

Research on financial risk control measures of commercial banks' supply chain

Weixin Yun

Qilu University of Technology, Jinan 250399, China.

Abstract: In order to provide more capital for real enterprises, commercial banks have created a new financing model, namely, supply chain finance. This financial model is developed on the basis of the supply chain. Its core support is enterprises, and all participants in this supply chain are organic entities. It combines all the entities together, effectively realizing the integration of all logistics, information and resources. All the subjects involved in this supply chain can enjoy the corresponding financial services. Taking the supply chain finance launched by commercial banks as the research object, this paper analyzes in detail the main problems and risks in the current supply chain finance under the current development background, and provides a reference for dealing with these risk problems in combination with specific situations, I hope to further guarantee the security of supply chain finance, maximize the value of supply chain finance, and provide valuable reference for relevant personnel and companies.

Keywords: Commercial Bank; Supply Chain Finance; Risk Management

1. Introduction

In the context of the reform of the market economy system, commercial banks have launched the supply chain financial service, which makes the whole financial chain system more perfect. It not only provides more perfect financial services for all subjects, but also correspondingly solves the capital problem facing the current economic market, effectively promoting the cooperation between enterprises and banks, so that enterprises and banks can cooperate and win together. However, from the current situation, there are still many problems in the whole supply chain finance, and these potential problems are likely to bring corresponding risks to the operation of the whole bank and enterprises. Therefore, how to prevent the supply chain financial risks and take appropriate measures according to the corresponding situation, so as to ensure the continuous development of the whole supply chain finance, has become an important problem that needs to be solved urgently.

2. Analysis on the Main Risk Factors of Commercial Banks in Supply Chain

Finance

The emergence of supply chain finance has ushered in a better period of development for commercial banks. However, it is undeniable that opportunities and risks coexist. Once there is a problem in one link of the whole supply chain or it causes difficulties in repayment, it is likely to affect the main body of the whole supply chain and bring negligible losses to the entire economy.

2.1 Legal risk

Compared with the traditional financial model, the current supply chain finance still lacks the corresponding standards, and each link in the financial service process will involve the corresponding legal risks. In addition, from the current situation, supply chain finance is a new financial model after all, so the relevant system is not perfect, and there is no very clear operation process

specification. Therefore, a series of risk problems may occur in the process of financial services, which will affect the promotion of the whole supply chain. So how to clearly regulate the supply chain business, It has become an urgent problem to ensure that the supply chain financial business can be perfectly implemented.

2.2 Credit risk

If both parties involved in the transaction fail to perform their obligations as stipulated in the contract during the transaction, it is likely to affect the actual interests of both parties and cause economic losses to both parties, which is also a common situation in supply chain finance and an urgent problem to be solved at present, The so-called credit risk refers to the risk problem caused by the failure of both parties to the transaction to comply with the contract. There are many subjects involved in the process of supply chain financial services, so the risk problems faced are also very complex, which also brings great difficulties to solve the risk problems. At present, many small and medium-sized enterprises involved in supply chain financial services have many problems similar to information finance and credit investigation in their business process, which also increases the possibility of credit risk, Therefore, when providing supply chain financial services, banks must understand the actual situation of enterprises, especially the information related to enterprise credit problems, and must collect completely and correctly to make assessments to avoid financial risk problems.

2.3 Operational risk

In the process of providing financial services in the supply chain, banks often adopt a closed control method, which is conducive to improving the security of credit to a large extent. However, once the number of participants in financial services increases, false information will inevitably occur when transmitting information, which will have an impact on the entire service process that cannot be ignored. Banks must improve the whole process as soon as possible, scientifically control and standardize all operation processes, and avoid risk problems.

