

Evaluation and Analysis of Anti Risk Repayment Ability Based on Business Loan Data of Small and Medium-Sized Enterprises

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Abstract: Credit risk control is the basis of commercial banks supporting the credit of small and medium-sized enterprises. While providing credit support for small and medium-sized enterprises, commercial banks should do a good job in risk prevention, improve management quality, reduce credit risk, realize complementary advantages, and achieve win-win for commercial banks and small and medium-sized enterprises.

1. Introduction

SMEs are the most dynamic enterprises in China. They are responsible for more than 90% of employment and resettlement in China, and play an important basic role in providing production, survival and optimizing resource distribution for people[1]. The state will actively support the development of small and medium-sized enterprises and provide various preferential policies and support. Small and medium-sized enterprises are generally small in scale and under great financial pressure, so they need commercial financing. In order to encourage commercial banks to provide loans and credit services to small and medium-sized enterprises, our state has introduced a number of policies and measures. On the other hand, the anti risk ability of small and medium-sized enterprises is weakened. Many commercial banks need to bear a lot of financial risks to provide credit services for small and medium-sized enterprises. How to reduce the risk of small and medium-sized enterprises, how to support the development of small and medium-sized enterprises, how to promote the healthy development of small and medium-sized enterprises, is an important issue faced by many commercial banks.

2. The Basic Theory of Risk

2.1. Definition of Credit Risk of Commercial Banks

The so-called risk is the uncertainty of production purpose and labor result. A definition includes two meanings: one is to emphasize the uncertainty of risk performance as return[2]; the other is to emphasize the uncertainty of risk performance as cost or expense. If risk is expressed as uncertainty of return or price, it means that the result of risk may not be loss, benefit or loss. The exercise of all ownership should be considered as management risk. Financial risk is classified into this category. Moreover, risk performance is the uncertainty of loss. This means that the risk will only bring loss, and it is impossible to profit from the risk[3]. The so-called credit risk of commercial banks refers to that in the process of business operation of commercial banks, the credit transferee cannot repay the loan principal and interest stipulated in the contract, thus losing the expected income from the credit assets.

2.2. Types of Credit Risk of Commercial Banks

According to the loss of credit assets, the credit risk of commercial banks can be divided into the

following types: this type of credit risk mainly depends on the change of uncertain factors in the financial market. These uncertainties mainly include interest rate and exchange rate[4]. The risk of loss of credit assets is the most serious of all credit risks, which may also lead to the biggest loss of commercial banks. Commercial banks in developed countries always put this risk first. By adjusting the asset structure, we can reduce the risk probability, analyze the financial market and interest rate adjustment in time, expand the risk market, and predict the financial risk probability to guide the investment decision. With the acceleration of China's market-oriented process and the formation of "belt and road" economic belt, the acceleration of RMB exchange rate market-oriented process and the strengthening of credit risk management of China's commercial banks are imminent.

Credit risk is guided. This type of credit risk mainly comes from the trustee's inability to repay the principal and interest liabilities within the specified period[5]. Moreover, this greatly reduces the credit quality of creditors and fails to achieve the expected return. Among them, market risk, default risk, purchasing power risk and default risk are all the causes of credit risk. Several developed countries, such as default risk, credit risk, market risk, income risk and purchasing power risk, are afraid of the vicious circle caused by the accumulation of credit risk. Finally, in the case of financial crisis with greater credit risk value, everyone is afraid. Therefore, preventing and resolving credit risk is the main task of commercial banks.

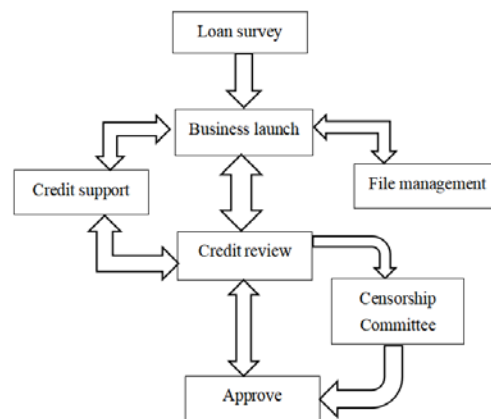


Figure 1 Credit business process guidance

Corruption within the bank, corruption of customers, products, activities, commercial activities, risks, loss of tangible assets, business interruption, system failure, and loss caused by execution, distribution and transaction. The main characteristics of this kind of risk are[6]: most of the risk factors come from the bank's business activities. Therefore, commercial banks have unified operational risk management in all aspects of operation and management. China's commercial banks are the same in risk management: it is necessary to carry out reform, continue to strengthen the internal control system, effectively improve the responsibility of system encapsulation, strengthen the management and education of talents, and improve the current management methods.

The type of liquidity risk is induced. This type of credit risk is mainly the principal and interest of commercial banks' loans, repayment ability, but they cannot accept the fact that they have sufficient funds in order to support asset growth or loan principal time or low cost. And interest. Commercial banks, their products can flow freely in the financial market, hope that it is reasonable to return their credit assets, can sell them smoothly, and other capital investment can be reasonably introduced. There are two main types of liquidity risk, including[7]: asset liquidity risk mainly refers to the inability of capital to repay, which leads to the fact that some interest in time is not affected by the repayment of bank loans of commercial banks and the formulation of new loans. Such risks will bring huge losses to commercial banks. The liquidity risk of liabilities is mainly due to the influence of various external factors, which prevents the normal operation of the bank's existing funds. The lack of liquidity of commercial banks has caused the change of liabilities of

commercial banks, and the banks have readjusted their policies. As a result, commercial banks will face huge cash pressure, and banks may even face the risk of bankruptcy.

