healthy and healthy Internet financing platform is essential.

2. The Operation Mode and Characteristics of P2P Internet Financing Service Platform

2.1 The concept of P2P Internet financing platform

P2P (peer to peer) Internet financing service platform refers to the use of Internet financial services to achieve personal financing of individuals, the use of financing trading platform, directly by the borrowing parties to complete the lending transactions, eliminating intermediary and intermediary channels, mainly divided into network investment and network lending two business. P2P platform as a financial service media, the integration of mobile Internet terminal technology, e-commerce technology and private lending, to the user with great convenience at the same time, risk control can not be ignored.

2.2 P2P Internet financing platform type

China's P2P financing platform has reached more than 2,000, but the study of its business model, roughly divided into three categories. The first category: P2P network financing platform derived from traditional financial institutions. This type of service platform is the traditional financial institutions, they are mainly designed to higher than the bank rate of financial products, increase their ability to absorb deposits. Typical representative of the Ping An Bank of Lu Jin, the National Bank to open Xin credit, Minsheng Bank Minsheng easy loans, etc., its financial products, the annual interest rate of 7% -10%. The second category: to the security agencies for the project to ensure that the P2P Internet financing trading platform. This type of service platform to a single security company as the basis for the guarantee for the network of many investors to raise funds, once the project default, in accordance with the rules agreed in advance, the guarantee company to compensate, so as to ensure the interests of investors. Typical representatives are Yi Jiu financial and Han Jin. The third category: O2O mode P2P Internet financing platform. This kind of service platform relies on the line of business, with the Internet means to form O2O mode, such platform business scale is small, the customer growth is relatively slow, with regional. Typical representative of Yunnan's flourishing Kaiyuan.

2.3 The Operation Mode of P2P Internet Financing Platform

The typical P2P Internet financing service platform operates in the Fig.3.



Figure 3: the typical P2P Internet financing service platform operates

3. Risk Analysis and Management Strategy of China P2P Internet Financing Service Platform

3.1 Risk Analysis

From the objective level, the risk of P2P Internet financing platform mainly includes external risk and internal risk of the two parts, see the table 1.

Table 1: two parts of the risk of P2P Internet financing platform

External Risk	Credit risk
	Competitive risk
	Network risk
	Policy risk
Internal Risk	Platform update risk
	Product design risk
	Management risk
	Personnel Ethics risk

3.1.1 External Risk. Policy Risk. National or local government policies will make the P2P Internet financing service platform has been greatly affected, or even closed down the risk, so the policy-oriented P2P Internet financing service platform to pay close attention to things.

Network Risk. The risk of cyber fraud, mainly refers to the network hackers, the use of superb programming techniques to cause the network paralysis can not operate properly, or make network data anomalies or even lost. As most of the P2P platform staff team from the financial sector rather than the Internet technical staff, so the network risk is worthy of vigilance.

Competitive Risk. P2P Internet financing service platform in the normal course of business, there will be rival fierce competition, and even malicious competition against the market principles of opponents are also a large number of exist. The face of opponents higher interest rates, the platform of the competitive risk can not be underestimated.

Credit Risk. P2P Internet financing service platform, the main business is divided into investment and financial needs and borrowing. And the borrower's credit situation and the real purpose of borrowing, how to control the P2P Internet financing service platform as the biggest risk. Many platforms become the object of criminal fraud. They first analyze the P2P Internet financing service platform to understand, choose the risk of relatively weak platform for malicious fraud, because the P2P Internet financing service platform itself to the customer's credit rating can not be identified or the platform itself is simple means of risk, so that criminals to succeed The In another case, the borrower has no intentional fraud, but in the process of borrowing, due to other factors can not repay the loan,

resulting in bad debts, the risk of such customers are also part of the credit risk, because the platform of the customer's credit assessment did not do in place, which leads to risk.

3.1.2 Internal Risk. Platform Update Risk. In the era of rapid development of the Internet, customers experience and demand for the Internet platform is also rapidly changing, while the use of new Internet technology is also changing, so, P2P Internet financing service platform iterative update is the customer experience the real feedback, no customer willingness. The use of slow, experience the poor feelings of the site, the customer's trust in the network will be lost. P2P Internet financing service platform iterative update is the primary risk of internal risk, it is greater than other risks, because the customer contact is the first time P2P Internet financing service platform to achieve, and each business is also achieved through the network platform, so the customer Retention and loss depends on the network platform is good or bad.

