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The Role of New Media Financial News in The Development of China's Financial Industry

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Abstract
This paper introduces the institutional role of Chinese financial news in the process of financial deepening. This article analyzes popular articles on Sina Finance to study how mainstream financial news chooses to cover the types and topics of "Internet finance". Internet finance was redefined by the Chinese government in 2018, aiming to use Internet technology to revitalize the financial sector and offset the impact of an economic slowdown. Research shows that major media in China vigorously promote the technological advantages of Internet finance, which improves the potential of the stock market while eliminating potential risks, uncertainties and regulatory constraints. Based on the institutional theory of media research, this study shows that financial news on the new media platform supports the informatization and marketization of the financial sector. This institutional role is a corollary and enabler of China's increasingly financialized economy and culture.
Keywords: Institutional Theory, Financialization, Financial News, Internet Finance

Introduction

"Internet finance" is widely seen as a frenzy of investment in information technology companies in the US stock market. According to the term redefined by the Chinese government in 2018, it refers to a new financial business model in which traditional financial institutions and Internet companies use Internet technology and information and communication technology to achieve financial financing, payment, investment and information intermediary services. In Internet finance, the traditional financial industry (such as banks and insurance companies) and Internet companies cooperate to provide financial products or services, including investment brokerage, online payment, person-to-person online lending, crowdfunding and insurance.

This short definition of central banks is worth reading. The Chinese government has historically recognised the role of the Internet in mediating fundraising and has given it a bigger role in an increasingly financialised economy. In particular, the Chinese government has created a business category among non-traditional financial firms (including Internet companies and microfinance firms that are licensed to operate "loans"). These companies mainly target small and medium-sized loan markets that state banks are reluctant to serve for a variety of reasons. Internet finance companies often use Internet technology to find and serve these customers. For borrowers, Internet finance is welcomed by small and micro enterprises. As the fastest growing sector of the economy, small and micro businesses are eager to use financing to accelerate their growth, but when they lack collateral assets, they have little access to capital and services from mainstream banks. Because loans from Internet finance companies are easy to obtain, they are popular among small entrepreneurs. In addition, the popularity of Internet finance has attracted more than 3 million ordinary investors to reallocate their assets. Lou (2018) found that since 2016, due to the profitability of the emerging loan market, many people began to invest their idle cash in Internet finance companies, or directly lend their savings to small and micro enterprises through the Internet. In 2019, Internet finance enjoyed considerable returns in the stock market, as many stock investors withdrew their bank savings and invested them in the Internet finance sector.

When Internet finance became popular, individual investors from all walks of life used financial knowledge and communication technologies like never before to transform financial culture. The urban middle class is jumping on the online bandwagon as they find it easy to invest their pocket money in a variety of unconventional funds via the Internet. Therefore, Internet finance is not only a business category for the state to implement financial policies, but also an economic way to expand the influence of the financial industry on a wide range of social groups. The Internet has expanded new investment opportunities beyond the traditional channels provided by the banking industry, helping businesses, small and micro businesses and millions of ordinary investors to accelerate the flow of their capital assets, savings and even idle cash. These players are now more involved in and dependent on financial capital and financial investment for their economic benefit (Ajji, 2020).

Media attention on Internet finance increased sharply in 2013, and news reports on Internet finance doubled explosively in 2018 (Juan et al., 2021). In 2022, Internet finance will also experience a brutal growth period, leaving many hidden dangers. So since then, regulation has continued to tighten. Big data, cloud computing and other fintechnologies have been implemented, and Internet finance has been transformed from a barbaric user robbing stage to a refined operation stage. If these Internet financial news stories represent certain trends in Chinese financial news coverage of emerging business and financial events, how do these trends reflect the interplay between Chinese financial news, the economy, and the social environment?

In European and American countries, especially during and after the 2008 global financial crisis, the interaction between financial journalism and its economic and social environment has been fully studied, while the performance of Chinese journalism in the financial field is almost an unexplored field. In addition, Li (2019) investigated the composition of the press and found that the press widely took financialization as a method of recapitalization and media industry expansion, and the reaction of media content on the flow of financial capital in the whole society was studied.

