

Discussion on Credit Granting Business of Commercial Banks under Supply Chain Finance

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ABSTRACT. *Academia has now based on theoretical research with relational lending as a starting point for research, confirming that the supply-point financial model can effectively solve the financing dilemma of SMEs due to information asymmetry. In order to explore the credit business of commercial banks under supply chain finance, this paper analyzes the development status of supply chain financial services of commercial banks in China, and has major problems and causes, and proposes further development and improvement strategies.*

Keywords: *supply chain finance; commercial bank; credit service*

0. Introduction

As a ubiquitous group of enterprises, SMEs play an important role in economic growth and technological progress in various countries. The difficulty of financing SMEs is a long-standing problem in the world. The situation in China is more complicated and severe. As a product of the new industrial organization form under the background of global trade division, supply chain finance has gradually begun to rise. In addition to assisting in the optimization of supply chain management and bringing new business models and profitable markets to commercial banks, existing theoretical research indicates that supply chain finance is effective in solving the financing dilemma of SMEs. Therefore, this paper discusses the credit business of

commercial banks under supply chain finance.

1. Supply Chain Finance Brief

Supply chain finance is a new type of financing model, which is simply a “1+N” model. The supply chain of a specific commodity, from the procurement of raw materials to the production of intermediate and final products, is finally sent by the sales network to the consumers, and the suppliers, manufacturers, distributors, retailers, and end users are connected together. .

2. Supply chain financial components

2.1 Financial institutions

Financial institutions generally refer to institutions that can provide loans, such as banks and insurance companies. For them, the upstream and downstream customers of core enterprises and logistics enterprises are potential target customers. In the process of financial operation of the entire supply chain, credit and capital are injected into the supply chain, and the asset control of the financing item is given to the core enterprises to support the credit of the small and medium-sized enterprises.

2.2 Small and medium-sized financing enterprises

In the supply chain, core enterprises with strong competitiveness and large scale are often demanding on the supporting conditions of the company, such as delivery, price, and terms of terms, due to their strong position. Most of them are small and medium-sized enterprises. It is difficult to obtain financing from banks in the traditional way. As a result, the capital chain is very tight and the entire supply chain is out of balance^[1].

2.3 Core Enterprise

The biggest feature of “supply chain finance” is to find a large core enterprise in the supply chain, and to provide financial support for the supply chain based on the

core enterprise. Due to its excellent credit and strong capital, the core enterprises have played a counter-guarantee role in the supply chain financing mode.

2.4 Third-party logistics companies

Third-party logistics is the main coordinator of supply chain financial services. On the one hand, it provides logistics and credit guarantee services for small and medium-sized enterprises; on the other hand, it provides asset management services (banking, auction, etc.) for banks and other financial institutions to build silver. A bridge of cooperation between enterprises^[2].

3. Status of supply chain financial business of China's commercial banks

China's supply chain finance started from the beginning of the bank. Under the background of the search for differentiated competition, the change of Jinqiang's service concept and the development of the general policy, the supply chain has won the attention of commercial banks and obtained With rapid development, supply chain financial products have blossomed everywhere in China, such as the Bank of China "Da" series, the construction bank "Fusion Chain", the Bank of Communications "Yongtong Supply Chain", and the Industrial Bank "Golden Sesame". The current commercial banking supply chain financial business development characteristics are as follows^[3]:

(1) Whether it is a state-controlled commercial bank or a joint-stock commercial bank, it recognizes the importance of the supply chain financial business and its potential for development, and has taken action in the field of supply chain finance to launch gold insect products and services that are mainly in the supply chain. .

(2) Different commercial banks have different strengths and objectives in carrying out supply chain financial services in view of their overall development strategies.

(3) Although there are many products in the supply chain, the characteristics of each bank are reflected to a certain extent in the business design. For example, the Bank of China relies on its international business advantages to carry out the international supply chain, and the Bank of Communications seizes the industry

segmentation. This reflects the idea of differentiated competition among the various banks in the supply chain financial business, which helps to achieve the refinement and design innovation of the product target customers.

