

# Current Situation and Problems of College Students' Financial Management in the Era of Internet Finance and the Countermeasures

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**Abstract:** With the rapid development of information technology, internet financial products have been continuously launched, and many college students have joined the internet financial team. By investigating the current situation of college students' financial management, this study found several problems and deficiencies in college students' financial management and proposed countermeasures to these problems for colleges and universities to cultivate students' internet financial literacy as well as guide them to establish the correct concept of financial management under the internet financial environment, learn financial management knowledge, improve financial management capabilities and risk awareness, as well as choose appropriate internet financial management products.

**Keywords:** Internet finance; Wealth management; College students; Countermeasures

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## 1. Introduction

Internet Finance (ITFIN) is a new field in which the traditional financial industry and network technology are integrated and developed with the progress of emerging information technologies, such as big data and mobile internet <sup>[1]</sup>. At present, internet finance is growing rapidly in China and has become an emerging industry with great potential. The wave of internet finance has deeply affected people's financial management concepts and investment choices. Internet financial management refers to managing financial products through the internet to obtain certain benefits. Broadly speaking, it refers to managing and optimizing funds through internet intermediaries, so as to maximize the use of funds <sup>[2]</sup>. College students are a transitional group from the campus to the society, and they are in a critical period when their financial consciousness is developing <sup>[3]</sup>. Not only do they have financial management needs, but also the fear of certain investment risks. Coupled with the continuous innovation of the form and content of the internet financial management industry, finding suitable financial products has become an issue of concern for college students who are interested in this field. As a special consumer group in the internet financial environment, college students take the lead in accepting internet financial products. However, due to the influence of age, school education, and campus environment, college students have unique consumption behavior and psychology as well as different understandings of financial management concepts; they lack financial management knowledge and financial management experience and have weak financial management awareness, thus facing many problems in financial management. Therefore, cultivating correct financial management concepts and mastering basic financial management knowledge are not only

the primary tasks in the internet financial environment, but also urgent needs, in order to improve their financial management capabilities in the internet financial market environment.

## **2. Establishing a correct view of wealth is the basis for college students to learn and practice financial management**

College students should understand that wealth (money, houses, stocks, funds, and other material assets) is a tool for people to attain a better life, and not the sole purpose of life. Any income earned by financial management is a by-product of personal cognition<sup>[4]</sup>; it is the result of hard work and continuous accumulation. For college students, education must take precedence, but if there is any money left after paying for tuition and living expenses, using it for financial management will be an excellent way for them to unlock financial intelligence at this stage and learn financial management. However, it is not worth it to accumulate funds by borrowing money or even saving food or clothing to purchase financial products, stocks, or funds. If one does not learn to manage money, but instead have the mentality of speculation or sudden wealth, believing that opportunistic decisions can be made through financial means, this attitude should be abandoned. In order to make money from financial investment, it is necessary to spend at least some time and energy in studying and researching. It is important to understand the connotation of financial management, cultivate basic financial thinking, and master certain practical skills. Through continuous practice, it is then possible to improve the yield step-by-step, so as to achieve the goal of improving one's capabilities in financial management, especially in terms of internet finance from the perspective of cognition and practice. University educators are also duty bound to cultivate the correct outlook of students on wealth.

