

Research on the Development of Chinese Financial Supervision System

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Abstract: A very important reason for the outbreak of the subprime mortgage crisis in the United States is that the financial regulatory system has failed to keep up with the pace of financial innovation, resulting in the lack of regulation. "Capital firewall" makes our financial market in the subprime mortgage crisis affected relatively small, reflecting the effectiveness of China's financial regulation. However, it also shows the backwardness of China's financial innovation. China's financial market must sooner or later be integrated into the international financial environment. With the rapid development of global financial markets, new financial products are constantly emerging, more derivatives, longer industrial chains and more hidden financial risks make the prevention and supervision of the financial crisis increasingly difficult. The purpose of financial supervision is to reduce the occurrence of financial risks, maintain the stability of financial order, ensure the correct implementation of monetary policy and promote economic development. Establishing and perfecting the modern financial regulatory system is not only the objective requirement of economic globalization and financial liberalization, but also the fundamental guarantee for the purpose of financial supervision. The subprime mortgage crisis in the United States has undoubtedly provided lessons and lessons for the prevention and regulation of China's financial risks and has important implications for the improvement of China's financial regulatory system.

1. Introduction

Since the subprime mortgage crisis broke out in full scale from year to year, it has exerted tremendous impact and destruction on the international financial order, resulting in a strong credit crunch in the financial markets. The systemic risks accumulated in the international financial system have been exposed, spread. The major economies, including central banks, government departments and financial institutions, have never seen any response to the crisis. In a special way, the crisis reveals the new order, new rules, new tools and new institutions in the current international financial affairs, and the innovation of financial supervision philosophy triggered by it has become a focus of current people's attention. The crisis not only caused many individuals and financial institutions to plummet, lose money or even go bankrupt, but also weakened the viability of financial institutions, the financial markets they formed and the confidence of investors. It is foreseeable that in the long term, the shadow of the subprime mortgage crisis will remain an unsettling factor in financial markets. As a typical financial crisis, the subprime mortgage crisis poses a severe challenge to the coping ability of the central bank. It can be said that the subprime mortgage crisis is a regulatory crisis for financial institutions. Therefore, timely study of the impact of the subprime mortgage crisis on the legal system of financial supervision and timely understanding of the weaknesses of the legal system of financial supervision help to effectively control financial risks, Improve the safety and efficiency of the financial system. The legal system of financial supervision is a powerful lever to maintain the stability of the financial system and improve the efficiency of financial markets. The legal system is based on the national conditions of a country, but the trend of world integration makes it impossible for the legal system to be constructed out of touch with the international community. Innovation is a major feature of finance, combining with the times and adapting to the economic base are the characteristics of the legal system of financial supervision. Subprime mortgage crisis broke out in the weaknesses of financial regulation, reflecting the loopholes and obsolescence of financial regulation. Through the

comparative study, we can give full play to the freedom of the market and at the same time strive to exert the effectiveness of the "visible hand" of the government to prevent market failure. By using the analysis of the "four-color theorem" in the financial law, Method to analyze the harm of the subprime mortgage crisis, and finally achieve the purpose of perfecting the financial legal system. A sound financial legal system will help to improve the effectiveness of financial regulation and guard against the overall financial risk.

