

Countermeasures of China's financial risk

Mengji Ren

Wuhan University of Technology
Wuhan, China

Abstract: With the acceleration of financial reform and the establishment and development of financial markets, financial risk has become increasingly focused on the most influential and social risk. From the Chinese financial industry's long-term stable development of the financial regulation, financial restructuring, financial liberalization and the establishment of modern enterprise system and other aspects of preventive countermeasures of China's financial risk.

Keywords: Financial risk; financial supervision; the financial mechanism; modern enterprise system

1. Introduction

Along with our country reform of monetary system's quickening as well as money market's establishment and the development, in the national economy which day by day opens the financial capital central tendency is obvious, is also accompanied by the noticeable financial risk inevitably. Therefore, we both deal with the main financial risk hidden danger to have are clear about the enough understanding, and should in the absorption other country experience process, display the existing superiority, takes the effective measures to strengthen positively to the financial risk guard and melt ability. How further studies to guard against the financial risk, in causes the foreign capital to be how more, to be more effective, healthily serves for our country socialist economy construction has the vital significance.

2. Establish and improve a scientific and effective regulatory system, increase the intensity of supervision

In the current Chinese finance practice, the government has not taken the powerful measure to carry on the financial supervision, specially China since long financial organ establishment system and financial system's restriction content for the financial supervision creation good environment, had not attenuated government's management dynamics, has enlarged the financial risk. Therefore, we must establish and the perfect set of science effective supervision system, increases the supervision dynamics.

2.1. The Establishment and The Consummation Corresponding Supervision System

From the financial system interior, what is most essential is must establish an authority cognizant agency, causes it to become the internal stabled. Therefore, the People's Bank of China should act according to various financial organ risk condition the different manifestation, the es-

tablishment and the consummation corresponding supervision system.

2.2. Establish the Public Opinion Surveillance System and the Administrative Legal System Surveillance System

From the exterior lecture, but should also establish the public opinion surveillance system and the administrative legal system surveillance system, both must strengthen the information to disclose, increases the financial organ the transparency, and must enlarge to the financial organ illegal activities punishment dynamics, enhances the contrary cost, contains the contrary act in violation of regulations the continually occurrence.

2.3. Strengthen the Financial Legislation and Further Strengthens the Financial Supervision

To maintain the financial service to be stable, promotes the national economy continually, stably, the coordinated development, must suspend the financial supervision at a prominent position, must establish the credit risk guard mechanism as soon as possible, the guarantee fund safe operation. The establishment loan supervision system, strengthens to the loan "three looks up" the control inspection, the promotion risk loans management systematization and the standardization, by establishes legitimately, the steady financial movement order gradually. Therefore, but must strengthen the financial legislation, is advantageous for legally the standard each kind of finance behavior, further strengthens the financial supervision.

2.4. The Government and Central Bank Mainly Should Devote to Systematic and the Regional Financial Risk Guard

The government and Central Bank mainly should devote to systematic, the regional financial risk guard, specifi-

cally speaking. First, the development capital market, enhances the direct finance the proportion, reduces the financial organ financing pressure. Second, the cultivation and the consummation good credit environment, through the perfect legislation, the law enforcement work, causes the entire social the transaction activity and the creditor's rights debt relations agreement reduction, the standardization. Third, implements and realizes the investment in the fixed assets capital in cash system firmly, who invests, who profits, who braves dangers, reduces the financial organ fixed asset loan pressure, improves the credit property quality, the attenuated finance risk. Fourth, strengthens the Central Bank to the financial industry supervision.

2.5. The Financial Organ Should Guard Against Own Risk Diligently

The financial organ should guard against own risk diligently, this is reduces the financial risk the key. The key measure includes. ①Raises the financial organ capital sufficiency of capital, the enhancement unloads dangerous ability. ②Implements the careful management strictly, establishes and improves including gathers the gauge legitimate control, the property debt proportional control, the property management responsibility power control, the management audit investigation control and so on internal control system. ③Nimble using the PAROC control law, asset portfolio principle control law and model control law and so on overseas advanced risk management method. ④The perfect compensation for risk system, the concrete form is various financial organ sets up the bad debt reserve fund generally.