(4) Although as a representative of the traditional financial field, commercial banks have retained a keen industry insight, and actively explored the new direction of supply chain finance development under the Internet financial wave, and promoted the supply chain finance online, using the Internet platform, large Data and cloud computing make the supply chain gold knock information more transparent, cost further reduction, and risk control capabilities further optimized.

4. The development of supply chain financial business in China's commercial banks

4.1 Supply chain financial business name is not true

In product design and business operations, the quality of products designed by various banks is different. Some products are named after the supply chain gold knocking. In the actual design and operation, they are still pampered by the traditional financing concept, and still pay too much attention. The credit level of a single enterprise fails to give full play to the advantages of supply chain finance.^[4]

4.2 The nature of the supply chain financial business has not deviated from the main credit financing

The industry of supply chain credit business is concentrated in the steel, coal, metallurgy, automobile and other industries, relying on the nuclear/heart enterprise credit level represented by large state-owned enterprises. Supply chain finance has only transferred risks for reduction, and eventually evolved into excessive credit belts. Concentration risk, single industry procyclical risk, operational risk and moral hazard.

4.3 Supply chain financial business risk control and disposal difficulties

In the process of practice, it is difficult for banks to effectively confirm and

supervise the cash flow and quality of pledges. The second party is ineffective. The hidden duplicate pledges and litigation disputes make it difficult to confirm the property rights, and it is difficult for banks to default. Effectively dispose of related companies.

4.4 Supply Chain Financial Business Unity

The supply chain financial services of various banks lack attention to regional industry special packages. The main types of supply chain financial products converge, and the main products have not yet separated from the scope of trade financing, and the corresponding productive strong products are lacking.

4.5 Incomplete supply chain finance online

Most banks' supply chain finance online is simply moving the business from “offline” to “online”, and has not been able to apply the core/public technology of Internet + such as big data and cloud computing to the online supply chain. Finance, data statistics processing and risk control.

5. China's commercial banks supply chain financial business development countermeasures

5.1 Commercial banks carry out supply chain finance according to local conditions

Fully consider the local industry background and explore the supply chain of potential service objects from the regional industry background. The development of supply chain finance business requires a commercial bank to fully understand the industry because it involves a specific industry environment, and then choose to enter after reasonable evaluation of industry risks. The corresponding supply chain credit scheme should be designed according to its industry Cao Jing and its characteristics^[5], so that information acquisition and risk control can be more effectively carried out.

5.2 Change the traditional “general branch” three-level bank governance structure

The implementation of business unit reform by commercial banks will be the focus of the current development and transformation of commercial banks. W Minsheng Bank's system of dividends generated by the Ministry of Commerce's reform of the Ministry of Commerce 1.0 is more effective than the traditional credit management system to carry out supply chain finance business. There are still some problems in the supply chain financial model under the reform of the business unit version 1.0. For example, the head office business unit monopolizes important enterprises in the relevant industry supply chain, and the separation from the local branch business that understands the situation is easy to cause “ungrounded gas”. In the case of the Minsheng Banking Department model, to enhance the professional understanding of the industry, to more effectively identify the supply chain risks, and to promote the reform of the business department version 2.0, is the development direction of future institutional development.

5.3 Comply with the trend of Internet finance

Online supply chain finance combines the advantages of both supply chain finance and internet finance. First of all, the construction of the supply chain gold knocking on the Internet information platform will help the collection and collation of supply chain financial information, further reduce the audit process, and reduce the cost of asymmetric information. At the same time, the Internet Information Platform can track the real-time movement of cash flow, assist in forging supervision, and achieve early warning of risks. On the other hand, the use of big data can help solve the problem of information asymmetry caused by the current unsound social credit system and the lack of cooperation in various credit information systems. Using big data to analyze the trading behavior and credit level of financing entities will help Commercial banks better identify the risks of SMEs in supply chain finance.

6. Conclusion

Based on the departure of supply chain finance, this paper analyzes the

components of the chain and the three main financing modes. From the perspective of commercial banks, it reveals the advantages of supply chain finance, and proposes that commercial banks continue to carry out this business, in order to improve the operating profit of commercial banks, and better solve the problem of financing difficulties for SMEs.

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