

# Analysis of Credit Loan Risk Management of China Construction Bank Guangzhou Branch

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**Abstract:** Financial markets in nowadays, credit risk management is essential for the operation of the banking industry. This article analyzes the credit risk management strategy of China Construction Bank Guangzhou Branch and its realistic effects. The article describes the importance and practical significance of credit risk management in the overall operation of China Construction Bank. As one of the four major first -tier cities, Guangzhou's branches of the construction bank have typical representativeness. The management strategy of credit risk has obvious policy orientation and realistic representativeness. The operating model and credit risk of credit business reflect the current status of its credit business and the types of credit risk and its influencing factors. It emphasizes the main credit risk management strategy of the Guangzhou Branch of the Construction Bank, and provides a scientific and convenient possibility of the operation and management and operation management of the subsequent Construction Bank. It may have some reference significance for the risk management model of the entire financial system.

**Keywords:** Construction Bank; Credit loan; Risk management

## 1. Introduction

The focus of this article is to analyze the current status and problems of credit risk management of China Construction Bank, and put forward corresponding references and suggestions. Credit risk management is critical to the stable operation of banking business and asset security. Therefore, this article aims to reveal the status and problems of credit risk management, and provide reference and suggestions for Guangzhou Branch and even the entire banking industry. This article borrows the academic views of the management and control of financial loan risk management and control at home and abroad, absorbs the theoretical results of existing research results, analyzes the fact that China Construction Bank Guangzhou Branch analyzes the facts of small and micro -enterprise loan risk management. The current status of credit risk management of Guangzhou Branch. It also includes the research progress of the risk control of financial loan risks at home and abroad, and focuses on highlighting the credit situation of SMEs in the process of credit risk management of the banking industry, revealing the specific practical results of the Tianhe Sub -branch of China Construction Bank and the management results of credit risk management. Implementation effect. After analysis, this article is intended to propose a series of loan risk control and prevention strategies, which aims to lay the theoretical foundation and practical foundation for the development of loan services for China Construction Bank. And its financial institutions provide useful reference and guidance to improve the level of risk management of credit business in the banking industry and even the financial industry<sup>[1]</sup>.

This article studies the credit risk management and effect analysis of the China Construction Bank Guangzhou Branch. Credit risk refers to the risk of breach of contract or losses that banks faced in the process of issuing loans, which is of great significance for banks. As one of the largest state -owned commercial banks in my country, China Construction Bank, its credit risk management is critical to maintaining the stability of the financial system and protecting customers' interests. The significance of commercial bank credit risk management is obvious. For commercial banks, credit is one of the main sources of profit. Effective credit risk management can ensure the quality of assets, reduce credit losses, and improve profitability. On the other hand, credit risk management is also of great significance to the stability and development of the entire financial system. As a financial intermediary, commercial banks can reduce the possibility of financial risk transmission through effective credit risk management and

maintain financial stability. With the impact of the development of credit risks in the financial market today on commercial banks, domestic scholar Li Qingji<sup>[2]</sup>. conducted research on the risk management of state-owned commercial banks in this form, promoting the regulation and improvement of credit risk and internal control policies in commercial banks. On the basis of this theory, Li Jiaping<sup>[3]</sup>.carried out further research from the perspective of credit risk control, bringing the field to a new level of development. From a new perspective, Zeng Yu<sup>[4]</sup>. explored the research on credit risk control from the information technology platform, and accelerated the diversification of more scientific and accurate risk decisions through a large amount of customer data and market information. Li Yisheng<sup>[5]</sup>.and Huang Feng have been newly discovered in the study of credit risk issues in China Construction Bank. They believe that changes in the financial ecological environment affect the risk of loan loans in commercial banks to a certain extent<sup>[6]</sup>.

## **2. China Construction Bank credit loan business and its risk introduction**

As one of the five major state-owned banks, China Construction Bank's business volume has spread all over the country, and its deposits, withdrawals, transfers, loans, settlements and other businesses have been widely popular, meeting the daily capital needs of residents and the capital financing needs of enterprises, activating the vitality of the financial market, and improving the economic benefits of China's financial market to a certain extent. However, as the benchmark of the traditional financial industry, the banking industry will also advance with the times, develop and innovate, and need to be combined with the Internet economy. It must also coordinate with the development of the times. Among them, the credit loan business, as the quantitative business of the financial industry, has a wide range of demand, and its accompanying risks are becoming more and more significant. Financial institutions themselves should be vigilant and pay attention to risk control or prevention.<sup>[7]</sup>.

