Universe Scientific Publishing

Construction and Exploration of Credit Bank Based on Economics Perspective

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Abstract: With the progress in the field of education, credit banking has gradually become a hot topic in academia and educational practice. Credit banks not only involve pedagogy and management, but also have a deep connection with economics. The purpose of this paper is to discuss the economic principles of credit banks, their operational mechanisms, the economic challenges they face, and their construction and strategies in this context.

Keywords: credit banks; economic principles; credit supply and demand; pricing mechanisms

Introduction

Credit banking, as a modern educational management system, aims to facilitate the exchange and transfer of credits among students and between students and educational institutions. Unlike traditional credit management methods, credit banks regard credits as an "asset" that can be bought, sold, exchanged and accumulated among participants, and this new concept introduces a series of principles and concepts from economics, such as supply and demand, price mechanism and transaction costs. An in-depth exploration of these principles will provide a better understanding of the operational mechanisms and challenges faced by credit banks, and thus provide strategic recommendations for their construction and development.

1. The Economics and Operating Mechanism of Credit Banks

1.1 Supply and Demand and Credit Circulation

The value of credits, as the "currency" of education, is determined by both the supply of credits and the demand for credits, in which the supply of credits comes primarily from the academic performance of students in their programs and from various certified learning outcomes, while the demand for credits is directly related to students' academic goals, career pursuits, and other educational needs. If the supply of credits in a particular discipline or major exceeds the demand, it may lead to a decrease in the value of these credits; conversely, if the demand for credits in a particular discipline or major exceeds the supply, the value of its credits may increase. In addition, the speed and efficiency with which credits circulate is an important factor in the value of credits. Credit banks provide a platform that gives students the flexibility to buy, sell, exchange and accumulate credits to meet their individual academic and career needs[1] .

1.2 Price Mechanism and Credit Value Orientation

The price mechanism in the credit banking system is the core determinant of the value of credits. Similar to money in the financial market, the value of credits is not fixed, but is affected by supply and demand, the speed of circulation of credits, the policies of the credit banks and other external factors. The price mechanism can dynamically reflect the actual value of credits, thus providing a reasonable and transparent environment for students to trade credits. For example, if a student wants to buy credits of a certain discipline, the price he/she needs to pay for the credits will be adjusted according to the supply and demand of credits of that discipline, the speed of circulation of credits, and the relevant policies of credit banks. At the same time, the price mechanism provides an effective tool for educational institutions to assess the quality of their programs and teaching. By observing the changes in the price of credits, educational institutions can keep abreast of the demand of students for a certain discipline or specialization, so as to adjust their teaching strategies and resource allocation.

1.3 Transaction costs and the efficiency of credit exchange

Transaction costs mainly cover all the costs involved in the credit exchange process, including but not limited to information searching costs, negotiation costs, contract execution costs, and so on. In an effective credit banking system, reducing transaction costs is the key to maximizing the efficiency of credit circulation. High transaction costs result in students facing more barriers in the credit exchange process, which affects the speed of credit circulation and overall transaction volume. An environment with low transaction costs, on the other hand, encourages students to participate more actively in credit transactions and promotes the rapid circulation of credits. In addition, high transaction costs may lead to large fluctuations in the value of credits, whereas low transaction costs help maintain the stability of credit values. Therefore, in order to ensure the healthy and stable operation of the credit banking system, transaction costs must be reasonably controlled and managed to ensure that they are within an acceptable range[2] .

2. Economics Challenges and Issues for Credit Banks

2.1 Inflation of credits and its impact

The phenomenon of credit inflation in the credit banking system refers to a decrease in the purchasing power of credits as the supply of credits grows faster than the demand for them over a certain period of time, similar to the phenomenon of inflation of money in economics, although the reasons behind and effects of this phenomenon may be different. Credit inflation may be caused by the over-issuance of credits by credit banks, or by the lowering of the evaluation standards of students by educational institutions, which makes credits become "cheap" money. A crisis of confidence in the credit banking system. A decrease in the purchasing power of credits means that students need more credits in exchange for the same learning resources or rights, which will put considerable pressure on students, and will also lead to a complicated and inefficient exchange of credits in the credit bank.

