

Analysis of Business Strategies in the Fin-tech Industry: A Case Study of Ant Group

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Abstract. With the vigorous development of the digital economy, the fintech industry has become a core force driving innovation and transformation in the financial system, playing a key role in enhancing the efficiency of financial services and expanding the coverage of services. As a leading enterprise in the domestic fintech field, Ant Group's development path from starting as a payment tool to covering multiple businesses not only reflects the growth characteristics of the industry, it also faces multiple challenges such as policies and competition, and in-depth research on it has significant practical value. This article takes Ant Group as the research object, sorts out its development process from 2004 to the present, analyzes the current business status by combining financial data and operational indicators, and then dissects the problems it has such as traffic dependence on payment business, fierce industry competition, and uncertain regulatory policies. It also puts forward targeted countermeasures such as exploring new traffic channels, strengthening business innovation, and compliance communication. Research has found that although Ant Group leads in revenue and user scale, there are obvious risk points in its business structure and external environment, and it needs to make strategic adjustments to address the challenges. The achievements of this article can provide references for Ant Group to optimize its business strategies and also offer lessons for fin-tech enterprises to address common industry issues, contributing to the healthy and sustainable development of the industry.

Keywords: Ant Group, Business Strategies, Fin-tech.

1. Introduction

At present, the global fintech industry is in a stage of rapid iteration. The rise of digital payment, intelligent wealth management, Internet credit and other businesses not only reconstructs the traditional financial service model, but also promotes the penetration of financial resources into more groups, which has a significant impact on promoting the development of inclusive finance and activating economic vitality. In China, the scale of the fintech market has been continuously expanding. According to relevant data, the overall industry scale exceeded 15 trillion yuan in 2024. As a leading enterprise in this field, Ant Group, relying on the huge user base of Alipay, has gradually expanded into diversified businesses such as wealth management and credit. Its development status not only reflects its own operational capabilities to a certain extent; it also influences the development direction of the industry. However, in recent years, the group has been confronted with problems such as blocked listing, tightened regulatory policies, and pressure from competitors. How it can break through the predicament and achieve sustainable development has become an important issue that urgently needs to be studied.

Regarding the research on fintech enterprises, scholars have conducted discussions from various perspectives: Liao pointed out that the traffic acquisition model of fintech enterprises is easily affected by the stability of core businesses, and over-reliance on a single business may lead to the accumulation of operational risks [1]; Through analyzing multiple enterprise cases, some scholars hold that the dynamic adjustment of regulatory policies is a key factor influencing the strategic layout of fintech enterprises, and enterprises need to establish flexible compliance response mechanisms [2-5]; In addition, Huang and Li mentioned in their research that competition in the mobile payment field has shifted from the technical level to scene coverage and user stickiness [6]. Leading enterprises need to maintain their competitive edge through innovation. However, existing studies have

conducted relatively few full-chain analyses of a single benchmark enterprise, especially lacking targeted problem diagnosis and countermeasure research that combines the latest business data.

This article takes Ant Group as a specific research case and adopts the research approach of "development history - current situation analysis - problem diagnosis - countermeasure proposal" : Firstly, it sorts out the key nodes of the group from the establishment of Alipay in 2004 to the subsequent business expansion, and clarifies its development context; Secondly, analyze the current business status by combining financial data (such as revenue and net profit) and operational indicators (such as monthly active users and transaction volume). Further analyze the core issues existing in its traffic acquisition, industry competition, and policy adaptation; Finally, propose targeted solutions. At the theoretical level, this research can enrich the case study results of fintech enterprises and improve the theoretical system of related business risks and response strategies. At the practical level, it can provide specific references for Ant Group to optimize its business structure and respond to external challenges, and also offer references for other enterprises in the same industry to formulate development strategies, contributing to the standardized and healthy development of the fintech industry.

