

Analysis on Risk Management of Agricultural Policy Bank's Agricultural Loan

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Abstract: As an important part of the rural financial system, agricultural policy banks play an important role in promoting rural economic development. Agriculture loan are the core business of agricultural policy banks. To properly carry out this business and effectively avoid the risk of agriculture loan is of great practical significance for serving “Three Rural Issues” well and fulfilling the mission entrusted to agricultural policy banks by the CPC Central Committee and the CBRC. However, at this stage, agricultural policy banks still have some risks in the process of carrying out agricultural loan business. This paper makes a detailed analysis on the risk management of agricultural policy banks’ agricultural loan. First, the paper expounds the relevant concepts of agricultural policy banks’ agricultural loan risks, and then points out the common problems of agricultural policy banks’ agricultural loan risk management at this stage. Finally, the paper puts forward several optimization suggestions to improve the risk management level of agricultural loan of agricultural policy banks, hoping to provide some theoretical information reference for promoting the sustainable and stable development of agricultural policy banks.

Keywords: Agricultural policy bank; Agriculture loan; Risk management

Introduction

Agricultural policy banks mainly serve “Three Rural Issues”, and their main business scope is agriculture loan. For a long time, China has paid great attention to the development of agricultural economy. Agricultural policy banks have continuously strengthened their policy oriented agricultural support functions by implementing and promoting the “two wheel drive” agricultural economic development strategy, and focused on solving the “Three Rural Issues” problems, so as to provide effective support for faster and better realization of agricultural modernization and new rural construction. However, agricultural policy banks themselves are financial institutions with “operational risk”. Although they have always paid great attention to their own risk management, some problems in risk management of agricultural loans still exist. Through in-depth research on the risk management of agricultural loan of agricultural policy banks, we can find the key points of risks in time, and then take targeted risk prevention and control measures to control and prevent risks, which is conducive to the full play of the functions and roles of agricultural policy banks in rural economic development.

1. Brief introduction of agriculture-related loan risks

Agricultural loan risk refers to the loan risk existing in the process of agricultural policy banks lending to agricultural enterprises. Agricultural loan risk is not limited to static and narrow credit risk, but there is a trend of diversification. At this stage, it mainly includes credit risk, foreign exchange risk, interest rate risk and moral risk. The characteristics of agricultural loan risk mainly include objectivity, concealment, linkage and controllability. First, objectivity. The risk of agricultural loans is not caused by subjective factors, but exists objectively. This kind of risk exists in the whole process of agricultural loan lending relationship and credit business. No matter how high-quality the credit of the credit object is and how perfect the supporting risk management system is, this risk can only be managed and controlled, and cannot be completely eliminated; Second, concealment. The agricultural credit risk is affected by incomplete information and various uncertain factors, which makes it difficult to accurately predict the time, place and degree of impact of the risk in a timely manner. The uncertain loss of the loan itself is likely to be covered up by its appearance due to the credit characteristics, so it shows the characteristics

of concealment; Third, linkage. The losses caused by agricultural loan risks may cause a related chain reaction, and other credit risks may occur due to credit base problems after the risk occurs; Fourth, controllability. Agricultural policy banks themselves are financial institutions with “operating risks”. In the process of operation and management, they will adopt certain risk management methods to identify, predict and control loan risks. Some risks can be resolved through risk management, reflecting the controllable characteristics.

2. The common problems of agricultural policy banks in risk management of agricultural loans at this stage

2.1 Poor execution of agricultural loan risk management

The poor execution of risk management of agricultural loans is mainly reflected in the following aspects: from the perspective of customer access, some agricultural policy banks rely too much on past practical experience in customer marketing and access control, do not carry out targeted marketing, cultivation and acceptance in strict accordance with the detailed rules of agricultural loan risk management policies and systems, and do not conduct in-depth investigation and analysis of the actual business conditions of some customers Financial condition, credit condition and collateral condition. At the same time, there is also a lack of thorough understanding of the Head Office’s agricultural loan risk management policies, and there are deviations in the judgment of some loan projects, which can not timely return some projects that do not meet the policy and system conditions; From the perspective of pre loan investigation, some agricultural policy banks have formality in the process of carrying out pre loan investigation of agricultural loans, and have not introduced modern information technology to comprehensively assess the credit and guarantee ability of borrowers and guarantors through the combination of credit system and field investigation, thus leaving room for some risks; From the perspective of post loan inspection, although most agricultural policy banks can regularly conduct regular risk inspection on agricultural loan enterprises, the inspection contents have limitations, which are limited to the content of business texts and voucher statements. No special person has been arranged to dynamically supervise the fund flow, operation smoothness and other conditions of loan enterprises, and some risks cannot be found in time.

