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Analysis on Supervision of the Internet Finance: A Case Study of Yu Ebao

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Abstract By taking the hottest topic Internet financial product—Yu Ebao as an example, an in-depth analysis is made on its innovation and comparative advantages in this paper. Based on this, combing and sorting out the current related disputes regarding Yu Ebao supervision, putting forward views with evidence, clear requirement is made upon the attitudes towards supervision over Yu Ebao viewing from commercial banks and supervision aspects.

Key words Internet finance, Supervision, Yu Ebao, Asset management

1 Introduction

As everyone knows, the year of 2013 can be called China's starting year of Internet finance; Yu Ebao is undeniable. On June 17, 2013, Yu Ebao appeared and quickly overturned the money market funds, resulting in deposits to move. All commercial banks were forced to offer similar "Bao" products to cope with it so as to prevent significant loss of deposit which is their survival on the liabilities.

In addition, the success of Yu Ebao also formed "Yu Ebao effect", *i. e.* attracting many fund companies to follow Tian Hong Fund Company and make cooperation with the third party payment companies with larger flow for the purpose of sharing the banquet of asset management in the era of the large asset management.

An intuitive understanding of Internet finance which is the "barbarians squatting at the gate of traditional financial industry" throughout the market has ever been gotten. Along with the growing scale of Yu Ebao, disputes regarding supervision over Internet financial products began to arouse attention, especially about Yu Ebao.

Based on this, this paper intends to comb and clarify the disputes basing on introduction of Yu Ebao, and then proposes some ideas and suggestions for regulatory aspects, so as to "promote the healthy development of Internet Finance".

2 Innovation of Yu Ebao and its comparative advantages

2.1 Introduction to Yu Ebao Yu Ebao is a value-added service regarding balance and a deposit business offered by Alipay, which is a third-party payment platform owned by Alibaba Group, launched on June 13, 2013. Through Yu Ebao, users can not only obtain high yields, but also make consumption and payment at any time without any fee.

Users can buy the money market funds and other financial products directly via Alipay site and get a relatively high income,

at the same time the balance of funds in Yu Ebao can be used for online shopping, function of bill transfer payment via Alipay at any time.

Funds to be transferred downward into Yu Ebao will be confirmed the fund shares by the fund company on the second working day, meanwhile, the confirmed fund shares will be started to calculate income. The advantage of Yu Ebao is not only obtaining higher income, but also making consumption and payment at any time, in a flexible and convenient way.

In fact, funds in the Yu Ebao account are the same as funds that can be used for money market fund called Zeng Li Bao launched by Tian Hong Fund Company. The details of Zeng Li Bao may refer to Table 1; Zeng Li Bao quickly became popular after being applied.

2.2 Innovation of Yu Ebao Innovation of Yu Ebao is not too much, and its essence is to open and connect for investors the bridge between the savings market and money market. In China, because the participants of money market are only allowed for the organization membership, only licensed members can participate in this market in the past; this will exclude the general investors who lack of good investment channels from the money market fund.

And with the birth of Yu Ebao, on the one hand money collected from majority of investors are pooled in Alipay account, "pooling sands into a hill" raising a lot of money; on the other hand, Tian Hong Fund Company can use its qualified money market membership for money market investment.

It not only makes the users of Alipay to obtain money fund investment income, at the same time the balance of funds can be also used at any time for online shopping, transfer payment function. Therefore, Yu Ebao is characterized by a high liquidity and higher yields.

2.3 Advantage of Yu Ebao Yu Ebao has achieved great success, but from the perspective of internet economics, the rapid growth of Yu Ebao has benefited from not only the "excess profits", but also from the electronic commerce network created by Alibaba and a huge "network effect" made from "Alipay" network constructed based on the very network (SUN Ming-chun, 2014) ^[1]

