

Research on Rural Commercial Banks Supporting the Development of Small and Medium-sized Enterprises

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Abstract: The difficulty and high cost of financing have always been a major problem in the rapid development of small and micro enterprises. In order to support the development of small and medium-sized enterprises, the government has issued various policies and measures, such as establishing financing re-guarantee institutions for small and medium-sized enterprises, allowing commercial banks to have certain tolerance for the non-performing loans of small and micro enterprises, requiring commercial banks to maintain a certain growth rate for the loan balance of small and micro enterprises every year, and giving a certain amount of subsidies to the commercial banks that issue small and micro enterprise loans. However, due to the problems of small and micro enterprises, such as small business scale, weak anti risk ability, mostly private enterprises, high credit risk, and inability to provide sufficient collateral, commercial banks still prefer large and medium-sized customers when choosing credit customers. This paper analyzes the current situation and existing problems of small and micro enterprise credit business of rural commercial banks. put forward suggestions for rural commercial banks to carry out credit business for small and micro enterprises, in order to solve the financing difficulties of small and micro enterprises and realize the common development of enterprises and banks.

1. Introduction

In order to stimulate local economic development and support the rapid development of small and medium-sized enterprises, in recent years, rural commercial banks have sprung up with the support of the government. Rural commercial banks mainly serve local small and medium-sized enterprises and farmers. Their outlets are scattered, and their coverage is large. To some extent, the emergence of rural commercial banks has alleviated the financing difficulties of small and micro enterprises. For small and micro enterprises, it is difficult to obtain direct financing from the capital market due to their small scale and weak anti risk ability. The capital for enterprise development mainly comes from loans from commercial banks or self-financing. As a financial institution operating currency, commercial banks will try to avoid small and micro enterprises with poor anti risk ability in the process of selecting credit customers to ensure the maximum income. On the other hand, in order to compensate for the risk premium, commercial banks will charge higher interest rates to compensate small and micro enterprises when they handle credit business. Therefore, the problem of financing difficulties and financing for small and micro enterprises has always been very prominent. Especially in the case of economic downturn, when the capital chain of enterprises is tense, the timely availability of financial support directly affects the survival of small and micro enterprises [1]. To stimulate the vitality of economic development, the government requires commercial banks to maintain a certain growth rate of credit balance of small and micro enterprises every year. Commercial banks are faced with the pressure to ease the financing difficulties of small and micro enterprises. At the same time, the new requirements put forward by regulatory authorities on bank capital supervision also bring severe challenges to rural commercial banks.

At present, it is understood that there are still big problems in rural commercial banks' credit services for small and micro enterprises. Taking Changle Rural Commercial Bank as an example, this

paper analyzes the current situation and existing problems of rural commercial banks' credit service for small and micro enterprises, and uses the advanced small and micro enterprise credit service mode of foreign commercial banks to explore suggestions for developing small and micro enterprise credit business in the future.

2. Development status of small and micro enterprise credit service mode in rural commercial banks

2.1 Traditional credit service mode.

At present, the small and micro enterprise credit products of rural commercial banks are mainly divided by guarantee: mainly including small and micro enterprise credit loan, small and micro enterprise joint guarantee loan, small and micro enterprise guarantee loan, receivables pledge loan, guarantee company guarantee loan, equity pledge loan and real estate mortgage loan. When handling the credit business, according to the review results of the borrower's credit status, operation and financial status, the small and micro enterprise credit with different guarantee methods is approved. At present, according to the "Three methods and one guideline" issued by the CBRC, the loan process of small and micro enterprises of commercial banks includes nine steps: loan application, acceptance and investigation, risk assessment, credit examination and approval, loan contract signing, loan granting, loan payment, post loan management, loan recovery and disposal[2].

2.2 Improvement of the credit business model of small and micro enterprises in rural commercial bank

Only by actively innovating credit products, flexibly carrying out various guarantee methods and combining repayment methods and adhering to the principle of flexibility and change can enhance the competitiveness of small and micro enterprise credit business of commercial banks.

Firstly, innovate the credit process and improve the repayment method. Carry out the "Renewal loan", implement the non-principal renewal loan, loan new pay old, realize the seamless connection of repayment for the enterprises in need, adopt the highest loan, self-service revolving loan, installment loan principal repayment and other repayment methods, effectively reduce the financing cost of enterprises.

