

An Analysis of the Development Situation and Prospect of Micro-credit Companies in Shandong Province

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Abstract: micro-credit is an important financial institution in recent years. The main problems in the development of micro-credit companies in Shandong province are micro-credit companies prone to narrow financing channels, product categories simple, the lack of policy support and the high operational risk. Suggestion of Development Prospect of Micro-credit Companies are developing community banks and financial companies.

1. Introduction

Micro-credit is an important financial institution in recent years. It has made important contributions to the development of small and medium-sized enterprises and national economy. There are three reasons for its emergence: on the one hand, many of the micro-credit activities in China in the 1990s have ended in failure. All sectors of the community have paid attention to the government's policy of introducing small loans. On the other hand, China's modern industrial and commercial and traditional agriculture, between urban and rural areas and rural areas of economic development needs; there is also one side of our country there are many illegal lending business, and micro-credit companies to a certain extent, put an end to this situation. This situation from the side to promote the establishment and integration of China's micro-credit companies, but it appeared in our country late, the lack of operational experience, many companies have not established a sound organizational system, the research topic will be micro-credit companies as research Object, to study and explore their development, through research to point out their problems and shortcomings, and put forward some suggestions to help micro-credit companies to achieve healthy development.

2. The main problems in the development of micro-credit companies in Shandong province

On the one hand, we can analyze the internal constraints. In Shandong province, micro-credit companies prone to narrow financing channels, product categories are simple, the information access to the situation so that the lack of micro-credit companies lack of customer surveys and analysis of the loan to recover more slowly, the company is easy to develop in the time Lack of funds. And because of its narrow financing channels, which makes it difficult to operate the funds. These two aspects lead to micro-credit companies do not have enough money for business innovation, and thus make our micro credit companies to launch a small number of products, a single business and the company lacked innovation.

Low staff of professional quality is also a problem of micro-credit companies in Shandong Province. Micro-finance companies have established a short time and lack sufficient capital. Thus, the adoption of recruitment methods to introduce some personnel with the lack of experience, understand little credit knowledge. In general, the company did not provide all kinds of training for employees in order to reduce costs. In addition, the company's strength is limited, and can't take expensive recruitment of professionals with extensive experience from the outside. Therefore, the staff in the professional quality of the company to bring a lot of operational risk.

On the other hand, from the analysis of the plight of external factors. The lack of policy support

and the high operational risk are the main problems faced by the micro-credit companies. They are more flexible in the mode of operation. The loan amount is short and the term of the loan is short, which is conducive to the stable development. But there is also a certain risk and high efficiency. Loans are difficult to guarantee the lender's 100% repayment, which also relatively increases the operational risk. Guarantee system is not scientific, can't be a comprehensive evaluation of customer risk, so in dealing with the business more risks, to pay more costs. In addition, the micro-credit company can't guarantee the coverage of the operating income to the operational risk. The setting of the interest rate in Shandong and the whole country is legally stipulated. Although the interest rate is higher than that of the bank, the micro-credit company encounters in the development of the business. The risk is higher, which is not conducive to the development of micro-credit companies to achieve stable development.

Regulatory responsibility is unknown, resulting in regulatory chaos is also a micro-credit company in Shandong. In accordance with the relevant requirements, the CBRC, the central bank and other agencies responsible for management. The establishment of the company requires the approval of the Finance Office, the supervision is by the central bank and other departments together. Capital flows and interest rates are regulated by the CBRC. Although they can handle financial business, but they do not belong to financial institutions, the government in accordance with their nature to its supervision and management, resulting in regulatory content and regulatory authorities there is a deviation. The central bank manages the filing of micro-credit companies, but this management is not comprehensive. In the management of micro-credit companies, the responsibilities of the departments should be made clear provisions to prevent the emergence of regulatory chaos and other issues. Too many local regulatory authorities led to the departments did not clear their respective responsibilities, problems, each other shirk responsibility, affecting the supervision work carried out, is not conducive to micro-credit companies to achieve standardized development.

3.The strategies which in order to promote the development of micro-credit in Shandong Province

Starting from the internal control factors, micro-credit companies can consider innovative products and services, broaden the financing channels. It can be divided according to the situation of the loan object, set the conditions and services to meet the conditions, to promote the development of micro-credit companies to design new products, so that the public demand is effectively met. In addition, the micro-credit fund is set up to help small companies with high credit levels and good operating conditions, to solve the problem of capital scarcity and to alleviate financial pressure. Micro-credit companies can also borrow funds from borrowing for inter-bank borrowing. It is relative to the previous have more operating funds, there will be no difficulty in the operation of funds, capital chain breaks affect the situation of innovation.