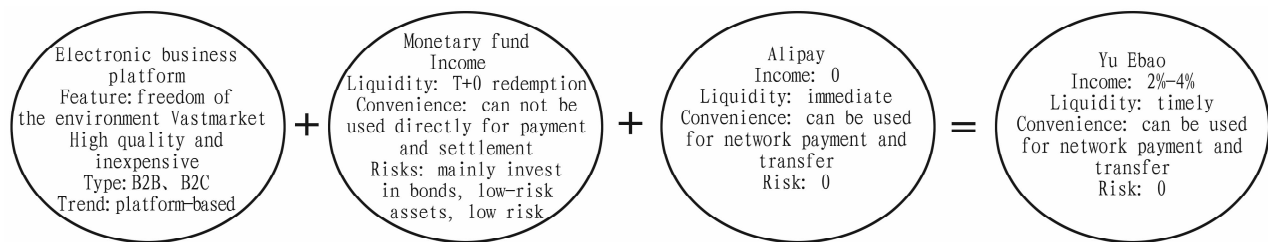
Table 1 Fundamentals for Tian Hong Zeng Li Bao Money Market Fund

Name of Fund	Tian Hong Zeng Li Bao Money Market Fund	Code of fund	198
Type of Fund	Money market fund	Registrant	Tian Hong Fund Company
Value date for agreement	May 29, 2013	Managing company of fund	Tian Hong Fund Company
The fund custodian	CITIC Bank	Manager of fund	WANG Deng-feng
Management fee	0.30% PA	Trustee fee	0.08% PA
Commission of Sales	0.25% PA		

We believe that the success mode can't be copied, behind which there is the best combination of synergistic effect of "strong (Taobao and Tmall) + strong (Alipay) + weak (Tian Hong Fund)". Then we explore the advantages of Yu Ebao by analyzing why Yu Ebao can't be replicated. Compared with "Bao" products launched by the banks, Yu Ebao has incomparable advantages in

such aspects as financial products, investment threshold, flexibility, cost and customer viscosity, and so on.

In order to make more clear analysis on the advantages, an analysis is made on the innovation mode basing on Yu Ebao "E-commerce + third party payment + fund" (see Fig. 1).

**Fig. 1 Innovation mode of Yu Ebao**

(i) E-commerce platform can not be copied. The rise of the network economy makes the traditional sales mode, off-line "channel-is-the-king" evolved by online "platform-is-the-king", and Alibaba has basically completed the layouts of vertical e-commerce platforms in many areas through self-built and M&A ways, its e-commerce platforms have established a relatively strong mar-

ket position.

Seen from Table 2, 6 platforms are from Alibaba group in the domestic top 20 e-commerce platforms, four of which from top 10 platforms, taobao.com and Tmall.com rank the first, and second respectively.

Table 2 Top 20 for E-commerce platforms in China

Ranking	Name of platforms	Parent company	Ranking	Name of platforms	Parent company
1	Taobao.com	Alibaba	11	Nuomi.com	Baidu Company
2	Tmall.com	Alibaba	12	lashou.com	Alibaba
3	Amazon.cn	Amazon (China)	13	800tuan.com	independent
4	dangdang.com	DangDang Company	14	jumei.com	independent (Tencent Co. intended to acquire)
5	etao.com	Alibaba	15	dianping.com	Tencent Company
6	Gome.com.cn	Gome Company	16	VANCL	independent
7	MeiTuan.com	Alibaba	17	zuanke8.com	Alibaba
8	Hc360.Com	independent	18	damai.cn	independent
9	paipai.com	Tencent Company	19	ZhuBaJie.Com	independent
10	Suning.com	Suning Company	20	vmall.com	HuaWei Company

Source of data: information gained according to iwebchoice.

In the network economy environment of "the winner wins all", these e-commerce platforms affiliated by Alibaba Group have formed a good synergistic effect, further consolidating its market position. Alipay is very difficult to go today without huge flow of e-commerce platforms.

Therefore, the success of Yu Ebao cannot do without such e-commerce platforms as Taobao and Tmall.

(ii) The status and comparative advantage of the third party payment. As for Alibaba, Alipay e-commerce platform has irreplaceable advantages over bank network platforms. Alibaba has developed payment platforms through e-commerce platforms; re-

place bank accounts by virtual accounts via the Internet.

As you can see from Fig. 2, the online third party payment is too strong to have a monopoly position, occupying half of transaction. Alipay, TenPay and UnionPay account for more than 80%, centralized trend being intensified. There is often a situation "winner wins all, the stronger is strong for ever" in the payment platform.

