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Research on Dalian Bank's Assistance to the Development of Small and Micro Enterprises

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ABSTRACT
With the support of the state, the local economy in Dalian has made significant progress, while the growth of small and micro enterprises has also made noticeable progress. Small and micro enterprises can provide employment opportunities, increase per capita income, and make indelible contributions to the local economy. As a local bank in Dalian, Dalian Bank plays an important role in the economic development of Dalian and plays an irreplaceable role. In recent years, the national policy of reducing fees and taxes has benefited many enterprises, alleviating their financial pressure. The growth of small and micro enterprises has effectively enhanced the vitality of the market, which can make Dalian's economic development stronger. The contribution of Dalian Bank in supporting the growth of small and micro enterprises has also become increasingly evident. However, there are still some problems in Dalian Bank's assistance to the growth of small and micro enterprises. This article starts with the problems encountered by Dalian Bank in supporting small and micro enterprises, analyzes the various problems faced in the process of supporting small and micro enterprises, and puts forward reasonable suggestions for the problems. Through the analysis of Dalian Bank, this article examines the methods to help small and micro enterprises grow rapidly from the perspective of Dalian Bank, and accelerates the construction of the bank's support system for small and micro enterprises.

KEYWORDS
Small and micro enterprises; support; Dalian Bank

1 Overview and Development Importance of Small and Micro Enterprises

The definition of small and micro enterprises varies in different countries and regions, and this article mainly conducts research based on the classification standards for small and micro enterprises in China. Small and micro enterprises are a general term for non large and medium-sized enterprises, enterprises based on family workshops, and individuals engaged in industrial and commercial activities. The criteria for differentiation are mainly based on indicators such as the number of employees, operating income, and asset accumulation of the enterprise. Most small and micro enterprises are engaged in the tertiary industry. Based on the actual market situation and understanding customer needs, small and micro enterprises are generally more active in the market and are also a part of the relatively fierce competition. They are the fundamental components of the theme and system of the market economy. The success of large enterprises depends more on the contributions made by small and micro enterprises, based on their experience. It has also made contributions to creating a favorable situation for the common development and progress of various economic sectors.

Small and micro enterprises, like large and medium-sized enterprises, play an important role in the national economy. Small and micro enterprises have played an important role in the national economy, national fiscal revenue, and employment. Small and micro enterprises have made tremendous contributions to the economic development of Dalian and have an impact on the city's economic situation. As a city with a relatively high comprehensive economic strength ranking among the three northeastern provinces, Dalian's economic situation will attract more attention from the country. As an important component of Dalian's economic development, small and micro enterprises are more necessary to focus on their development. The number of small and micro enterprises in Dalian is extremely large, covering most industries and making significant contributions to the city's economy, people's livelihoods, and other aspects. Supporting the economic development of small and micro enterprises directly promotes the economic development of Dalian, alleviates labor employment pressure, and promotes social progress.

At the same time, small and micro enterprises generally have serious deficiencies in their own development process. Compared with large and medium-sized enterprises, it is clearly in a disadvantaged position due to its small business scale, relatively single products, and scattered business scope, and is often overlooked. In the development process of small and micro enterprises, they face many problems, among which the difficulty of financing is the main problem that restricts the economic development of small and micro enterprises. Although relevant national departments have introduced policies to support the economic development of small and micro enterprises and actively create a better financing environment for them, the results have not been very significant. During economic fluctuations, small and micro enterprises are greatly influenced by the market, and their ability to resist risks is very limited. For many years, as the largest and most dynamic social group in Dalian, small and micro enterprises have been plagued by financing issues, which have indirectly hindered the pace of economic development in Dalian. How to better and more effectively solve the financing problem of small and micro enterprises in Dalian is urgent.