3. The Deepening Economic Restructuring and the Improvement Finance Operation Environment

China will deepen economic structural reform of financial systems and mode of operation have a profound impact on the financial sector should seize the favorable opportunity of economic reform, give full play to the role of financial leverage to take positive measures to increase capacity to resist financial risks, reduce and resolve The risk of domestic financial turmoil. The concrete proposal has the following several points:

3.1. Correctly Handle the Financial Relationship Between Reform and Economic Reform

In the realization of economic restructuring, economic restructuring and credit structure, optimize economic structure to promote and revitalize the stock, optimized increment, in the context of national policy to allow the financial work to support the reform of state-owned enterprises do a good job. Because only the state-owned enterprises to life, economic efficiency, and to ease the pressure on banks to radically reduce financial risks.

3.2. The Relationship between Government and Enterprises

The relationship between government and enterprises, completed implementation of the Enterprises. "Government-led" economic growth in East Asia who have created a miracle, but it also led to a history of a rare East Asian financial crisis. This is because the government-run enterprises easily blind expansion, the result can only lead to excessive growth of non-performing financial assets. China must learn the lessons of the East Asian financial crisis, and strictly implement the separation of enterprise, streamline state asset ownership, use rights, income rights and the relationship between discretion. Government, as representative of the ownership of state assets, the identity can only be funded outside of the financial companies to share business income, and financial enterprises can not intervene in business operations; the government as a social owners, management of financial enterprises, mainly in accordance with law Macro-control; and financial firms as economic organizations should pursue their own interests to maximize the operating principle.

3.3. Correctly Handle the Financial Relationship Between Reform and Economic Reform

Do not linger over the so-called "large group mode", the "Korean development model." The formation of enterprise groups, should be the formation of a market economy through competition, should not be artificially put together, "arbitrarily arranged" to form a large group is not viable. Enterprise is not the bigger the better, the most fundamental problem is that the competitiveness of enterprises. China should focus on the current to create a fair competition mechanism, the abolition of discrimination of small enterprises, especially non-state-owned small business policy and system efficiency rather than on the ownership and size of "tilt".

3.4. Good Internal Management System

The internal management organizational reform's core is must establish set of balanced restrictions, the rules and regulations to be perfect, the movement order controls from the inside the mechanism, must pay attention specially prevents the owner to the operator authority out of control aspect appearance, namely prevents operator's authority to keep in balance deficient in the enterprise, lacks the restraint outside the enterprise, may control the enterprise property so-called "the insider to control" willfully. It can be said that perfect controls from the inside the mechanism is the financial organ standard management behavior and the effective guard risk important means.

4. To Develop and Improve the Financial Market System

4.1. Strengthen Financial Market Infrastructure

Strengthen financial market infrastructure, and actively create conditions to improve national unified interbank borrowing market, a reasonable guide the flow of funds to achieve the interest rate market and create favorable conditions; to develop and improve the paper market, the discount market and the bond market (including government bonds and corporate bonds Market), short-term financing for businesses and banks to create the conditions; accelerate the pace of capital market development, in regulating the securities market on the basis of moderate expansion of the stock and corporate bond market, a variety of financing channels for enterprises to open up, and long-term development through the capital market to raise funds .

4.2. Deepening the reform of financial system

Speed up the reform of state-owned commercial banks to establish legal status and financial enterprises the dominant position of market competition, by economic region and set up regional branches, practice an independent, self-financing. Specifically, according to the modern enterprise system is the basic requirement - "property rights clearly established, separation of enterprise and scientific management" to the implementation of standardized reform of state-owned banks to make truly autonomous, self-financing, self-development , self-restraint of the corporate entity and the market competitors; establish and improve the commercial banks, "a legal entity, hierarchical classification authority, "the management system, reform of state-owned commercial banks, organization, proper contraction of state-owned banks front, construction of state-owned firms by economic divisions The new framework.