In addition, compared with the bank payment, the third party payment represented by Alipay has shown more obvious advantages. One is the broad user community; all bank users can use Alipay; the second is the obvious platform effect, and seamless doc-

king with Alipay with convenient services by using Alipay; the third is the significant Internet gene; the user-experience-centered minimal innovation occurs every day; the fourth is high availability greatly enhances user satisfaction.

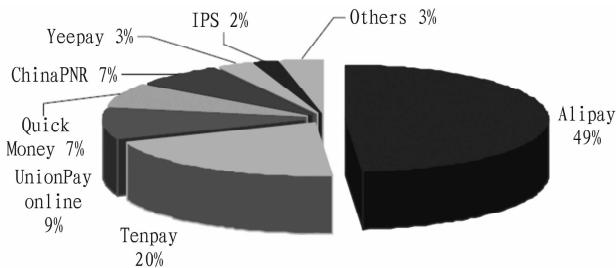


Fig. 2 Market structure of online third-party payment

It is combining transaction demand and investment demand into one greatly increases loyalty of Alipay customers to Yu Ebao sticky, therefore, similar products lack of affinity as Yu Ebao does.

(iii) Channel-oriented license of funds. When Alipay's seeking cooperation partner, Tian Hong Fund Company ranking the bottom gained the favor. In many people's opinion, Alipay should choose such giant powerful alliances as the Huaxia Fund, the South Fund to do win-win cooperation; to the surprise of all in the market later. The later outcome proved the choice of Alipay is right.

The reasons are as follows: first, the license of fund has been channel-oriented; what Yu Ebao needs is only a business license, with no direct relationship with the size of strength of cooperation partners; the second, choosing Tian Hong Fund, with a marketplace of poor strength helps to gain a bargaining position when negotiating.

In the beginning cooperation with Tian Hong Fund, we thought that Alipay would capture it, which was later proved by M & A. The success of Yu Ebao has also given an example for other fund companies to follow, vetting for valuable third party payment companies.

3 Analysis on the relevant disputes regarding Yu Ebao supervision

Much more disputes are related to Yu Ebao. We classify these disputes mainly into eight aspects as follows:

(i) Whether Yu Ebao has accepted more perfect supervision? A view is held that Yu Ebao has accepted more perfect supervision, without applying even more regulation. Another view is held that there are such inadequate supervision problems regarding Yu Ebao, as market risk, liquidity risk and regulatory arbitrage, etc. so Yu Ebao has not yet accepted more perfect supervision, the regulatory authorities should strengthen supervision over it.

We are for the former view, that Yu Ebao has accepted more perfect supervision. The reasons are as follows: firstly, the success of Yu Ebao benefits from new innovation mode "e-commerce platform + third party payment + fund", is a simple and effective innovation combining e-commerce platforms, the third party payment and fund company.

From the view of e-commerce platforms, such e-commerce platforms as Taobao and Tmall under Alibaba are registered in Industrial and Commercial Bureau, and obtain business license, and perform normal operation in its legal framework; Alipay which is the first third-party payment platform received license from the People's Bank of China, runs its business under the compliance management of the People's Bank of China supervision; Tian Hong Fund also obtained a license issued by China Securities Regulatory Commission, runs its business abiding by the relevant regulatory policy.

Therefore, seen from a single entity, Yu Ebao is subject to more perfect supervision in every procedure. Secondly, seen from the effect produced by Yu Ebao, by accelerating the process of China's liberalization of interest rate, hence the positive effects of forcing financial reform is far greater than the impact on the interests of the banks, so there is no need to implement more and more stringent regulatory measures over it.

(ii) Has Yu Ebao pushed up the central market interest rates? In February 2014, Niu Wen-xin, General Editor and Chief news commentator for CCTV securities information channel, is calling for an end to Yu Ebao, stating that "Yu Ebao is a 'vampire' lying on the banks" and typical "financial parasite"; it does not create value, but pull high the whole society economic costs and reap profits from it."

According to the NIU's ^[2] logic, it is Yu Ebao that pull high the economic cost of the whole society, namely, pushing up market interest rates and reap profits from it.

We do not agree with this view. The reasons are as follows.

First, market central interest rates were not reasonable before the birth of Yu Ebao. There is an implicit assumption premise for Niu Wenxin's view: before the birth of Yu Ebao the central market rate of interest is the equilibrium level of the market and is reasonable. In a seriously repressed financial market, there is no market equilibrium level, nor reasonable rate. Otherwise, it's unnecessary for the People's Bank of China to accelerate the liberalization of interest rate process and promote the reform of RMB exchange rate formation mechanism.