Micro-credit companies should strengthen internal management and establish incentives. First, take effective measures to motivate practitioners, mobilize their work enthusiasm, improve the quality of practitioners. Provide professional training for staff, improve their professional skills and improve their professional ethics. But also increase the intensity of investment for employees to provide training, requiring staff certificates, enhance their credit awareness, improve their professional quality, to avoid major mistakes in the work or discipline. Second, the development of risk control system. The separation of approval and loans, to carry out performance appraisal work. In the loan before and loans are done on the customer's situation analysis and investigation, to understand the customer's non-financial information and financial data. And micro-credit companies can work with insurance companies to take risks together.

From the external dilemma measures, the government should relax the interest rate control and deepen the credit docking. The level of earnings of micro-credit companies is inextricably linked to the set lending rates. Low interest rates can easily lead to their operation too difficult, so you must set the appropriate interest rate to ensure that they can get a stable income. The use of floating interest rates and market interest rates can improve capital efficiency and allow them to earn more.

At the same time, the government should increase the amount of small credit companies on the credit system docking, so that micro-credit companies are able to minimize risks. The government should set the interest rate in accordance with the requirements of the market economy development. In the provision of loans to customers, they also should ensure that the micro-credit company's own profitability, when the micro-credit companies to increase the income. For these reasons, they thus can achieve the development and design of new products, so as to meet the needs of more customers.

The government should also improve the law and supervision, as well as clear status. First, improve the laws and regulations. China should build a sound legal system for the development of micro-credit companies to provide legal protection. The government should deepen the understanding of the development needs of the micro-credit companies and adjust and perfect some legal systems in accordance with their development so as to ensure that the legal systems are in line with the realities of the micro-credit companies. Provide legal guidance and help to carry out the business work. Second, make clear provisions to regulators, in order to avoid the phenomenon of regulatory chaos. The Public Security Bureau, Trade and Industry Bureau, China Banking Regulatory Commission, etc. can strengthen cooperation, playing role and fulfilling their duties, to guide micro-credit companies to achieve standardized development. As soon as founding that micro-credit companies illegal violations, they are supposed to punishing them, to ensure that micro-credit companies work in accordance with the provisions.

4.Suggestion of Development Prospect of Micro-credit Companies

4.1. Community Banks: The communities mentioned here are not narrowly defined communities. They refer to small banks that provide financial services to residents or small and medium-sized enterprises in a given area, but the general assets do not exceed \$ 1 billion. Community banks, In-depth understanding of the problem can reduce the risk of asymmetric information problems, micro-credit companies in the development of community banks, will be able to solve the problem of funding only. And the community bank is a formal financial institutions, you can enjoy the preferential policies given by the state, the most important is the community banks to avoid equity dilution of the situation, but this transformation is also a certain problem, although the state has not yet stated the conditions required for the transition , But want to come to the request will not be low, which for some ordinary micro-credit companies also need a stage of struggle, and for the open community bank regulations China has not yet clearly issued a regulation, regulatory issues also need to explore, so think To transform into a community bank also need a lot of micro-credit companies to work together.

4.2. Financial companies play an important role in the financial system of Europe and the United States, where they can issue notes or bonds in the money market. Financial companies can borrow from banks, but the proportion of their funds is very small. In nature, financial firms are similar to micro-credit companies. Residents and small and medium-sized enterprises are the main clients of financial companies. Financial companies can obtain loans from banks, but also in the money market and capital markets on the hair bonds and notes, in order to obtain funds. Although the financial companies can't handle the deposit business, but because of the sources of funds more, can solve the problem of lack of funds, and financial companies can solve the problem of equity dilution, and financial companies are regular financial institutions, they can enjoy some tax subsidies, Loan companies can't enjoy these treatment, and finally, financial companies more likely than the community banks to achieve transformation, small loans if the company can't develop into a community bank, can strive to the direction of the development of financial companies.

4.3. Observe the form of micro-credit companies can be seen, micro-credit companies in China is a new industry, so far, the development of more than ten years. Although he is only a transitional product for the development of the financial sector in the region, the transition period will be quite long since the current situation, and the micro-credit companies will continue to develop in the current state for a long period of time.

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