

Research on Financing Risk Assessment of Small and Medium-sized Agricultural Enterprises Based on Supply Chain Finance

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Abstract: With the advent of the new era, the speed of development in economy and science and technology in China has been greatly improved, which has a major impact on the way of life in China's society, and has also driven the economic development of small and medium-sized agricultural enterprises in China. Small and medium-sized agricultural enterprises still face major challenges on the road of development. They will be subject to the level of rural economic development, as well as being plagued by the difficulty of financing. The emergence of supply chain finance can just solve the financing difficulties of small and medium-sized agricultural enterprises ^[1]. This study will provide a comprehensive introduction to supply chain finance, and evaluate the financing risks of small and medium-sized agricultural enterprises, and put forward some solutions to the existing problems to provide some valuable reference for readers.

1. Introduction

The rapid development of the times has prompted the emergence of new financing methods and adapted to the development and production of current society in China. As a new financing method, supply chain finance has a new impact on the original capital supply structure of the enterprise, and puts the capital into the production and management mode with a new supply chain model ^[2]. The small and medium-sized agricultural enterprises and the rural economy are mutually restrained, and the blockage of rural finance will also affect the development of small and medium-sized agricultural enterprises. Only by guaranteeing the supply of the capital chain can the development of small and medium-sized agricultural enterprises be promoted. The supply chain of small and medium-sized agricultural enterprises needs strong financial strength to ensure the normal operation of the commodity economy and has great potential for development. At the same time, with the huge financing risks, a comprehensive analysis of the supply chain of small and medium-sized agricultural enterprises is necessary, and it is also necessary to do a good job of risk control measures.

2. Significance of supply chain finance to small and medium-sized agricultural enterprises

With the development of society, the market competitiveness is increasing day by day. And along

with the rising trend of financing risk, small and medium-sized agricultural enterprises are also affected by the capital supply chain. At the present stage, China is deepening its reform and opening up. All the development of the work is based on the keynote of "striving for progress in a stable way", and the supply capital chain can promote the development and production of small and medium-sized agricultural enterprises, and guarantee the supply of enterprise financing. In addition, it can strengthen the diplomacy of enterprises. Even if enterprises are caught in the situation of capital shortage, they can easily reverse the situation and get out of the predicament and promote the development of enterprises. Supply chain finance can ensure sufficient funds, so that enterprises have no worries about the future, and promote the economic benefits of enterprise financing in China.

3. Financing characteristics of small and medium-sized agricultural enterprises

3.1 Small-scale enterprises with low financing

With the development of science and technology, the living standard of our country has been greatly improved. The rural economy is relatively backward, but it has great market competition potential. Many rich people choose to invest in the rural economy and create a small and medium-sized agricultural enterprise. Such enterprises have certain limitations, for instance, the enterprise adopts a single business operation mode. Because of the limited financial resources of investors themselves, the scale of their enterprises is relatively small, Instead, their enterprises resort to lending to solve the problem of capital supply. This kind of loan has a shorter repayment period and a large number of small and medium-sized agricultural enterprises. For banks, this small and wide financing supply reduces their profits greatly. Therefore, many commercial banks can not meet the financing needs of enterprises ^[3].

3.2 The relatively high financing cost of enterprises

In the era of rapid development of science and technology, loan interest is small. Although the loan term is short, the bank is relatively unprofitable, but its own economic benefits are low. The bank's loan project profit comes from various surgical expenses in the loan process, including notarization fees and asset evaluation fees. Enterprises loan costs are relatively high. In addition to the loan surgery fees that need to be paid, corporate guarantee fees and interest on bank loans are also payable. Therefore, if the financing cost of the enterprise is too high, it will bring a heavier economic burden to the company's own operations.

4. Problems faced by the financing of small and medium-sized agricultural enterprises

4.1 Single financing channels for enterprises

The bosses of many small and medium-sized agricultural enterprises are all rich and wealthy people who are invested in enterprises to maintain the operation and development of enterprises. This kind of sole proprietorship model faces higher risks than multi-person holdings, and there are certain limitations in the reference resources ^[4]. The solely-owned small and medium-sized agricultural enterprises lack advanced management concepts and complete enterprise operation and management system, and are relatively deficient in the introduction of talents and the use of high-tech. To a certain extent, a sole proprietorship will limit the expansion of corporate contacts, low capital raising ability, and weak competitiveness in the vast Chinese market. Therefore, most of the financing sources of small and medium-sized agricultural enterprises depend on bank loans.