2 Analysis of the Current Status of Dalian Bank's Support for the Development of Small and Micro Enterprises

Dalian Bank was officially established on March 28, 1998. Prior to February 17, 2007, it was Dalian Commercial Bank, but after being officially reviewed and approved by the China Banking Regulatory Commission, it was officially renamed Dalian Bank. Since its establishment, Dalian Bank has adhered to its own business philosophy, continuously deepened its relevant governance structure, improved its risk prevention mechanism, and clarified its market goal of "adding bricks and tiles to the local economy, helping the growth of small and micro enterprises, and providing more convenient services for people". In the context of inclusive finance, Dalian Bank has successfully launched online and offline products such as "housing flash loans" and "tax flash loans", providing exclusive financing solutions for more than 8000 small and micro enterprises in the "100 March, Ten Thousand Enterprises" activity, continuously injecting "vitality" into the development of small and micro enterprises in Dalian, enabling these enterprises to continue to grow stronger, and providing one-stop services for their development.

3 The problem of Dalian Bank assisting the development of small and micro enterprises in Dalian

Dalian Bank has been paying attention to the customer base of small and micro enterprises in recent years, and has also provided many services and support for them. However, there are also several types of problems in the actual process.

3.1 Low efficiency of bank services for small and micro enterprises

Although Dalian Bank provides various loan products for small and micro enterprises, the matching degree with the development model of startups is low. Since 2017, Dalian Bank has continuously launched loan products that are suitable for small and micro enterprises, mainly including "tax flash loans", "housing flash loans", "personal business loans", and "revolving loans". These products meet the needs of small and micro enterprises in different industries to varying degrees and can solve their urgent needs. However, the corresponding product services also have relatively high requirements for small and micro enterprise lenders. Tax flash loans require a good credit record and offer differentiated loans based on three different credit ratings: A, B, and C; The basic requirements for housing flash loans are that the operating enterprise has been established for one year or more, or has one year or more of relevant industry experience, and can provide bank recognized residential, commercial, and factory mortgages; The basic requirements for revolving loans will be relatively higher. For start-up small and micro enterprises that require more support, it is often difficult to meet the above conditions. During the start-up period, small and micro enterprises often have weak credit capabilities, lack suitable collateral, and lack certain business experience, making it difficult for them to apply for the loan services mentioned above, and are inexplicably rejected outside the bank's service gate.

Regarding small and micro enterprise loan services, Dalian Bank is constantly promoting updates and expansion, constantly meeting the diverse and multidimensional requirements of small and micro enterprises. At the same time, Dalian Bank has to bear the costs incurred by related credit products. On the one hand, banks can obtain the right to use funds through deposit taking, but they need to face corresponding costs such as interest and handling fees when using them. Generally speaking, the benefits generated by loans provided by banks to small and micro enterprises are definitely not as high as those of large enterprises. Large enterprises have a greater demand for funds, and the benefits generated will outweigh the costs paid. Therefore, credit to small and micro enterprises will incur corresponding funding costs. On the other hand, there will be management costs incurred. When a loan business occurs, management expenses will be incurred to maintain the normal operation of small and micro enterprise loan business, as well as the expenses of bank employees' work, which are all part of management costs. Sometimes it is also necessary to carry out pre loan investigation, supervision during loan and post loan supervision on enterprises, which will also generate related costs. There are certain problems in the management level and corporate governance structure of small and micro enterprises, which invisibly increases the difficulty of Dalian Bank in tracking and supervising loans to small and micro enterprises. As a result, these two costs will also increase.

3.2 Asymmetric information between banks and enterprises

In recent years, the economy of Dalian has made certain progress, and small and micro enterprises have played an irreplaceable role during this period. However, due to the natural disadvantages of small and micro enterprises, such as insufficient business information and incomplete financial information, when small and micro enterprises apply for loans from banks, banks often consider risk issues and refuse their applications. Compared with state-owned banks in data analysis and acquisition channels, the problem of information asymmetry between banks and enterprises in Dalian Bank is mainly due to the lack of information channels and insufficient ability to process information using big data. On the one hand, Dalian Bank lacks understanding of the internal organization and operational practices of small and micro enterprises in Dalian; On the other hand, Dalian Bank requires a certain amount of manpower and material resources to collect the actual situation of small and micro enterprises, which to some extent increases the cost of Dalian Bank.