2. The structure of China's financial regulatory system and existing problems

Behind any set of modern institutional design has a set of values to support it. The legal system of financial supervision is no exception. Therefore, when people face the challenge of globalization and introduce and construct a new financial supervision system, they should guide and cultivate the corresponding values. Otherwise, it will inevitably take the risk of "overstocking the orange." At present, we have some rather vague understanding of the institutional concept of financial supervision. This makes the entire regulatory system lacks clarity and flexibility. From the perspective of the entire financial regulatory framework, the content of China's financial regulation is mainly reflected in compliance supervision and safety regulation. Regulatory compliance mainly focuses on the access control of financial enterprises and the regulation of financial enterprises. "Safety regulation refers to assessing and judging the impact of financial enterprises' operation on financial and economic security and supervising acts that violate the principle of safety management. High market access threshold, strict business restrictions and interest rate limits are As the most important feature of China's financial supervision, it can be seen from the contents of China's financial supervision that the current financial system emphasizes more on the legal value of financial security and the pursuit of safety. In such a financial regulatory framework, with obvious financial restraints, financial security can not be truly realized. Under such a system, the central government runs too many financial institutions, resulting in a lack of resilience and innovation in financial institutions. The poor credit assets of financial institutions result in a large number of non-performing assets, Increasing the operating risk and liquidity risk of financial institutions. Now the rapid decline of non-performing assets is not because of the current financial regulatory has played a role, but the government in the face of financial market opening pressure under the divestment of non-performing assets, accounting verification, refinancing Etc. "Therefore, we need to reform the existing gold Regulatory philosophy, try to manage our financial market with new ideas, give full play to the initiative of financial institutions, from the start to improve their own risk prevention capacity, enhance its financial markets, particularly competitive in the international financial markets.

Under the separation and supervisory system, the three major financial regulatory agencies act their own way and become self-contained systems, paying attention only to specific financial institutions under their respective regulatory scopes. Due to lack of clear definition of power and responsibility for the regulation of cross-sectoral financial products and financial institutions, and functions of the strict positioning of the actual supervision of each other often competing with each other or the mutual deduction of responsibility, resulting in regulatory duplication or regulatory vacuum, not only increased regulatory costs, but also seriously affected the regulatory effect. After China's accession to the WTO, the cross-industry operations of various financial operators in China have reached a certain scale, and the conflicts of responsibilities and intentions among regulatory organizations have also emerged. The supervisory oversight or regulatory vacuum has become even more prominent. From the branches of the three branches of view, the CBRC branch offices are more abundant, there is a local banking supervision branch, the agencies under the jurisdiction of the China Banking Regulatory Commission in accordance with the mandate of the banking financial institutions in the area to perform their duties and According to the needs of regulatory work, the backbone of the development of county offices. In contrast, the Commission has only set up a municipal unit, the CIRC branch only set to the provincial level, the municipal level of regulatory responsibilities by the local people's bank on behalf of the implementation. "The development of the vertical branch of the network of regulatory organizations is generally subject to

the breadth of the jurisdiction determined by the degree of market development. When a securities regulator is set up alone, the cities below the provincial capitals are the places where the securities industry is concentrated and the remote trading institutions. By all levels of government management, development up to now, the securities industry in the region has been a considerable expansion of non-listed public companies to issue shares approved the start of work, the regulatory plight of thousands of companies is required more than the number of the Commission. A large number of places to set up branches of the securities and regulatory agencies. Insurance in the country a large number of insurance companies, agents and many customers, insurance coverage throughout the country but the regulatory agencies have not touched, the regulatory branch of the incomplete, exacerbated the difficulty of supervision, Increase the branch of the problem fish to be solved.