Second, the logic is seriously inconsistent with the facts. According to the basic principles of economics and finance, if the yields of Yu Ebao increase with the growing size, we can think that NIU Wen-xin's view is logically tenable. However, as you can see from Fig. 3, Yu Ebao income does not increase with the increasing scale, but decrease as the scale increases.

However, one point that is worth the affirmative is that what NIU Wen-xin says funds of Yu Ebao do not serve the real economy is the case. Actually, it's somewhat reluctant for make money funds to serve the real economy; after all, impact of money market fund on the real economy, especially on the small micro entities, is indirect.

(iii) Yu Ebao with high yields means obligatory supervision? There is a view that Yu Ebao with extraordinary returns means very big risk, so necessary to be supervised. Our point of view is that it's undeniable that, relative to the investment object, the income rate of 6% is very high for money market funds, can be called "high yield". But the high yield is not a sufficient condition for

supervision.

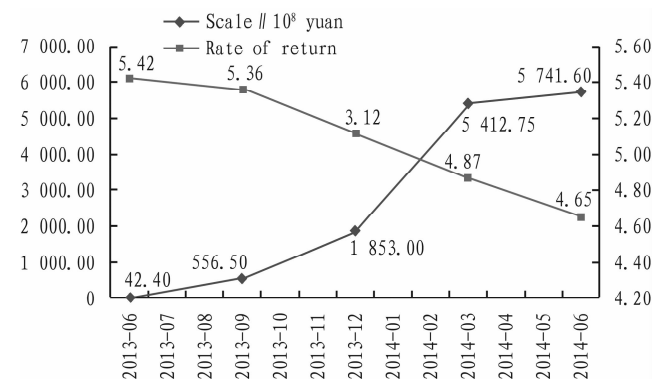


Fig. 3 Analysis on size of Yu Ebao and its yield trend

We shall emphatically make analysis from two aspects, the causes of the high yield and in-sustainability. From the constitution of high income, high income consists of two parts, permanent income and temporary income. The former mainly refers to the income margin from savings account to the money market yields; this income difference is a reasonable market price for Yu Ebao; while the latter mainly refers to the fund managed by Yu Ebao; greatly improving the bargaining power that the numerous scattered money can not reach, especially considering emergence of Yu Ebao when China is in the "money shortage", and the prices for money market fund are also rising.

High yield that benefits from the background of liquidity tense itself will not be sustainable. It can be seen from the falling yields in Fig. 3, the rate of return gradually regresses to the rational range 2–4% P. A. Ratio.

Rather complaining Yu Ebao high yields causing bank deposit moved, than asking the bank why not directly improving the rate of return to absorb "retail" funds? There are two reasons: firstly, banks have been accustomed to get cheap source of funds, and it's more difficult to change their own habits; secondly, the interest rate control.

In fact, different Bao-typed financial products launched by the banking departments also played to improve returns to absorb "retail" funds effect. But it is passive, the effect is "killing one thousand enemy, self harm eight hundred".

(iv) Whether should be paid the requirement reserve for Yu Ebao? At present, the People's Bank of China does not require money market funds to be raised for reserve against deposits, and thus a view is held that not paying the required reserve is an important cause for Yu Ebao high profit.

The views are represented by SHENG Song-cheng and ZHANG (2014) [3]. They state that Yu Ebao is essentially a money market fund, involving money creation, so Yu Ebao regulation involving the deposit reserve, it's obligatory for Yu Ebao to make reserve against deposits, and being not subject to reserve management is an important reason for Yu Ebao to earn higher returns.

In this regard, our view is that whether the required reserve is necessary does not mean forcing such money market funds as Yu Ebao to make required reserve. The necessity of required reserve

is a discussion of theory, while practice needs considering other aspects of reality. From an international perspective, although from 1970, the USA began to study on reserve management for money market funds, but there are few countries in which reserve management for money market funds has been implemented at present.

From the domestic point of view, when the National Inter-bank call money market was established in 1996, the People's Bank of China considered that fund transaction size is not large, and are short run (mainly overnight and 7 day) lending, and management is relatively complicated, and then no requirement was made for money market funds to pay the required reserve against deposit.