The operational scope of small and micro enterprises is relatively small, the infrastructure is incomplete, the total amount of fixed assets is not high enough and the scope is not wide enough, the changes in current assets are relatively fast, and the collateral provided by small and micro enterprises is not sufficient to be recognized by banks. The incomplete guarantee mechanism and insufficient collateral. Due to the relatively small number of effective collateral such as land and property, and the difficulty in realizing machinery and equipment, the effective portion of assets is low, resulting in a low mortgage rate. Small and micro enterprises can seek cooperation with guarantee companies and Dalian Bank, but the costs incurred by related guarantees and other guarantee methods are relatively high, resulting in loan costs for small and micro enterprises.

3.3 The risk warning mechanism of Dalian Bank is not perfect

The establishment of the risk warning mechanism by Dalian Bank is not perfect and there are certain loopholes, mainly due to the following two reasons: firstly, the awareness of preventing defaults in small and micro enterprise loans is not strong; The second is the weakening of loan supervision and management, and the lack of timely supervision when important situations such as abnormal borrower assets and liabilities occur. When some small and micro enterprises fail to meet their operating performance standards or experience a decline in profitability, the indicators in the financial statements will be reflected, and the business system will also issue relevant early warnings. Relevant personnel should pay attention to and respond to their warning reminders in a timely manner, and take certain measures. But currently, some account managers are not responsive to abnormal phenomena in small and micro enterprises, and when default occurs, they are often helpless.

3.4 Dalian Bank's policy promotion efforts are insufficient, Insufficient emphasis on small and micro enterprises

Currently, Dalian Bank lacks sufficient efforts in promoting national and banking policies. The main means of promoting policies of Dalian Bank are still mainly traditional propaganda methods, without making good use of modern technology and new media technology. At the same time, the publicity coverage of Dalian Bank's support policies for small and micro enterprises is incomplete. In recent years, both the national and local governments, as well as Dalian Bank, have issued multiple policies to support small and micro enterprises. However, some small and micro enterprises have missed some policy opportunities due to not receiving corresponding information in a timely manner. At the same time, Dalian Bank still lacks sufficient attention to small and micro enterprises. Small and micro enterprises play an important role in the economic development of Dalian, especially in terms of employment and tax contributions. Although Dalian Bank has also launched relevant credit products for the development of small and micro enterprises, there is a lack of product scale, which cannot effectively assist the growth of small and micro enterprises.

4 Countermeasures for Dalian Bank to Assist the Development of Small and Micro Enterprises in Dalian

4.1 Improve loan products

In order to provide better credit solutions for small and micro enterprises in Dalian, Dalian Bank not only reduces credit management costs, but also strengthens the updating and design of credit solutions. The development of small and micro enterprises in Dalian varies, and Dalian Bank needs to conduct a specific analysis of their characteristics. Dalian Bank can create credit products that are suitable for the development of small and micro enterprises in various industries and sectors, in order to reduce the cost of credit funds. Give full play to the advantages of Bank of Dalian as a local bank, deepen the bank enterprise relationship with small and micro enterprises, collect and process the useful information of small and micro enterprises registered in the industry and commerce, taxation and other departments in various ways, facilitate the post loan management, enhance the credibility of pre loan investigation, and reduce the management cost of credit products. In terms of product innovation, Dalian Bank can learn from other banks' practices in credit products, conduct detailed investigations, in-depth communication, and on-site visits to small and micro enterprises with credit needs. This can not only effectively support the credit needs of small and micro enterprises, but also enhance Dalian Bank's position in the small and micro enterprise market, which can have a higher market share.

4.2 Strengthen the ability to collect information on small and micro enterprises

Dalian Bank should continuously develop and innovate guarantee methods for small and micro enterprises based on its own characteristics and the development and operating conditions of small and micro enterprises, in order to achieve better market results in small and micro credit services. The principle of using insurance assistance loans is: payment is not mandatory, certain compensation is provided during use, risks need to be shared, and benefits should also be enjoyed together.

And the insurance deposit is mainly given to excellent enterprises. Small and micro enterprises can combine the specific fees paid with the risk compensation fees provided by the state as a credit guarantee business to enhance their credit. It can provide the basis for the guarantee of the enterprise, and the bank is more confident in granting credit to the enterprise.