4.3. Actively Foster and Develop the Financial Market and Actively Develop the Capital Market

Actively foster and develop an orderly, efficient financial markets, and actively develop the capital market and expand the scale and proportion of direct financing and reduce bank lending pressure to spread the risks of business, not a lot of focus on the bank, which is to prevent and defuse financial risks An important way. A breakthrough in China's financial reform is to develop the capital market, which has become the consensus of theorists. Therefore, we should actively support the healthy development of securities markets, accelerate the development of China's investment funds, investment banking culture. While also strive to foster the currency markets, especially interbank market, and bill discounting market. Steadily, the proportion of direct financing to expand the specification.

4.4. With the socialist market economy of the financial system

Must consummate take the People's Bank as the leadership, take the Commercial bank, the policy-type bank as the main body, many kinds of financial organ coexisting financial system; And defers to "a minute industry management, is divided industry the management" the principle, limits the banking industry, the securities business, the insurance business, the trust industry management object and the management scope strictly, constructs many kinds of financial organ coexisting, the function finally supplementary, the intercoordination coordination stabled vital financial organ system.

5. Promote the Internationalization of Financial Opening to Promote Financial

Given the current international financial market volatility anomaly, caused a great many countries, the international of the financial system against systemic risk in the means and ability have yet to be improved, and the low level of financial development in China, and weak anti-risk ability to the actual situation, Financial liberalization must be with the overall level of China's economic development and the quality of the fit. Therefore, to uphold the healthy development of the principle of progressive liberalization. Specific recommendations are as follows:

5.1. Currency Liberalization and Economic Reform of International

We should actively carry out prudent monetary liberalization and internationalization of the economy changes. it is necessary to the development of international capital markets, but also guard against speculative attacks on international capital arbitrage. Capital flows will not only bring economic benefits, but also huge risks lurking. This requires capital receiving countries must guard against the risk of predictability, to redouble vigilance to prevent the huge international short-term speculative capital inflows, the impact of domestic financial markets.

5.2. Select to Enter the Chinese Market, Foreign Financial Institutions

Continue to select foreign countries have powerful and reputable financial institutions to enter the Chinese market, especially to the gradual introduction of investment banking, asset and fund management and financial intermediary services and other aspects of institutions, so as to improve the domestic business development in these areas level. Development of capital markets at the same time, strict capital account exchange controls on short-term capital management and strict control of non-resident holdings of the currency and attract foreign direct investment should adhere to the mainly speculative arbitrage to reduce the possibility of international hot money.

5.3. Foreign banks to conduct RMB business to expand the scope and scale

The steady expansion of foreign banks to conduct RMB business scope and scale. Meanwhile, tax and other policies with the domestic Chinese banks unite to form an equal competition. Free convertibility of RMB in the financial markets are more mature and effective implementation of monetary policy, exchange rate stability and monitoring capacity has improved greatly since the first implementation of the conditional convertibility of the last effort to free exchange.

5.4. To support domestic financial institutions to international financial markets

To take effective measures to support domestic financial institutions to the international financial markets, the formation of two-way flow, and promote financial internationalization. At the same time, extensive national financial risk education, training of financial risk awareness, foster rational investment behavior and improve the prevention and control of all financial risks of national consciousness and initiative.

6. Conclusion

With the acceleration of financial reform and the establishment and development of financial markets, financial risk has become increasingly focused on the most influential and social risk. Therefore, we should understand our financial situation, strengthen financial supervision and take preventive measures to protect China's sustained and healthy development. Strengthening financial supervision, deepen economic restructuring, improve the market of the financial system and guard against and defuse financial risks is the era of reform and opening up a task given to all citizens, it is difficult and complex system which needs all the people from all aspects of the Chinese efforts.

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