The Risk and Prevention of Peer-To-Peer Network Lending in China

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Abstract : How to encourage and support peer-to-peer (P2P) network lending, and effectively monitor the risk of P2P network lending, has become the focus of the Chinese government departments, industrialists, experts and scholars in recent years. The reason is that this convenient online micro-credit service brings a series of credit risks and other issues. Avoiding the risks brought by the P2P network lending model, it can better play a benign role and help China's small and medium-sized private enterprises with vigorous development to solve the capital needs; otherwise, it will bring confusion to the normal financial order. As a form of financial services, P2P network lending has injected new blood into China's non-government finance in the past ten years, and has found a way out for idle funds and made up for the shortage of traditional financial services in China. However, it lacks feasible measures in credit evaluation and government supervision. This paper collects a large amount of data about P2P network lending of China. The data collection comes from the official media of the Chinese government, the public achievements of existing researchers and the analysis and collation of correlation data by the authors. The research content of this paper includes literature review; the current situation of China's P2P network lending development; the risk analysis of P2P network lending in China; the risk prevention strategy of P2P network lending in China. The focus of this paper is to try to find a specific program to strengthen supervision and avoid risks from the perspective of government regulators, operators of P2P network lending platform, investors and users of funds. These main measures include: China needs to develop self-discipline organization of P2P network lending industry and formulate self-discipline norms as soon as possible; establish a regular information disclosure system of P2P network lending platform; establish censorship of credit rating of borrowers; rectify the P2P network lending platform in compliance through the implementation of bank deposition. The results and solutions will benefit all the P2P network lending platforms, creditors, debtors, bankers, independent auditors and government agencies of China and other countries.