If the People's Bank of China makes reserve requirements for money market funds now, Yu Ebao return will certainly be affected. But to be sure, given the influence of monetary policy "making it rigidly uniform", not only Yu Ebao is involved with, but all of the money market funds will be.

In addition, we do not agree with SHENG Song-cheng and ZHANG Xuan's view, not paying the required reserve is an important cause for Yu Ebao high profit; the reasons are as distributes (ii) and (iii), Yu Ebao has not pushed central interest rates, its high yields come from higher market liquidity under the background of "money shortage"; this is a temporary phenomenon. The current Yu Ebao yield rate falling down to 4.16% is evidence.

(v) Does Yu Ebao have impact on the effectiveness of monetary policy? As for as the impact of Yu Ebao on the effectiveness of monetary policy is regarded, at present, the academic circles pay quite a few attention. We believe that, in the long run, this issue deserves attention and discussion.

Then let's have a look at the scale and development trend of Yu Ebao. As of June, 2014, balance scale of Yu Ebao reached 574.16 billion Yuan; average investment amount is 6755 Yuan per capita user of Yu Ebao. But the investment users of Yu Ebao are so big, reaching over 85 million.

The average age of Yu Ebao users is below 35 years old; among the potential users with not less than 800 million Yuan there are 350 million active users; in accordance with this trend, it's seemingly very simple for the total scale of Yu Ebao to break through one trillion.

Such huge money, to a certain extent, will change the current structure of money market funds; hence will have impact on money market interest rates to a certain extent, thereby affecting the credit market interest rate. This will impair the central bank's interest rate guidance and monetary policies in disguised form.

As you can see from Fig. 4, the current Yu Ebao account for monetary fund market ratio has reached nearly 40%, which has been in a near monopoly position in the market.

At present, what Yu Ebao obtains from its strong market position is the petty interest that the redemption in advance for agreement deposits need not pay the penalty interests (*i.e.* T+0, has now been cancelled). If the market may be manipulated one day, causing the interest rate market turmoil, or inconsistent with the direction of the People's Bank of China's open market operation, it

will reduce the effectiveness of monetary policy to some extent.

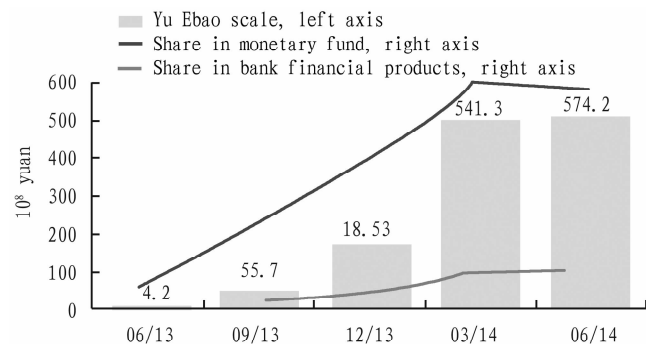


Fig. 4 Proportion of Yu Ebao to money market funds

Therefore, it is worthy for the People's Bank of China to strengthen research on the impact of Yu Ebao on the effectiveness of monetary policy, for further policy preparation, nip in the bud.

(vi) Disputes about direct or indirect sale of Yu Ebao. According to the rule of the eighth article in "Securities Investment Fund Sales Management Approaches", "commercial banks (including foreign legal person banks, similarly hereinafter), securities companies, securities investment consulting agencies, independent fund sales agencies and other institutions specified by the CSRC may apply to the CSRC for China fund sales business qualification" and need to meet certain conditions. Therefore, the third-party payment company is not qualified to sell the fund; given this, when designing Yu Ebao, defining Zeng Li Bao monetary fund as the direct sale, Alipay is considered to be itself only as a platform to collect management fees, and Tian Hong Fund is seen as a direct action to use Alipay platform. This design (see Fig. 5) is legal from the form.

