

Research on Risk Characteristics and Management of Financial Market

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Abstract: Under the background of the continuous improvement of the development level of China's social modernization and the improvement of the social and economic system, a good environment has been created for China to comprehensively realize the reform of the financial system, and a series of effective measures have been taken on how to effectively deal with the risks of the financial market. Through a detailed analysis of the characteristics and impacts of China's financial market risks, and from the perspective of the spread level and substantive connotation of risk factors, this paper formulated a set of strategies for effective management of China's financial market risks to lay a solid foundation for further promoting China's financial market to achieve the goal of sustainable development.

1. Introduction

According to the detailed analysis of the actual development status of China's application market, it can be known that due to the influence of various factors, the financial market is facing unprecedented challenges. As one of the many challenges with high influence and impact, financial risk has caused great damage to China's socio-economic subjects and financing subjects. At the same time, China's financial market risk has obvious uncertainty, universality and diffusivity, which leads to the difficult process of risk control. In this regard, we should strengthen the standardized guidance of financial investment, reasonably avoid risks, ensure that the role and value of financial institutions are brought into full play, improve the supervision of financial market risks through active cooperation with government departments, comprehensively build a perfect financial project, and promote the benign development of China's market economy. It will provide a strong basis for the effective implementation of various development measures in the financial market and ensure the smooth realization of the goal of steady social and economic growth in China.

2. Risk Characteristics of Financial Market

2.1 Uncertainty

As one of the main characteristics of China's financial market risk, uncertainty mainly refers to all temporary and sudden risk shocks of the currency entering the market and capital in the process

of financing, so that the operability and results of the financial market can't be clearly defined. The development direction of the final result is usually not centered on people's subjective consciousness, but is greatly affected by various unknown factors and objective events. There is no obvious regularity. The existence of uncertainty has a serious impact on the effective risk reduction probability of China's financial market. Usually, it will have a great impact on investors and economic subjects, such as national politics, economic sanctions, external wars, enterprise closures, etc. These factors are usually not controlled by people's thoughts and perceptions. Therefore, in the process of capital financing or capital operation, China's financial market must take effective precautions against various uncertain factors, formulate practical countermeasures through comprehensive consideration of relevant contents, and make full psychological preparation.

2.2 Universality

In the process of implementing various capital operation and capital financing measures, the financial market will inevitably be affected by various uncertain factors, resulting in many problems. Through the study of the rules and methods of capital financing and monetary financing, we can know that the risk of China's financial market also has a strong universality. Universality mainly means that the capital financier needs to set a specific time limit in the process of capital recovery and collect corresponding remuneration in combination with his own payment and the capital integrating party shall also repay the principal and interest in time according to relevant requirements after obtaining the corresponding income within the specified time. However, due to the existence of uncertain factors, the income that the capital integrating party should obtain in this process can't be guaranteed, so the principal and interest can't be repaid within the specified time. After studying the universality of financial market risk in China, it is found that this kind of situation is more common in China's financial market and is one of the most common characteristics of financial market risk.

2.3 Diffusivity

Through the detailed analysis of the essential characteristics and core connotation of China's financial market, we can know that China's financial market risk has strong diffusivity, and the role of diffusivity is usually presented from the related fields of the financial credit system. The operation means of the financial market mainly take credit as the core, and the financial institution is a kind of intermediary service place with financing function. Therefore, credit plays a decisive role in the financial market. As one of the main characteristics of the financial institution, the existence of the multilateral credit system leads to the occurrence of variability risk, which has strong concealment and contagion, and makes the credit network of the financial market have hidden dangers. When there is a problem in a certain operation link of the financial market, it will produce the butterfly effect and trigger a series of chain reactions. The destructive nature of the financial market risk will continue to spread, thus forming a credit crisis and directly or indirectly causing a financial crisis.

3. Financial Market Risk Management

3.1 Take Standardized and Guiding Measures to Ensure That Financial Investment Can Reasonably Avoid Risks

First, financial institutions should strengthen the effective implementation of scientific guidance, adopt on-site or online Q & A to answer the doubts or problems of investors, and systematically sort

out the risk characteristics in the process of financial financing, so as to serve as a warning and supervision for various financial behaviors ^[1].

