Research on Credit Mechanism in E-commerce Environment

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Abstract. E-commerce has been developing very fast since the twenty-first Century. However, the widespread existence of the credit risk of e-commerce brings great harm to the healthy development of e-commerce. Therefore, how to establish the credit supervision system of electronic commerce effectively, while maintaining the integrity, fair and harmonious network environment at the same time have become a new serious problem facing us. The construction of credit mechanism in e-commerce environment has become very urgent. This paper analyzes the characteristics of e-commerce market economy and trade credit behavior, exploring the concrete measures of constructing credit mechanism in China's e-commerce environment.

Keywords: credit mechanism, e-commerce environment

1. The role of credit in e-commerce market

The status of credit in the e-commerce market development is extremely important, mainly in the following aspects:

First, credit is a prerequisite for the development of e-commerce market. The electronic commerce market takes the computer network as the platform to carry on the commodity exchange, with the obvious superiority in the convenience, the high speed and widespread coverage scope. However, the nature of the relationship between the person and the person involved in the transaction itself has not changed. If there is a lack of the necessary credit supervision mechanism, it is difficult to carry out the exchange of trade activities. As mentioned earlier, the e-commerce market transactions is one of the important features from "direct exchange" to "indirect exchange", from "acquaintance economy" to "the stranger economy", in which the effectiveness of the transformation depends on credit.

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Second, credit is an important basis for the operation of e-commerce market. In modern economics and law, the enterprise is a kind of organization, which is called a legal person. Enterprises have series of characteristics of a natural person, and one of the most important thing is to consciously make rational decisions. The modern enterprise theory defined an enterprise as a kind of legal entity consisted of explicit contracts, implicit contracts. In the electronic commerce market, enterprises are faced with the same explicit contracts, implicit contract constraints, its behavior gradually become balanced behavior in complex contract system, and the existence of implicit contract and its effective implementation overcomes the defects of explicit contracts to a certain extent. Different economic and social credit level, to a certain extent, determines the speed of the development of e-commerce market. The effective operation of e-commerce market can not be separated from a large number of buyers and sellers, a good e-commerce credit can help both sides of the transaction to secure Internet transactions. The family or kinship trust radius boundary coverage has greatly restricted the development of China's e-commerce market, e-commerce platform focused on providing a small number of products or services; and the radius of trust in western developed countries far exceeds China, laying the foundation for the rapid development of e-commerce market. Therefore, credit is the prerequisite for the existence and long-term development of e-commerce market.

Third, credit is the inevitable path to achieve economies of e-commerce enterprises on a large scale. The economic scale of e-commerce market is that with the increase of the number of transactions, the transaction cost per unit decreases, and good credit helps to achieve economies of scale of the electronic commerce on the basis of constant conditions. On the one hand, due to the existence of credit, e-commerce companies do not need to invest a lot of money to promote a large number of traders who will have e-commerce transactions in their business. On the other hand, good credit can improve the efficiency of e-commerce transactions, reducing the difficulty of the transaction, so as to further save transaction time, transaction costs, therefore, e-commerce market is conducive to the realization of economies of scale.

Fourth, credit will help e-commerce companies to gain competitive advantage and get more financial support. In the electronic commerce market, the performance of the enterprise has a positive effect on the establishment and maintenance of enterprise credit. In the initial stage of the credit construction, the enterprises need to invest a lot of money to establish the initial credit. It is not possible to bring benefits before it is established, which undoubtedly constitutes an important obstacle for new entrants. Only the enterprises with good operating performance can afford the cost of credit investment. Once the initial credit investment is evolved into the cost of precipitation, the cost of corporate credit opportunity is very high, thus to maintain their own letter is
necessary to continue to obtain credit investment income. However, the process of credit creation and loss is very unsymmetrical. Therefore, it is necessary to give full play to the supervision and promotion of credit management. At the same time, the sensitivity of financial institutions to credit is much higher than that of other industries. For the enterprise with outstanding credit, the credit is like a banner displaying the enterprise image and the ability. The bank's corporate credit rating determines its financial support to the enterprises. Therefore, credit is conducive to e-commerce companies to get more financial support.

2. The current credit issues of E-commerce market development

In the process of E-commerce market development, the credit problem has significant impact on consumers shopping online. If the electricity supplier is not able to build a sound credit mechanism, it is easy to lead to the loss of customers, resulting in a boycott of online shopping, limiting the future development and progress of E-commerce. At present, there are mainly the following credit problems in the development of E-commerce.

(a) The risk of information asymmetry

In the course of the transaction, consumers make the choice of products mainly through the business page of the product displayed on the browser; they can not see the real goods. Sales of E-commerce products has a "virtual" feature, which leads to that the consumers can not judge the real quality and performance of the products in the process of trading, which poses the greater risk of information asymmetry. In real life, the quality problem of online shopping products is more prominent. There are some differences between the display of some products and their real quality. There is the case of false propaganda. It is very hard for the consumers to protect their legitimate rights and interests once they buy the fake products or products of poor quality.