Management Risk. All enterprises have the risk of operation and management, which is the objective existence of the business process, the operator's ideas and behavior have determined the survival of the enterprise. P2P Internet financing service platform is a new industry, different from the traditional financial, management ideas are different, showing the development of the state is also different, there are industry leaders have been listed. There are also running on behalf of e rent treasure, these enterprises at the beginning of the creation are the same original intention, but with the management of business ideas and embarked on a different path.

Product Design Risk. P2P Internet financing service platform products are divided into two categories: financial products and loan products. And most of the platform tends to financial products, loans rely on the line to carry out. The design risk of financial products mainly for the interest rate is too high, the cost is too large, operating losses, can not make up for customer interest, thus affecting the normal operation of the platform. Loan products is the loan of the project, that is, P2P Internet financing service platform for the core business, the choice of such products determine the P2P Internet financing service platform, the core risk point, according to its form can be divided into: mortgage, credit, Guaranteed and so on.

Personnel Ethics Risk. P2P financial services platform, the financial attributes of the industry will make the internal practitioners unable to withstand the temptation and beyond the moral bottom line on the road to crime. Large-scale financial institutions tight measures and means are difficult to prevent individual officers of the crime. Like P2P Internet financing service platform such a small organization, it is a lot of flaws, so to strengthen the staff awareness of legal training, managers should have a sense of risk, strict control review.

3.2 Risk Management Strategy

In view of the above risk of P2P Internet financing platform, the following risk management strategy is put forward.

Strengthening the Construction of Credit Inquiry Mechanism. The credit information is divided into government credit, corporate credit and personal credit, combined with P2P Internet financing platform business scope, mainly to strengthen the construction of individual credit inquiry mechanism, the establishment of network loan credit query mechanism. In the context of the current large data P2P network financing platform to establish credit query mechanism can be through third-party credit information company cooperation way to obtain third-party company-related credit information; or through cooperation with private lending organizations to achieve information sharing.

Strengthen the Construction of Financial Supervision Mechanism. P2P Internet financing platform funds mainly include two parts: part of the platform is its own funds, that is, to ensure the normal operation of the company's funds, part of the platform for customers to invest funds. In the face of an endless stream of peer-to-peer events on the P2P platform, the CBRC requires a third-party regulation of the P2P financing platform. In general, most platforms will choose third-party payment companies for hosting. At the same time, the supervisory department should pay attention to the management of the capital flow of P2P trading platform, adopt the various supervision methods such as self-reported, self-examination, self-examination, spot checks and regular supervision of P2P Internet financing

service platform to avoid the virtual standard and related enterprises. Financial situation appears.

Strengthen the Management of Risk Rating System. Regulatory departments should be based on different P2P Internet financing service platform business model, historical data and risk means to develop different levels of risk, the risk level of the public on a regular basis to disclose, similar to the financing of the company's credit rating system. With the evaluation of the risk rating system, it is beneficial to the users' intuitive judgment on the P2P Internet financing service platform. It also facilitates the development of the risk management standard of the P2P Internet financing service platform and promotes the risk management level of the P2P Internet financing service platform to a better direction.

Establish Risk Management Responsibility System. P2P Internet financing service platform belongs to the company, the shareholders bear the responsibility of its capital contribution is limited. In other words, when the company's assets are not sufficient to pay off the debt owed, the shareholders do not have to bear joint and several liability. When the P2P platform Paolu or bankruptcy situation, the platform of the customer suffered losses can not be guaranteed. Therefore, P2P Internet financing service platform needs to develop a responsibility system, when the platform can not repay the loss of customers, by the shareholders, legal representatives, executives jointly bear joint and several liability. Through the establishment of risk management responsibility system, to clear the responsibilities of relevant personnel, strengthen the platform of supervision and management, is conducive to the healthy development of the platform.

4. Conclusion

2016 is the standardization development year of P2P Internet financing service platform industry, P2P platform crazy growth model gradually farewell to high interest rates, stepwise regression rationality, there will be more P2P platform to participate in the competition in the future. In the face of the financial market with both opportunities and risks, only the multi-level supervision system of "internal control, industry self-discipline, government supervision and social supervision" can be established to ensure the development of financial market and protect investors' rights and interests.

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