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The Characteristics, Supervision Requirement and Control Path of Asset Quality of Financial Asset Management Companies

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ABSTRACT
In recent years, in order to reduce the risk of management to a certain extent, some financial institutions need to consolidate the quality of assets. In addition, if company wants to improve the quality of assets, it needs to control the risk fundamentally, and reducing the loss is the main content of management. Evaluation indicators are an important transmission channel and means for strengthening loss management and implementing risk control measures. Base on this, this article first briefly analyzes the characteristics and control content of asset quality of financial asset management companies, then analyzes the asset quality supervision requirements of financial asset management companies and their affiliated business platforms, Finally, it proposes a way to further strengthening the asset quality control management, so as to provide reference for the relevant people
Keywords: *Asset Management Company, Quality of Assets, Supervision Requirement, Control Path*

1. INTRODUCTION

In recent years, with the rapid growth of China's economy, the interest rate marketization has also achieved the expected goal.Some asset management companies are facing the dual challenges of development and innovation.At the same time, this kind of company's asset quality control work also needs continuous innovation，To put forward new ideas to achieve the sound development of financial institutions, and promote the continuous progress of enterprises. Asset quality is not only an important guarantee for financial institutions to deal with potentially adverse risks, but also one of the main manifestations of operating performance. Through continuous development in recent years, financial asset management companies have continuously improved in terms of business characteristics, business scope and scale expansion，Moreover, the asset quality also shows some distinctive characteristics that are different from other financial institutions, and the regulatory requirements are constantly innovated.

2. THE CHARACTERISTICS OF ASSET QUALITY OF FINANCIAL ASSET MANAGEMENT COMPANY AND ITS CONTROL CONTENT

Asset quality mainly refers to the ability of enterprise assets to face losses under adverse risk conditions [1].In other words, the higher the asset quality of an enterprise, the stronger the ability of the enterprise to bear risks and losses.On the contrary, if the asset quality is lower, the enterprise's ability to face risks and bear losses is relatively weak. In addition, from the nature of asset quality, economic environment, industry characteristics, regulatory requirements, asset life cycle risk development strategy ,they all will have an extremely significant impact on asset quality. During the economic upturn, the asset quality control requirements can also be appropriately reduced to obtain more returns and adjust risks in the most balanced state. Higher supervision of industry operation risks and industry requirements will also bring about the requirement of asset quality control, Constantly improving the enterprise's life cycle and development capability will have a significant impact on the asset quality to a certain extent. Under the common influence of these factors, asset quality will show more obvious selectivity. More importantly, the management of enterprises need to carry out continuous analysis and research on the current economic environment and market environment so as to develop a set of strong and effective measures. Adopt a set of standard controllable levels that match the group’s risk strategy and risk appetite to assess asset quality. If financial institutions can carry out a correct management and control, the business risk can be controlled within the scope that the enterprise can bear. In this way, the enterprise has a certain ability to withstand unknown risks, and it will also obtain greater benefits during this period. [2]. For some financial institutions, many of them are assets with outstanding credit risk on the asset side. Asset quality is particularly important for enhancing the ability to resist risks, so it can be processed to consolidate asset quality. In this way, on the one hand, it can enable financial institutions to calculate the asset losses that have occurred in a timely manner and make preparations in advance. In the face of potential risks, it can have a more complete set of programs to adjust. On the other hand, financial institutions need to conduct simple assessment and classification of net asset value in accordance with risk exposure and related rules [3].Company need to achieve the scientific and reasonable matching of risk-weighted assets and qualified capital in accordance with the minimum capital leverage ratio and requirements.Some financial institutions can check the effective assessment of related asset risk exposure through the analysis of reserves, so as to reflect the asset quality of financial institutions, and also reflect the management level of asset quality of financial institutions to a certain extent. A qualified financial institution can clearly show its ability to predict and prepare for future economic fluctuations and financial risks. And also will be have both forward-looking and dynamic at the same time.

Generally speaking, financial asset management companies can be classified according to the business model, funding object and customer source. The asset quality of these different financial asset management companies will also have some differences, resulting in different regulatory requirements. From the perspective of asset quality, it is mainly to analyze the asset structure. Financial asset management companies and commercial banks have similar deposits, but they are also somewhat different. The similarities are mainly that the asset structure of financial asset management companies and commercial banks exhibit the same large proportion of financial assets, and risk assets also have similar heights. The difference between financial asset management companies and commercial banks is mainly reflected in the leverage ratio and liquidity risk of financial asset management companies [4].Generally speaking, the liquidity risk of financial asset management companies is more prominent, and the risk of asset impairment is also greater. In addition, from the classification of investment risks, it is also obvious that the difference between financial asset management companies and commercial banks. Financial institutions such as commercial banks have a stable source of deposits and some business funds, The nature of the investment banking business at both ends of the project highlights the diverse nature of the business of its multiple financial platforms. Generally speaking, it is impossible to fully refer to the risk classification of commercial banks for a more scientific asset risk classification. The last point is that on top of the minimum basic requirements, financial asset management companies are more likely to gather operational risks than banks. The minimum capital requirements need to be higher than the capital adequacy ratio requirements of systemically important banks and non-systemically important banks under normal conditions.