This paper supplements and improves these empirical cases studied by existing scholars, and draws conclusions by collecting data on Internet finance in news from 2021 to 2023 for classification and analysis. It also points out the research direction of the future development of Internet finance in the Chinese market. Content analysis via Sina News indicates that the Chinese government has used the Internet to promote and accelerate the marketization of the financial sector, which increasingly dominates China's overall economy. China's Internet finance is developing in a "rational" direction, and using Internet technology to improve the efficiency of the financial market has become the development goal in the next few years.

Institutional Theory of Financial Journalism

Institutional theory is a long standing sociological thought. Despite its theoretical and disciplinary breadth, the concept of institutions usually develops along two branches. Institutions are conceptualized concretely as formal, complex organizations, or abstractly understood as formal or informal conventions, norms, rules or codes of conduct (Arvidsson, 2020). Scott (2013) regards system as an organizational or superorganizational force that affects management performance. He divides these forces into three categories: regulatory, normative and cultural cognition. Regulatory institutions involve regulatory elements such as rulemaking procedures and sanction activities, while normative elements include social values that guide norms and achieve organizational goals. Cultural cognitive dimension refers to the process by which members of an organization share meaning and knowledge.

Institutional theory is often used in journalism and media studies. The study focuses on the interplay between news organizations and their economic, social, political and cultural environments. First, researchers explored the impact of institutional forces, such as government regulations, market changes and cultural changes, on the generation of news content, industry structure and news practices in news organizations (Zhang & Chan, 2017). At the same time, news organizations can also act as social, political or cultural institutions that serve the public interest and influence policy making and democratic culture.

An institutional perspective helps to understand the interactions between financial news and the economic, political and social environment. Financial news is the product of the financialization of economy. Derived from price lists and economic news, Western financial news is expected to have an increasing influence on economic development by informing increasingly specialized and diversified financial markets. In addition, volatility in the financial sector has affected the operation and management models of financial media institutions. Journalism does not react passively to social and economic change. Financial news also influences the economic and social environment. Financial television, for example, flourished in Australia in the early 2000s against the backdrop of neoliberal culture and management. On television, commentators constantly proclaim the indispensability of finance to ordinary people. In this context, the financial media function as informal educational institutions, training mass media audiences in order to improve their financial skills and encourage their active participation in financial practices.

The increasingly financialized economy has an impact on the content production and management operation of financial news, which in turn has a supportive effect on the financialized economic development mode. When the overall economy tends towards the financial industry, the media invest more capital and human resources in the collection, production and distribution of business and financial information to increase readership and advertising revenue. Economic changes dominated by political forces are also setting the direction for the content and style of financial news. Shifts in media paradigms in reporting business news or transmitting financial information inevitably affect public perceptions, perceptions and emotions about finance and, in most cases, make finance the center of public culture (Zhang et al., 2021). Intentionally or not, financial journalism has contributed to the financialisation of the Western world over the past few decades.

China's financialization and the institutional role of China's financial media

In economics, financialization is generally viewed from two perspectives: a particular view that tends to represent the latest developments in capitalism; The other is a broad definition aimed at understanding the interrelationship between the financial industry (including stock markets, investors and financial institutions) and the broader economy. A specific discussion of financialization looks at the changing pattern of capital accumulation within the framework of capitalism. Since the 1980s, the center of gravity of the global economy has shifted from production and services to finance, so that capital is increasingly accumulated through financing (for example, from investors in the stock market) rather than through production. Wang (2022) believes that financialization, in a broad sense, refers to a series of phenomena in which the financial industry has an increasing influence on domestic or international economic and non-economic policy making, such as the government's provision of social services and welfare. More broadly, the concept of financialization emphasizes the permeation of financial values in everyday life and culture, such as education, the arts, and health care, and how these values transform ideology into risk, wealth, and financial information.

Changes in financial markets have provided emerging news topics, and social and cultural changes have brought new audiences to financial journalism. Yet the transformation of financial journalism in China has never been spontaneous. Rather, it was initiated by the government-oriented media marketization in the 1990s, which revolutionized stakeholders, monetization methods, and Chinese financial news. From the establishment of the Tenth Factory in 1979, the first economic and business news of the opening era, until the widespread publication of the Economic Daily in 1989, Chinese financial news played a mainly administrative role, providing economic news and policy updates to government officials. Most of them are nonprofit institutions subsidized by the state. In 1992, the General Administration of Press and Publication embarked on a structural transformation of the business news sector through a variety of strategies, including cutting off financial subsidiaries, marketization of news operations, and financialization of journalism. In order to generate advertising revenue and expand their readership, some traditional economic news outlets, such as the China Industry and Business Times, have begun reporting on everyday economic issues of interest to blue-collar workers, office workers and small business owners. Since 2015, most Chinese business and financial news media have been forced to become financially independent of the state and self-sufficient with advertising revenue (Wang & Zhang, 2018).

