

Research on Financial Security and Perfection of China's Financial Law System

Zhixia Liu, Jianhua Ren

Nanchang Institute of Technology, Nanchang, 330044, China

Keywords: financial security, financial law, system, analysis

Abstract: The steady development of national economy can not be separated from the support of financial security. Only by doing a good job in financial security can we ensure the steady development of society. With the development of the country, people have changed their ideas. Financial problems are not only those that the country and enterprises need to face, but also people should pay more attention to. In order to ensure financial security, the relevant departments are required to formulate corresponding financial law system. This paper introduces the current situation of China's financial security, analyses the existing problems, and gives countermeasures to promote the perfection of China's financial law system, hoping to provide some help for the development of financial security work.

1. Current Situation of Financial Security in China

1.1 Financial Innovation

With the increasing economic development, domestic financial industry is also developing new financial products. Although financial innovation has some advantages, it also has some disadvantages. Just like other markets, if the financial market wants to maintain vitality and prosperity, it needs to strengthen technological innovation and develop new products that meet the needs of the market. In addition, in the process of innovation, it is essential to pay more attention to the sound legal system, which is to ensure the financial security after innovation. At present, domestic financial products develop fast, but the corresponding legal system fail to keep up with its development speed.

1.2 Supervision System of Three Committees

As the current financial supervision system of most countries in the world, domestic financial supervision system is in line with the current economic development and market environment of our country. Our country adopts the system of three committees, which is very beneficial to the monitoring, prevention and control of financial risks, guarantees the sound development of financial industry and promotes the steady development of financial market.

1.3 Frequent Cross-border Capital Inflows and Outflows

Our country has abundant labor resources and natural resources. With the development of economic globalization, production has also achieved international exchanges. Under such circumstances, many international capital investors have invested their assets in our country, but there are also some short-term speculative capital among them. They only regard our country as an investment market. This has put forward certain requirements for the relevant departments, which should vigorously regulate the financial market, improve the corresponding legal system, and scientifically prevent and control the emergence of short-term foreign debt.

2. Major Measures to Promote the Effective Perfection of China's Financial Law System

From the above discussion, we can see that there are still some deficiencies in China's financial security management. These problems lead to certain risks in management. In order to promote the steady development of national financial security, we can take the following measures.

2.1 Fully Construct Financial Culture

At present, many domestic commercial banks do not integrate financial culture into the overall corporate culture, which results in greater pressure on the responsible persons of corporate financial business, thus affecting the initiative of enterprises to carry out various business. To make the national financial system more sound, the state must create a corresponding financial culture, combine market needs and changes in the economic situation, conduct in-depth and all-round study of the problems encountered in the development, and then make use of scientific methods to turn the problems into motive force, so as to promote the development of financial business. The financial industry needs to make full use of the advantages of relevant talents, funds and technology, recognize the importance of the development of financial business, and strengthen the supervision and management of financial industry, thus improving financial security to a certain extent.

2.2 Actively Innovate Financial Products

The products and corresponding service forms of domestic financial industry are relatively single, and the financial instruments developed are lack of innovation and pertinence. For example, commercial banks rarely include credit loans in the development of enterprises' credit products, while business lacks innovation. However, some low-pressure pledges, such as intellectual property rights and forest rights, are innovative, which are not accepted by commercial banks during the development of financial business. This is because these products do not have the advantages of easy to sell, easy to preserve and so on. Moreover, such products need to be evaluated by the third-party evaluation agencies. Therefore, under the situation of inadequate intermediary services, the implementation of relevant evaluation work will be more difficult. Considering the risks of banks themselves, commercial banks will not accept such products. While considering the investment in guarantee services, most enterprises will not entrust relevant guarantee enterprises to protect their own loan applications. Therefore, to promote the sound development of financial industry, the domestic financial industry is required to innovate the relevant financial products in accordance with the actual needs.

2.3 Strengthen the Construction of Financial Legislation System

In order to promote the perfection of financial law system, it is of great necessity to create the corresponding financial law system, which needs to use laws and regulations to regulate the behavior of financial market in accordance with the corresponding standards as well as the actual domestic market environment. In addition, in the process of managing foreign banks, in order to form a greater attraction for foreign investors, the state needs to create a corresponding legal system, in which the real-name system of supervision should be applied to enhance the transparency of information. In short, the current domestic financial industry in terms of security risks is not in place and the domestic financial legal system is not sound enough. Therefore, it is necessary to improve the corresponding legal system to achieve good development of the financial industry. On this premise, we should also improve the financial system, which is the relevant provisions and requirements of finance. It should conform to the economic development and market environment, including financial subject law, trade and finance law, strive to achieve perfect subject, free operation and strict supervision, and meet the needs of the development of international economic environment.

2.4 Actively Introduce Incentive Mechanism

In order to develop financial business better, it is necessary to have scientific constraints and incentives. In terms of incentive system, the assessment criteria of enterprise should be strengthened and the scientificity of assessment criteria should be enhanced. For example, the overall rate of return on enterprise loans can be regarded as assessment criteria. In addition, for different regions and different types of enterprises, special attention should be paid to the implementation of classified assessment in the process of assessment. According to the characteristics of enterprises themselves, loan business needs to be dealt differently. For commercial banks, the development of

financial business can be regarded as a major criterion and a key indicator of promotion assessment. The rationality of incentive system can promote the autonomy of relevant personnel in charge, thus further promoting the rapid progress of banking and financial business. In terms of restraint system, the implementation of lifelong loan responsibility system can improve the risk prevention awareness of relevant staff. However, in the process of enterprise development, there are many risks. There are still many factors creating obstacles to enterprise loans. Therefore, commercial banks are required to have a good balance between life-long responsibility system and lending business. For enterprise loan business, the establishment of a specific credit accountability system is necessary, so that the restraint system and incentive system play a mutually reinforcing role during the development of financial business and market development.

