

# Research on Bank Acceptance Bill and its Risk Prevention and Control

Jiazheng Chu

School of business administration, University of Science and Technology Liaoning, Anshan  
114000, China

## Abstract

As one of the sub markets of the money market, the bank acceptance bill market cannot only make the ways for enterprises to obtain funds more diversified, but also more convenient, and reduce the problem of high financing cost caused by financing difficulties. With the continuous expansion of the scale of bank acceptance bill, the internal risk of acceptance bill business is gradually revealed, which has become one of the areas with high risk of banking business. Among the risks of bank acceptance bill business, credit risk, management risk, moral hazard and other risk forms are the most representative, which will bring great hidden dangers and losses to the healthy development of bank business. Based on the understanding of bank acceptance bill, this paper analyzes the risks faced by bank acceptance bill.

## Keywords

Bank; Acceptance Bill; Risk Prevention; Money Market.

## 1. Introduction

The most basic feature of bank acceptance bill is its short term. As a receivable and payable voucher and an important basis in the capital chain, it is applied by more and more customers because of its comprehensive payment, settlement and capital financing, universality of circulation and quickness of realization. However, it should be noted that there are high risks in the bill business, and there are often many problems in the process of handling, such as credit, income, operation and so on. If not prevented, it is bound to bring economic losses to banking enterprises or investors and greatly reduce the reputation of banks. Therefore, strengthening the control of the risk of bank acceptance bill business will have important practical significance in today's society.

## 2. Value of Bank Acceptance Bill

From the perspective of the borrower, the cost of borrowing with bank acceptance bill is lower than that of the borrower the sum of interest and non interest costs of traditional bank loans. Compared with traditional bank loans, bank acceptance bill can save the interest of compensatory minimum deposit. Secondly, the borrower's use of bank acceptance bill is better than the issuance of commercial paper. Those who can issue commercial paper in the commercial paper market are enterprises with large scale and good reputation. Bank acceptance bills can solve the problem that borrowers cannot issue commercial bills for financing.

From the perspective of banks, the use of acceptance bills by banks can increase operating efficiency. Under normal circumstances, banks can make net handling charges. When the bank pastes funds into the acceptance bill, it can also be realized through the secondary market. Therefore, bank acceptance bills not only provide liquidity, but also provide a diversified portfolio. Banks can increase their credit capacity by using acceptance bills. By creating,

discounting or selling bank acceptance bills that meet the requirements of the central bank, the bank's credit to a single customer can be increased by 10% on the original basis.

From the perspective of investors, the income from investing in bank acceptance bills is basically the same as that from investing in other money market credit instruments, but the security of investment bank acceptance bills is very high, and the first-class bank acceptance bills have an open discount market, can be resold at any time, and have a high degree of liquidity.

### 3. Bank Acceptance Risk

With the continuous growth of China's economic level, the transaction volume of bill business is also increasing year by year. At present, China's banks have taken bill business as a tool to effectively ensure the development of banks, such as capital financing and credit mediation. Bill business is now an important part of bank assets, indispensable and has attracted widespread attention. However, it should be noted that there are high risks in the bill business, including the risks of the applicant and the acceptance bank from the perspective of the subject; From the perspective of links, there are risks in the process of issuing, receiving and endorsement turnover; From the category, it can be divided into credit risk, income risk, market risk, interest rate fluctuation risk, management risk and so on.

#### 3.1. Manage Risk

The pre loan investigation is not in place. Bank review can only be limited to advance, and there is often the problem of emphasizing formal review and neglecting substantive review. Some applicant enterprises have good benefits and good social image for a period of time. When applying for credit business, the credit personnel and examination department of the handling bank are confused by the current prosperity, relax their vigilance, fail to accurately judge the potential market risk and customer risk, and do not conduct in-depth and detailed investigation on the operation, financial status and capital utilization of the enterprise, hastily handle acceptance business for them. As a result, the final drawer is unable to cash due to lack of funds, so the acceptance bank can only advance money first and then turn it into overdue loan.