Therefore, the financing sources of small and medium-sized farmers rely on bank loans. The economic pressure brought by such dependence is relatively large, and it is accompanied by higher capital risks.

4.2 High financing costs of small and medium-sized agricultural enterprises

Most of the small and medium-sized agricultural enterprises have different levels of development, but the overall performance is low. The sole proprietorship of small and medium-sized agricultural enterprises is small in scale and has low capital raising ability. And the development of enterprises will be hindered to a certain because they will be rejected by the bank due to the low credibility and compensation, and the undetailed financial information ^[5]. here are some difficulties in financing from banks, which can be financed from the capital market. This kind of financing is relatively simple, but the financing channels will charge high returns, which is not conducive to the healthy development of enterprises. Therefore, most enterprises have great development pressure.

4.3 A limited role of GEM on enterprises

The scale of small and medium-sized agricultural enterprises is generally small. Therefore, in the case of loans, the main performances are less loan amount, more loans, urgent loan demand, and shorter loan time. In order to solve the financing problem in the development of small and medium-sized agricultural enterprises, China has opened GEM to provide financing services for enterprises. However, there is a certain gap between the development level of enterprises and the scale of production, and they are still restricted in terms of financing. In order to solve this problem, China has proposed a new listed GEM. Its application technology is extremely high, and has a large development potential, but more small and medium-sized agricultural enterprises cannot be satisfied with the listed GEM.

4.4 Current operating costs of all banks

The interest rates of all banks vary from each other. The loan interest of banks is not the main source of income. Their income mainly depends on the high interest earned by borrowing, which increases the operating costs of small and medium-sized agricultural enterprises, and is not conducive to the development of enterprises. In recent years, the loan rates of all banks have continued to increase, affecting the financing of small and medium-sized agricultural enterprises to a certain extent.

5. Analysis of financing risks for small and medium-sized agricultural enterprises under supply chain finance

5.1 Internal risks of supply chain finance for small and medium-sized agricultural enterprises

5.1.1 The insufficient credibility of small and medium-sized agricultural enterprises to obtain financing.

Most small and medium-sized agricultural enterprises are established solely by individuals. The production management structure will adopt a backward traditional management model. The personnel management system and financial management and financial control in the enterprise have not been perfected. In addition, the leaders of enterprises do not attach importance to the cultivation of credit and ignore the management of the entry and exit of finance. As a result, the

credit of enterprises is low. Most enterprises will only urgently want to finance from the bank until it is difficult for the company's capital turnover. This situation has led to a low level of credit for small and medium-sized agricultural enterprises, which has made it more difficult for enterprises financing, and increased enterprises lending rates and repayment pressures^[6].

5.1.2 The cheap valuation of small and medium-sized agricultural enterprises

When they finance from banks, they do not get the collateral, and they are rejected by the bank loan department. Small and medium-sized agricultural enterprises have caused some financing problems because managers are negligent in management and their reputation is not enough. In order to obtain high profits, some financial institutions often provide assistance to small and medium-sized agricultural enterprises, but the premise is that small and medium-sized agricultural enterprises must take out valuables or subjects needed by financial institutions as collateral. At the same time, only if small and medium-sized agricultural enterprises do good risk control to their own development can financial institutions finance. In this way, both sides will benefit each other and achieve win-win situation.