Next, Innovate credit products and closely integrate with customer needs. In order to solve the situation that some small and micro enterprises lack collateral or guarantors can not apply for credit lines, such as Changle Rural Commercial Bank cooperates with local leading enterprises to launch "supply chain financing" credit products, that is, local leading enterprises (generally manufacturers or large-scale distribution) Merchants, small micro-credit customers, commercial banks signed agreements with the three parties, the leading enterprises provide credit guarantee for small and micro enterprises, so as to obtain the support from the bank, while the bank transfers the loan funds directly from the small and micro enterprise account to the local leading enterprise account, or directly delivers the bank acceptance bill and letter of credit to the local leading enterprise[3]. The introduction of this mode not only solves the financing difficulties, but also ensures that the L / C, bank acceptance bill, loan funds and so on have a real trade background, reduces the risk of misappropriation of corporate credit, improves the quality of assets, and avoids the blind expansion of some enterprises.

Furthermore, deeply penetrate regional enterprises and implement grid management. Commercial banks make full use of the advantages of multiple outlets and wide distribution, refine the credit manager service area, and implement the "fixed point, fixed person, fixed time" carpet business development mode in the divided area. Customer managers should actively carry out door-to-door marketing in their areas, visit all types of potential customers, understand the capital demand and industry characteristics. Each credit customer manager must have more than a certain amount of marketing time and number of marketing accounts per week, and gradually build a "three-level" grid service management system from top to bottom, with vertical and horizontal mistakes.

3. Problems in the development of credit services for small and micro enterprises of commercial banks

Innovative products such as “Supply Chain Financing” and “Renewal loan” are flexible in the way to guarantee and simple repayment. The credit fund provided plays an important role in the financing process of small and micro enterprises, and to a certain extent solves the financing problem of small and micro enterprises. However, in the process of business development, there are still some problems in the bank's small and micro enterprise credit service mode, which need our in-depth discussion.

3.1 the financial center of small and micro enterprises has not been established, and the arrangement in terms of system and mechanism is not in place

There are many outlets in rural commercial banks, and the customers of the service are basically small and medium-sized enterprises and individual customers, which have geographical advantages. However, due to the lack of a small and micro enterprise financial center, the small and micro enterprise credit business is still regarded as the operation of the general corporate credit business, resulting in the lack of systematic and professional credit business of small and micro enterprises. For example, the credit model such as “Supply Chain Financing” and “Renewal Loan” recently launched by Changle Rural Commercial Bank has achieved remarkable results in supporting small and micro enterprise financing, but since there is no special small and micro enterprise financial service center, the specific marketing mechanism and system are still not comprehensive.

3.2 Underutilizing the common characteristics of small and micro enterprises, lack of technological innovation

For small and micro enterprises, the common feature is that they are small-scale, basically private enterprises. At the same time, the leading industry in Changle is the textile industry. Therefore, many small and micro enterprises have strong commonalities. Changle Rural Commercial Bank has not grasped this, there is no batch acceptance, batch approval, no micro-enterprise credit factory model, branch manager were transferred door by door to research and reporting to the credit approval department, it make the investment cost of small and micro credit larger and the efficiency lower. With the development of the economy, the government has gradually increased its efforts to support small and micro enterprises, so small and micro enterprises will accelerate their development and urgently need liquidity support. However, Changle Rural Commercial Bank has not yet launched a batch of small and micro enterprise credit business.

3.3 The guarantee method is relatively simple, and various guarantee methods are not flexibly used according to the credit customers' situation

After the preliminary market research, Changle Rural Commercial Bank has small and micro enterprise credit loans, small and micro enterprise joint guarantee loans, small business guarantee loans, forest tenure mortgage loans and other varieties. Although it has developed some new products, but affected by the economic situation and policies, the existing products cannot be fully promoted. For example, the small business joint insurance loans have been suspended. Due to the fluctuation of the stock market, the equity pledge loans are gradually compressed. With the continuous development of small and micro enterprises, the existing credit products of small and micro enterprises can not fully meet the diversified capital needs of customers due to the single way of guarantee, so they need to be further enriched and improved.

3.4 Credit risk management system has been established, but its applicability and pertinence are not strong

At present, various commercial banks have gradually realized the importance of credit risk management, gradually abandoned the idea of “heavy loans and light management” and established a credit risk management system, but the credit risk management system is mainly aimed at large and medium-sized enterprises. For the credit risk of small and micro enterprises, the applicability and

pertinence are not strong. For large and medium-sized enterprises, Changle Rural Commercial Bank will conduct credit ratings for this type of credit customers every year, mainly based on financial statements. The financial statements of large and medium-sized enterprises are relatively complete and standardized, including balance sheet, cash flow statement, profit statement, etc., according to which banks can judge the operation and financial status of enterprises, so as to judge their repayment ability. For small and micro enterprises, it is well known that the financial statements of small and micro enterprises are not perfect, and the authenticity of their financial data remains to be investigated. Therefore, commercial banks are unable to obtain the real financial operation status of small and micro enterprises.