2.2 The construction of talent team for risk management of agricultural loans lags behind

First, some agricultural policy banks are not equipped with enough risk management personnel for agricultural loans, and the business development scale and speed are not synchronized with the current staff, which cannot meet the actual risk management needs; Second, some agricultural policy banks have lagged behind in the knowledge structure of agricultural loan risk management personnel. Some personnel are older and have poor learning ability for the latest policies and theoretical knowledge. At the same time, some risk management personnel with strong ability have talent outflow due to their salary not meeting their expectations, which also increases the pressure on risk management of agricultural loans to a certain extent; Third, some agricultural policy banks do not provide sufficient continuing education and training for agricultural loan risk management personnel. They are unable to regularly carry out credit policy explanation, practical experience exchange and theoretical knowledge training, optimize their knowledge structure, promote the improvement of policy implementation level and business operation skills of agricultural loan risk management personnel, and are not conducive to the advance, in-process The scientific development of risk management in the whole process after the event is difficult to form a certain risk management protection barrier. At the same time, there are certain deficiencies in the scientific and forward-looking nature of the risk management policy system of agriculture-related loans.

3. Some Suggestions on Improving the Risk Management Level of Agricultural Loans of Agricultural Policy Banks

3.1 Optimizing the risk management methods of agricultural loans

From the perspective of customer access, agricultural policy bank customers should not rely too much on past practical experience in marketing and access control, but should carry out targeted marketing, cultivation and acceptance in strict accordance with the detailed rules of agricultural loan risk management policies and systems, so as to give full play to the role of modern information technologies such as big data and cloud computing, and fully apply comprehensive business systems The information disclosure system of the CBRC and the credit information system of the People’s Bank of China deeply investigate and analyze the actual business, financial, credit and collateral conditions of some customers, screen out high-quality customers for targeted agricultural loans, and reduce risks as much as possible. At the same time, the grassroots level should also conduct in-depth research on the risk management policy of the Head Office’s agricultural loans, find out the content of the

policy details, improve the thoroughness, and then accurately judge the scientific nature of some agricultural loan projects, and timely return some projects that do not meet the policy and system conditions; From the perspective of pre loan investigation, agricultural policy banks should not only be able to comprehensively assess the credit and guarantee capacity of borrowers and guarantors through systematic investigation and field investigation, but also optimize and improve the measurement methods of credit risk, market risk and operational risk of agricultural loan enterprises in combination with the development needs of agricultural loan business, Evaluate the comprehensive strength of customers through targeted stress tests to provide effective information for the determination of the amount of agricultural related loans; From the perspective of post loan inspection, agricultural policy banks should use a combination of regular and irregular risk inspections to understand and master the capital flow, operational fluency and other conditions of loan enterprises. In terms of inspection contents, they should not be limited to business texts and voucher statements, but should obtain various information and data through multiple channels to facilitate timely discovery of agricultural loan risks.

3.2 Accelerate the construction of talent team for agricultural loan risk management

First, agricultural policy banks should pay attention to talent introduction. They should attract high-quality talents to take the corresponding posts in risk management by improving remuneration and optimizing promotion channels, so as to achieve the synchronous improvement of the scale and speed of agricultural loan business development with current employees, and better meet the actual risk management needs; Second, agricultural policy banks should also pay attention to the continuing education and training of agricultural loan risk management personnel. They should regularly carry out credit policy explanation, practical experience exchange and theoretical knowledge training, further optimize the knowledge structure of risk management personnel, promote the improvement of policy implementation level and business operation skills of relevant personnel, and promote the advance, in-process The scientific development of risk management in the whole process afterwards will provide certain guarantee.

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