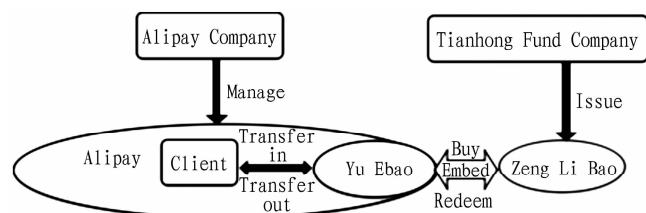


Fig. 5 Principle for designing Yu Ebao

This is not the end. Our question is that since this is the direct selling behavior of Tian Hong Fund Company by using Alipay platform to sell Zeng Li Bao, why is the product called "Yu Ebao" is popular in the market? But why is its real name "Zeng Li Bao" rarely known to the outside world? This is not consistent with the direct selling by intuitive feeling. Whether is this related to the strong position of Alipay during cooperation between the two sides and great efforts in marketing?

On October 10, 2013, Alipay began to hold Tian Hong Fund, and involved into the fund industry through other ways; the prior cooperation relationships became affiliated trade relationship (although there is no damage to the interests of investors), and how to design a firewall to protect the interests of investors is worth regulators for further consideration.

(vii) Does Yu Ebao have positive effect on the real economy

on earth? At present, it can be seen from most viewpoints that Yu Ebao has not had a substantive positive effect on the real economic, and then tries to express from the moral standing, and provide the basis for banning Yu Ebao. The view can be seen as a further extension of the new views of NIU Wen-xin.

We believe that it's necessary for determining whether Yu Ebao has positive effect on the real economy from the following two aspects: firstly, Yu Ebao is essentially a money market fund. As a wholesale short-term funds market in which only institutional members can participate; the function orientation of money market funds itself has no direct relation with the real economy; secondly, as the catfish for agitation of financial sector reform, Yu Ebao has played far a greater role in accelerating the process of China's liberalization of interest rate, encouraging financial institutions performing market-oriented operation, externally forcing China's financial reform effect than its help for the real economy. In other words, the positive effect on the real economy is indirect and in the long term. Therefore, our view is Yu Ebao has a positive indirect, strong effect on the real economy. Behind the distribute is a reflection of China's direction struggle as against financial reform, and the essence is that the vested interest group try to defend by visible hands the existing financial system, of which the hemato-poietic function has degraded.

(viii) Are market risk and liquidity risk the causes for strengthened supervision over Yu Ebao? Seeing the rapid development momentum of Yu Ebao, many people of the industry put forward the worries about Yu Ebao in terms of the market risk and liquidity risk, seemingly kindly remind investors to pay attention to the "great" risk against Yu Ebao. I never doubt and deny Yu Ebao has the risk, but we don't think this will be the solid reason to strengthen supervision over Yu Ebao. The reasons are as follows:

(a) Market risk. In the step of opening an account, Yu Ebao has made risk warning, and signed the electronic agreement for clear risk attribution. In order to further reduce the risk, Yu Ebao has chosen money market funds which are with the minimized risk as the liquidity risk for the subject of investment. According to the historical data, there has been no precedent record of loss for the money market fund.

Even the reason for why America Paypal money market fund was closed is too low income, rather negative market returns. In addition, in case of a "black swan" event, it is believed that the impact will be not solely on Yu Ebao, this money fund; it is estimated that the whole financial market will be impacted into a systemic risk position. In one word, "If nest turned upset down, how can eggs survive"?

(b) Liquidity risk. The worriers propose that owing to heavy impact of such holidays as Spring Festival, "Singles day" or the promotion day, money market may appear serious problem of payment. Our view is purely to entertain imaginary or groundless fears; reasons are as follows, as a professional fund management company, controlling the liquidity risk is a basic ability requirement. Experienced fund managers will do the scientific evaluation according to the historical data and the trend of the development of online shopping, in order to achieve emergency redemptions for estimate in advance, and make enough money ready. In our view,

factually the greatest risk comes from the risk of information security, while information security risk belongs to the technical risk, and the solution depends fundamentally on the progress of technology. The regulatory body can do little for it; otherwise there is suspicion of exceeding the authority.

