

Research on Car Loan Business Development Inquiry in Hohhot Branch of China Merchants Bank

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Keywords: Car Loan Business Development, Inquiry, Hohhot Branch, China Merchants Bank

Abstract. Hohhot branch of China Merchants Bank has developed automobile consumption credit market and it is important to promote the development of the automotive industry in Inner Mongolia and improve their profitability. From Hohhot branch of China Merchants Bank's own business, we analyze the current situation to carry out branch automobile consumption credit business, the formation of the root causes and its risk and proposes the corresponding improvement measures to achieve the healthy development of branch credit business.

The Problems of Auto Loan Business in Hohhot Branch of China Merchants Bank

The Change of Business Concept Is Slow and We Can Not Give Full Attention. Hohhot branch loan business is mainly for large and medium enterprises, loans to these customers as the main object and can not pay full attention to "small personal loans to households," that the loan should be based on public lending business as the focus and allocation of resources in favor of service high net worth clients, personal consumption loans often lack of attention, this idea has led to the bank staff that the car loan business income less complicated approval process, in practice employees often lack the enthusiasm and initiative. This is not only unwise to carry out the auto loan business branches not push, but to limit the development of business reputation and branches. Currently, more branches will focus on working capital loans, project loans and housing loans. That the high auto loan management costs and labor costs. Staffing, personnel selection, resource allocation emphasis is not high enough and more will be listed as secondary sector branches personal loan business unit management. According to statistics in 2013, China Merchants Bank loan ratio of total personal consumption loans 13.06%, followed by individual housing loans 11.13%, and finally the lowest personal car loans 3.74%; by the end of 2015 the total amount of loans reached 8.6 billion branches, including automotive consumer credit balances 330 million, accounting for about 3.83%.

The Risk Prevention Mechanism Is Not Standard. Risk is the primary task of commercial banks in consumer lending. Given China's current not established a comprehensive personal credit system, the borrower does not upload the updated information in a timely manner, the low level of public. Currently, the branch can be found in the borrower's credit history only through loan records such as credit repayment records, mortgage payments and other bank records occurred, auto loan for the borrower's incentive information, judicial and other information are difficult to accurately credit inquiries, which to some extent, it greatly reduces the quality of loans, thus limiting the development branch of auto loan business. Automobile consumption credit business credit subject to individual consumers to purchase movable assets mainly general credit business credit businesses mainly target places and change the object to determine their different credit risk. Currently, the main branches of credit risk borrowers have faced the risks and the risk of car dealers and agencies. Borrower risk can be divided into risk and moral hazard. Income risk refers to the borrower can not repay the loan risk borrowers due to changes in income or additional expenditure itself occurred caused. In addition to the individual wage income, the source of repayment of the borrower also includes bonuses, dividends, interest and other. These factors are usually unstable.

In addition, the borrower additional expenditures due to sickness or accident caused will lead to bank loans on time can not be recovered; moral hazard refers to the borrower's credit borrowers' poor awareness, deliberately not repay the loan in arrears. Borrowers may have an adverse credit

status or ability to pay is not enough and deliberately concealing information about itself defraud car loan. These two risks, a branch in practice due to asymmetric information both sides, which occurred in consumers obtaining credit, bank losses occur.

Automotive dealers and intermediaries eligibility for a better understanding of the lending bank, the loan does not meet the qualifications for some car buyers, sales profits in order to obtain the actual operation will assist the owners to provide false information occurs and false purchase invoices deliberately raise car prices. For example: In the high-end car market, often choose to buy a car with high with buyers or to buy low with the price difference between the larger, Audi A8L, for example, a 2016 models 3.0T 45TFSI fashion model sells for 898,000, and a 2016-type models 3.0T 45TFSI exclusive price reached 1.119 million, a difference of nearly 30 million, or some unscrupulous car dealer and the borrower, "collusion" issued false purchase invoices virtual lift prices of cash in bank loans, causing banks to suffer loss.