At the same time, foreign and private capital is allowed to invest in the media industry, which provides a new profit model for China's financial media. In addition to advertising revenue, public-relations articles and marketing campaigns aimed at listed companies have also become alternative sources of income for newly established financial media, such as the 21st Century Business Herald and China Business Management News. In the early 2000s, the rise of a new generation of financial media also corresponded to an increasingly specialized and fragmented financial industry. At this stage, the focus of financial news changed from reporting business and economic news to meeting the professional information needs of financial investors. During this period, individual investors, mainly the newly rich and middle class in China's urban areas, became the main audience.

While newspapers were the dominant media until the early 2013's, television shows and the Internet have become more prominent as China's financial sector has welcomed a large number of non-professional investors over the past decade. On September 23, 2021, Sina

News was upgraded to an intelligent information platform with both quality and taste. Sina News has always served users' needs for high-quality content reading. In addition to providing users with high-quality content created by Sina channels and edited special topics, Sina News also cooperates with many authoritative mainstream media, such as Xinhua News Agency, People's Daily and China Media Group, to provide users with high-quality news. Sina's hodgepodge strategy is a reaction to the growth of a group of investors that was once a small slice of China's elite but has now grown into a vast wealth management group involving all social classes investing in various amounts and forms in skyrocketing financial markets.

If changing financial markets have been the main driver of financial news in the West, the picture is more complicated in China. The combination of political and economic transformation and media industrialization has been driving this trend since the reform of financial journalism in China. Political forces are the main participants in initiating media reforms, increasing the dependence of financial journalism on the economic and financial environment (Xiaopeng & Wendong, 2018). State-oriented marketization in the financial sector has changed the size and structure of social investors in China, thus affecting the readership strategies of mainstream financial news. In addition, since the development of financial news coincides with the development of the financial industry in time and region in the 2014 stock market reform, it is closely linked to the joint-stock company and its successor listed companies. The main role of financial news is to align with the political level of the country, serve the financial interests of large corporations, especially listed ones, and satisfy the information needs of individual investors. All of these institutional roles serve to deepen the financialization of Chinese society.

In order to examine the contribution of financial news to the financialization of China and the specific forms it follows, this paper analyzes the preferred themes and reporting methods used by China's major financial news media in their coverage of Internet finance in order to understand the institutional role of financial news in China's ongoing economic transformation and financialization process. As more and more people join the tide of the Internet, everyone wants to be able to have more understanding of related Internet finance. Reading news on Internet portals is one of the important channels for Chinese residents to obtain information. In order to study the trend change, it is the most direct way to survey Chinese residents' attitudes towards such news.

Data Collection and Compilation

In order to answer these questions, this study collected news reports on "Internet finance" from Sina.com. Sina.com is one of China's largest web portals, and its finance section is the most visited of all online businesses. From January 2021 to January 2023, the keyword "Internet finance" was used to search for news reports in a database composed of numerous news portals such as Sina News Center, Sina Finance and Sina Technology. For each of the 130 news reports collected, three categories were identified: (1) positive, (2) neutral and (3) negative.

Results and Discussion

The results are analyzed in this paper. For example, in 2021 released on December 31, sina finance and economics news "hug | in the 2022 s from net lending to financial technology, 10 years exploration left?" Describes the development course of Internet finance. The article defines Internet finance as a brutal growth period from 2015 to 2020, as this period has spawned various financial scams such as overdue payments, bad debts and fraud. With the launch of the "FinTech Development Plan" in August 2019, Internet finance will be combined with the technology industry in the future, and the ecology of the fintech industry will develop towards the direction of deep cultivation technology, resulting in the birth of artificial intelligence, blockchain and other technologies. The overall outlook for the future is optimistic, so the news is classified as "positive". On December 27, 2021, Sina Finance published the news "Three Poems Interpreting the Year of Internet Finance 2020: Huddling together to keep warm in the cold winter". The article from the P2P network loan market chaos to the country launched the market regulation plan. This paper discusses the advantages and disadvantages of the development of Internet finance from the Angle of "neutrality". Internet finance is a double-edged sword, which needs to play its role under the supervision of laws and regulations and the guidance of technology, with Internet finance security, risk prevention and control and consumer protection as the key direction of development. On January 25, 2021, Sina Science and Technology released the news "2020 midyear mutual Fund Information Disclosure Report: Complete data of 97 platforms, with substantial increase in compensation and overdue." Article Among the 97 P2P platforms, the overdue rate of the amount of more than 10% increased to 10 platforms, and some platforms' overdue rate exceeded 50%. The news was classified as "negative" as the country needs to regulate the Internet finance industry amid the increasing number of highrisk institutions. Through reading 130 news reports, the statistics of the keynote of the development of Internet finance are as follows:

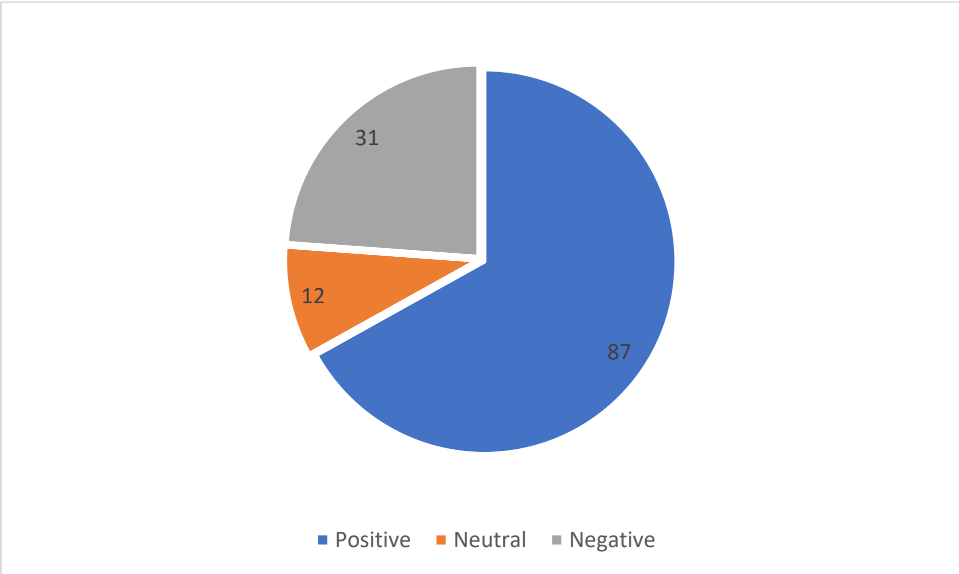

Figure 3-1 Key statistics of the development of Internet finance on Sina.com from January 2021 to January 2023

As shown in Figure 3-1, among 130 news reports on Sina.com, 87 articles hold a positive attitude towards the development of Internet finance, accounting for 66.92%. There were 12 papers holding a neutral attitude, accounting for 9.23%; There are 31 articles that think the development of Internet finance is worrying, accounting for 23.85%. Most of the news articles collected from the data are optimistic, as defaults in financial markets have declined following the introduction of laws and regulations in 2019. Statistical analysis of the keywords in these news reports shows the following results:

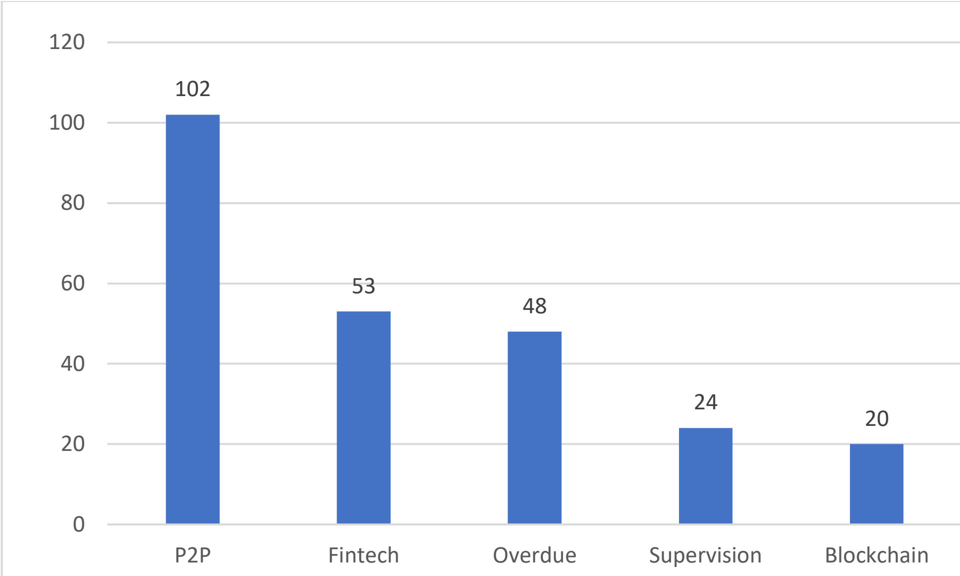

Figure 3-2 Statistics of the number of articles in which keywords appeared in 2 130 news reports

As shown in Figure 3-2, the five keywords with the highest frequency are selected for this statistics, and the frequency of their occurrence in 130 reports is counted. "P2P" was the most frequently used keyword in news reports in both years, with 102 reports, while "fintech" ranked second with 53. It can be seen that when it comes to Internet finance on Sina.com, the most frequent occurrence is "P2P", which is the same as consumers' cognition. From 2016 to 2020, P2P defaults and overdue events emerge in an endless stream. The reason why the news holds a positive attitude towards the development of Internet finance is the development of finance combined with technology, rather than the pure P2P lending platform. Therefore, the frequency of keywords such as fintech and blockchain is relatively high.

Most of the news articles highlighted the rising stock prices of Internet finance, rather than revealing the operation, policy background or social consequences of the emerging business model. The style of the report fits the widespread fanaticism of "hyping" Internet finance. As a Chinese word, stir-frying means to speculate on the value of some entity. Investors speculate about financial news reports, leading to a frenzy of Internet finance. In this context, the choice of subject and style in Sina and many other mainstream financial news stories in China may have fostered this speculation, and ultimately contributed to the development of the financialization of China's economy and public culture

Content analysis identifies the trend of Chinese financial news promoting the development of Internet finance in the stock market. The media strategy has two different attractions: the innovative ability of Internet technology to revitalize the financial sector and the profitability of Internet finance stocks. Both paradigms tend to attract public attention, generate positive social understanding, and attract more capital to growing areas of business.

Moreover, most of the mainstream financial media agree with the trend promoted by Sina.com, which is a response to the broader socio-economic environment. In 2015, the Chinese government officially launched the Internet Plus plan, which aims to adjust the social and economic structure and offset the negative impact of the economic slowdown by applying Internet technology to a wider range of industries. Non-traditional financial institutions have heaped praise on the Internet strategy after the third plenary session of the 12th National Congress officially approved the Internet Plus plan, hoping to join the financial business sector to accelerate their own development. These companies are emerging sponsors of the financial media, making it difficult to form the independent views necessary for a critical public understanding of Internet finance.

Mainstream financial news in China has helped popularize Internet finance among investors and the public culture. This promoting effect is determined by the characteristics of financial news industry and news reform. Driven by the commercialization of journalism and the financialization of the economic environment, most financial news in China prioritizes the role of publicity rather than information media. As content analysis shows, most news stories about Internet finance try to promote the sale of Internet finance stocks, while only a small percentage of news stories provide a comprehensive view to explain this new business model. Most of the news tends to cover the rise in the share prices of Internet finance companies and the improvement in the stock market performance. Most news reports exaggerate the innovation and profitability of Internet finance, while only a few seriously warn investors of risks or potential drawbacks. This preference has become more evident since 2013, when financial news has been covering Internet finance more and more.

In news reports analyzed, Internet finance is described as an emerging business field full of opportunities and promise. Many reports focused on the immediate economic effects of Internet finance, inspiring investors to explore the market. Take successful entrepreneurs or companies as examples to illustrate their profitability after adopting Internet technology in financial business. The Internet and computer technology have been described as having the Midas touch. Although Internet finance companies get a small amount of business and take financial risks from the largely state-owned financial sector, Internet finance can still effectively serve the Chinese government's macro strategy of making the financial sector more market-oriented. This reporting trend has influenced retail investors' understanding of Internet finance and even contributed to their enthusiasm for Internet finance stocks, ultimately increasing public participation and dependence on financial services. In this way, Chinese media have played a role in fueling the phenomenal growth of Internet finance.

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