(ix) Whether Yu Ebao sedimentation funds income distribution should be regulated? Certainly speaking, this does not strictly belong to regulatory issues regarding supervision over Yu Ebao, but the problem of the third party payment regulation. Considering the monopoly status of Yu Ebao in the third party payment market, this paper thinks it is necessary to carry on the discussion with the problem. In fact, as the largest third-party payment platform, Alipay has more than 800 million registered users, average daily trading volume of over 4.5 billion Yuan; assuming that each transaction turnover time is five days, the average precipitation capital scale in Alipay will be more than 20 billion Yuan. Theoretically, sedimentation funds belong to the customers; if benefits are made, for example, if Alipay deposits sedimentation funds with the banks for obtaining the income, the distribution of their benefits will also belong to the customers. But in fact the masters of Alipay accounts did not advocate claim. In case that the stakeholders do not appeal, banks or regulators state requirement for supervision; as for more serious problems such as misappropriation, income opaque for resident housing provident fund, why do the regulators appear to find it out of sight, and turn a deaf ear to them? Therefore, the core of deposit funds supervision is not the problem, the core problem is that Yu Ebao has moved the cheese of vested interest group.

(x) Will Yu Ebao repeat the mistakes of America Paypal monetary fund? The mainstream views about future trend of Yu Ebao hold that it has entered a mature stage and will gradually decline. The reason is yield decline and other similar competitive products listed, and evidenced by the case of money market product Paypal launched in the USA. The US Paypal company launched its monetary fund products in 1999, and later with the continuous downward American federal benchmark interest rates, continuously shrinking income and size, even to the extent of no covering the management fees. Paypal Company announced the termination of the product in June, 2011. Therefore, as with America Paypal monetary fund, "Yu Ebao" also can not escape the same fate. In this regard, our analysis is that Yu Ebao really entered the mature period, but that Yu Ebao will repeat the mistakes of American Paypal Monetary Fund does not stand on the ground. Our reasons are as follows: Although Yu Ebao at present is only a simple grafting of third-party products, by basing on the strong positions of such payment platforms as Taobao, Tmall and Alipay, along with Alibaba group completing financial layout, the future development of Yu Ebao will be seen unlimited possibilities, ranging from the current simple payment and investment to microfinance, cash management, asset management and supply chains finance, *etc.* In the coming era of large asset management, we believe that there are two development models of Yu Ebao future: the first one is to become a network capital intermediary, and to establish financial investment supermarket for investors with various liquidity

levels; the second is to build Yu Ebao as normal asset management programs, then submit it to the professional asset management team for business and investment decision. Of course, it's not true that Yu Ebao has no development hinders. We believe what the ultimate scale of Yu Ebao will be much depends on two internal and external factors. Internally, basically depend on further expansion of e-commerce ecological network in Alibaba; externally, the real future challenge may come from Internet enterprises with similar network effect such as Micro message platform from Tencent and Micro message-Jingdong joint platform^[1].

4 Necessary attitudes towards Yu Ebao supervision

In conclusion, there are no obvious irregularities as for Yu Ebao; however it is has received comparatively perfect supervision. The highest voice to strengthen supervision over Yu Ebao is from the financial institutions represented by banks, not from the supervision level. Premier Li Keqiang proposed to "promote the healthy development of Internet finance" on the government report of 2014, so the main participants of the market should understand regulatory disputes about Yu Ebao. As competitors of Yu Ebao, it's necessary for commercial banks to make fair competition by market-oriented means, rather than force the regulators to strengthen supervision over Yu Ebao by using the special status of its own, for the purpose of transforming their competitive disadvantages. This is the way of not only respecting the competitors, but also abiding by the market economy rules. In March, 2014, four big banks, ICBC, ABC, BOC, and CCB, have all lowered the balance amount of bank card payment in the way of fast Pay to Yu Ebao, a single daily sum of not more than 10000 Yuan. Although the purpose of doing so is for safety consideration of users' funds, but the markets are very aware that it is actually to set moving limit for bank deposit balances. For such counter measures and competitive behavior, we believe that no ground for blame. Only in this way, China reform of the financial system will be of more hope, and the market will be more mature. It's necessary for the regulatory authorities only acting well as the following three roles can not miss the good opportunity for the development of Internet finance. First of all, the promoters of the healthy development of Internet financial industry; secondly, under the mixed operation, separated supervision regulatory framework, the regulators should deal with the relationship between innovation and development, prevention and control of risk, being coordinator for the interest conflicts and coordination of regulatory coordinators; finally, the supervision level can play the role of regulators. Only in this way can China's Internet finance play its due contribution to the "three-period overlapped" and "new normal" economy.

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