The Borrowers are Single and the Loans Cost is High. Car is the consumer durable goods, consumer groups whose income level can decide whether they choose to apply for a car loan payment. Statistical data from the automotive market, the automotive consumer's income mainly concentrated in the 3000-5000 RMB / month consumer-oriented, where their career as an ordinary white-collar workers, bank employees, civil servants mostly, the real high-income groups the proportion is not great. Income is not very high and relatively stable demand for this taxon auto loan is often a large, more enthusiasm for the car, mortgage loans tends to choose the way. China's automobile consumer groups have young characteristics, the majority of consumers aged 25-30, consumption of this group in order to advance overdraft consumption and consumption-based, automobile consumption payment is mainly in the form of mortgage loans. Currently Merchants Bank branch breed of automobile consumption credit is relatively simple, there is no targeted customer base of market segmentation, inflexible interest rate mechanism, narrow business scope, the main varieties generally for auto loan and insurance products related to individual consumers, difficult to meet the diversity of needs of customers. Auto loan target branch mainly white-collar workers, civil servants and self-employed persons the main income of this population has a high and stable, the other professions also occupy a certain proportion. Its narrow scope of business financing is adverse for its completion business, instead relying on more financial parent company.

Loan costs, car loans in addition to the down payment and interest, but if you find a security company to provide security, security companies also charge a certain percentage of the guarantee fee (typically 50% of the loan interest payments, according to security company may be), in addition to a range of insurance costs include loss of vehicle insurance, third party liability insurance and credit insurance; and transaction costs, vehicle use tax; high interest and other costs have become an obstacle to business development branch "hard hurt".

The Measures to Improve the Problems Existing in Hohhot Branch of China Merchants Bank Auto Loan Business Development Process

Strengthen the Awareness of Auto Loan. Abandon the traditional thinking, expand their business scope. In the development of urban services should pay more attention the rural consumer market, China is a large agricultural country, the low level of mechanization of agriculture production, farmers purchase tractors, harvesters and other agricultural machinery demand, combined branches geographical conditions, such as branches of the surrounding counties and farmers densely populated areas Linxian, Wuchuan County, Damaoqi, Mote Right Banner, etc. should carry out the loan business, abandon "the rural city of light, light heavy legal personal" thinking. While increasing offer car loan business outlets from the current wishful district, the new city car loan business of handling two main branches to expand the city's other branches.

The main relationship between customer loans by type of car buyers - auto - insurance companies - Bank into straight off of car buyers - Banks - dealers. Rely more on traditional business branches in car sales business of the company issuing car loans used car sales to companies as the main inter-passenger model, often complicated approval process, dealers earn fees, greater cost efficiency. Straight off mode independent investigation by the bank to the borrower before the loan,

then signed a contract with car after car dealer car loan candidates, the final insurance. Such direct financing lending model characteristics can effectively prevent the misappropriation of loans to borrowers to help solve the adverse selection and moral hazard problems caused by asymmetric information.

Avoid the Operational Risk from the Source. We attach great importance to the credit of staff job training and continuing education

First, the staff practices education, job training on a regular basis, review the credit department staff should strictly follow the rules and regulations of the approval documents the company's clients to submit to strict and detailed review. Secondly, to strengthen ideological and moral education, she stressed the importance of the work to be undertaken, for violation of staff to implement punishment mechanism. In addition, through the examination system, inspection staff working level, regular meetings to discuss exchange problems.

Improve credit evaluation system. Quantify the level of risk, it relies on subjective judgments by the member loan approval to Reliance credit risk rating and data models. It should to be evaluated in four major areas: basic information of borrowers, solvency, surety and stability. Development of services in the auto loan evaluation system, quantify credit rating index, to avoid operational risk from the source.

The Development of A Variety of Financial Products and Improve Service Quality. Attention should be paid from the diversity of needs of customers, to meet customer requirements. According to Mr.Tang in Hohhot Shi Jia Aodi store, in their store, for example, select the number of customers is about 30% of car loans, car loans and choose different reasons and, some cash flow difficulties, even some well-funded, However, in order to increase consumer records to achieve greater credit, also to bank loans. Among them choose a credit card for the largest proportion of the car, but most of China Merchants Bank in this regard in a less competitive car loan Hohhot Minsheng Bank credit card market share, so the China Merchants Bank branch in terms of Hohhot credit card car loan product development, the core business is to increase revenue; for car buyers, China Merchants Bank branch to provide consumers can purchase deposit services, that is, if the customer in advance of the branch deposit a certain percentage of the car savings, then compared to the general loan customers can more priority and more favorable access to car loans; car loans designed for different consumer products, introduce new services more personal commercial loans, consumer loans and other varieties used car, especially for working-class credit business. In addition, with the "Internet +" rapid increase, the branch should be effective use of the Internet platform, and strengthen cooperation in the electricity business, the Internet platform to carry out the wealth of auto finance.

References

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