2.2 Market Incompleteness and the Regulation of Credit Banks

Market incompleteness refers to the inability of the market to fully realize the efficient allocation of resources under certain circumstances. In the credit banking system, market imperfections may be manifested in problems such as information asymmetry of credits and imbalance between demand and supply of credits. For example, some students may obtain credits through improper means, resulting in an imbalance between supply and demand in the credit market or due to the lack of transparency of credit information, resulting in unfair treatment of students when exchanging credits. In response to these market imperfections, the credit bank needs to take a series of regulatory measures to ensure the healthy operation of the credit market, which may include, but is not limited to, the establishment of a credit information disclosure system, this may include, but not limited to, establishing a credit information disclosure system, setting up a mechanism to regulate the supply and demand of credits, and strengthening the supervision of credit transactions. Through these measures, credit banks aim to realize the effective operation of the credit market, ensure the stability of the value of credits, and also provide a fair and transparent credit trading environment for students.

3. Construction and Economics Strategies for Credit Banks

3.1 Utilizing the price mechanism to regulate the supply and demand of credits

In recent years, the credit bank of a famous university has caused a series of problems due to the imbalance between the supply and demand of credits, which is manifested in the fact that the price of credits for some popular courses has soared while the price of credits for some non-mainstream courses has dropped to the bottom, which has caused widespread dissatisfaction among the students and wastage of the university's resources in a short period of time. In order to solve this problem the university's credit bank decided to use the price mechanism in economics to regulate the supply and demand of credits. When the price of credits for a certain subject or course exceeds a predetermined upper limit, the credit bank will promptly increase the supply of that subject or course, such as increasing the number of instructors or

expanding teaching facilities, so as to guide the price of credits back to a reasonable range. On the contrary, when the credit price of a certain discipline or course is lower than the preset lower limit, the credit bank will consider reducing the supply of the discipline or course, or improving its attractiveness by other means, such as adjusting the course content or increasing the practical sessions, so as to ensure that the discipline or course will not be marginalized. This regulation strategy based on the pricing mechanism not only ensures that the credit price is stable, but also optimizes the allocation of resources in the school, which has won the praise of both students and educational institutions. This price-based regulation strategy not only ensures the stability of credit prices, but also optimizes the allocation of school resources, which is well received by students and educational institutions.[3] .

3.2 Increasing Transaction Transparency and Reducing Transaction Costs

A provincial credit bank had been widely criticized for opaque transactions and high transaction costs. Students have reported that it is difficult to obtain complete transaction information when trading credits, leading to significant limitations on transaction decisions. At the same time, the cumbersome transaction process and high transaction costs discouraged many students. In order to improve this situation, the Credit Bank has decided to take a series of measures to improve transaction transparency and reduce transaction costs. On the one hand, the Credit Bank has launched a new trading platform, which can display key information such as supply and demand of credits, trading price and trading volume in real time, so that students can make reasonable trading decisions based on complete information. On the other hand the credit bank has optimized the transaction process, simplified the transaction procedures and greatly reduced the transaction costs. For example, the introduction of advanced transaction technologies and algorithms reduces intermediate links, thus accelerating transaction speed and improving transaction efficiency. The implementation of these measures not only improves students' transaction experience, but also promotes the healthy and stable development of the credit market.

Conclusion

The role of credit banks in higher education has become increasingly prominent, and economic principles reveal the importance of their supply and demand, price positioning and transaction costs. Specific challenges, such as credit inflation and market incompleteness, require specific strategies to address, and the regulation of price mechanisms, increased transparency of transactions, and cost reductions can contribute to the robust functioning of credit banks and provide valuable references for academics and policy makers.

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