3. FINANCIAL ASSET MANAGEMENT COMPANY AND ITS SUBSIDIARY BUSINESS PLATFORM ASSET QUALITY REGULATORY REQUIREMENTS

The establishment of a financial asset management company was to provide a more targeted policy agency for the disposal of state-owned commercial banks and the stripping of non-performing assets. With the continuous development in recent years, the financial management asset company has developed into a diversified financial holding group. From the perspective of management requirements, the regulatory agencies not only effectively monitor the asset quality of financial asset management companies and their subsidiary business platforms from a single legal person perspective. More importantly, this kind of supervision system has also effectively supervised other asset management from the group perspective [5]. Among them, the regulatory agency and the regulatory caliber are different, resulting in different regulatory requirements. Differentiated regulatory requirements actually mean that within a financial asset management company, there is no more uniform asset quality assessment standard. But for different situations and different risks, supervise the quality control within the asset group.

First, it is not difficult to see from the analysis of the regulatory body that for financial asset management companies, the China Banking Regulatory Commission mainly supervises financial asset management companies based on the relevant regulatory reporting indicator system. In these documents, the regulatory indicators are clearly divided into three categories: monitoring, detection and guidance. Among them, the monitoring indicators are mainly in the supervision of unexpected loss management and risk control. Another type of management literature focuses on improving risk management and control processes and the comprehensive use of capital management and consolidated supervision tools.AT last, different enterprises have different evaluation indexes, strengthening internal transaction management, emphasizing risks that are more important than formalities and monitoring.

Second, there are also obvious clues in terms of regulatory calibers. The CBRC is concerned about financial holding groups controlled by financial asset management companies. It is mainly regulated according to three calibers, which are company caliber, merged caliber and subsidiary caliber. According to different classifications, it is divided into monitoring indicators, detection indicators and guidance indicator. Among them, the monitoring indicators are mainly for some important monitoring work, mainly from the company caliber and merger caliber. Supervise mainly from the company caliber and merger caliber, to achieve one multi-faceted at a time, The multi-angle financial asset management company supervision system requires a corresponding degree of understanding of the operating activities of the subsidiary business platform. For example, both qualified capital and minimum capital need to monitor the capital management of financial asset management companies from the perspective of merger and parent company. Or liquidity management also requires a relatively complete short-term repayment ability monitoring of the company from the merger caliber and the parent company caliber [6]. In addition, the monitoring standard is to manage the long-term debt, liquidity, internal transactions, profitability, commercial acquisitions and leverage ratio of financial asset management companies and groups from the perspective of merger, company and subsidiary. The last is the guidance indicator. This indicator is mainly used to carry out a risk management and control work on the subsidiary platform of the financial asset management company from the perspective of the subsidiary. Among them, there are corresponding supervisions on loss management, profitability, scale development, and debt levels.

4. THOUGHTS ON FURTHER CONSOLIDATING ASSET QUALITY CONTROL MANAGEMENT

In order to reduce the risks in the course of operation, financial institutions need to strengthen the quality of assets. If company wants to strengthen the quality of assets and analyze from the internal management path, it needs to control the risks. Loss management is also a very important part of it, and evaluation indicators are the external response to asset quality. Analyzing from the perspective of external supervision, evaluation indicators are an important means and means of strengthening loss management and implementing risk control. Firstly, risk control is the most basic means of improving asset quality. Financial asset management companies can directly form various assets in the process of developing various businesses. In order to prevent and control the risks arising from the project, improve the quality of assets, it needs to carry out comprehensive risk management of various types of business risks, strengthen the pre-business risk management and control process and conduct a comprehensive investigation of different projects, implement project risk control measures, and improve management authorization, then effectively control credit risk, market risk and operational risk. Through this series of operations, we can ensure that there are strong remedial measures when various business risks occur. Secondly, loss management is one of the core requirements for consolidating asset quality. For loss management, first of all, it is necessary to reasonably distinguish the liability boundary between expected and unexpected losses, and emphasize the management responsibility for expected losses, and improve the ability to withstand unexpected losses. On the one hand, on the basis of asset risk classification management, it is necessary to regularly conduct impairment tests on risk-bearing assets, and to make provision for impairment in a timely manner for the losses that have occurred. At the same time, the expected loss needs to be included in the scope of performance assessment to emphasize the management responsibility for the expected loss. On the other hand, strengthen the management of general reserves and minimum capital to control unexpected losses within a more tolerable range, so as to ensure the Group’s interests can achieve stable growth. Finally, from the analysis of evaluation indicators, it is not difficult to see that he is not only an external reflection of asset quality, but also one of the effective transmission methods of the risk management concept. As a non-bank financial institution that professionally acquires, manages and disposes of non-performing assets, financial asset management companies have a slightly higher non-performing rate than the non-performing loan rate of commercial banks, which is more in line with the actual situation of business operations.

5. CONCLUSION

In general, for some financial institutions, it is necessary to consider the development of the institution from a long-term perspective. To improve asset quality, starting from the business side to carry out risk control is the most fundamental content. More relevant financial institutions strengthen management of expected and unexpected losses, take this management work as the core content, and the evaluation indicators as an important means of transmission. Timely and moderate disclosure of asset information quality can improve the overall management level of asset quality.

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