2.4 Market risk

When banks provide supply chain financial services, they do not give special and careful consideration to the main body, but focus on information such as accounts receivable and inventory. In this case, commodities are easily affected by the market. Once the market fluctuates, it is likely to have a great impact on the bank, leading to changes in the bank's claims. Therefore, the decrease in the price of security interest caused by market changes will cause great losses to the bank. If there is no way to produce new substitute products, the bank's creditor's rights will be damaged, which will greatly affect the normal operation of the bank, and even bring the risk of capital rupture to the bank.

3. Risk Prevention Measures of Supply Chain Finance in Commercial Banks

3.1 Optimize the organizational structure of commercial banks

In order to restrict the internal business of commercial banks, a sound and scientific management system and relevant risk control system must be built in the bank, so as to ensure that all financial activities of the bank can be carried out in an orderly manner according to the relevant articles and regulations, which can also avoid risk problems to a large extent, and ensure that the bank can achieve its business objectives and obtain relevant profits. When managing, banks must pay attention to the construction of the three banks. Whether they are high-level or grass-roots staff, they must work in strict accordance with the relevant rules and regulations of the bank.

3.2 Build a perfect post loan risk early warning system

In the process of supply chain financial services, all subjects involved in this link are closely connected. If a problem occurs in a certain link, this problem will quickly extend to the whole supply chain, thus affecting the normal operation of the whole supply chain. Therefore, compared with traditional financial services, the risk problem of supply chain finance will be greater. By formulating the

corresponding risk early warning system and emergency plan, we can effectively prevent risk problems, so as to ensure that the whole supply chain services can be carried out normally. Therefore, it is very important to timely monitor every link of the supply chain. In addition, we should improve our ability to analyze and solve problems when monitoring. Only in this way can we minimize the risk problems to the greatest extent.

3.3 Transfer risks through scientific methods

In western developed countries, they usually use insurance to transfer risks in supply chain finance. However, China's national conditions are different from theirs. China does not have the corresponding conditions for risk transfer. Therefore, in China's supply chain financial services, we must design the correct methods that can be operated according to China's national conditions and can avoid risk problems. At present, many commercial banks in China have started to cooperate with third-party logistics enterprises, which can not only improve the supervision, but also control the risk within a controllable range.

3.4 Promote the wide application of information technology

In order to ensure that the supply chain finance model can be well promoted, it must be supported by very advanced technology. Therefore, the implementation of information construction in commercial banks has become one of the tasks that cannot be ignored. Advanced technology can improve the working efficiency of staff, and can also avoid the impact of human error on the entire financial service as far as possible.

3.5 Fully control the cash flow of supply chain finance

Compared with traditional financial services, supply chain financial services are very different. In order to reduce the possibility of risk, supply chain services must adjust all financial products, standardize all processes, develop a scientific and reasonable financial statement system, and correctly manage the relevant accounts of commercial banks, so as to achieve a reasonable control of cash flow.

Conclusion

The emergence of supply chain finance has ushered in a better period of development for commercial banks, but it is undeniable that opportunities and risks coexist. This paper takes the supply chain finance launched by commercial banks as the research object, analyzes in detail the main problems and risks in the current supply chain finance under the current development background, and provides reference for dealing with these risk problems in combination with specific situations, hoping to further protect the security of supply chain finance and maximize the value of supply chain finance, And provide valuable reference for relevant personnel and companies.

References

- [1] Chen XX, He S. Research on financial risk measurement of commercial banks' supply chain from the perspective of financial technology [J]. Journal of Southwest University for Nationalities (Humanities and Social Sciences Edition), 2022,43 (07): 123-128.
- [2] Xue Y. Innovation Path of Blockchain Technology Driving Commercial Banks to Carry out Supply Chain Financial Business [J]. Southwest Finance, 2021 (02): 38-48.
- [3] Zhang W. Research on Innovation of Supply Chain Financial Model of Commercial Banks [J]. Financial Theory and Practice, 2018 (09): 28-32.

About the author: Yun Weixin (1998.3-), male, Han, born in Liaocheng, Shandong Province. Graduate students. Research interests: Government expenditure and environmental protection.