

Research on Intensive Management Model of Village Banks in China

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Abstract: With the continuous improvement of economic level in rural areas in China, more and more rural banks appear in rural areas. Intensive management mode is conducive to enhancing the ability of sustainable development of village banks. Under the framework of this management model, the original legal risk prevention mechanism of village banks at the grass-roots level has been affected. China's village banks are in the process of gradual development, and have made some achievements. Due to the lack of clear supervision and management policies of village banks, and the large differences between different main issues, the village banks in China have exposed many problems. This paper analyzes the existing problems of the management mode of rural banks in China, and puts forward some suggestions and measures in combination with the intensive management mode, in order to promote better and faster development of rural banks in China.

1. Introduction

In the transformation of economic growth mode, finance plays a vital role. Village banks as an important part of the financial industry, how to change the management mode from extensive management to intensive management [1]. Intensive management is the basic orientation of modern village banks to improve efficiency and efficiency. The main sponsoring bank system of village banks plays an important role in ensuring the smooth progress of the pilot project of village banks. The main sponsoring bank formed on the basis of this system manages village banks [2]. Because of the short history of the development of village banks in China, a perfect management system and system have not yet been established. Moreover, the financial problems in rural areas have higher complexity, which has caused many problems in rural banks in China [3]. The existence of the problem not only makes China's rural banks not adapt to the requirements of the market economy. Moreover, it has a fierce collision with the intensive management, that is, the principle of profitability of banking operations, which hinders the process of the transformation of professional banks in China into commercialization [4]. As the main sponsor and the largest shareholder of the rural bank, the main sponsoring bank played a key role in the development of rural banks [5].

In order to meet the needs of the development of China's township economic level, many rural banks have begun to appear in various towns and villages, and are constantly approaching perfection [6]. With the increase in the number of village banks established, how to effectively manage village banks is a problem that the main sponsors need to solve [7]. How to maximize its benefits is not only related to the success or failure of the reform and development of rural banks, but also to the survival and development of rural banks in the 21st century. The work content is unclear, the bank's internal management is too strict, and the lack of support [8]. To a large extent, it has hindered the development of rural banks in China, thus indirectly restricting the development of rural economy in China. It is necessary to make a comprehensive summary of the management mode of village banks. The reasons behind the problems are analyzed from different perspectives, such as regulatory agencies, main sponsoring banks and village banks. Targeted solutions are put forward [9]. This paper analyses the existing problems of village bank management mode in China, and puts forward some suggestions and measures combined with intensive management mode. In order to promote better and faster development of rural banks in China.

2. Materials and Methods

2.1. Current situation of bank management

The mode of economic growth is related to a certain stage of economic development. Under the condition of low production technology level, the extensive growth mode which emphasizes epitaxy and enlarges scale is the main mode. When the content of science and technology reaches a certain level, the proportion of intensive management will be continuously increased to meet the rapid development requirements on the basis of high quality. In order to meet the actual needs of grass-roots institutions of village banks, some village banks have divided legal risk prevention and control into direct management and indirect management under a reasonable framework. With the opening of the domestic market and the integration with the international market, the market will increasingly shift from product price competition to product-based technology quality, efficiency and efficiency. Due to the relative scarcity of legal resources, most of the grassroots institutions have weak legal risk prevention and control capabilities, so it is necessary to be based on actual conditions. After the main sponsoring bank system was introduced into the village bank, many village banks will only follow the management philosophy and business methods of the main sponsoring bank. And both sides have not realized this, which has caused a certain degree of change in the nature of many rural banks.

2.2. Differentiated management

In terms of management content, through the establishment of the management headquarters, the main sponsoring bank provided all-round support to the village banks. Intensive management is also conducive to the elimination of the stock of non-performing assets of state-owned banks. Due to historical and institutional reasons, extensive financial growth has led to the deposition of large amounts of non-performing assets in rural banks. The regulator requires the main sponsoring bank to manage the village banks in order to reduce the crisis of the village banks, and to provide sufficient funds to support the crisis in the village banks [10]. For the established village banks, it will be more difficult to implement capital expansion policies such as capital increase and equity increase in the future. The joint management model not only gives full play to the resources and professional advantages of the head office, but also gives play to the convenience and information advantages of the local branch. The appropriate allocation strategy of centralization and Decentralization under intensive management mode is undoubtedly the right choice. The legal environment may change in the legal risk of village banks, but the risk can not be avoided. A large number of legal risks are mainly caused by operational risks, which are accompanied by complex legal risks.