## **3. College students' financial management characteristics in the era of internet finance**

Financial behavior reflects a person's ability to understand, create, and manage wealth<sup>[5]</sup>. College is a crucial stage for the subjective initiation of financial awareness and the establishment of financial concept. The overall financial characteristics of college students are as follows: they have a shallow understanding of internet financial management, strong willingness for financial management, single financial management method, and aversion or insufficient understanding of risk<sup>[6]</sup>. College students tend to exhibit four characteristics in the process of financial management: first, in terms of age or grade, senior students have stronger financial willingness, which may be related to their capabilities in obtaining more funds through part-time jobs or in applying for awards and grants; secondly, there are differences in financial management among students of different majors; students of economics and management have stronger financial management awareness, better psychological bearing quality, rich financial management knowledge, and stable means, and they prefer to choose stocks and funds; on the other hand, students of non-economics and management prefer using banking products, WeChat, Yu'e Bao, and other platforms; third, the channels for college students to obtain internet financial information are becoming more extensive; with the rapid development of internet technology, obtaining information is not only limited to new online media, we-media, and financial online classroom, but there are other alternatives; a survey found that financial applications, financial channels, and official accounts of finance and economics are effective means for students to acquire knowledge of financial management; fourth, internet finance puts forward problems that cannot be solved through traditional financial management<sup>[7]</sup>, which has high threshold, high amount, and strong professional requirements; internet finance, on the other hand, can solve the problem of idle funds, which are characterized by small amount and fragmentation, gathering them to form a huge capital; this is the original intention and advantage of internet finance, which is in line with college students' financial intentions.

#### **4. College students' financial management situation in the era of internet finance**

Before the era of internet finance, the financial management methods suitable for college students were limited<sup>[8]</sup>. In addition, many college students had no stable source of income and could not be economically independent. Their primary source of income was the living expenses provided by their parents; therefore, there were minimal funds that could be used for financial management. In addition, the financial management channels were relatively limited, and most students grew income through bank savings. Therefore, most college students have weak financial awareness and lack financial knowledge, in which they have not formed the correct concept and understanding of financial management. In recent years, the rapid development of big data and cloud computing has greatly promoted the development of internet financial services, and financial products are also showing a diversified trend. As the impetus for social consumption in the future, financial management has gained attention from college students under the influence of the internet financial market environment, and their financial management behavior has also undergone changes.

##### **4.1. Extensive sources of funds and increasing funds available for financial management**

With the development of social economy and the continuous improvement of people's living standards, many college students have broadened their capital income channels. Majority of these students are raised as a single child. Apart from the living expenses given by their parents, annual gift money given by their elders is also a considerable sum. There are many college students who work, and some even receive state level, provincial level, and other awards, which greatly increase their income. The funds available to the majority of college students are about 1,500 yuan to 2,000 yuan per month, with a small number of students receiving more than 3,000 yuan<sup>[9]</sup>. This shows that the disposable funds of college students have increased; likewise, the funds used for financial management. In addition, college students easily accept new things. In this era of internet finance with rapid economic development, many internet financial products are favored by college students, and an increasing number of college students are venturing into internet financial investment to obtain certain financial benefits.

##### **4.2. Simple and fast financial management method and diversified financial products**

Before the era of internet finance, the financial channels for college students were narrow, and the main means of financial management was through bank savings<sup>[10]</sup>, which could only be carried out at the bank counter, thus dampening the interest of college students. With the advent of the internet finance era, there are many internet financial channels based on "Internet +." Various internet financial products have been launched, which are both, convenient and quick. Growing wealth is at one's fingertips in the internet financial market. This undoubtedly raises interest among college students. The balance treasure on Alipay, Lingqian Tong and Licai Tong on WeChat, Baidu wallet, Jingdong financial products, mobile banking, and other internet financial products have attracted the attention of college students. Among them, Yu'e Bao and Lingqian Tong are the most popular among these students. They can pay for consumption when they are in use and manage money automatically when they are not in use. In view of the emergence of various internet financial products, financial management has become convenient and fast, and college students are paying more attention to financial management.

##### **4.3. Gradual formation and strengthening of financial management awareness and concept**

The advent of the internet finance era has impacted college students who tend to easily accept new things. At the same time, the funds held by college students are gradually increasing, and a considerable number of college students are willing and able to invest more funds in financial management. In that way, college students take the initiative to learn financial management knowledge, understand the importance of

financial management, and gradually form financial management consciousness, thus strengthening their financial management concept.