2.5 Actively Innovate Financial Mode

In order to promote the sound national financial system, the domestic financial market needs to innovate the corresponding financial model. For example, personal loan is a new financial mode with many advantages. The need for capital in enterprise development can be met accordingly. However, the P2P credit platform is only an information service provider, not a financial institution like a bank. Whether the information they provide is true and reliable needs to be further established. The quality of their loans is still low. In terms of types, personal loan can be divided into the following modes.

2.5.1 Yixin mode

Individuals lend money to other people to obtain certain creditor's rights. Yixin then takes certain measures to split the creditor's rights and terms, and transfers the split bonds to relevant investors, so as to promote the cross-matching of funds and terms. This method is highly reproducible and develops rapidly. However, there are certain requirements for Yixin's bonds to be transferred, which should not exceed the loan quota. If the transfer of creditor's rights exceeds the loan quota, its significance will change and become illegal fund-raising.

2.5.2 Lu Jinsuo mode

In this mode, it is necessary to verify the borrower's information offline, and guarantee the total amount by the guarantee company. Through the use of network platform, the investor's funds are lent to other borrowers. In the past few years, the implementation of bond transfer service has increased the liquidity of creditor's rights. Compared with other ways, the requirement of personal loan is relatively low, and there is no channel cost. The risk presents the characteristics of decentralization. Borrowers and lenders directly sign corresponding loan agreements. Therefore, as far as enterprises are concerned, this method of borrowing is relatively convenient and meets the needs of enterprises for rapid financing. But this way is also limited. Whether the loan business can succeed depends mainly on the accuracy of the credit rating evaluation of borrowers. If the credit rating is not very accurate, the lenders will bear greater risks, or may even cause great economic losses.

2.5.3 Secured transaction mode

In fact, this platform is only an intermediary. The responsibility of this platform includes the information of borrowers, the time of borrowing, and so on. Many different lenders of funds work together to complete the investment. Some large-scale guarantee institutions, such as CITIC and FINA, share the responsibility of guarantee. If a default occurs, the guarantor will immediately transfer the principal and interest to the corresponding investors. Throughout the trading process, the platform does not participate in the issuance of loans, nor does it absorb deposits.

2.6 Optimize Process Design

Commercial banks should strengthen the design of business procedures so as to improve the efficiency of credit. In the process of shortening the procedure of issuing loans, the needs of enterprises should be satisfied. For example, professional branches and credit factories make use of

centralized procedures and carry out professional work, which improves the efficiency of banks to a certain extent, so as to better serve micro-finance. In the process of product design, commercial banks are required to change the concept of product mix. Instead of offering the original designed products to users, corresponding elements combination form is recommended to users through different pricing, so as to make the small and micro financial products more personalized. For example, the amount of differentially priced loans, such as the form of guarantee, the time of borrowing and the size of loan amount, will be adjusted according to the time of borrowing, credit rating and other factors. This mode enables enterprises to choose the most suitable combination scheme in their own bearing range. In addition, the actual needs of enterprises should be grasped timely and accurately. At the same time, commercial banks should also decentralize the innovation authority of products, and transfer the corresponding authority to the lower banks within a certain period of time. If the amount exceeds the corresponding amount, they should put it on record.

3. Conclusion

In the financial market, financial security and the perfection of financial law system are very important issues. The rapid development of economic globalization and domestic financial market have created certain security problems for domestic financial market, and the situation of instability is very obvious. Under such circumstances, the state must clarify the idea of sound financial security and legal system, follow various relevant provisions, accurately grasp the direction of reform, gradually improve the financial law system, ensure the steady development of financial markets, and make it more effective.

References

- [1] Du Wenya. Research on the Construction of Financial Law System under the Background of Financial Security [J]. *Reform and Opening up*, 2019 (10): 19-21.
- [2] Liu Xiang. Construction of International Financial Law System: Analysis Based on Legislative Environment [J]. *Journal of Yanbian Party School*, 2012, 27 (03): 64-66.
- [3] Tang Minghao. Financial Security and the Perfection of China's Financial Law System [J]. *Legal Exposition*, 2018 (03): 151 + 150.
- [4] Tian Xiaosha. Research on Financial Security and Financial Law System Improvement under the Background of Informatization [J]. *Legal System and Society*, 2019 (22): 59-60.
- [5] Wu Wenjie. Re-understanding of the Constitution of China's Financial Law System from the Perspective of Financial System and Rule of Law Finance [J]. *Legal Exposition*, 2015 (36): 68-69.
- [6] Yang Chunping. On Financial Security and the Perfection of China's Financial Law System [J]. *Annual Journal of Commercial Law of China*, 2008 (00): 226-232.
- [7] Zhang Qian. On Financial Security and the Perfection of China's Financial Law System [J]. *Journal of Changchun Financial College*, 2016 (04): 26-29+63.
- [8] Zhang Yue. Exploring the Perfection of China's Financial Security and Financial Law System [J]. *Legal System and Economy*, 2018 (10): 127-128.
- [9] Zhong Wenwen. On Financial Security and the Perfection of China's Financial Law System [J]. *Times Finance*, 2016 (26): 29-30.