

DEVELOPING A SMART E-COMMERCE PLATFORM LINKED TO THE SUPPLY CHAIN FINANCE PROFIT MODEL TO ENHANCE THE PROFITABILITY

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ABSTRACT

The number of e-commerce platforms is growing due to Internet technology's ongoing and quick development. At this point, it may be said that the e-commerce economy has taken centre stage and permeated people's daily lives and modes of production. We must successfully comprehend the supply chain financial profit model of the e-commerce platform and effectively increase its profitability if we are to support its scientific and overall development.

INTRODUCTION

In 2020, China's supply chain financial market reached a scale of 15 trillion yuan, a testament to its robustness. Looking ahead, authoritative organizations predict that from 2021 to 2023, China's supply chain financial assets will continue to grow at an average annual rate of 4%. This growth potential is not just a projection, but a tangible opportunity that can be seized by leveraging the deep development of Internet technology and the central role of e-commerce platforms. This development can significantly enhance financial profitability and overall financing efficiency, strengthening the financial framework. Supply chain finance anchored in e-commerce platforms not only boosts profitability but also fosters comprehensive financial growth, ensuring the establishment and robustness of the financial system.

APPLICATION VALUE OF SUPPLY CHAIN FINANCIAL PROFIT MODEL BASED ON E-COMMERCE PLATFORM

In the "Internet +" era, Internet technology profoundly advances e-commerce platforms, enhancing the effectiveness of financial profit models and meeting socio-economic development needs. Continuous innovation of financial profit models based on e-commerce platform supply chains has proven valuable and essential. This model ensures the integrity of the supply chain system and optimizes its core functions.

A. Supply Chain Information Closed Loop Solves the Problem of Financing Information Asymmetry

The e-commerce platform's promotion of supply chain financial systems plays a crucial role in addressing information asymmetry through an information-closed loop. This is a significant departure from traditional economic systems, which suffer from asymmetric, closed, and isolated

information, hindering financial system development and enterprise growth. By leveraging the e-commerce platform's efficiency, this issue can be better resolved. The diverse and scientific profit model of e-commerce platform supply chain finance operates in a closed-loop manner, addressing financing information asymmetry and meeting enterprise development needs. Traditional financing models restrict enterprise growth due to limited options and low influence. However, e-commerce platforms offer diverse financing options tailored to development needs, enhancing financing effectiveness. Using transaction information and behavioural data from the platform's ecosystem, businesses can extend operations into the financial domain, conducting credit assessments, making loan decisions, and building risk management mechanisms. Real-time monitoring of merchant operations reduces information asymmetry, offering enterprises more financing choices and promoting sustainable development. In 2020, there were 219 e-commerce financing events, a 30.03% decrease from the previous year's 313, with a total financing amount of 28.61 billion yuan.

B. Reshaping the Credit Process to Improve Credit Efficiency

Enterprises must ensure sufficient development funds through efficient financing to support rapid growth. Traditional credit systems involve cumbersome processes and low efficiency, hindering financial undertakings and enterprise development. However, adopting e-commerce supply chain models can significantly improve credit efficiency, optimize credit processes, and enhance credit strength. Financial work based on e-commerce platforms not only significantly advances economic development but also enhances loan effectiveness. In fact, e-commerce platforms demonstrate higher loan issuance efficiency than commercial banks, indicating their substantial role in financial loans.

C. Automated Business Processes to Reduce Credit Costs

Sustainable enterprise development relies on efficient business processes. Traditional financial systems have cumbersome, inefficient processes, impeding credit efficiency and economic growth. E-commerce platform-based supply chain finance uses automated processes to enhance credit effectiveness and reduce costs. Customer acquisition costs are lower on e-commerce platforms, with the cost per customer often not exceeding 1 yuan. This model also reduces credit transaction costs, promoting sustainable financial development. Although traditional systems reduce risks through complex processes, they incur high costs. E-commerce platforms optimize costs for platforms and credit customers, promoting efficient financial system development.

D. Mutual Promotion of Financial Business and E-commerce Business

Efficient development measures are necessary for promoting financial business growth. The integration of financial services and e-commerce platforms through Internet technology is not just a collaboration, but a symbiotic relationship that advances the overall development of both sectors. The large scale of e-commerce economic development promotes financial services on e-commerce platforms. This model ensures the efficient promotion of financial and e-commerce services and

regulates the comprehensive development of e-commerce platforms. This integration is not just a trend, but a strategic move that can significantly enhance the efficiency and effectiveness of both sectors, leading to a win-win situation.