### **2.1. China Construction Bank credit business introduction**

China Construction Bank is one of the largest commercial banks in China, and its credit business has an important position in the domestic financial market. China Construction Bank's credit business is widely involved in various fields, including personal loans, corporate loans, and real estate loans. As a comprehensive commercial bank, China Construction Bank's credit business is one of its core business and an important source of profit growth. As a national bank, there are branches in various provinces and cities, which can provide all-round credit services for customers. At the same time, China Construction Bank's credit business has a layout at home and abroad, and has strong overseas business capabilities. Through extensive branch networks and diversified business layout, the scale of credit business of China Construction Bank continued to expand, providing customers with continuous financing support. As one of its core business, China Construction Bank's credit business has an important position in the domestic financial market. Its large scale, online and offline integration development and the establishment of risk management systems provide customers with comprehensive credit services and ensure that the risk of credit business is controllable. The development of China Construction Bank's credit business not only brings profit growth for banks itself, but also provides strong support for the development of the domestic economy<sup>[8]</sup>.

### **2.2. Analysis of the cause of credit risk in Guangzhou Branch**

The reasons for the risk of credit loan in Guangzhou Branch, it is not difficult to find the following aspects. First of all, Guangzhou Branch has a huge business volume and is representative in first-tier cities. However, there are inevitably some branches that will have poor review in credit business. Due to a large amount of loan demand and the growth of business volume, sometimes there may be negligence or too rapid decisions when reviewing loan applications, resulting in some potential risks to be ignored. Therefore, the rigorousness of the review process and the professional ability of reviewers are particularly important. Secondly, some of the regional branches under the Guangzhou Branch also have credit risks, and the risk is also related to the internal control mechanism in the bank. Although the Construction Bank, as one of the five major domestic commercial banks, has a comprehensive internal control policy, in the actual implementation process, due to the improper operation of personnel or the poor information communication, some risks cannot be controlled or delayed. Therefore, the ability to supervise and implement the internal control system should be strengthened within the industry, and the ability to prevent risk prevention should be strengthened. In addition, the cause of the credit risk of Guangzhou Sub-branch is also related to the changes in the macroeconomic environment, especially Tianhe Sub-

branch. Based on the current macroeconomic situation unstable, the financial market fluctuates large. A certain challenge came. Factors such as the instability of the business status, the decline in market demand, and the adjustment of government policy will affect the repayment capacity of the loan, thereby increasing the existence of credit risk. Among them, the risk of credit includes the following four aspects. The first is market risk, that is, changes in market environment and economic fluctuations may affect the repayment ability of the borrower. Banks should establish a market risk monitoring system to timely evaluate the impact of changes in the economic situation on the ability of the borrower to repay, and take corresponding measures. The second is operational risk, that is, a strict risk assessment and approval mechanism should be established for risks caused by errors that may occur during credit approval, lending, recovery and other operations, strengthen employee training, improve the standardization of operations, enhance the sense of risk management awareness. Again, the changes in the government's macro-control policies and regulations and policies in response to the risk of credit policy may affect the risk of bank credit business, It should pay close attention to policy trends, timely adjust the credit strategy, ensure business compliance, and reduce the risks brought by policy changes. Finally, the customer's credit risk. Since the credit level of the borrower is directly related to the problem of loan breach, it is necessary to strengthen the customer's credit risk evaluation system and adopt a multi-dimensional credit evaluation model to ensure the authenticity of the credit status of the borrower's credit status<sup>[9]</sup>.

