



**China Internet Financing Industry  
Report,2014**

**May 2014**

## **STUDY GOAL AND OBJECTIVES**

This report provides the industry executives with strategically significant competitor information, analysis, insight and projection on the competitive pattern and key companies in the industry, crucial to the development and implementation of effective business, marketing and R&D programs.

## **REPORT OBJECTIVES**

- ◆ To establish a comprehensive, factual, annually updated and cost-effective information base on market size, competition patterns, market segments, goals and strategies of the leading players in the market, reviews and forecasts.
- ◆ To assist potential market entrants in evaluating prospective acquisition and joint venture candidates.
- ◆ To complement the organizations' internal competitor information gathering efforts with strategic analysis, data interpretation and insight.
- ◆ To suggest for concerned investors in line with the current development of this industry as well as the development tendency.
- ◆ To help company to succeed in a competitive market, and

## **METHODOLOGY**

Both primary and secondary research methodologies were used in preparing this study. Initially, a comprehensive and exhaustive search of the literature on this industry was conducted. These sources included related books and journals, trade literature, marketing literature, other product/promotional literature, annual reports, security analyst reports, and other publications. Subsequently, telephone interviews or email correspondence was conducted with marketing executives etc. Other sources included related magazines, academics, and consulting companies.

## **INFORMATION SOURCES**

The primary information sources include Company Reports, and National Bureau of Statistics of China etc.

## Abstract

Internet financing refers to the service pattern in which relevant companies carry out cooperation with financial institutions to provide customers with wealth preservation and appreciation through internet technology and platform. With the development of internet technology and significantly-growing number of netizens, internet financial products and platforms are constantly emerging in China since the second half of 2013.

Leading Chinese e-commerce companies (Alibaba, Suning, Jingdong) and internet companies (Tencent, Baidu, etc.) have launched internet financial products, e.g. Alibaba's Yu'ebao, Baidu's Baizhuan, Tencent's Li Cai Tong have all become the mainstream internet financial products in China.

In China, most of the existing internet financial products are, in essence, monetary funds, like Yu'ebao docked with TianHong Income Box Money Market Fund, and Baizhuan docked with ChinaAMC Cash Income MMF E. Many internet financial products have realized T+0 monetary fund redemption, characterized by low investment threshold (starting at RMB1 in many cases), convenient and efficient purchase and redemption, and high rate of return (generally higher than the bank's 1-year fixed term deposit), thus attracting a large number of users.

Subscription Amount and Earnings of Joint Funds of Key Internet Financial Products in China, Q12014



Source: China Internet Financing Industry Report, 2014 by ResearchInChina

Introduced on June 13, 2013, Alibaba's Yu'e Bao is currently the biggest internet financial product. As of March 31, 2014, its subscription amount totaled RMB541.3 billion, accounting for 37.13% of monetary fund subscription. Since its inception to March 31, 2014, Yu'e Bao has realized cumulative earnings of RMB7.5 billion for its customers, as high as RMB5.7 billion in the first quarter of 2014. Since its inception to the end of 2013, Yu'e Bao's average annualized rate of return had stayed at 4.9%, which climbed to 5.2% since its inception to the end of the first quarter of 2014.

With regard to financial platform, major internet companies and third-party fund sales institutions are stepping up the field layout: Taobao, Hexun, Baidu, Tencent, Netease, Sina and Jingdong have successively launched their financial platforms, mainly divided into the following categories:

**E-commerce platform:** Taobao and Jingdong mainly provide e-commerce platform for financial institutions, which set up shops at Taobao or Jingdong to sell financial products.

**Display platform:** Baidu Caifu ([caifu.baidu.com](http://caifu.baidu.com)), Tencent's Financial Supermarket ([finance.qq.com/market.htm](http://finance.qq.com/market.htm)), etc. which take advantage of gathered users to introduce financial products into financial platform for list gallery by category, and finally guide users to enter third-party financial websites to buy financial products.