2. Case description

2.1. Development History

Ant Group started its business in 2004 with Ali-pay. At first, it only provided online guaranteed trading services. In 2009, Ant Group launched the Ali-pay mobile APP, making it more convenient for people to make payments with their mobile phones. In 2013, it launched Yu 'E Bao, a product that enables users to earn income through the spare money in Ali-pay. Subsequently, Ant Group launched the consumer credit product "Huabei" in 2014 and the cash loan product "Jiebei" in 2015. In 2020, the group planned to go public on the stock market, but had to postpone the listing plan due to regulatory requirements. Since then, Ant Group has begun a series of rectification efforts.

2.2. Current Business Status

From the financial data in Table 1, it shows that the operating conditions of Ant Group from 2019 to 2022. In 2019, its revenue was 120.618 billion yuan and its net profit was 16.957 billion yuan. By 2022, the revenue is expected to reach 275.483 billion yuan and the net profit is expected to be 70.866 billion yuan. The company's revenue and net profit have been increasing year by year, which indicates that its business is developing well.

Table 1. Financial Forecast of Ant Group (Actual Value in 2019 - Forecast Value in 2022)

Indicator	2019	2020	2021	2022
Revenue	12061.8	16570	21741.2	27548.3
Year-on-year growth rate	40.7%	37.4%	31.2%	26.7%
Net profit	1695.7	4471	5775.7	7086.6
Year-on-year growth rate	2442.1	163.7	29.2	22.7
Earnings per share	0.85	1.45	1.87	2.3
Price-earnings ratio	80.94	47.51	36.78	29.98

As shown in Table 2, as of June 2020, the monthly active users of the Alipay APP had reached 711 million, and the total scale of payment transactions within 12 months was 118 trillion yuan. In terms of micro-credit business, the credit balance facilitated by the micro-credit technology platform was 2.1536 trillion yuan. In terms of wealth management business, the asset management scale facilitated by the wealth management technology platform reached 4.0986 trillion yuan. These data indicate that Ant Group has a huge user base and a wide range of business coverage.

Table 2. Operating Indicators of Ant Group (As of June 2020)

Indicator	Data
Monthly active users of the Ali-pay APP	7.11
The total scale of payment transactions	118
Credit balance of the micro-credit technology platform	21536
The asset management scale of the financial technology platform	40986

3. Problem Analysis

Although Ant Group has achieved good results in business development, it also faces some problems. For instance, it is affected by financial policies, faces fierce competition within the industry, and may also be hit by a downturn in the macro economy [7].

3.1. Traffic is Highly Dependent on Payment Services

Ant Group mainly relies on payment services to attract users. Payment services are like a "traffic entry point", bringing a large number of users to the company. But the problem is that the payment business itself is not profitable. It can be seen from the data that the digital payment and merchant service business, which accounts for a large proportion of revenue, has been in a loss-making state. If there are any problems with the payment business in the future, such as a large number of users being lost due to the actions of competitors, it will have a significant impact on the company's other profitable businesses, such as small loans and wealth management.

3.2. The Industry is Highly Competitive

In the field of mobile payment, Ant Group's Alipay is facing fierce competition from Wechat Pay. Wechat has a huge daily active user base. As users often chat on wechat, they are more inclined to choose Wechat Pay. In addition, other companies such as JD Digits and Lu.com are also competing with Ant Group in small loans, wealth management and other businesses. For instance, in recent years, Wechat Pay has gradually raised its comprehensive fee rate, but its market share has not been affected. This indicates that Ant Group is facing tremendous competitive pressure [8,9].

3.3. The Uncertainty in Financial Regulatory Policies

The financial industry is strictly regulated, and Ant Group's small loans, wealth management, insurance and other businesses all fall within the financial sector. In recent years, regulatory authorities have put forward higher requirements for fintech companies. For instance, Ant Group is required to establish a financial holding company in accordance with regulatory requirements, and the leverage ratio of its microloan business is also restricted. These policy changes may increase the difficulty of the company's business operations and affect its profit growth.

4. Suggestions

4.1. Reduce Reliance on Payment Services and Explore New Traffic Channels

To address the issue of highly dependent traffic on payment services, Ant Group can explore new traffic channels. For instance, increase investment in innovative businesses such as block-chain and database services, and attract users through these new businesses. At the same time, strengthen cooperation with other platforms, such as e-commerce platforms, food delivery platforms, and travel platforms, to expand the reach of users. For instance, exclusive payment offers or financial products can be launched on these cooperative platforms to attract more users to use their services [10].

