

Research on the Development of Crowd Funding Platform in the Era of Internet Finance

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Abstract

Crowd funding platform is an emerging financing mode in the era of Internet finance, breaking the restrictions of time and distance. Behind it is not only the collection of social capital, but also the effective integration and connection of economic resources. In today's fast-paced development, entrepreneurial passion is high, all kinds of small and medium-sized enterprises are springing up like cox to occupy the market, on the one hand, this reflects the rapid development of small and micro enterprises, diversified social and economic forms; On the other hand, capital competition, survival of the fittest, squeeze the situation seriously. Various financing difficulties still exist, hindering social progress. This paper will combine actual cases to make a specific overview of crowd funding platforms in the Era of Internet finance, as well as a comprehensive analysis of the problems in the operation process, and put forward corresponding solutions based on this, so as to more effectively promote the benign development of crowd funding platforms.

Keywords

Online Finance; The Raised Platform; Strategy Analysis.

1. The connotation of crowd funding platform

1.1. Definition and nature of crowd funding platform

All Crowd funding platforms are generally a way of financing with a small amount of money through the Internet. They mainly target innovative projects. Most of them are small and medium-sized enterprises that take advantage of Internet finance to show specific project ideas to the public in order to obtain more social investment for better project development. The operation mode of the crowd funding platform is that individuals or enterprises in need of financial assistance submit their project plans to the crowd funding platform in accordance with specific requirements, and after certain auditing parties can use the existing platform resources to raise funds on the platform.

1.2. The basic model of crowd funding platform

1.2.1. Incentive crowd funding platform

This means that the platform will give project investors material returns or related services as feedback. This model can shorten the capital chain in the fastest time and indirectly reflect the market demand through the situation of investors, which is equivalent to carrying out advance evaluation, greatly reducing the cost and increasing the chance of trial and error. At the same time, extensive financing brings potential customer demand for the project and increases the bonding effect.

1.2.2. Equity-based crowd funding platform

Equity capital has no fixed maturity date and does not need to be repaid. As permanent capital of the enterprise, equity capital also represents the strength level of the enterprise and is conducive to improving the reputation of the enterprise.

1.2.3. Bond crowd funding platform

It is crowd funding in the form of principal repayment and interest payment, which is actually what we often call P2P platform. Its cost of capital is low, interest is paid before tax and the company enjoys a tax benefit. Can also better guarantee the control right of the company.

1.2.4. Donation crowd funding platform

A platform that is a charitable donation, in which investors get nothing in return other than information and feedback on how their good deeds led to the implementation of the project.

2. Characteristics of the development of Internet finance

2.1. Low-cost access to relevant information

The development of the Internet financial threshold is low, compared with the traditional model can more easily enter the market, the present is the hot electricity using Internet platform to take goods, greatly promoted the development of social economy, and to find the product market, the corresponding anchor became fans customer product identification division, through the platform communication between consumers and sellers set up communication channels, The background gathers the needs of customers of different ages as well as their consumption tendencies and habits, providing support for the development of big data. These are the traditional consumption way can not do, Internet finance is efficient, convenient and scientific collection.

2.2. Extensive business scope

In the process of the development of the Internet financial, Internet effectively according to consumer spending changes and trends, integrating the relevant data completes the customer orientation analysis, in order to improve the financial products more in line with market demand, and the traditional pattern of financial development, lower transaction costs, greatly cut the cost of searching information, traded on the possibility of more enough, Information dissemination speed, in a short period of time can effectively integrate social and economic resources, realize resource exchange, expand the scope of services.

2.3. Rapid development

China's Internet started although late, but the development is very fast, within a short span of time, WeChat pay, pay treasure, everyone is developed on the Internet platform, such as loan greatly improved people's life style and consumption patterns, in recent years, the Internet financial also at gradually expanding, and seek cooperation between relevant enterprises actively, In order to expand the influence of Internet finance, give full play to the advantages of Internet finance.

3. Problems existing in China's crowd funding platform

3.1. Lack of certain legal constraints

At present, the legal supervision of crowd funding depends on the self-discipline of the industry. There is no mature supervision system for Internet crowd funding in China, and the overall credit system of the society is not perfect, so most crowd funding websites walk on the edge of the law. China lacks special legislation on crowd funding, and its legality has not been determined from the legal level.

