

Research on the Exploration of China's Financial Supervision Based on the Smoke Index

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Abstract: In recent years, with the rapid development of China's economy and the continuous development of Internet technology, China has ushered in a "financial boom". At the same time, the financial risks of illegal fund-raising such as P2P online loan platforms have gradually been exposed. In order to effectively warn and prevent these risks, the Beijing Leading Group for the Fight against Illegal Fund-raising and the Technology Company jointly developed the "Smoke Index", and with the establishment of the General Administration of Financial Supervision, financial supervision has increasingly become an important measure to protect financial security in China. This article aims to explore its promoting role in China's financial supervision with the help of the smoke index, and take this as an entry point to provide a new direction for the steady development of China's economy.

Keywords: Financial supervision; smoke index; risk monitoring.

1. The Necessity of Financial Risk Monitoring

1.1 Financial regulators usually require financial institutions to carry out risk monitoring and reporting on a regular basis. By meeting these regulatory requirements, financial institutions can demonstrate their good risk management capabilities and compliance, and maintain their reputation and market position.

1.2 Through financial risk monitoring, financial institutions can better understand the market environment and the situation of competitors, so as to optimise their own business models and risk management strategies, and ultimately improve financial efficiency.

1.3 Financial risk monitoring can detect possible risks in advance by analysing market data, financial reports of financial institutions and other relevant information. This kind of predictive monitoring helps financial institutions to take risk prevention measures in a timely manner and reduce the probability of risk occurrence.

1.4 In recent years, investment has attracted more and more attention, but investors are in a weak position in the financial market, and it is often difficult to accurately judge the market risk and the credit risk of financial institutions. Financial risk monitoring can provide information about risks, help investors make more informed investment decisions, and protect the interests of investors.

1.5 Financial stability is crucial to economic stability. Financial risk monitoring can help regulators detect and deal with financial risks in a timely manner, prevent the spread and spread of risks, and can suppress the emergence of financial crises to a certain extent so as to ensure the stability of the financial system.

2. Pain Points of Financial Supervision

In the era of rapidity in science and technology, all walks of life have shown a trend of science and technology. In line with this, the integration of China's modern science and technology and the financial industry is getting higher and

higher. The innovation of financial products has led to the increasingly blurred boundaries of the original set financial services, and the risk form, transmission path and security boundaries have undergone major changes. The pain points of China's financial supervision are as follows:

Regulation is relatively lagging: In recent years, the perspective of new finance has continued to emerge. The so-called new finance is to empower traditional financial institutions by using advanced technologies such as big data, the Internet, cloud computing and blockchain on the basis of traditional financial institutions, thus improving the efficiency of financial institutions; but it is undeniable that in the new In the state of vigorous financial development, its financial supervision is relatively lagging behind. From the birth of the p2p online loan platform in London in March 2005 to the popularity of China, it took only 7 years. During its barbaric growth period, a large number of illegal fund-raising financial risks broke out in China (among which the p2p lending platform is the most prominent). Here Later, China has started a substantial rectification of financial technology and Internet finance, but the relevant science and technology enterprises are still in the minority.

Regulatory technology needs to be improved: Due to the immediacy and breadth of the Internet, the emerging financial industry lacks more control than traditional financial institutions, and the lack of relevant talents and technologies in China, resulting in weak financial supervision in China in the new financial context, which has led to a lending crisis in the financial field. With the continuous progress of science and technology and the increasing popularisation of big data, cloud computing and artificial intelligence, financial supervision can move towards human-computer interaction, improve the application rate of big data, cloud computing and artificial intelligence, so as to form a more refined supervision of the financial industry.

Information island, poor synergy: At present, for the emerging financial industry, China still has segmental autonomy and even ignores, and it is urgent to carry out reasonable control and supervision of various financial formats under unified leadership. Financial regulators with

the State Administration of Financial Supervision and Administration as the main body should coordinate financial institutions at all levels, accelerate the application of Internet technology, enhance synergy, and reduce information barriers.

3. Exploring the Smoke Index in the Field of Financial Supervision in China

The monitoring and early warning of the risk of illegal fund-raising in the Smoke Index mainly focusses on the characteristics of illegal fund-raising. It builds more than 80 core indicators from the five dimensions of illegality, utilisation, sociality, complaint and characteristic, and comprehensively predicts and evaluates the risk of illegal fund-raising of illegal enterprises in advance. Among them, it involves the collection of data, the construction of illegal fund-raising theme database (including enterprise basic database, regulatory information, enterprise business information such as personnel recruitment, advertising promotion, publicity, etc., public opinion database of financial risks, knowledge base in related fields of illegal fund-raising), analysis, mining and semantic understanding of multiple heterogeneous data. Extraction, index system construction, risk model construction, risk subject identification and locking and other processes.