4.2. Strengthen Business Innovation and Enhance Competitive Advantages

Facing fierce industry competition, Ant Group should enhance business innovation. In terms of payment services, more convenient payment methods can be developed, such as enhancing the

efficiency of facial recognition payment and expanding the application scenarios of offline payment. In the field of microcredit business, big data technology can be utilized to more accurately assess users' credit status and launch more personalized loan products. In terms of financial management services, more types of financial products can be introduced to meet the diverse needs of users. Through continuous innovation, the company can attract more users and enhance its competitive edge.

4.3. Strengthen Communication with Regulatory Authorities and Operate in Compliance

To address the uncertainty of financial regulatory policies, Ant Group should enhance communication with regulatory authorities. Proactively report the company's business development to the regulatory authorities, promptly understand the direction of policy changes, and adjust the company's business strategies in accordance with the policies. At the same time, the company must strictly abide by all regulatory requirements, such as standardizing the operation of small loan business, controlling the leverage ratio, and protecting user data privacy. Through compliant operation, the company can avoid regulatory risks and ensure the stable development of its business.

5. Conclusion

This research takes Ant Group, a leading enterprise in China's fintech industry, as the core research object and conducts a systematic analysis in accordance with the logical framework of "development context - current situation assessment - problem diagnosis - countermeasure proposal". First, the development history of Ant Group was sorted out: Starting with Alipay's online guarantee transaction service in 2004, it launched mobile payment functions in 2009. In 2013, it entered the wealth management field with Yuebao. From 2014 to 2015, it extended to consumer credit (Huabei) and cash loan (Jiebei) businesses. In 2020, due to regulatory requirements, it faced a delay in listing and rectification. It clearly presents its phased development characteristics in the fintech industry. Secondly, by integrating financial data (with a steady growth trend in revenue and net profit from 2019 to 2022, and an expected revenue of 275.483 billion yuan in 2022) and operational indicators (as of June 2020, Alipay had 711 million monthly active users and a total payment transaction volume of 118 trillion yuan), It has been confirmed that Ant Group has a leading advantage in terms of user scale and business coverage within the industry.

Further in-depth analysis reveals that Ant Group is confronted with three core issues. Firstly, traffic acquisition is highly dependent on payment services: Although payment services are the main "traffic entry point", the digital payment and merchant service businesses, which account for a large proportion of revenue, have long been in a loss-making state. Once payment services lose users due to competition, it will directly impact profitable businesses such as small loans and wealth management. Secondly, industry competition is becoming increasingly fierce: In the field of mobile payment, wechat Pay is seizing market share by relying on its high user stickiness. In the fields of microloans and wealth management, competitors such as JD Digits and Lu.com have also intensified the competitive pressure. Thirdly, there is uncertainty in financial regulatory policies: Regulatory requirements such as the establishment of financial holding companies and restrictions on the leverage ratio of small loan business have increased the difficulty of business expansion and may affect profit growth. In response to these issues, this study proposes targeted countermeasures: expanding new traffic channels through innovative business (blockchain, database services) and platform cooperation; Enhance competitive advantages by innovating payment methods (improving the efficiency of facial recognition payment) and personalizing products (customizing loan products). By strengthening communication with regulatory authorities and complying with regulatory requirements, ensure the stable operation of the business.

Although this study conducted a relatively comprehensive analysis of Ant Group's business strategy, there are still certain limitations. The research mainly focuses on a single enterprise and lacks in-depth horizontal comparisons with other fintech enterprises of different scales (such as small and medium-sized fintech platforms), resulting in the proposed countermeasures being highly

targeted at Ant Group, but their universality may be limited when applied to the entire industry. In addition, the analysis of regulatory policies mainly remains at the current stage, and there is insufficient exploration of the impact of long-term policy trends on the strategic layout of enterprises. This point can be further supplemented and improved in subsequent research.

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