

The Hong Kong Polytechnic University
Department of Logistics and Maritime Studies
Research Seminar

Research on the Credit Risks Analysis and Control of Logistics Banking in the Macroeconomic Circumstance in China

by

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(Conducted in English)

Abstract:

With the globalization of Supply Chain Management and the advocacy of the Belt and Road Initiative in China, Logistics Banking as a financial instrument promotes the innovation and improvement of a cooperation among commercial banks, logistics enterprises, and trading enterprises. Logistics banks provide the comprehensive financing and settlement services to enterprises and one or more trading links in the supply chain, by taking the pledge of commodities that are actively demanded, stable in price, strong in liquidity, and satisfied in the requirements of pledge, and supervising the capital flow and risks via logistics information management systems. Credit risks, as the measurement of risks, faced by the Logistics Banking system should be identified, measured, and controlled so that banks are able to keep profit. The research analyzes the credit risks in four studies from three aspects, pre-loan, in-loan, and post-loan periods through the studies as followed.

Study 1 analyzes the impacts of macroeconomic and political factors on the credit risks of logistics banks with statistical analysis and empirical examination. The statistic of macroeconomic condition and policy gives a basic view of the macro-circumstance of Logistics Banking. In the empirical analysis, the Panel Smooth Transition Regression is applied to model the effects of macroeconomic policy, especially monetary policy on bank risks in the study. This study is to reveal the nonlinearity in monetary-policy and bank-risk nexus, and to examine the statue of the impact on bank risk.

Study 2 focuses on the pro-cyclical effect and the ownership-allocation impact in the study of credit risks in Logistics Banking in China. This study uses decomposition method to prove that the different loan quotas provided by banks to enterprises are based on the different allocation. Then the study examines whether the ownership discrimination causes the influence from the allocation of assets on the credit risks. By this study, the root cause of credit risk in Logistics Banking is presented, which helps banks to select objects to lend and to control risk costs.

Study 3 establishes the measurement model of default risks of Logistics Banking in the case of the warehouse receipt pledge. The study reveals the condition of risk control. Because in Study 1 the sample size is relatively small, the study excludes the factors of enterprise operation characteristics into analysis in order to keep the robustness of data. This study covers this gap and helps to control the bank risks in loan.

Study 4 tests the long-term risks in Logistics Banking after loan. This study is a supplement of risk measurement. It will first examine the transmission mechanism of macro-factors in the stress testing of credit risks, and then comprehensively examine the measurement of macro-factors impacts on credit risks of the Logistics Banking system.

The studies together explore the risks of the Logistics Banking in different aspects. The research will contribute knowledge to the literature by the systematical explanation of the formation of risks and provide evidence to measure the risks in practical Logistics Banking projects.

Bio:

Shuo Feng is a PhD student in the Department of Logistics and Maritime Studies, The Hong Kong Polytechnic University, under the supervision of Prof. Kee-hung Lai, and a PhD student in School of Management, Harbin Institute of Technology, under the supervision of Prof. Xiaofeng Hui. Her research interests are in the cross area of Supply Chain Management, Bank Risk, and Asset Pricing.

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All are welcome!