### **3. Analysis of the effectiveness of credit risk management of Guangzhou Branch in China**

#### **3.1. Evaluation method of credit risk management effects**

The risk management of bank credit loan business must be paid attention to. Customer credit risk is also one of the credit risk causes of the Guangzhou Branch. Because the credit status of the borrower directly determines the risk of breach of contract for loans to a certain extent. When the credit status of the borrower is poor, it will not be repaid or cannot be repaid on time, which will cause a certain risk to the bank. Therefore, the Guangzhou Branch should strengthen the credit evaluation of customers in the process of credit business management, and minimize the bank's credit risk as much as possible. This article evaluates the credit risk management effect of China Construction Bank Guangzhou Branch, and uses some typical evaluation methods to objectively analyze the credit risk management effect of the Guangzhou Branch of China Construction Bank, including observation, analysis, and records of credit risk management process and results, and sorting out the theoretical logic and practical logic of banking risk management, which is conducive to bank workers to further deepen the objective understanding of the banking risk management process, and continue to understand the trust and satisfaction of customers' credit risk management of banks. Through various aspects of credit risk management assessment, we can provide objective evaluation results. In addition, the scientific system evaluation method can fully understand the current status of bank credit risk management, discover the problems and disadvantages of it, and provide more powerful suggestions and guidance for bank credit risk management. This article will choose a relatively more suitable assessment method based on the specific situation to further evaluate the credit risk management effect of Guangzhou Sub-branch. Through these evaluation results, better optimization measures and suggestions can be put forward to improve the quality and level of risk management effects<sup>[10]</sup>.

#### **3.2. The actual data support of credit risk management effect**

In order to better evaluate the effectiveness of the credit risk management of Tianhe Sub-branch, this article uses some data indicators and information indicators to analyze the bank's credit risk management effect. We compared and calculated the non-performing loan ratio of the branch. By comparing the non-performing loan ratio of the branch with the industry average and historical data, it can be determined whether the credit risk management of the branch can achieve the expected effect based on the results. Now, Below about this article takes the risk management of Tianhe Sub-branch of Guangzhou Branch as an example to display the relevant indicators from the some official data.

The official data describes the relevant account data of the Guangzhou Branch of China Construction Bank Co., Ltd., especially for examples of the relevant data of the Tianhe Branch of Guangzhou City. By analyzing the relative non-performing loan rates, the effectiveness of the risk management process and measures is evaluated. We can be able to Comprehensively evaluate the credit risk management effect of the branch, and better put forward optimization measures and suggestions in order to provide some reference for the financial risk control and control of commercial banks.

#### **4. The path to strengthen China Construction Bank Guangzhou Branch's credit risk management capabilities**

##### ***4.1. Organize an independent risk management framework to strengthen internal control***

In the improvement of credit risk management measures for China Construction Bank Guangzhou Branch, the focus is on the establishment of an independent risk management framework to strengthen internal control. In order to ensure the independence and effectiveness of risk management work, the Guangzhou branch is necessary to establish a special risk management department and give enough power and resources. Attach importance to the independence of the risk management department, and organize the establishment of an independent risk management system to provide sufficient power and resources for the risk management department, so that these departments can better fulfill the functions of risk management. The formulation of a clear risk management framework and process are essential to improve the application, approval, lending and tracking management of customers through the establishment of a full -process risk management system, and improve the efficiency of process. In addition, risk early warning and risk dynamic monitoring mechanism should be established, and credit risk reports are timely obtained through real -time monitoring, and effective risk prevention and control measures are taken to respond. It should be noted that on the other hand, we must also strengthen information technology construction, improve the role of information technology collection in market information, clarify customer data, and improve the accuracy of risk assessment.

##### ***4.2. Improve credit risk management process to achieve risk dynamic management***

Credit risk is more common in the financial market. Therefore, it is necessary to improve the level of credit risk management of the Guangzhou Branch of Construction Bank. Based on the existing risk management framework, it is necessary to continue to improve the credit risk management process to achieve dynamic management of risks. For example, strengthening risk identification work, banks can analyze various factors that may affect various factors by establishing various risk assessment models. And validity. Then there is risk management after loan. The specified date is required to be reviewed and managed to ensure that the use of loans meets the norms. Through many aspects of risk assessment methods, we will understand the customer's operating conditions in a timely manner. Finally, collect and integrate various types of credit risk information in the banking industry, establish a risk information database, collect and organize relevant information on internal and external risks of the financial system, and use relevant software and tools to conduct statistical analysis specifically for banking risks, and improve the bank's risk warning system and real-time monitoring functions. Through the above methods, China Construction Bank Guangzhou Branch can greatly improve its credit risk management capabilities, better prevent and control related risks, and ensure the bank's stable operation and long-term development. At the same time, these measures will also help improve the bank's service quality to customers, enhance the market competitiveness of commercial banks, and thus enhance the risk management and control capabilities of the financial system.