## **5. Problems existing in college students' financial management in the era of internet finance**

In order to improve the effectiveness of the questionnaire, 19 financial majors of Henan University of Finance and Law were selected as the research subjects. Compared with other majors, this group of students have higher awareness and participation in internet finance. According to the survey, more than half of the students spent less than 10% on financial management, one quarter spent 10% to 20%, less than 10% stated that their financial management expenditure accounted for 20% to 40%, and only 5% spent more than 40% on financial management, indicating that college students' awareness of investment and concept of financial management are still at a low level and their planning for wealth growth is limited <sup>[11]</sup>. From the poll, more than half of the students manage money occasionally, 20% of the students did not have any financial management experience, and the remaining students had never managed money. These results show that even college students who have mastered certain financial knowledge in colleges and universities have not mastered scientific financial management methods and skills.

### **5.1. Backward financial management concept and superficial internet financial management concept**

In the past, due to the lack of funds, college students believed that their financial incomes were limited. Therefore, many of them did not form the habit of financial management; their focus was not on financial management, neither did they develop the correct concept of financial management. However, with the development of internet finance, the variety of financial products has attracted the attention of college students. Many college students have begun to venture into the field of internet financial management, gradually forming a certain sense and concept of financial management. However, this concept of financial management remains at the internet finance level. Many college students blindly choose financial products without further exploration; hence, they tend to lack financial knowledge and skills. The concept of financial management that is in line with the internet financial environment has not been formed well.

### **5.2. Weak financial awareness and knowledge**

With the development of science and technology, the vast majority of college students are becoming more interested in internet financial planning, and many of them have joined the ranks of internet financial planning <sup>[12]</sup>. However, they do not really understand the knowledge related to financial management. For example, they do not have the correct concept of financial management, nor do they know what financial activities can be carried out. Therefore, when it comes to financial management, while most college students are enthusiastic about financial management, they are often perplexed and unsure of why they manage money. They tend to observe how others manage money and then mirror them. This shows that although college students have financial management awareness, their awareness is relatively weak, and their goal of financial management is unclear. As trendsetters in the new era, college students should have the awareness and concept of financial management that are in line with the internet financial environment in today's rapid economic development. However, at present, due to the lack of financial knowledge education, college students tend to neglect the importance and necessity of financial management. Moreover, due to their immaturity and the influence of poor social circles, college students tend to develop the habit of spending money recklessly, with strong subjective sporadic behavior in consumption. In addition, college students lack knowledge in the field of financial management; they do not have the correct understanding of wealth or pay enough attention to financial management habits, such as bookkeeping. Various reasons eventually lead to the weak financial awareness and knowledge of college students.

### **5.3. Single financial management approach and poor risk awareness**

College students generally do not know much about the well-known financial platforms in the market, and their financial knowledge is less than ideal. Business students acquire financial knowledge through professional courses, while non-business students come to know about financial management mostly through the internet, the recommendation of relatives or classmates, as well as publicity and lectures in schools. There are only a number of ways to gain financial knowledge, and college students are relatively simple and have poor risk awareness<sup>[13]</sup>. Internet financial management mainly emphasizes the profitability of financial management. When choosing financial products, college students either choose financial products based on what they or others think appropriate or those that have higher returns. They do not usually weigh the risks of financial products, and they tend to disregard the law of “the higher the returns, the greater the risks.” Not only that, college students have only one source of income; thus, they cannot afford high-risk investments, and their ability to bear capital risks is also weak. The survey also shows that only a few students think they have strong ability to bear capital risks, while half of them think they have general ability to bear capital risks.

## **6. Countermeasures for college students’ financial management in the era of internet finance**

### **6.1. Establish a correct financial management concept in line with the era of internet finance**

Internet finance refers to a new financial business model, in which traditional financial institutions and internet enterprises use internet technology as well as information and communication technology to realize capital financing, payment, investment, and information intermediary services. It is not a simple integration of the internet and the financial industry, but rather a new model or business that is naturally generated to meet the needs on network technology. It is an emerging field that involves the integration of traditional financial industry and internet technology. It improves the quality of life by optimizing the consumption and distribution of personal wealth. On the other hand, it helps people use idle funds for investment to achieve the goal of asset appreciation. With the rapid development of China’s economy and society, especially the advent of internet finance, personal finance has been deeply rooted in the hearts of the people. Therefore, it is very important to establish a financial management concept in line with the era of internet finance, which is not only conducive to cultivating college students’ financial management capabilities, problem analysis and decision-making skills, and self-planning capabilities, but also establishing a correct outlook on consumption and values.