4.3 Establish a sound risk control mechanism

The improvement of credit risk level by Dalian Bank is mainly achieved through improving the credit approval mechanism. However, the current credit rating system cannot meet the requirements of current credit ratings. Therefore, Dalian Bank needs to further improve the current rating system to minimize losses caused by credit.

Firstly, each small and micro customer has their own unique characteristics, so the rating results are also different. Therefore, it is necessary for internal personnel of the bank to conduct a survey, and the results can be retained in the bank as a specific reference.

Secondly, establishing credit rating standards belonging to Dalian Bank can appropriately draw on and learn from the experience of financial institutions in developed countries in credit rating. The rating results of customers should not simply distinguish between high and low ratings and excellent credit status, but should be integrated into the overall process from credit evaluation investigation to the end of loan granting.

Finally, the credit rating system should be continuously updated and in line with the characteristics of small and micro enterprises in Dalian. The rating standards should not be lowered for the sake of profit, nor should they be set higher, which may fail to achieve the goal of supporting small and micro enterprises. Risk control should be taken into account during loan investigations to minimize the probability of credit risk occurrence.

4.4 Strengthen policy promotion efforts, Enhance the emphasis on small and micro enterprises

Bank of Dalian should pay attention to the coverage of publicity. Although the application of new media technology can use Internet communication to make policy publicity faster, but also reduce the cost of publicity, it does not mean that once and for all.

Due to the large number of small and micro enterprises, and some of them not paying enough attention to the official websites of various banks, Dalian Bank should not only develop new promotional methods, but also not give up traditional promotional channels. Dalian Bank should pay attention to the coverage of publicity, actively communicate and exchange with various small and micro enterprises. On the one hand, it can facilitate small and micro enterprises to timely understand policies and support their development more realistically. On the other hand, it can broaden Dalian Bank's customer base and create more revenue for Dalian Bank.

Although small and micro enterprises have their own natural disadvantages, such as limited economic capacity, weak risk resistance, and lack of large collateral, it cannot be denied that there are numerous small and micro enterprises in the market, which are of great significance to economic development. Therefore, as a local bank, Dalian Bank should increase its attention to small and micro enterprises. Dalian Bank should implement special channels for small and micro enterprises to adapt to simplified processes.

The demand characteristics of small and micro enterprises for loans are often characterized by relatively small funds, short duration, and urgent demand time. In response to these characteristics, if Dalian Bank follows the previous process, small and micro enterprises often give up applying. Therefore, Dalian Bank should establish a green channel for small and micro enterprises with good credit and certain development prospects, simplify the process, and facilitate the application of loans for small and micro enterprises.

Finally, Dalian Bank can try new credit models and provide new collateral methods. One of the inherent disadvantages of small and micro enterprises compared to large and medium-sized enterprises is the lack of high-value physical collateral. However, Dalian Bank can try new mortgage models, such as considering using technology patents as collateral. Small and micro enterprises are an important group for inventing technology patents, and many new technology patents are born in small and micro enterprises. However, in the past credit model, many banks and financial institutions often required lenders to provide physical collateral, while ignoring intangible assets such as technology patents.

5 Conclusion

Small and micro enterprises have always been a focus of attention for the country and economists. Small and micro enterprises are numerous and widely involved in the market. The development of small and micro enterprises directly affects economic development, social stability, and national prosperity. Therefore, the healthy development of small and micro enterprises is of great significance to the country. As a local bank, Dalian Bank not only achieves profit targets and other business objectives, but also has an undeniable responsibility for the development of the local economy. Therefore, Dalian Bank's assistance in promoting the healthy development of small and micro enterprises has a deeper meaning. Although Dalian Bank has provided some financial products and services for small and micro enterprises in recent years, it has encountered problems such as low product matching, asymmetric information between banks and enterprises, incomplete risk control mechanisms, insufficient publicity efforts, and low attention during policy implementation. This article proposes suggestions to improve products, strengthen information collection capabilities, improve risk control systems, and enhance publicity efforts to address these issues, hoping to contribute to Dalian Bank's better support for the development of small and micro enterprises.

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