5.2 External risks of supply chain finance for small and medium-sized agricultural enterprises

Small and medium-sized agricultural enterprises are an important product of rural economic development. The main development areas are around farm areas. The level of online payment in rural areas still can not reach the level of payment in modern cities. When it is settled, it will tend to be cash. Alipay and WeChat will pay less. There are still some places where POS machines can not be used for transactions. Various payment methods add difficulty to the settlement of enterprises, and the accuracy of calculation is large. Restricted by the level of rural development, small and medium-sized agricultural enterprises need to pay the handling fees required by the settlement system for the transaction quota to reach the online level at the same time of gaining profits. The policy of “to allow people from certain regions to rich early, and the one who has been rich should help others” and “to help the poor in the countryside” in China promotes the rapid development of the rural economy. However, different levels of rural economic development are different. The relevant state agencies should real-time monitor the current situation of rural economic development, and make appropriate institutional adjustments, timely reduce the operating rate of system transactions on-line, which fully reflects the significance of the policy of benefiting the people.

There is no clear system stipulated in the rural trading system, so the construction of its credit information system can not be perfected very well. At present, the community financial institutions in China have fewer front-line creditors in rural areas. It is difficult to conduct nationwide credit investigation in rural areas where transportation and economy are insufficient. In addition, the financial institutions themselves have more work, and there is no profit to be obtained in credit investigation, and the staff are busy with their own compensation business and have no time to take credit investigation into account. Community financial institutions do not have a sound credit reporting system, so credit job is relatively flexible. Generally, in order to reduce costs, community financial institutions will maximize the use of human resources, allowing credit officers to double their duties on credit reporting, which leads to the busy of the creditors and the wrong credit evaluation of the lenders, increasing the loopholes of loans and making it easy for some illegal elements to take advantage of them.

6. Risk control strategies for financing of small and medium-sized agricultural enterprises under supply chain finance

6.1 To establish a harmonious financial development environment and to improve the financing system

At present, there is no perfect economic system in China, and supply chain finance is not well developed. Supply chain finance involves many fields and is complicated to operate. Small and medium-sized agricultural enterprises must use multiple certificates and legal services to assist themselves in communicating with financing objects when financing, facilitating better access to financial support. In this way, when a company has a civil dispute, it can protect its own interests through legal means and relevant certificates, which is conducive to the healthy development of the enterprise. Therefore, perfecting the corresponding laws and regulations and the institutional system plays an important role in the application of supply chain finance.

6.2 To set up a financing information service platform by government

With the progress of the times, the development of science and technology has developed rapidly. The arrival of the information age has provided great convenience to the people. The construction of the financing information platform can provide enterprises with a better service experience. The successful construction of the information service platform can achieve high-quality resource sharing, and enterprises can obtain accurate financial data information from the resources, and provide a bridge for understanding and communication for enterprises in need. At the same time, certain risks can be circumvented, and both parties can fully understand each other and avoid the loss of funds caused by inconsistencies in information.

6.3 To enhance the awareness of enterprise personnel and to implement risk prevention measures

At this stage, small and medium-sized agricultural enterprises have not developed very well. In order to promote their healthy and stable growth, it is necessary to cultivate the professional quality of internal personnel. Enterprise decision-makers should have a higher ability to predict, lay a solid foundation in the basic culture of the enterprise, comprehensively cultivate the comprehensive ability of employees, improve their professional quality, and gradually cultivate their awareness of risk prevention. In addition, they should establish a sound risk prevention and control system for internal employees to learn independently and for reference. At the same time, they should also cultivate the sense of teamwork among employees. No matter how strong a chopstick is, it can not withstand the strong break. Only by exerting team strength can we better overcome the difficulties. With team awareness, communication between colleagues has increased, and tacit understanding has also increased, which helps employees to find problems in their work in time, and report or make corresponding strategies in time. In this way, the positive impression of enterprises has been improved, which is conducive to establishing good cooperative relations with other enterprises, making better use of supply chain finance, and ensuring the financial strength of enterprises.

7. Conclusion

In summary, with the rapid development of science and technology in our country, the development and production of small and medium-sized agricultural enterprises are still limited. The main problems faced are financing difficulties, the operation costs of enterprises have been

improved, but their benefits have been reduced. In order to develop steadily, small and medium-sized agricultural enterprises need to make full use of the role of the supply chain financial system, and get better financing with the help of national policies to promote the operation and development of enterprises. The role of national policy is mainly to carry out macro-control and improve the corresponding system, which will help small and medium-sized agricultural enterprises to solve the problem of capital turnover, and promote the economic benefits of financing-driven enterprises in China.

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