4. Suggestions for rural commercial banks to carry out credit business for small and micro enterprises

On the whole, rural commercial banks have accumulated rich operation in the credit business of small and micro enterprises, and have achieved great development in scale, but there are still some problems. Therefore, the author believes that rural commercial banks should take advantage of their geographical advantages, learn from the excellent credit mode, and actively develop the credit business of small and micro enterprises, just like "incubating chickens" to support small and micro enterprises to grow bigger and stronger, so as to realize the common development of small and micro enterprises and banks themselves.

4.1 Optimizing the credit business process of small and micro enterprises, establishing a small and micro enterprise financial franchise center, and implementing the "small and micro enterprise credit factory" model

There are a large number of small and micro enterprises, involving all walks of life, and the demand for loans is characterized by "short, frequent, fast and urgent". Therefore, commercial banks should set up special financial service centers for small and micro enterprise credit and optimize and simplify the credit process. At present, for the credit process of small and micro enterprises, in addition to the nine processes mentioned above, there are also project approval, interest rate approval, credit audit committee review and other links, with a long process and high cost. For small and micro enterprises, the actual controller is the most critical factor to determine their credit risk. At the same time, due to its small scale, the audit mode of "three knowledge and six views" can be adopted. "Three knowledge" means to know the development thinking and development direction of operators, the quality of enterprise managers, the ability to control the development of enterprises, and the actual business situation of enterprises. "Six views" refers to the audit mode of "three knowledge and six views". By setting up a special small and micro financial center, we can simplify the credit process and reduce the financing cost of small and micro enterprises.

4.2 Innovating small and micro enterprise credit products to improve micro-finance comprehensive service capabilities

Rural commercial banks should combine the characteristics of small and micro enterprises to innovate credit products. For example, the cash flow and revenue of small and micro enterprises are not stable, the demand for repeated financing is relatively high, and it is possible to design a comprehensive credit product, that is, customers only need to review the credit once, they can get a cycle of 3 or 5 years. During the credit line period, customers can provide flexible and convenient financing methods according to their own flow of funds. At the same time, rural commercial banks can also combine their geographical advantages, deepen the customer base, and actively explore the "1+X" integrated financial services, which provide wealth management services, cash management services, additional value-added services and online banking etc., to meet the full range of financial needs of small and micro customers[4].

4.3 flexible disposal of mortgage and pledge and other guarantee methods in combination with the characteristics of the enterprise

Due to the small scale and weak anti risk ability of small and micro enterprises, banks generally require providing sufficient collateral to mitigate risks when granting credit to small and micro enterprises. However, on the one hand, small and micro enterprises lack of collateral, on the other hand, the value of the collateral does not match the capital demand, so it is often rejected by banks. Rural commercial banks are basically faced with local small and medium-sized enterprises and individual customers. In order to expand their business, they can make full use of the internal resources of small and micro enterprises, enrich the types of collateral, make use of other assets and rights other than the real estate of small and micro enterprises, develop new financial products for other assets and rights of small and micro enterprises, and flexibly combine all kinds of guarantee methods, or carry out bonus guarantee. For example, when the collateral of a small and micro enterprise is insufficient, the actual controller is required to undertake joint and several liability guarantee, leading enterprises are introduced to provide guarantee for it, and various guarantee methods are flexibly disposed in combination with the company's future receivables pledge, so as to reduce the credit risk of commercial banks.

4.4 strengthen credit risk management and actively control credit risk

The bank is not a charity, but a profit-making financial institution. When it obtains income through the issuance of small and micro enterprise credit, it also inevitably bears the corresponding credit risk. Therefore, rural commercial banks should do a good job in the prevention and control of credit risks. First of all, we need to strengthen pre-loan investigation and loan review. For banks, information asymmetry is an important reason for credit risk. Generally speaking, it is difficult for a bank to obtain accurate enterprise information from the materials directly provided. It is necessary to obtain the real situation through various channels. In order to understand the real operation and financial situation of an enterprise, a credit manager cannot simply refer to the financial statements, but should verify the upstream and downstream enterprises, bank statements, inventory, etc. Enterprises should carry out all-round investigation to grasp the real situation of enterprises and solve the problem of information asymmetry [5]; secondly, banks should do a good job in post loan inspection. After the loan is granted, banks should track the flow of loan funds, irregularly investigate the industry situation, production and sales situation of enterprises, comprehensively grasp the operation and financial information of enterprises, and timely carry out risk early warning in case of risks. And take measures to effectively control risks.

5. Conclusion

In summary, rural commercial banks have made great progress in the credit business of small and micro enterprises, and the business model has also changed a lot, but there are still some problems. Rural commercial banks should learn from the advanced credit model experience of foreign commercial banks, vigorously develop the bank's credit business, optimize credit process, innovate guarantee methods, and do a good job in credit risk management and control, so as to realize the common development of small and micro enterprises and banks themselves.

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