

Financing Mode Analysis of Small and Medium-sized Enterprises based on Supply Chain Finance

Bo Sun^{1, a}, Haotian Liu^{2, b}

¹ Shandong Youth University of Political Science, School of Economics and Management, Jinan, Shandong, 250000

² Agricultural Bank of China Shandong Branch, Jinan, Shandong, 250000

^a email, ^b email

Keywords: Supply Chain Finance, Small and Medium-sized Enterprise, Financial Model

Abstract. This paper starts with analyzing the current situation of the financing difficulties of SMEs in China, and analyzes and studies the supply chain financial services, which is a new way for the commercial banks to innovate and develop the financing business of the small and medium-sized enterprises. At present in China, the research is on the financing difficulty of small and medium-sized enterprises is mainly focused on the development of financial support system, speed up the construction of credit guarantee system and establish small and medium-sized financial institutions for small and medium-sized enterprises. Taking into account the current domestic financial market development, we can through these channels to solve the problem of small and medium enterprises financing difficult to achieve a longer period of time to be achieved. So at present, the commercial banks through innovation and development of SME financing business, for the financing needs of SMEs for financial product innovation and financing program design, to alleviate the financing difficulties of SMEs is more feasible.

Introduction

At present in China, the study of financing for SMEs is also focused on the development of financial support system, the financing system and macro policy recommendations, etc., taking into account the current domestic financial market development, through these channels to solve the small and medium enterprises Financing difficult problem also needs a longer period of time to be able to achieve. Therefore, this paper argues that, at present, commercial banks through the innovation and development of SME financing business, financing for SMEs demand for financial product innovation and financing program design, through the credit market to find a number of participants or stakeholders, the establishment of a special Mechanism, to jointly share the risk of SME financing, to alleviate the plight of SMEs financing practices are more feasible. Supply chain financial service is an effective way to achieve these ideas.

Supply chain financial services are commercial banks through the use of SMEs and industrial cooperation between the large enterprises of credit, or between the two business contracts for the guarantee, while relying on third-party logistics companies to participate in the sharing of SME loan risk As a means. The bank out of the bank credit is only for the traditional limitations of a single enterprise, standing on the height of the industry supply chain, to meet the industrial economy, providing financial services, the effective injection of funds into the relatively weak SMEs, and large enterprises to provide comprehensive financial services. It not only avoids the troubles in the long-term financing of SMEs, but also extends the depth service of the banks. It is unique in solving the problem of the financing difficulty of the small and medium-sized enterprises, especially the trade-type small and medium-sized enterprises, and is expected to be a solution to the financing problem of the domestic small and medium enterprises.

The Status Quo of Commercial Banks' Financing for Small and Medium-sized Enterprises

At present, there is still a big gap between the capital demand of small and medium-sized enterprises and the financing that the banks are willing to provide. SMEs are generally in the

difficult position of credit financing. In 2005, the Central University of Finance and Economics "SME Financing and Financial Services" in selected 15 provinces and cities in some small and medium enterprises and financial institutions as a sample of the study found that banks and SMEs on the "local financial institutions are able to meet Local business needs of the funds" the answer to the question is almost the same. From the perspective of the financial institutions, 65% of the total "unsatisfied" is selected; from the enterprise perspective, only 28% of the total loans that they can obtain from the local financial institutions. Asked whether in the past year, successfully obtained loans from banks and other financial institutions is 46% of SMEs selected "No." When surveying firms about the percentage of loans to be financed by financial institutions, 66 percent of respondents said the percentage was less than 50 percent. At the same time, the People's Bank also has a survey, at present, Chinese small and medium enterprises in general there is a shortage of funds, of which more than 80% of the liquidity needs of SMEs can not be met, more than 60% enterprises do not have long-term loans. In the commercial bank loans, all small and medium-sized enterprise loans accounted for only 7% -8% of total bank loans, which are small and medium-sized enterprises in the national economy in half the status of disproportionate.

Second, the current credit system of commercial banks can not fully meet the operating conditions and characteristics of SMEs. The capital demand of small and medium-sized enterprises usually has the characteristics of "short, frequent and urgent", that is, the demand for funds is time-sensitive and the demand for capital is not large. Moreover, the use of funds in the temporary turnover of is more than the main, mostly short-term loans. Therefore, the bank loan procedure is simple, fast, in order to meet the needs of its flexible operation. At present, Chinese commercial banks to implement the loan approval authority on the policy, companies from the application for loan projects, investigations, and then to the approval of loans, the need for bank credit management and approval of the higher authorities at various levels, the approval process is too complicated procedures, The decision-making chain lengthened, thus affecting the timeliness of SMEs to obtain loans, can not fully meet the characteristics of small and medium-sized capital needs.

Finally, from the credit varieties, the current commercial banks on the financing of SMEs is still the traditional way of lending the main credit single species, the loan period and the way loans and small and medium enterprises "short, frequent, urgent" funding needs do not match, The lack of industry-specific and professional services. The other financing tools and their markets, such as bill market, accounts receivable financing, factoring and finance leasing, are still relatively backward, which makes the indirect financing options available to small and medium-sized enterprises (SMEs) quite limited.