**Sales & service platform:** Tencent's Li Cai Hui ([money.tenpay.com](http://money.tenpay.com)), [fund.eastmoney.com](http://fund.eastmoney.com), e.g. Tencent by using third-party payment license and fund sales payment license obtained by its subsidiary – Tenpay establishes the financial platform “Li Cai Hui” to provide users with one-stop online services involving net inquiry, fund screening, fund diagnosis, stock information, market trend, making appointment for account-opening, etc..

Among internet financial platforms, [fund.eastmoney.com](http://fund.eastmoney.com) (under [eastmoney.com](http://eastmoney.com)) boasts large-scale purchase of financial products, with the number of subscription transactions hitting 1,955,738 in the first quarter of 2014, generating fund sales of RMB38.5 billion, a quarter-on-quarter increase of 83.8%. At the same time, fund sales of [eastmoney.com](http://eastmoney.com) by virtue of outstanding revenue has become one of the company's core businesses.

China Internet Financing Industry Report, 2014 covers the followings:

- ✘ Overview of internet finance in China (including internet users, deposits of financial institutions, scale of social financing, business model, investment case, market situation, trends, etc.)
- ✘ Internet financial product market (involving definition, classification, policies and institutions, market overview, competition pattern, impact of internet financing on banks)
- ✘ Internet financial platform market (embracing overview of Chinese and foreign internet financial platforms, comprehensive financial platforms, fund trading platforms and mobile finance APPs)
- ✘ Analysis of main internet financial products (including introduction, profit model, subscription amount, fund flow and earnings of internet financial products introduced by Alibaba, Baidu, Tencent, Suning, Jingdong and fund.eastmoney.com)
- ✘ Analysis of main internet financial platforms (including financial platforms of Alibaba, Baidu, Tencent, Jingdong and fund sales platforms like fund.eastmoney.com, fund123.cn, howbuy.com, jjmmw.com, 5ifund.com).

### 1. Overview of Internet Finance

- 1.1 Internet User
  - 1.1.1 Netizen
  - 1.1.2 Mobile Netizen
  - 1.1.3 Online Payment User
- 1.2 Financial Institution's Deposit and Social Financing
  - 1.2.1 Financial Institution's Deposit
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- 1.3 Overview of Internet Finance
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  - 1.3.4 Investment Case
- 1.4 Market Situation and Trends
  - 1.4.1 Market Situation
  - 1.4.2 Trends

### 2. Internet Financial Product Market

- 2.1 Definition and Classification
  - 2.1.1 Definition
  - 2.1.2 Classification
- 2.2 Policies and Institutions
  - 2.2.1 Policies
  - 2.2.2 Fund Sales Institutions
  - 2.2.3 Fund Sales & Payment Institutions
- 2.3 Market Overview and Competition Pattern
  - 2.3.1 Market Overview

- 2.3.2 Competition Pattern
- 2.4 Impact of Internet Financing on Banks
  - 2.4.1 Comparison between Internet Financial Products and Bank Financial Products
  - 2.4.2 Impact of Internet Financing on Bank Financial Services
  - 2.4.3 Bank's Counterattack against Internet Finance (Financing)

### 3. Internet Financial Platform Market

- 3.1 Overview
  - 3.1.1 China Internet Financial Platform
  - 3.1.2 Foreign Internet Financial Platform
- 3.2 Comprehensive Financial Platform
- 3.3 Fund Trading Platforms
  - 3.3.1 Fund Development
  - 3.3.2 Fund Sales Model
  - 3.3.3 Platform Profit Model
  - 3.3.4 Fund Sales
- 3.4 Mobile Finance APP
  - 3.4.1 Overview
  - 3.4.2 Wa Cai
  - 3.4.3 Tong Ban Jie
- 3.5 Trends

### 4. Main Internet Financial Product

- 4.1 Alibaba's Yu'e Bao
- 4.2 Tencent's Li Cai Tong

- 4.3 Baidu's Financial Products
- 4.4 Suning's Ling Qian Bao
- 4.5 JD Xiaojinku and JD 8.8
- 4.6 Financial Products of fund.eastmoney.com
- 4.7 Others

