

Analysis on the Trend of Mixed Operation of China's Financial Industry

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Abstract: due to the development of global economic integration and the rapid change of information processing and transmission, coupled with the increasing maturity of the financial industry, financial institutions need more and more funds. A single financial operation means has been difficult to meet the requirements of consumers for financial products. Many countries in the world are moving towards the mode of financial mixed operation. Since China's reform and opening up, the financial industry has shown a vigorous vitality. We should seize the opportunity of our own development, objectively analyze the development trend of international finance, and absorb the mature operation mode of international financial industry, so as to speed up the pace of financial reform. Therefore, it is an inevitable trend for China's financial system reform to change from separate operation to mixed operation.

1. Introduction

From the current situation of the world's financial industry, the financial industry in many countries is moving from separate to mix. The mixed financial operation has gradually become luminous, and the mixed financial operation has become the inevitable trend of the development of the financial industry[1]. Customers in the financial industry need the financial industry to provide simple and diversified financial products, enterprises need the financial industry to better finance and efficient and high-quality financial services, and the financial industry also needs strong alliances to expand its own strength and interests. Finance is financed, which uses idle social funds for industries in urgent need of funds in society. Only through more effective financing can the economy develops more rapidly. If the financial industry is too defensive in the restructuring, it will affect the economic progress. Many developed countries, especially those with improved financial industry. It is realizing this that they have moved towards the road of mixing operation in the financial industry.

2. Motivation of Mixed Operation of China's Financial Industry

2.1 The Inevitability of Mixed Operation from the Perspective of Social Demand

Due to the increasingly blurred boundaries of financial business, business convergence and fierce competition. The profit margin of financial institutions is declining. In order to seek new profit

growth points, they have to expand new businesses. The implementation of mixed operation is conducive to the effective integration of various financial businesses, the creation of profits and the sharing of customer resources. Banking, securities, insurance and other financial businesses can realize complementary advantages and produce linkage effect under the mixed operation system[2]. In China, the financial market structure is dominated by banks. In the long-term accumulation, banks have generally established a much larger and more complete marketing network and e-banking product system than insurance companies. In line with this, they are a large in-depth service team such as “background personnel - counter staff - Customer Manager - banking experts”. Compared with the number of outlets and service personnel, In terms of the integrity of the marketing service system, the channel resources of banks have a strong attraction for insurance companies to sell mass products. Insurance funds are long-term and stable. Insurance is an important part of modern financial system. From the situation of developed countries, the proportion of insurance assets in total financial assets is about 20%, while that in China is only 3%. In terms of the proportion of premium income in residents' savings, the international average level is 30%, while China's is only 3.4%. At present, banks are still absolutely dominant in China's financial system, bank assets account for more than 95% of the total financial assets, and the proportion of indirect financing dominated by banks is too high.

2.2 Enhancing Competitiveness with the International Financial Industry

Under the general trend of financial globalization and liberalization, the international competitiveness of financial institutions is more important. The size of the financial industry and the width of its business scope are factors that can not be ignored, which determines its position in the competition. After China's entry into WTO, the contradiction between the separate operation system of China's financial industry and the mixed operation system of Finance in many WTO member countries will be inevitable[3]. A large number of foreign banks, insurance companies and securities companies will enter China, and their business fields can involve banking, insurance, securities and trust investment. Relying on their strong capital strength and high-quality financial talents, they will seize the opportunity to enter China's financial market, strive to expand their business fields and seize market share, It brings great challenges and competitive pressure to China's financial industry. Even if foreign banks follow China's legal system and engage in single banking business in China, they can indirectly realize mixed operation through exchanges with overseas parent companies. This inequality in business scope will put China's financial institutions at a disadvantage in the fierce competition. The long-term cooperation mechanism between foreign-funded enterprises and foreign-funded financial institutions is also their important advantage in this competition. In this context, if our enterprises do not get all-round financial services, the result will be unfair, which will seriously restrict the development and improvement of the competitiveness of domestic enterprises, and will endanger the long-term sustainable development of China's financial institutions. Therefore, how to resist the impact and strive to create conditions for the transition to mixed operation is of far-reaching significance to make China's financial industry survive and develop in the face of challenges. Therefore, from the perspective of international competition, it is not only inevitable but also urgent for China to implement the mixed operation of financial industry.

2.3 Diversified Requirements of Customers for Financial Products and Services

In the final analysis, the competition between financial institutions is a customer battle. The key to winning this war is whether they can have convenient, efficient and accurate high-quality services to meet the diversified needs of customers[4]. Due to the single business and high

operating cost, it is difficult for financial institutions to provide comprehensive services to customers. Facing the growing different needs of people, financial institutions have to change their business philosophy, implement mixed operation and launch a series of personalized and high value-added services to meet their needs, so as to attract and retain customers, Obtain long-term benefits. After the transformation of commercial banks from separate business to mixed business, the diversification of research platforms and the concentration of human resources will certainly bring about the innovation and rapid development of financial business.

