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THE IMPACT OF DIGITAL FINANCE ON SME FINANCING

Resume. *This paper examines the impact of digital finance on the financing of small and medium-sized enterprises (SMEs). Digital finance, leveraging technologies like big data and blockchain, addresses traditional SME financing challenges by enhancing information transparency, reducing financing costs, and improving credit assessment efficiency. The study highlights case examples from platforms like Ant Financial and Jingdong Finance, showcasing their role in providing effective solutions. Despite its benefits, digital finance faces issues such as regulatory gaps and risk management. The paper concludes with recommendations to enhance SME financing, including improved risk management, regulatory support, policy incentives, and financial literacy promotion.*

Keywords: *digital finance; SMEs' financing; case study.*

Part 1: Introduction. With increasing global economic uncertainties, digital financean emerging model using the Internet and information technology to provide financial services—is revolutionizing traditional financing channels. Small and medium-sized enterprises (SMEs) are crucial for economic growth, competitiveness, and innovation(Gherghina et al., 2020). However, due to information asymmetry and difficulties in credit evaluation, they often face problems of difficult and expensive financing costs. Digital finance provides new financing channels through big data, blockchain and other technical means, which helps to alleviate the financing dilemma of SMEs (Li et al., 2023). This paper explores the impact of digital finance on SME financing, focusing on improving information transparency, reducing financing costs, and enhancing credit

evaluation efficiency, and offers policy recommendations for sustainable SME development.

Part 2: Concept and Development of Digital Finance. Digital finance refers to financial services that leverage modern information technologies like the Internet, mobile communications, and big data. Its main characteristics include, intelligent and efficient financial services enabled by technologies like big data, AI, and block chain. And broader coverage, providing financial services to groups and regions underserved by traditional systems (Umar et al., 2024). Finally, simplified processes and improved user experience through mobile payments and internet banking (Gonzalez & Gonzalez, 2023).

At present, digital finance is developing rapidly all over the world. Take China for example, digital finance has been booming in recent years with the rapid popularization of Internet technology and the wide application of mobile payment. According to the data on Overall Operation of the Payment System in 2023 released by the People's Bank of China, banks processed a total of 296.163 billion electronic payment businesses, the amount of 3395.27 trillion yuan, an increase of 6.17% and 9.17% respectively. At the same time, new financial service models such as Internet banking, P2P lending and crowd funding are also emerging, enriching the connotation and extension of digital finance.

Part 3: Impact of Digital Finance on SME Financing. SMEs face significant financing bottlenecks due to their small scale, few assets, and high operational risks, leading to expensive and challenging financing (Gu, 2024). Key issues include:

Information asymmetry: SMEs often lack financial transparency, complicating credit evaluation for financial institutions.

Insufficient collateral: This limits their ability to secure loans, often resulting in higher interest rates than larger enterprises.

High financing costs: Traditional financial institutions incur high due diligence and risk assessment costs, which are passed on to SMEs.

Digital finance helps mitigate these challenges through several mechanisms:

Enhanced Information Transparency: Digital platforms use big data to analyze business data, financial information, and transaction records in real-time, creating comprehensive credit profiles. This dynamic data analysis is more timely and accurate than static financial statements, reducing risks from information asymmetry (Jun & Xinqian, 2023).

Reduced Financing Costs: Automated risk control systems and smart contract technology simplify loan approval processes, cutting operational costs. P2P lending and supply chain finance allow SMEs to directly connect with investors or large enterprises, obtaining more favorable financing conditions (Du et al., 2024).

Improved Credit Assessment Efficiency: AI and machine learning enable digital platforms to quickly process vast amounts of data, providing accurate credit

assessments and personalized financing plans, improving capital allocation efficiency (Du et al., 2024).

Part 4. Case Studies. Ant Financial: This digital platform provides online loans for SMEs and individual businesses, using transaction data from Alipay and Taobao for credit assessments. Loan applications are reviewed automatically, with decisions made in minutes, greatly easing SME financing difficulties.

Jingdong Finance: Its supply chain finance services offer receivables-based financing solutions by linking core enterprises, suppliers, and financial institutions. Using block chain technology, it ensures the authenticity of accounts receivable information, improving credit assessment reliability and reducing risks.

Part 5: Countermeasures and Suggestions. Despite digital finance's success, improvements are needed:

Enhancing SME Risk Management: SMEs should improve financial management, transparency, and credit awareness by attending financial training and hiring professional financial staff.

Promoting Standardized Digital Financial Platforms: Governments should formulate regulations, strengthen supervision, encourage innovation, and support digital financial enterprises to foster fair competition and healthy market development.

Increasing Policy Support: Governments can offer tax incentives, fiscal subsidies, and establish special financing funds to reduce SME financing costs and risks.

Strengthening Financial Knowledge Dissemination: Through media campaigns and financial literacy programs, SMEs can better understand and utilize digital financial tools to solve financing issues.

Part 6: Conclusion. Digital finance plays a significant role in enhancing information transparency, reducing financing costs, and improving credit assessment efficiency for SMEs. Platforms like Ant Financial and Jingdong Finance demonstrate the practical benefits of digital finance in providing efficient financing solutions. However, challenges like regulatory imperfections and inadequate risk management persist. Enhancing SME risk management, standardizing digital financial platforms, increasing policy support, and promoting financial knowledge are essential for optimizing the SME financing environment. With ongoing technological advancements and policy improvements, digital finance will increasingly support sustainable SME development.

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RESEARCH ON THE TRANSFORMATION AND DEVELOPMENT OF APPLIED UNDERGRADUATE FINANCE MAJORS IN CHINA EMPOWERED BY ARTIFICIAL INTELLIGENCE

Resume. *Rapid tech advancements, particularly in Artificial Intelligence, pose new challenges to the finance sector. Despite an abundance of talent, Chinese applied finance undergrads struggle with core competitiveness in the job market. This article leverages literature review, surveys, and data analysis to investigate empowering these students with AI for their transformation and development.*

Keywords: *Artificial Intelligence, Applied Finance Undergraduate, Chinese, Transformation and Development.*

Part 1. Introduction. The recruitment of financial institutions in China increasingly emphasizes technical abilities, data sensitivity, and innovative thinking, favoring fintech talent. However, China's undergraduate finance majors face challenges in talent cultivation due to a gap between curriculum and market needs, and inadequate practical teaching. This article explores how AI can empower their development, enhancing graduates' application skills and competitiveness to meet societal financial talent demands, improving their core competitiveness.

Part 2. Research background.

2.1. Changes in Talent Demand in the Financial Industry

HLT Advisory's May 2024 Zhihu article, "Analysis of the Current Situation and Background Survey Trends of Talents in the Financial Industry," forecasts slow growth in banking talent demand but sustained growth in insurance, securities,