

## **Viewpoints regarding the P2P industry in China from Ning Tang, founder and CEO of CreditEase, the largest P2P company in the world.**

On April 14th, during the LendIt 2015 conference, Ning Tang, founder and CEO of CreditEase, gave the State of the Union address for Chinese internet finance market speech. Ning shared his view points regarding the P2P industry in China in the areas of the market, strategy, risk management, regulation, talent and technology based on CreditEase's 9 years of experience in the field, and gave an outlook for the development of china internet finance in the future.

Ning pointed out China is the largest P2P market in the world with two big driving forces: 1. Huge market demand 2. advanced technology development. The credit data infrastructure in the US is more advanced for several decades. China's financial situation in credit, system, micro finance, rural areas are especially behind. This actually creates a bigger opportunity for financial services in china to grow more rapidly and more innovatively, with technology, internet and big data nowadays.

Ning also indicated that Online and Offline hybrid business model is the best business model in China in the current stage given the fact that credit data and infrastructure support is still in early stage. Without face to face verification, credit decisioning is almost impossible in most cases. Because of this, credit risk, together with fraud, ethics and heavy offline operations add more complexity and challenges in P2P business. Currently offline credit decisioning is still the mainstream and a well-managed offline team is very essential in the success of a O2O hybrid model. Regarding big data in credit management, Ning believes big data cannot solve all the credit data problems but without big data capability a credit system is definitely not complete.

Regarding regulation, the outlook looks good with government's support on a macro scope; The P2P industry has a mixed feel with some good practices as well as not so great practices; On a micro scope, each player needs to find their niche market. The market will favor companies with differentiated competitive strength. A healthy ecosystem will require each company playing by the rules, industrial collaborations and checking, as well as government regulation.

Having the right team is also a challenge of internet finance. It requires talents with both knowledge in internet as well as finance. Ning's experience from the past the 9 years is to bring in the people who are capable, but more importantly have the right integrity.

Ning's outlook for the future is that China's credit environment will try to catch up with the US in terms of hardware in five to ten years, but the bigger challenge is to develop the healthy software and culture for credit, which actually needs effort from the entire Chinese society. "The term Internet Finance will probably disappear in 10 years" Ning said. Internet technology innovations will become a natural component of financial services.