2.4 Reduce the Operating Costs of Financial Institutions Themselves

Mixed operation has gradually developed into the main operation mode in the world due to its good economic effect. It is described in detail as follows: mixed operation commercial banks design financial products to adapt to their own, reducing their own research and development costs. At the same time, diversified services of commercial banks also reduce marketing costs. When consumers get convenient services, it also enables financial business to develop in the long run and expand its influence. Under the general trend of brand effect and word of mouth coming first, consumers' satisfaction with financial services will directly affect the influence and appeal of commercial banks' brands. A good proportion of satisfaction will bring good brand influence to the brands, which reduces the publicity cost of commercial banks.

3. Problems and Countermeasures in the Implementation of Mixed Operation of Financial Industry in China

It is inevitable for China's finance to take the road of mixed operation, so it is time to analyze some disadvantages of this business model and what immature conditions exist for the implementation of mixed operation in China.

3.1 Financial Institutions May Transfer Their Own Loan Risk

For example, when a company is able to provide loans to customers and carry out underwriting business, if its loan customers cannot repay the loans of the institution, the financial institution may exert pressure on borrowers in financial difficulties to force them to issue securities, and then sell them to external investors, At this time, financial institutions will use the issuance income of the enterprise to recover the loan. In this way, the financial institution transfers its loan risk to investors who buy problematic corporate bonds. For example, in 1989, First Boston tried to recover the bridge loan to a company in Ohio by issuing junk bonds.

3.2 Mixed Operation May Cause Tying Problems

After financial institutions implement mixed operation, their managers will suggest to customers to buy the products of their own subsidiaries rather than the products of other institutions for their own interests, which may damage the interests of customers. Moreover, financial institutions can rely on their lending relationship with enterprises to increase financing costs or no longer provide new loan lines to coerce enterprises to buy a package of services such as securities underwriting or insurance products they provide[5].

3.3 China's Existing Financial System Being Imperfect

The operation and management level of China's commercial banks is relatively backward, and a perfect internal control system has not been established; There is no perfect risk monitoring system, which can not effectively monitor the risks in the process of bank operation. Banks only pursue profit maximization and ignore the huge risk of the securities market, which increases the risk of credit funds.

4. Countermeasures

First of all, mixed operation must consider the market competition conditions. In economically developed countries such as Britain and the United States, the competition in bank loans, securities business and insurance business is very fierce. It is impossible for a financial intermediary to monopolize the market more. This means that if commercial banks want to operate securities and insurance business, they can't survive without efficiency. However, in China, the property rights of commercial banks are not clear, state-owned banks are difficult to bear real responsibility for the huge losses that may be caused by non banking business, government intervention in loans is widespread, information collection is very backward, accounting and disclosure standards are not perfect, and the quality of supervisors is not very high. In this environment, the introduction of mixed operation must be carried out with caution.

Secondly, in terms of financial supervision, we should establish a unified financial supervision model in China as soon as possible. At present, China adopts the separate supervision mode of banking, securities and insurance. With the improvement of the reform of commercial banks, the further improvement of supervision ability, the further improvement of market mechanism and the improvement of the degree and depth of mixed operation, China Financial Regulatory Commission, as a department directly under the State Council, is the highest authority of China's financial supervision, which is responsible for overall planning Manage and coordinate the supervision of the three themes, be fully responsible for the supervision, inspection and coordination of all financial institutions, and improve the utilization of information resources by establishing a scientific network information system to serve regulatory decision-making and risk early warning.

Thirdly, reform the property right system and operation mechanism of financial institutions. According to the modern financial enterprise system, improving the property right mechanism of the financial industry is the objective requirement of the market economy.

5. Conclusion

Today, China's financial market has been completely opened to the outside world. This is an opportunity, but it is also a challenge. The huge impact inevitably requires us to complete the comprehensive integration with the international financial industry in a limited time, which further requires us to clearly and correctly understand the development process and development trend of the international financial industry. Nowadays, the all-round trend of banks in western developed countries is increasing and accelerating. Mixed operation has become a major development trend of the current international financial industry. It is an inevitable trend for China to implement the mixed operation of financial industry. However, the transformation from separate operation to mixed operation is the re combination of various financial elements and the process of optimal allocation of financial resources, which involves all levels of economic life. Therefore, supporting reforms need to be made in many aspects, such as legislation, securities market, financial supervision and so on.

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