3. Suggestions to Improve China's Financial Regulatory System

We know that behind the design and operation of a country's financial regulatory system, there is a need to have a set of values that support it. When we reflect on the current financial regulatory system in the face of the current financial crisis, we must first think of whether there is a clear and scientific support for the existing system. At present, we still have some rather vague ideas about the regulatory concept of financial regulation. To this end, we must change our thinking and make clear what kind of concept we should guide the reform of the financial regulatory system in our country. Due to the fact that the integrated financial operation in our country has not yet formed a relatively large scale yet, the separate regulatory model has been relatively solidified. In the initial stage of mixed development in the financial market, the mode of China's financial regulatory system should be regulated with unified and unified management mode. In this sense, we think the regulatory concept of "unified coordination" is compatible with the current reform of China's financial system. Specifically speaking, "unification" is to meet the needs of clear and efficient management of financial innovation and mixed operation and management. At present, the pace of financial innovation is accelerating. Various financial derivatives have emerged and industrial operations have been mixed up. In the past, regulatory concepts that were merely classified according to functions and classified according to industries were outdated. A unified regulatory concept is conducive to unification of regulatory oversight, avoid overlapping supervisors, unclear powers, and improved ability to respond to crises are conducive to the various regulatory agencies for information communication and business coordination, reducing regulatory costs in favor of the world financial regulatory system. This means, first of all, that setting regulatory goals must be consistent and coordinated with the business goals of financial institutions. Merely in accordance with regulatory objectives, without regard to the interests of financial institutions and the development of regulation, will inevitably force commercial banks to pay huge regulatory compliance costs, the loss of opportunities to open up new markets, and often have serious moral hazard, which is a unity. Second, regulators are the representatives of the public interest. The goal of regulation must be in the public interest. This is also a unity. However, the development of commercial banks and the operation of market mechanisms are not always in the interest of the public, sometimes even conflicting. At this point, regulators should ensure the efficiency of market mechanisms to promote the survival of the fittest. To ensure the efficiency of the operation of the market mechanism does not mean blindly safeguard the interests of commercial banks. The reason for ensuring the efficiency of the market mechanism is that economic fundamentals determine the superstructure. Only by grasping the law of historical development can we promote social progress, safeguard the public interests more and achieve the goal of the rule of law. "Coordination" is to unify goals, avoid blunt financial supervision, increase flexibility in financial supervision and improve the vitality of supervision, clarify the responsibilities of various regulatory authorities, coordinate the interests of all parties and give full play to the synergy of official supervision and industrial self-regulation. Unification and coordination here is not a simple replacement of openness, protection, competition and efficiency. Because opening up and protection are built around the current regulatory system, in the face of the tide of financial globalization, the degree of openness is

limited and it is difficult to get rid of the inherent system. While competition and efficiency also safeguard the efficiency of the market mechanism, it is easy for such a concept to make the mistake of the concept of financial regulation in the United States. They think that the freedom of the market is the highest and thus the other extreme.

Under the principle of "unification and coordination", we find that due to the long-term fall into the controversy of separation supervision and mixed supervision, some restrictions have been imposed on the support and standardization of the financial mixed operation and development. In order to guide the financial supervision work of the "unified and coordinated" regulatory concept, we need to have a scientific regulatory theory, a sound financial regulatory legal system and a sound financial regulatory organization.

4. Conclusion

Faced with the financial innovation, asset securitization and the uncertainty of the financial environment, the reform of the existing financial regulatory system in the United States is inevitable. This will also provide multiple enlightenments for the improvement of China's regulatory system. Not only does it make us recognize the immature aspects of the financial regulatory system in developed countries, but also has a profound impact on the research and reform of China's financial regulatory system. To support the development of the real economy, the power of laws and regulations alone will not work. Therefore, we must open channels and innovate the system. China Banking Regulatory Commission is currently brewing innovation mechanism. For example, at present, China Merchants Bank has set up a SME credit center, which is specifically targeted at SME loans. In addition to providing financing solutions for enterprises, banks will also design a wide range of investment channels to help companies prevent risks. `For our country," During the economic boom, we did not relax regulatory standards because of the overheating of the economy. We strictly adhered to the system to hold the bottom line of regulatory risk and strictly adhered to the bottom line of fulfilling the firewall system. During the cold economy, the same can not be done because of international financial turmoil and insufficient domestic demand. "China is in the process of transition to a market economy system, and the system transformation itself brings with it many new economic features and problems. Wu pointed out at a Chinese international reform forum recently that China has deeply integrated itself into the process of globalization and has become an integral part of the world economic system. Therefore, it is impossible for China to take the lead in this financial crisis and to take the correct measures. Economic Development and Innovation Our country's new thinking of financial supervision and law should be timely.

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