3. Result Analysis and Discussion

Villages and towns banks still carry out the system of state-owned sole property rights, which inevitably leads to the absence of property rights subject and unclear property rights relationship. Grass-roots institutions have insufficient legal information, less communication with external institutions such as the People's Court, and few opportunities for business personnel to receive legal risk prevention and control training. Branches are too involved in the day-to-day management of village banks, especially in the concurrent employment of personnel. It is easy to bring the business model and practice of the branch into the village bank, which affects the development direction of the village bank. Supervisory and administrative organs should clarify the rights and responsibilities of the main sponsoring company in accordance with relevant laws and regulations, rather than formulate different regulations on their own.

With the liberalization of private banking policies and the relaxation of financial leasing and financial consumption policies, the policy resources for banks to implement the above strategic objectives have greatly increased. The sole exclusive nature of the subject of property rights has made the source of capital funds closed and single. It restricts the concentration of bank capital and

is not conducive to the rational use and effective allocation of bank capital. Innovatively driven economies have higher banking policy scores than investment-driven economies. This is mainly because the innovation-driven economy has a higher level of economic development, a more complete policy system, and a higher allocation efficiency of bank resources. Figure 1 is a conceptual model of the impact of banking policies on bank behavior.

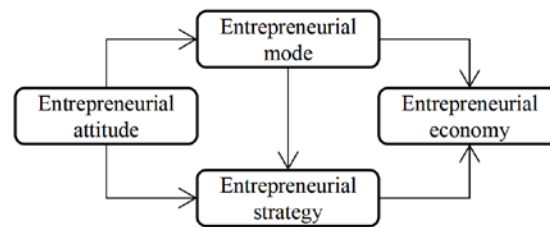


Fig.1. Conceptual model of the impact of bank policy on bank behavior

The banking industry should actively absorb business-related practices and promote the development of rural banks with large-scale and well-developed main sponsors. The institutional nature of state-owned banks has led to the separation of ownership and management rights based on administrative authorization rather than asset authorization. From the perspective of the organization, the Compliance Assistant is under the guidance of the Legal Affairs Department of the Head Office and the Legal Affairs Department of the higher level. Implement and prevent legal risks in the organization, and achieve overall management and differential treatment of legal risks. Branch management-oriented model is conducive to giving full play to the advantages of the branch which is familiar with the local situation, so that village banks can open the market in a relatively short period of time relying on the resources accumulated by the main sponsor bank in the local area. In the allocation of legal resources, we can formulate and implement legal risk prevention and control programs for weak links and key businesses. Compared with the main sponsor bank, the village bank business is smaller, due to business development and assessment pressure. The management of village banks is often difficult to attract the attention of all line departments, thus becoming mere formality.

4. Conclusions

With the continuous promotion of inclusive finance, as the forefront of rural finance, village banks will face rare opportunities for development. The internal control of village banks is a mechanism of self-coordination and restriction in the operation and management of village banks. It is an organic control system existing in various management systems. The large-scale development of village banks helps to promote the diversification of investment, service efficiency and product specialization in rural areas. It also helps to incorporate decentralized private capital into the standard financial system and establish a new rural financial system. The internal control of village banks is a kind of self-discipline behavior of village banks, and it is also a kind of risk prevention for village banks to accomplish the established work objectives. The legal risk prevention and control work of the grassroots organizations of rural banks is a long way to go and requires a lot of mechanism innovation and practical exploration. China's rural banks cannot imitate other well-developed general banks one-sidedly, and should also innovate and reform in relevant aspects. The implementation of effective internal control by village banks is conducive to minimizing the possibility of unintentional errors and intentional fraud in the course of business, and ensuring the full realization of business objectives. Compared with other banks, rural banks are not only the market mainstay of self-financing, but also have the policy attributes of supporting agriculture.

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