##### ***4.3. Strengthen the construction of data information platforms to improve the internal rating system***

In the construction of credit risk management measures for China Construction Bank Guangzhou Branch, by strengthening the construction and optimization of data information platforms, the Guangzhou Branch can better manage and control credit risks. In addition to providing basic information related to customers, the data information platform can also support the improvement and operation of the internal rating system. To this end, it is necessary to strengthen the construction of the data information sharing platform and build a credit risk management mechanism between cities. First, the construction of the data information platform can provide more detailed and accurate customer information. Through the data information platform, banks can quickly collect and organize multiple customer data to provide multiple information support. In this way, the Guangzhou Branch can more accurately determine the credit status of customers and make corresponding methods to reduce credit risks. Secondly, the construction of data information platform can improve the operation of supporting internal rating systems. Because the internal rating system values better data, strengthening the construction of the data platform can be updated according to the customer's credit status, and ensure that the rating model is optimized in time. By refining the customers, the Guangzhou Branch can determine how to set up loan conditions and interest rates through the customer's credit risk level. By strengthening the construction of the data information platform, it provides an accurate and sufficient data foundation for the internal rating system. For the Guangzhou Branch, this can effectively improve the scientific and

accuracy of credit decision -making, and reduce the credit risk generated by the Guangzhou branch.

In addition, the construction of data information platform can also promote the implementation of risk dynamic management. Real -time updated data information platforms can timely identify changes in risks to improve the dynamic risk management of Guangzhou Branch and take countermeasures. In the process of credit, customers' credit status and risk level will change at any time due to various situations. Therefore, with the help of the data information platform, we can better grasp the risk status of customers in a timely manner, and adjust the credit strategy and risk management measures accordingly. In the data information platform, the Guangzhou Branch can understand the relevant information of customers in real time and make corresponding risk analysis and warning. To better grasp the credit status of customers, make corresponding strategic adjustments according to the actual situation, and effectively reduce the bank's credit risk.

In summary, the construction of the data information platform can effectively improve the credit risk management of the Guangzhou Branch. By improving data collection and organizing and the operation of internal rating systems, the Guangzhou Branch can effectively control and manage credit risks. To this end, the Guangzhou Branch of Construction Bank should continue to improve the level of informatization, strengthen investment in the construction of data information platforms, and provide more powerful guarantees for credit risk management.

## 5. Conclusions

This article mainly analyzes and summarizes the credit risk management of China Construction Bank Guangzhou Branch. In -depth analysis of the credit risk management model of the Guangzhou Branch of China Construction Bank, and found out the shortcomings of the model, and then proposed the corresponding improvement measures shown below:

In terms of credit risk management, through the establishment of a multi -level risk management mechanism, CCB Guangzhou Branch effectively evaluated and monitored the risk of credit borrowers while also strengthening real -time monitoring of risks. Therefore, it has clearly achieved the improvement of the credit risk management system. Of course, China Construction Bank Guangzhou Branch has attached more attention to the prevention and control of customer credit risk in various business systems to prevent them from negatively impacting the management of commercial banks' credit risks. By combining credit approval and post -loan management links, this comprehensive risk management model effectively prevents various credit risks to largely reduce bank losses. Construction Bank Guangzhou Branch has continuously improved and innovated the problems arising from various credit risk management. Actively adopt modern risk management technology to improve the effectiveness of risk management of commercial banks. At the same time, the cooperation between relevant departments has also been strengthened, sharing existing information resources, and continuously promoting the coordinated development of credit risk management. Although China Construction Bank Guangzhou Branch has achieved great success in credit risk management, there are still some problems. Therefore, in future research, we should further analyze these issues and propose corresponding improvement measures. This article provides effective reference suggestions for bank credit risk management, and emphasizes the importance of coordinated management in various aspects. With the above methods and suggestions, it can greatly improve the risk management capabilities of banks and promote the stability and sustainable development of banks. China Construction Bank Guangzhou Branch has made significant improvements in credit risk management, but still has a lot of room for improvement<sup>[10]</sup>. It is hoped that the study of this article can provide a certain reference and guidance to contribute to the future risk management work of the branch, and provide effective help for the development of credit risk management of the banking industry.

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