Weak post loan risk supervision. Investment decision-making mistakes, changes in market conditions or internal management confusion and other reasons can lead to business losses. For example, credit personnel are not alert to the emerging risk factors, the enterprise benefits are significantly reduced, and the bank is unable to repay its debts. In addition, if the bank fails to take timely measures to recover and preserve credit assets, it will be due and can only make advances for them, which will eventually lead to out of control of risks, The money is gone.

The daily operation of the acceptance bank is not standardized. Acceptance banks have weak awareness of laws and regulations, high randomness, illegal operation and risk of illegal operation. Some banks have lax implementation systems and a large number of illegal operations. They relax the access standards and issue bank acceptance bills to unqualified customers, which eventually leads to capital advance.

#### 3.2. Moral Risk

With the rapid development of domestic bank acceptance bill business, because it has become an important means of financial circulation of contemporary enterprises, some individuals and intermediaries also began to understand and master the characteristics of bank acceptance bill, and take this as the basis to realize cooperation with enterprises, relying on its fictitious transaction background. Resale of bills of exchange related activities to help organizations or individuals handle the bill acceptance business, and then charge relevant fees for private interests. In addition, many intermediary organizations and individuals earn interest margins by discounting bank acceptances held by real enterprises. Issuing bank acceptance bills by forging trade contracts and background greatly increases the risk of commercial banks.

The professional ethics of bank staff is poor, resulting in moral hazard. Criminals' means of bill fraud are becoming more and more sophisticated, and their methods are more and more inclined to corrode and win over bank employees. Some bank staff have poor professional ethics and are tempted by immediate interests. They deliberately operate in violation of regulations and ultra vires in acceptance, discount and other links, evade superior monitoring, and take off balance sheet credit business as a means to seek personal interests, forming moral hazard.

Corporate fraud. Once the bank makes mistakes or the review is not rigorous, it will inevitably fall into a trap. This fraud is mainly reflected in: forging or altering the acceptance bill; Replace the real bill with the forged bill; Forgery, including the forgery of commodity contracts, value-added tax invoices and other relevant documents, in order to defraud bills of exchange and obtain bank assets.

The most obvious consequence of moral hazard accumulation is the existence of a large number of non-performing assets and the occurrence of financial cases. It has caused bad social impact and attracted great attention to professional ethics education in the financial field.

### 3.3. Credit Risk

According to the relevant regulations and requirements formulated and implemented in China, bank acceptance bills have the independence and non causation of bills. In the process of actually carrying out this business, it is assumed that the applicant is due but the payment of funds has not been completed. In this case, it is necessary to make advance payment through the issuing bank, which is the unavoidable responsibility of the issuing bank. banks.

Customers cash out for profit. Misappropriate funds for other purposes or apply for bank acceptance bills without real trade background to defraud bank funds. If the company's intention to evade supervision and misappropriate funds is not found in time, the tracking management of capital operation is not carried out in time, and even the bank acceptance bill is issued rashly and continuously, it may lead to a large number of bank credits being discounted for huge profits, resulting in serious loss of control of bank credit management and damage to the security of bill business, Directly affect the settlement of due acceptance bills.

The enterprise deliberately defaults or occupies others' funds free of charge. Some related enterprise products are sold in other places, and all are settled by acceptance bill. After receiving the acceptance bill, the enterprise will endorse and transfer the bill to purchase raw materials; Or transferred to other related enterprises to apply for discount from the bank and get cash, so as to avoid the bank's loan and interest collection. Such events not only make the bank's management of creditor's rights out of control, aggravate the behavior of debt evasion and abolition of enterprises, but also easily lead to debt disputes among enterprises. In addition, it is also common for some enterprises to erode bank debt by using the current non-standard bankruptcy operation, which increases the difficulty of bank account recovery.