### 5. Main Internet Financial Platforms


- 5.1 Alibaba's Financial Platforms
  - 5.1.1 Taobao Lici ([licai.taobao.com](http://licai.taobao.com))
  - 5.1.2 Taobao Fund Online Store
  - 5.1.3 Zhaocaibao ([zhaocaibao.alipay.com](http://zhaocaibao.alipay.com))
- 5.2 Baidu's Financial Platforms
  - 5.2.1 Baidu Lici ([8.baidu.com](http://8.baidu.com))
  - 5.2.2 Baidu Caifu ([caifu.baidu.com](http://caifu.baidu.com))
- 5.3 Tencent's Financial Platforms
  - 5.3.1 Li Cai Hui ([money.tenpay.com](http://money.tenpay.com))
  - 5.3.2 Financial Supermarket ([finance.qq.com/market.htm](http://finance.qq.com/market.htm))
- 5.4 Hexun's Licaike ([licaike.hexun.com](http://licaike.hexun.com))
- 5.5 JD Finance ([jr.jd.com](http://jr.jd.com))
- 5.6 Sina's Weicaifu ([weicaifu.com](http://weicaifu.com))
- 5.7 fund.eastmoney.com
- 5.8 fund123.cn
- 5.9 howbuy.com
- 5.10 jjmmw.com
- 5.11 5ifund.com

- Internet Population and Penetration in China, 2007-2013
- Number of Mobile Netizens and % of Netizens in China, 2007-2013
- Number of Online Payment Users and % of Netizens in China, 2007-2013
- Deposit Balance of China's Financial Institutions and YoY Growth, 2007-2013
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- China's Social Financing Scale and Financing Structure, 2007-2013
- Business Model, Profit Source and Representative Firms of China Internet Finance
- Development Model of Chinese Internet Companies in Financial Sector
- Investment Cases and Total Investment in China Internet Finance by Segment, 2011-2013
- Classification of Internet Financial Products in China
- Chinese Institutions with Fund Sales License by the end of Q1 2014
- Independent Chinese Fund Sales Institutions with Fund Sales License by the end of Q1 2014
- Chinese Companies with Fund Sales Payment License by the end of Q1 2014
- Comparison by Subscription Amount and Earnings of China's Major Internet Financial Products (Joint Funds) by the end of Q1 2014
- Comparison by Rate of Return of China's Major Internet Financial Products, 2014
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- Online Fund Distribution Channels in China
- Model Comparison between Online Fund Distribution Channel and Other Distribution Channels in China
- Fund Distribution Channel Structure in China, 2007-2012



- Fund Sales and YoY Growth of Fund Sales Institutions in China, 2009-2012
- China's Fund Sales Structure by Institution, 2012
- Fund Sales of Independent Fund Sales Institutions in China, 2012
- Introduction, Financing and Profit Model of Wa Cai
- Introduction, Financing and Profit Model of Tong Ban Jie
- Subscriber Number and Subscription Amount of Yu'eobao, 2013-2014
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- Fund Flow Structure of Yu'eobao (Joint Funds), 2013-2014
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- Subscription Amount of Joint Funds of Li Cai Tong by the end of Q1 2014
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- Characteristics of Financial Products Launched by Baidu, 2013-2014
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- Rate of Return of Joint Funds of Huo Qi Bao, 2014



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- Subscription Number and Amount of Huo Qi Bao (Joint Funds), 2013-2014
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  - Profit Model of fund.eastmoney.com
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  - Net Income and YoY Growth Rate of eastmoney.com, 2008-2013
  - Number of Quarterly Fund Transactions and QoQ Growth of fund.eastmoney.com, 2013-2014
  - Quarterly Fund Sales and QoQ Growth of fund.eastmoney.com, 2013-2014
  - Profit Model of fund123.cn
  - Profit Model of howbuy.com

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