Suggestions on the Development of Small and Medium - sized Enterprises Financing Business

On the one hand, commercial banks should be based on the production and operation characteristics of SMEs and demand characteristics, to establish a credit rating system for small and medium enterprises. In the past, domestic commercial banks have adopted a unified standard for the credit ratings of large, medium and small enterprises. The small enterprises are limited by the scale and other factors, and they meet the criteria of "very little". This requires commercial banks to properly adjust the credit standards for SMEs to study the development of a set of characteristics in line with the credit rating of SMEs, rating approach. Bank rating can no longer rely solely on corporate financial statements and other hard information, should focus on the enterprise's asset size into more attention to the actual business benefits, focusing on a particular project for SMEs or a transaction rating, taking into account the enterprise products Market prospects, development potential and the stability of the chain in which the company operates, and so on, and objectively evaluate the credit level of small and medium enterprises, for SMEs to obtain equal access to bank loans to create favorable conditions.

Commercial banks should further strengthen the innovation of products and services, expand financing channels, and strive to meet the full range of small and medium enterprises, multi-level financial services needs. Banks should be based on the characteristics of capital needs of SMEs, increase financial products and services innovation, to provide a flexible design financing and

repayment methods, through the active financing of bills, pledge financing business, good credit, trade Background real, production, supply and marketing of small and medium enterprises in stable operating conditions to provide financial support. For example, for some small and medium-sized products sales enterprises with long-term stability and small proportion of credit sales, according to the characteristics of their product price fluctuation range is small, wide application, easy to realize and other characteristics, can take warehouse receipts pledge short-term working capital loans ; For some large and medium-sized high-quality enterprises to provide fixed-supporting products for SMEs, in its real, legitimate trading background, can be handled for receivable loans or discounted bills to provide financing for its business.

SMEs are characterized by relatively high investment risk, and thus on the bank's risk management and control capabilities put forward higher requirements. on the one hand. Banks should strive to improve the ability to grasp the true information of SMEs, grasp the business activities, management, credit awareness, capital operation, asset distribution and related party transactions, the real situation. Second, the bank through the establishment of suitable for small and medium-sized enterprise customers credit rating system to accurately reveal the credit risk of small and medium-sized customers, a reasonable credit control to determine the amount of small and medium enterprises to prevent credit rating is not objective and credit is not timely and high quality exclusion of SMEs In addition to the object of credit support; Finally, banks should also strengthen the SME's post-loan management, standardize the post-loan management operating procedures, in-depth enterprise tracking and inspection, the implementation of post-loan dynamic monitoring, master the use of loans, inventory changes, Return, fixed asset changes and so on. Through the continuous monitoring and analysis of the borrower cash flow, financial strength, the value of collateral, industry and business environment changes and other factors to understand whether the enterprise's ability to repay the change in order to help banks to identify problems in a timely manner to adjust the relevant policies And measures to solve the problem in a timely manner to effectively prevent and reduce the risk of loans.

The number of small and medium-sized enterprises, a wide range of industries, which on commercial banks, SME account manager put forward higher requirements, in addition to the need to have a comprehensive financial expertise, may also have to understand one or a few industry-related industry knowledge. Therefore, commercial banks need to continuously improve the overall level of customer managers, the idea of good quality, strong ability to select the outstanding employees to the SME account manager positions, growing customer manager team, and enhance the overall strength of the client manager. To this end, the bank to further improve the SME account manager training system, through a comprehensive professional training, and constantly improve the overall quality of account managers and business skills, to actively cultivate and develop commercial banks in the process of SMEs to give full play to A positive role for enterprises to provide sustained, high quality and efficient financial services.

Conclusion

Supply chain financial services is a commercial bank through cooperation with small and medium-sized enterprises have industrial cooperation between the credit of large enterprises, or between the two business contracts for the guarantee, while relying on third-party logistics companies to participate in the sharing of SME loan risk As a means. The development of supply chain financial services will help solve the information asymmetry between banks and small and medium-sized enterprises and their lack of collateral security, which jumps out of the traditional limitations of bank credit only for a single enterprise, standing in the overall height of the industry supply chain , To meet the industrial economy, the provision of financial services, the effective injection of funds in the relatively disadvantaged small and medium enterprises, and large-scale enterprises to provide comprehensive financial services. Thus alleviating the financing dilemma of Chinese small and medium-sized enterprises and extending the depth service of the banks to a certain extent. Therefore, it is expected to become an effective way to solve the financing problem of the small and medium-sized enterprises, especially the trade-oriented SMEs.

References

- [1] YANG Shao-hui. Supply chain financing services from the business model of commercial banks [J]. *Logistics Technology*, 2005 (10)
- [2] Li Jing. SME financing problems [J], *Decision-making Exploration*. 2005 (06)
- [3] Ma Changyou. On the improvement of Chinese small and medium-sized enterprise financing service system issues [J]. *Economic Issues*, 2005 (05)
- [4] Chen Xiangfeng, Zhu Dali. The innovation of modern logistics financial services - financial logistics [J]. *Logistics Technology*, 2005 (03)
- [5] Cheng Xuejian. Logistics Finance: New Growth Point of Economic Development in Yangtze River Delta [J]. *Logistics Technology*, 2005 (03)