3.2. Investment financing still lacks certain trust support

Individuals or enterprises in need of funds can submit their project plans to the crowd funding platform, which can show the ideas of the works to the public after the approval of the project, so as to better raise funds. The investment and financing of this whole process, and the raised platform plays a key role, how to better the constraints of the platform, in order to better protect the interests of investors, reduce the risk of the project of fraud, through continuous market research and social practice to improve the function of the platform, to build a complete function, strong binding, high credit support of the raised platform.

3.3. Insufficient intellectual property protection exists in crowd funding projects

In today's society with accelerated development of innovation and entrepreneurship, the protection of intellectual property rights is particularly important. On the one hand, crowd funding platforms connect investors and financiers with each other. On the other hand, there are a large number of excellent creative projects on the platform, which is also a platform for wisdom sharing, communication and learning. Among them, the protection of intellectual property rights is very important to stimulate the passion of entrepreneurs, which is conducive to stimulate the creative enthusiasm of the whole society. If the idea is maliciously stolen, it is not respectful to the original, which easily leads to the insufficient presentation of project ideas, aggravates the information asymmetry, and is not conducive to the in-depth development of Internet finance.

3.4. The profitability of crowd funding platforms is mediocre

At present our country of the raised platform is mainly aimed at the small amount of entrepreneurial projects, and limited marketing effect, customer usage has yet to reach a certain level, the platform is based on the amount of financing according to certain proportion commissions accordingly, but the reality is concerned, sell-through rate is low, trading is still more serious financial risks, and volatile, uncertainty is stronger, As a result, the profit of the crowd funding platform is insufficient, and it is difficult to support the normal operation of the platform and the maintenance and protection of the background system. Moreover, if a large amount of transactions are involved in a crowd funding platform, investment and financing risks will be extended to the platform. Once problems occur, the reputation of the platform will be seriously affected, and the platform may even go bankrupt, triggering systemic risks in the whole industry.

4. Strategic analysis of crowd funding platform development

4.1. Strengthening the legal system

Along with the social capital collection ability strengthens, the Internet rapid development, all kinds of new type of Internet financial platform arises at the historic moment, in order to ensure the sustained and healthy development of the Internet financial and legal support is necessary, on the one hand, need to according to the market development, related policies, to support more enterprises and individuals through the raised platform in project financing, Further leverage the advantages of Internet finance; Support policy, on the other hand, when necessary, at the same time, binding policies and supporting complementary to each other, problems of existing operation platform development and related financial risk existing in the practical analysis, a series of regulatory policies, limits of the raised platform operation requirements, cleared the bottom line, with rules, effectively prevent and reduce the associated risk, For the development of crowd funding platform escort.

4.2. Strengthen the publicity and education of investors' risk knowledge

One of the effective measures to avoid the risks of Internet finance is to strengthen the risk education for investors, so that they can make use of what they have learned to make reasonable investment, rather than blindly follow, which will increase the uncertainty of financial investment and damage the interests of investors. At the same time, as an intermediary platform should also take part of the responsibility to protect the interests of investors, strengthen the publicity and popularization of risk knowledge; Increase the interoperability of information, reduce unnecessary losses caused by asymmetric information, such as timely disclosure of financial information and major issues for financing enterprises, necessary risk tips, etc.

4.3. Strengthen the supervision of the platform

Raise platform for all the countries cannot allow their free development, should need the intervention of government regulators, determine the regulators of clear, clear regulation scope, regularly review combined with do not regularly review, intensify the platform of personal information protection, severe punishment related illegal and criminal behavior, the control scope of the extension of the raised platform, depending on the regulatory intervention, Build a bridge of trust between investors and financiers, improve the efficiency and level of financing, and give full play to the positive role of crowd funding platform in the development of an innovative and entrepreneurial society.

4.4. Pay attention to the protection of intellectual property rights

Protection of intellectual property rights in China remains to be further improved, the related legal laws and regulations is still not perfect, there are some loopholes, need to strengthen the protection of intellectual property rights according to actual condition, to punish the related to theft and other illegal behavior, and relying on the raised platform in the process of financing, project ideas is particularly important in order to further expand the platform flow, And to prevent the related financial risks, we need to pay more attention to the protection of intellectual property rights.

4.5. Crowd funding platforms expand profit points

Crowd funding platforms should establish strict project access mechanism, set certain project entry threshold, and strengthen the analysis and control of project risks while considering the effect of the project. At the same time, the establishment of the risk reserve system is conducive to further scientific and effective reduction of investment and financing risks, but also provides an institutional basis for the effective operation of the platform; Within the permissible scope of ensuring capital market, we can effectively prevent Internet financial risks by using fintech, expand our business scope, involve more fields, occupy more market shares, and improve our competitiveness and influence.

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