This type of credit risk is mainly due to the bank's laws and regulations, restrictions, rules, self regulatory institutions according to the established relevant specifications, and the bank's independent business activities follow the norms applicable to the failure of action, therefore. Moreover, according to the law, the risk of punishment on sanctions or regulations, significant financial loss or reputation loss. It is said that the main purpose of management is for commercial banks to establish specific risks more quickly, evaluate the risks related to them, predict the possible Bureau, in order to establish violations, and finally to reduce or eliminate, effectively detect the relevant risks. Performance. The center of risk management of commercial banks is compliance risk management of commercial banks. It establishes compliance controls within the bank to prevent, mitigate and control compliance risks. It can be seen that the key link of credit risk prevention of commercial banks includes the prevention of compliance risk[8]. Risk prevention is very important for modern commercial banks.

3. An Analysis of the Causes of the Loan Risks from Commercial Banks to Small and Medium-Sized Enterprises

Commercial banks that provide loans to SMEs are dangerous for several reasons. First of all, from the perspective of commercial banks, China has carried out financial system reform, liberalized the market domination of commercial banks, encouraged the development and growth of commercial banks, and increased the number of commercial banks. While promoting deposit and loan services, a more competitive market pattern has been formed. Commercial banks need to develop more customers in order to be more useful[9]. Compared with the limited market resources, commercial banks compete fiercely in order to obtain more customers in the centralized place of commercial banks. Many commercial banks are not allowed to lower standards and provide various priority conditions. While expanding the market, risks will continue to accumulate, leading to greater risks. Secondly, from the perspective of small and medium-sized enterprises, bank loans generally have strict restrictions on the use of funds. Special fund is the basic requirement of commercial bank credit and the important foundation of ensuring credit guarantee. But the operation of SMEs is very flexible, which can not guarantee the quality of SMEs. Many small and medium-sized enterprises have changed the use of credit funds in view of their maximum interests. The applicable standards of funds used for business activities are in line with credit standards, and the risk is low. After the successful issuance, they began to invest in real estate, real estate and other industries, such as the stock market, and the income was directly proportional to the risk.

In addition, in the development process of commercial banks, the lack of scientific planning and overload operation is also an important reason for risk. Many small and medium-sized enterprises do not fully consider their own development and market changes. They have high expectations of the company's ability to repay its debts and its profitability. They want to occupy a large amount of fixed capital, and the destruction of capital chain is an important opportunity for the outbreak of credit risk.

4. An Analysis of the Ways to Prevent and Effectively Resolve the Loan Risks of Commercial Banks to Small and Medium-Sized Enterprises

Commercial banks first establish the sense of risk, as an important topic for risk prevention and risk reduction, in order to make certain efforts, timely carry out a variety of credit risks, and actively avoid risk compensation and good work to be managed.

4.1. Set Up Professional and Perfect Loan Review Post

It is a complete process for commercial banks to accept the loan application, loan, tracking supervision and credit restoration of small and medium-sized enterprises. Re audit, decision-making, release on time, do a good job of time recovery. This is the work of the system and all links are

required. To the extent that there is no leakage, any link problem will affect the credit quality and increase the credit risk of commercial banks. Therefore, it is necessary for commercial banks to set up experts and complete loan evaluation positions to be handled by experts. Adhere to the principle of separation of loan approval, ensure that all relevant links can check and balance each other and form an independent supervision. Inspection, investigation, decision-making, audit, and supervision are closely related to the operation process of commercial loans. Their rights are clearly defined, responsibilities, and link rules can be acted upon. Careful attention is paid to prevent and reduce the location confirmation process from various risks.

4.2. Strictly Inspect and Audit Credit Quality

To investigate and evaluate the credit of commercial banks, define relevant quality management standards, and establish a dynamic management and supervision system. In combination with the credit department structure of commercial banks, do a good job in department supervision and evaluation. The important factor that affects credit ability is the management ability and management level of credit talents. Establish a special credit management evaluation system for small and medium-sized enterprises, and do a good job in the stability of deposit, loan, deposit and incremental deposit. Fully supervise the use of credit funds of small and medium-sized enterprises, timely assess the use quality, operating conditions, payment ability, and the risk of bad debts, and conduct overall supervision from the micro perspective. Evaluate the loan loss of commercial banks and grasp the credit risk of macro banks.

4.3. Continuously Improve and Innovate the Credit Management Mechanism of Banks

We will improve the loan management mechanism of commercial banks for small and medium-sized enterprises, constantly reform credit management according to market changes and industrial development, improve the quality of credit issuance, and improve the efficiency of credit management. Commercial banks will regularly and closely contact small and medium-sized enterprise customers, pay close attention to the credit quality of small and medium-sized enterprises, improve the credit evaluation system, and constantly improve the efficiency and credit rating quality. We will strengthen the follow-up supervision and risk assessment of enterprises after credit issuance, increase the number of assessments, strengthen supervision, and promptly identify and take effective measures to eliminate risks.

5. Conclusion

At the same time, with the improvement of the service quality of small and medium-sized enterprises, the enhancement of various information services provided by small and medium-sized enterprises, the strengthening of business ability and market competitiveness, enterprises are in a good direction of development, continue to expand the market, continue to improve their earnings, therefore, the return of credit guarantee fund. Since then, high-quality credit customers can control and reduce the risk, improve the income of commercial banks, and achieve the progress of risk management and profit promotion.

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