Second, it is necessary to strengthen the active teaching of risk-prevention knowledge, let financial institutions and relevant departments check the publicity work, introduce in detail the risk response methods and psychological risk avoidance measures involved in the process of financial investment, so as to ensure that financial risks can be understood and mastered by more investors in a timely manner, so as to prepare for possible risks in actual investment ^[2].

Third, government departments should start from the level of financial market risk control, warn major risks and potential risks, supervise large-scale investments and large-scale operations in real time, and actively encourage and support scientific publicity ^[3].

3.2 Strengthen the Role and Value of Financial Institutions and Reasonably Avoid Risks

First, financial institutions should correctly recognize and attach great importance to the seriousness of financial risks, do not conceal all existing and possible risks, put an end to covert operations, analyze all risks and hidden dangers existing in the capital market and capital financing process one by one, take customers as the core, service as the standard, effective risk avoidance and stable investment as the main objectives, give full play to their own capabilities, and minimize the incidence of financial risks ^[4].

Second, financial institutions should formulate different risk levels according to the actual situation. Based on capital investment, risk factors, objective environment and other conditions, the risk level is effectively assessed and divided into three levels: level 1 risk, level 2 risk and level 3 risk. On this basis, it is essential to strengthen the scientific classification of risk levels, and take countermeasures against different types of financial risks to effectively avoid them. In addition, it is necessary to comprehensively assess the extent and level of impact of different risk types on investors ^[5].

3.3 Strengthen the Full Play of the Regulatory Functions of Government Departments

First, improve the level of macro-control over the financial market. In order to stabilize China's social and economic development, promote capital financing and develop the financial market in an all-round way, we should adopt scientific and reasonable macro-control measures to manage the development law of China's financial market and the capital operation. From the perspective of diversification, we should ensure that risky profits, illegal profits, speculative profits and other behaviors are effectively avoided, and standardize the contents of various laws and regulations involved in the operation of the financial market, so as to give full play to its safeguard role ^[6].

Second, government departments should take various effective measures to ensure the effective implementation of real-time supervision and management, and be able to conduct real-time supervision over the operation of the financial market and the operation of various capital, so as to take targeted measures to ensure that the risk of entering the market is greatly reduced. There are many contents involved in relevant supervision work, mainly including real-time intervention supervision, comprehensive inspection and evaluation for different financing companies, financial institutions and investment subjects. Once problems are found, corresponding measures must be taken in time to deal with them effectively. Government departments should strengthen the strict supervision and management of abnormal capital intervention and financial operations, crack down on and rectify such problems, and create a green and sustainable good environment for the stable development of China's financial market ^[7].

3.4 Strengthen the Establishment and Improvement of the Financial Engineering System to Promote the Vigorous Development of the Market Economy

The financial industry has played an important role in improving China's comprehensive national strength and promoting the construction of China's market economy by virtue of its diversified advantages. Driven by the deepening economic integration of global enterprises, China has begun to establish a financial engineering system, which has provided positive help for the all-round development of the financial industry. Relevant departments should correctly recognize and attach great importance to the significance of in-depth research on the risk characteristics of the financial market and risk management approaches at the ideological level, and elaborate the risk characteristics and management methods of the financial market through the effective use of the financial market and various risk prevention measures, so as to provide positive help for further improving the comprehensive development ability of China's financial market.

4. Conclusion

Through in-depth exploration of China's financial market development goals and national construction needs, this paper repeatedly verifies various new risk prevention methods with control methods, and fully realizes the strategic goal of promoting the steady development of China's financial market to enhance China's comprehensive strength. Therefore, relevant departments should correctly recognize and attach great importance to the importance of in-depth research on the risk characteristics of the financial market and risk management approaches at the ideological level, and elaborate the risk characteristics and management methods of the financial market through the effective use of the financial market and various risk prevention measures, so as to provide positive help for further improving the comprehensive development ability of China's financial market.

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