## 4. Risk Prevention and Control of Bank Acceptance Bill

### 4.1. Do a Good Job of Customer Audit

For cooperative customers of enterprises, we need to choose carefully. In business cooperation, one is to review the customer's reputation and the other is to review the customer's capital status to ensure that the enterprise can receive the payment on time. Before signing the contract, the customer shall provide real enterprise statements to facilitate the enterprise to conduct relevant analysis and confirm whether to conduct business cooperation with the customer. In order to ensure the return of the enterprise's funds, it can be agreed in the contract that the customer shall provide a loan guarantor or collateral equivalent to the loan. The guarantor of the customer shall be jointly and severally liable. For the collateral of the customer,

the enterprise shall pay attention to whether the collateral is mortgaged to only one enterprise. Because some enterprises provide collateral in order to obtain the trust of customers, but the collateral provides collateral to many enterprises. When the enterprise has financial difficulties, due to the situation of multiple mortgages on one thing, the enterprise will not finally obtain the full ownership of the collateral.

#### **4.2. Strengthen Post Loan Tracking and Early Warning Management**

After the completion of acceptance business, each bank must timely require the enterprise to provide proof that the commodity transaction has been performed, such as value-added tax invoice, freight certificate, etc., so as to ensure the authenticity of trade and the compliance and integrity of bank credit information. At the same time, it is necessary to strictly carry out post loan inspection, check and analyze the drawer's capital flow, transaction execution, due payment ability and guarantee, and write a detailed and timely post loan inspection report to ensure the control of acceptance business risk. In case of major changes and abnormalities in the operation of customers, the credit personnel shall timely report to the corresponding departments and take corresponding measures to prevent capital advance. Standardize the file management of bank acceptance bill business. The acceptance bill business archives shall be managed in strict accordance with the provisions on the management of credit business archives. The elements in the archives must be listed in the catalogue, and the relevant business data must be bound and numbered uniformly to avoid confusion and lack of archives.

#### **4.3. Strengthen the Construction of Internal System**

Enterprises should improve the construction of internal control system, stipulate that a business cannot be handled by one person in the whole process, and at least two or more people should handle the endorsement discount, so as to contain each other and fundamentally reduce the occurrence of fraud. In daily work, the enterprise can often organize employees to participate in various business training, or invite bank staff to the unit for guidance to help the enterprise's financial personnel identify fake bills, cloned bills and damaged bills, so as to avoid economic losses caused to the enterprise by receiving the above bank acceptance bills. At the same time, in the process of bill collection, the handling personnel of the enterprise should check the bill loss reporting bulletin board on the court website to see whether there are corresponding bills, so as to reduce the risk of collecting bills that have been reported and stopped payment.

#### **4.4. Establish Standardized Operating System**

The CBRC has made requirements for the innovative risk management means of commercial banks. It should focus on the use of management information technology and systems to improve the identification, measurement, detection and control of bill business risks. At the same time, it should speed up the transformation of business processes. In order to avoid operational risks, each bank should establish a perfect core data management system to process various businesses. Its purpose is to develop the ticket pasting business of commercial banks and improve the risk prevention ability and business processing efficiency. The system should be based on the basic data, so that the electronic process and transaction management can be realized, forming a prevention mechanism for the whole banking system, sorting and analyzing the previous paper approval and relatively scattered manual information, so as to improve its business processing efficiency and standardized management level. This also makes the discount business management system of commercial banks more professional, large-scale and intensive.

#### 4.5. Establish Reward and Punishment Measure

In combination with the corporate culture, the enterprise can strengthen the professional ethics education of employees, especially financial personnel, and require financial personnel to improve their professional ability and proficiency and reduce bill endorsement errors. Reward and punishment measures shall be set up in the enterprise management system to reward the meritorious personnel in the process of bill business handling, and punish the personnel who are slack in their work, deliberate omission or abandonment of the implementation of the internal control system, which has caused the enterprise such as delayed collection or other asset losses, so as to make clear rewards and punishments and eliminate hidden dangers in the bud.

#### Acknowledgments

The special funding of the University Student Innovation and Entrepreneurship Training Program University of Science and Technology Liaoning.

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