SUPPLY CHAIN FINANCE PROFIT MODEL BASED ON E-COMMERCE PLATFORM

With the rapid development of Internet technology, it is crucial to innovate and evolve financial profit models, leveraging e-commerce platforms as a core carrier. This approach aligns with the development needs of e-commerce platforms but also provides diversified options for credit customers, enhancing overall economic development.

A. Business System Construction

A comprehensive business system must be established to improve the profitability of the supply chain financial profit model on e-commerce platforms. This system should meet the development needs of e-commerce platforms and promote the growth of financial businesses. For instance, an e-commerce platform can partner with a small loan company, offering various financing options like order financing, warehouse bill financing, and accounts receivable financing. By expanding services to include movable property financing and collaborating with large logistics companies, the platform can extend financial services to a broader network of suppliers. This holistic approach optimizes the supply chain financial system and enhances the efficiency and effectiveness of financial operations.

B. Product Type

Expanding the types of financial products offered through the e-commerce platform can significantly improve profitability and effectiveness. In a diverse economic landscape, customers' credit needs vary widely. To meet these diverse needs, E-commerce platforms should provide various financial products, from pledge loans to microloans. For example, some platforms enable credit customers to apply online, streamline the approval process, and quickly disburse loans. This flexible and varied credit model meets user needs and drives business innovation and growth within the financial sector.

C. Target Customers

Identifying and targeting the right customers is critical for the success of the supply chain financial profit model on e-commerce platforms. Using big data technology, e-commerce platforms can collect and analyze information on potential customers, segmenting them into corporate and personal groups. This precise targeting facilitates the development of credit businesses and ensures steady financial growth. By leveraging their data capabilities, e-commerce platforms can better

meet the needs of various customer groups, thereby enhancing the overall effectiveness of their financial operations.

D. Business Process

A well-defined and efficient business process is essential for successfully implementing the supply chain financial profit model on e-commerce platforms. Clear and logical business processes prevent operational issues and support the advancement of financial services. For example, order financing helps suppliers in the supply chain secure the necessary funding to fulfil orders, enhancing their operational efficiency. Similarly, accounts receivable financing helps manage the cash flow cycles of e-commerce platforms, ensuring smooth and effective financial operations. Continuous optimization of these processes is vital for financial services' sustained growth and efficiency.

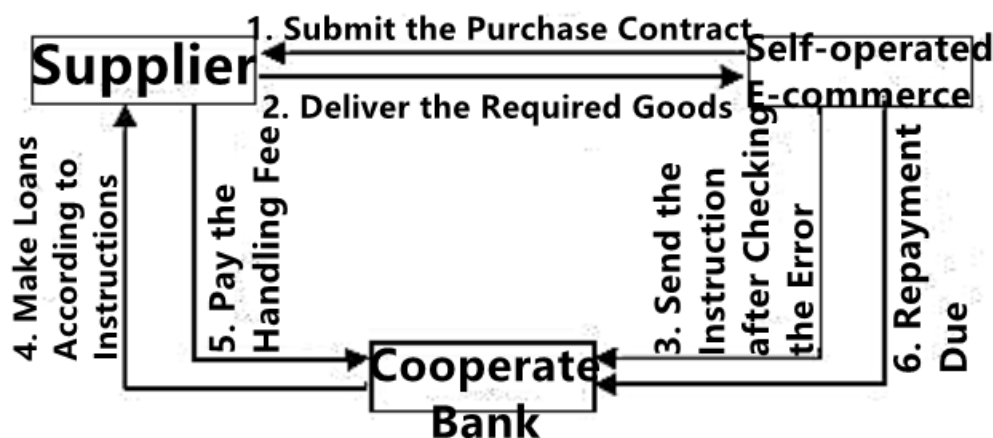


Figure 1. Supply Chain Business Process Based on E-commerce Platform

E. Credit Financing

Efficient and scientific credit financing is a cornerstone of the supply chain financial profit model on e-commerce platforms. Establishing robust credit support systems ensures smooth financing operations and enhances enterprises' economic strength. Risk management is crucial in this context, involving evaluating and mitigating potential risks in credit financing. By assessing the reputation and creditworthiness of supply chain participants, platforms can determine appropriate credit limits, ensuring sustainable and reliable financing.

F. Sources of Funds

The stability and reliability of funding sources are essential for the profitability and growth of financial services on e-commerce platforms. Diversifying and broadening the sources of funds can improve economic stability and operational effectiveness. For instance, collaboration with trust companies on asset securitization can provide stable financial support, promoting the high-quality development of e-commerce financial businesses.

CONCLUSION

Developing supply chain financial services on e-commerce platforms holds significant practical value in the evolving Internet technology landscape. It is crucial to leverage their advantages and continuously expand the profit model to enhance their effectiveness. This approach not only fosters the growth of Internet finance but also meets broader socio-economic development needs.

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