(b) The problem of transaction mode

In the process of online shopping, the main means of payment is the third party payment. Consumers obtain information on the product mainly through the picture description of the merchant in the process of purchasing of the product, and pay the purchase with the use of third party payment software. In the course of the transaction, there is a "payment before the goods delivery" situation. There is a big time difference between the two sides in the transaction. This transaction mode poses a certain psychological burden for both sides. The two sides do not have credit, buyers shopping online are worried about their own interests, who gradually rejected to take this transaction; on the other hand, the seller will worry about their own interests. This consumer psychology, is very unfavorable for building a stable mechanism for the E-commerce.
There are certain technical risks in building E-commerce credit mechanism. For example, it is not rare that some of the E-commerce companies have violation of law and morality or use the fishing sites to cheat consumers, who buy products online. Some consumers, due to the lack of knowledge of computer knowledge, coupled with the lack of online shopping experience, often have the experience of being deceived in online shopping, which will be a great blow on the consumer confidence shopping online, thereby limiting the development of E-commerce. Thus, it is particularly important to build credit mechanism in the development of E-commerce.

3. Measures of improving e-commerce credit mechanism

There are two meanings of credit; on the one hand it refers to the integrity (that is, the moral level), on the one hand it refers to the integrity of the mechanism (that is, the system). Therefore, in order to establish an effective E-commerce credit mechanism, it is necessary to consider the moral level, but also to consider the institutional aspects. So doing the following is necessary:

(a) Using a variety of means to promote credit system, cultivate the sense of integrity

The cultivation of credit mechanism requires not only the efforts of businesses and enterprises, but also the efforts of the public. For the public, the government should intensify the propaganda of credit system, producing more public advertising service, in order to create a good social atmosphere; As for businesses, enterprises should strengthen the training, to improve their own quality, enhance their sense of responsibility, making a positive contribution to the establishment of e-commerce credit system.

(b) To improve the relevant laws, to provide legal protection for e-commerce credit mechanism

The establishment of the credit mechanism of e-commerce is not enough, some relevant legal system need to be improved to guarantee. At present, China has promulgated the "electronic signature law", "consumer rights law", "trademark law", "patent law" and other relevant laws, but those laws can not be a good solution to the existing problems in electronic transactions. Therefore, the government should also continue to make laws according to the actual development of e-commerce, by which all the E-commerce companies can abide.

(c) To establish and improve e-commerce trade supervision system

Good trade supervision system is significant to regulate the behavior of the participants. Therefore, before the establishment of the supervision system, the business information and its credit rating should be improved, so that consumers understand the situation of the business credit, which can reduce the number of disputes. In addition, the monitoring system, which is mainly aimed
at the establishment of electronic transactions, should have advanced technical level; therefore, the data generated by the transaction can be for real-time query. Furthermore, special e-commerce regulatory authorities should be set up, to punish illegal acts in a timely manner.

(d) To improve the quality of e-commerce industry

If the quality of the whole industry is too low, the development prospects of the industry is limited, therefore, the e-commerce industry must actively improve the overall quality in order to have long-term development. First of all, each enterprise must recognize its own responsibility, to actively improve their quality. Of course, in order to adapt to the development of the times, enterprises should also learn new knowledge, new skills, new methods to improve their scientific and cultural quality.

(e) To improve the internal credit management mechanism

First, E-commerce enterprises need to establish a complete credit evaluation model. Before the transaction, both parties should take the initiative to assess each other's credit. Consumers can assess the quality of the goods sold by the merchant and after-sales service by checking the evaluation remarks made by the previous consumers online. For businesses, in the assessment of consumer reputation (especially large consumption), they should pay attention to check the basic information and consumer purchase records, by which to judge their reputation.

Second, E-commerce enterprises should strengthen the management of consumer information, in particular, pay attention to the assessment of the internal staff working on the confidentiality of information on the trading platform, in order to establish and improve the information security system. At the same time, the companies should check consumers’ personal information regularly, and especially pay attention to updating the consumer information when they change, so as to provide better service for consumers.

Third, the introduction of the third party credit rating agency is necessary. The occurrence of e-commerce fraud makes it very important to introduce the third party credit rating. The agency can assess the business credit in advance, establishing the business reputation database. At the same time, the agency can provide trading platform for both sides of the transaction, ensuring that the transaction information is confidential, thereby reducing the transaction risk.

(f) To establish reward punishment mechanism

The nation can learn e-commerce rewards and punishment mechanism from the western developed countries and establish our own legal mechanism according to China's national conditions. At the same time, the state may take tax reduction and exemption, publicity and other measures to help reward those enterprises, businesses with good reputation. For the enterprises and businesses with bad reputation, the state should increase the intensity of punishment, fines, rectification, etc.
4. Conclusion

With the rapid development of information technology, e-commerce plays a more and more important role in the social and economic development. At present, there are many problems and challenges in the development of e-commerce. Credit problem is undoubtedly one of the very important, which can not be ignored. It can be said that if there is no perfect credit mechanism, e-commerce can not have a sustained and healthy development. Therefore, it is urgent to establish a scientific and perfect credit mechanism for the development of e-commerce.

5. References