3.1 Early warning and monitoring of illegal fund-raising risk: As an index to measure the risk of illegal fund-raising of enterprises, the smoke index can timely find and warn the risk of illegal fund-raising through the analysis of five dimensions of comprehensive legality, illegal fund-raising characteristic words, high rate of return, negative feedback index and communication power. This early warning mechanism helps regulators to intervene early, take effective measures to prevent risk expansion, and protect the legitimate rights and interests of investors.

3.2 Integration and analysis of multi-dimensional data: The construction of smoke index requires the collection of multi-source data, including enterprise data, government data, public opinion data, etc., for big data analysis and mining. Through in-depth analysis and correlation analysis of these data, the regulatory department can have a more comprehensive understanding of the operation status and risk situation of the enterprise, and provide data support for the formulation of effective regulatory policies.

3.3 The integration and responsibilities of regulatory agencies are clear: At present, China's financial regulatory agencies are decentralised, and their regulatory responsibilities are not clear enough, resulting in low regulatory efficiency. Drawing on the experience of the construction of the smoke index early warning cloud platform, we can strengthen the integration of regulatory agencies, clarify the regulatory responsibilities of various institutions, form a joint force, and improve the efficiency of supervision. At the same time, it is necessary to strengthen the supervision of emerging formats and promote the innovation of regulatory technologies and means.

3.4 The improvement of regulatory systems and regulations: China's financial supervision system is not complete enough, and regulatory regulations and systems need to be further improved. You can learn from the evaluation standard system of the smoke index, formulate more scientific and reasonable supervision systems and regulations, standardise the behaviour of financial institutions, and reduce financial risks.

3.5 Pre-disposition of risk identification and disposal: Through the application of the smoke index, the regulatory department can identify risks in advance to realise the pre-management and disposal of risks. This helps to reduce the cost and difficulty of risk disposal and improve the initiative and flexibility of supervision. At the same time, strengthen the supervision and disposal of high-risk enterprises and eliminate hidden risks in a timely manner.

4. The Practice of Smoke Index in China

4.1 In the special rectification of Internet financial risks in 2015-2016, Beijing used the big data monitoring and early warning illegal fund-raising platform to assist the Finance Bureau in investigating the operational risks of more than 100,000 Internet financial enterprises and produced more than 500 reports, providing a basis for relevant departments to take corresponding measures. It greatly reduces illegal fund-raising and maintains financial security.

4.2 In 2016, the Financial Development Service Office of the Shenzhen Municipal Government built a monitoring and early warning platform for illegal fund-raising in Shenzhen, so as to form a working mechanism for early detection, early solution and early processing, and promote Shenzhen's financial governance from traditional passive supervision, extensive supervision and sudden supervision to active supervision and accurate supervision. And coordinate supervision to maintain financial stability. [4]

5. Conclusions and Recommendations

Based on the current requirements of relevant national departments to implement local governments' territorial supervision responsibilities and strengthen Internet financial supervision, combined with the current situation of Internet financial development in various places and the shortcomings of traditional regulatory means, the big data monitoring Internet financial risk system with smoke index as the core technology solves regulatory agencies The pain points of "difficult discovery, difficult research and judgement, difficult decision-making, difficult control, difficult disposal", through the use of the Internet, big data, machine learning and other technical means, build a risk analysis model with "people", "capital" and "business" as the elements, and establish a risk evaluation index to realise the discovery of risks, evaluate risks, and solidify evidence. , judgement trends, timely intervention and joint strikes and other linkage work promote the transformation of Internet financial governance from traditional passive supervision, extensive supervision, and sudden response to active supervision, accurate supervision and collaborative supervision.

At present, there are more than 100 academic papers on the "Smoke Index", mainly focussing on three aspects: financial risk, regulatory science and technology and economic crime, involving research in the fields of common wealth, business, pension, platform economy, etc. The recognition of the method and logic of "Smoke Index" in these fields provides support for expanding into more related fields.

1. In the field of credit supervision, the "smoke index" is introduced to build a credit integrated risk management platform, which builds an enterprise credit supervision model from the aspects of basic situation, performance ability, business activities, discipline and law-abiding, social responsibility, etc., to help regulatory departments and

managers carry out some targeted services to these enterprises for investment. And provide support for credit supervision.

2. In the field of risk monitoring, a financial risk theme database is established. The monitoring scope includes illegal fund-raising, online pyramid schemes, illegal lending, covering investment and financial management, private equity, pension, e-commerce, real estate, etc. Through the quantitative assessment of risks in these areas through the smoke index, holographic risk portraits are formed, graded classification and early warning are given, evidence is solidified and retained, and the regulatory authorities are assisted to find and grasp the relevant risk main clues in a timely manner.

3. In comprehensive services, a complete system is formed around financial services. Based on open data and relevant government data and government data are integrated and extracted, relevant supervision and service indicators are established, and comprehensive services such as entry, physical examination, risk monitoring and private placement are finally realised, including intelligent matching and accurate investment and financing, and enterprises Industry-side information evaluation and continuous credit assessment and risk monitoring of investment targets of private equity enterprises. [2]

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