### **6.2. Learn basic financial management knowledge and cultivate students’ financial management skills**

In the era of internet finance, colleges and universities should emphasize on financial knowledge and financial experience, as well as pay attention to the cultivation of students’ investment and financial capabilities. It is necessary to set up general courses related to finance for non-finance and economics students, so that they can grasp the basic framework of investment and financial management. Financial lectures can be held from time to time to stimulate students’ interest in investment and financial management, guide students to plan their personal funds, encourage them to allocate their funds based on their own conditions, prevent unconscious waste, as well as develop good payment habits and awareness of financial planning. Students should be encouraged to put into practice what they have learned about finance and financial management through simulated stock speculation platforms, so as to learn investment methods and participate in financial and investment related activities. Secondly, students should also pay attention to the improvement of their financial management capabilities, constantly broaden their knowledge, learn new financial knowledge, develop good accounting habits, and analyze the necessity of their own expenditures, so as to actively cultivate their own financial management awareness and the

necessary financial management skills.

### **6.3. Increase risk awareness and choose appropriate internet financial products**

College students, as a distinct group poised to enter society, have limited idle funds and a restricted ability to bear risks. Therefore, they are more suited for financial products such as Yu'e Bao and WeChat wallet, which have low starting investment amount, strong liquidity, low risk, and are simple and fast to invest in. College students should increase their awareness of risks and enhance their risk prevention capabilities when choosing internet financial products. They should not blindly pursue high-yield investments and neglect the risk threshold they can bear. When choosing financial products in the internet era, college students should choose financial products with guaranteed principal, fixed income, or low risk of floating income, which should be regarded as their training before stepping into the society, so as to pave the way for further improving their financial capabilities.

### **6.4. Take special education measures to improve the comprehensive quality of online finance**

In terms of rational consumption and investment, special lectures, special contents of ideological and political courses, class newspapers, debate competitions, knowledge competitions, micro courses, cases, as well as other forms of publicity and education can be adopted to imperceptibly form a correct concept of financial management. Risk education allows students to gain familiarity with network security through thematic class meetings, anti-fraud cases (such as online fraudulent loans and malicious bill swiping), and early warning education, so as to improve prevention awareness and anti-fraud identification skills. The improvement of students' comprehensive quality is a process of continuous education. Educational administration departments can set up elective courses of "internet finance" or "personal finance and investment," invite professional teachers to explain the frontier knowledge of internet finance, conduct financial practice simulation training, and other activities, so that students can perceive investment and finance in the process of practice and constantly enrich their financial management experience.

## **7. Conclusion**

With the development and progress of economy and society, financial literacy has been recognized as one of the essential core literacies for people to adapt to economic life. College is not only an important period for students to learn financial management, but also a stage for students to form the correct concept of financial management and develop their financial management capabilities. At the same time, financial management is also a long-term plan for the students. Upon stepping into the society, many problems related to life and work are highly associated with financial management. In the era of internet finance with rapid economic development, college students should speed up their pace and venture into the environment of internet finance. It is necessary to establish a financial management concept in line with the internet financial environment, enhance financial management awareness, improve risk awareness and financial management capabilities, gain familiarity with the structure and functions of various internet financial products, as well as plan personal finance and manage time, so as to reasonably choose appropriate investment and financial management methods suitable for college students as well as lay a good foundation for subsequent development. With the rapid development of internet finance, colleges and universities also have the responsibility and obligation to nurture college students' financial management capabilities and literacy, which are the requirements of the new era.

## **Disclosure statement**

The author declares no conflict of interest.

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