



Actuality Analysis and Development Measures of China Enterprise Credit Rating

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Abstract

The enterprise credit rating in China is the new thing with continual advances of China economy and financial system reform, and it still has many problems need to be researched and solved. This article firstly points out problems existing in China enterprise credit rating, then analyzes reasons of these problems, and finally puts forward measures to develop China enterprise credit rating.

Keywords: Enterprise credit rating, Credit, Risk

The enterprise credit rating in China is the new thing with continual advances of China economy and financial system reform. After almost twenty years' development, at present, China enterprise credit rating has had certain bases. But we still should see that the developmental history of China enterprise credit rating is short after all, comparing with the hundreds years' history of international rating industry, it is still young, and many problems existing need to be further researched and solved.

1. Main problems existing in China enterprise credit rating

1.1 The social effect of enterprise credit rating is not obvious

At present, China enterprise credit rating has not been recognized by all circles in the society, and the results of enterprise credit rating are less utilized. However the result of international enterprise credit rating has acquired effective utilization by all circles in the society, and governmental supervisory departments utilizes it to enhance the supervisory efficiency, and enterprises utilize it to enhance its social reputation, and banks utilize it to reduce their credit risks, and investors utilizes it to acquire investment incomes. But most results of China enterprise credit rating are only used in the credit risk management of banks, and other domains still can not hear the voice of the enterprise credit rating, which makes the function of credit rating suffer large limitation, and social effects can not be fully applied.

1.2 The result of enterprise credit rating is not just

The justice of rating result should be the most basic characteristic of credit rating. However, at present because of various reasons, the result of China enterprise credit rating has not been ensured to be objective and just. Almost any enterprise can acquire the good credit rate above "A" class, which doesn't match with the actuality of credit losing in China today and cannot but make people doubt the authenticity of the result, and also influences the social image of enterprise credit rating to a certain extent.

1.3 The rating personnel is deficient and the personnel quality needs to be enhanced

The absence of professional personnel, especially the absence of rating experts has become the key problem to restrict the development of enterprise credit rating. At the same time, most China rating personnel comes from various banks or relative departments, who lack the practice experiences and theoretic bases of rating and have low professional qualities at large. And at present, China has no the occupation qualification exam of enterprise credit rating, and lacks the uniform standard to choose rating personnel, which makes the qualities of rating personnel different and can not adapt the further development of rating operation.

1.4 The setup of rating index system needs to be further regulated

The setup of rating index system is the core problem to implement enterprise credit rating, which is directly associated with the science of final rating result. At present, in China the setups of enterprise credit index is not uniform, and the rating standard and principal are different, various rating institutions have large differences, which makes the rating result jumbled.

2. Analysis of reasons of problems existing in China enterprise credit rating

2.1 The market demand of Enterprise credit rating is seriously deficient

The market demand to the enterprise credit rating is its base to exist and develop. However, the present enterprise credit rating in China has not been enough emphasized by the market, which is mainly embodied in two aspects. On the one hand, those enterprises which are influenced by old concepts and habits in the period of the planned economy have low enthusiasms to the credit rating. On the other hand, investors' risk consciousness is weak and they don't emphasize the function of rating. That makes China enterprise credit rating run into the difficulty of "awaiting rice to cook", and the deficiency of market demand has become the most essential reason to limit its development.

2.2 The environment of credit data needs to be improved

Sufficient and true credit data is the premise to implement credit rating for enterprises, and the deficiency of enterprise credit data and false credit information all will seriously influence the objectivity and justice of credit rating result. However, in China, the opening degree of present credit data is very low, which makes the rating institutions hard to acquire sufficient information needed by the rating through open channels. More seriously, false information of enterprises prevail, which undoubtedly makes the authenticity of rating result suffer serious damage and blocks the healthy development of credit rating.

2.3 The rating institution has large quantity, small scale and nonstandard operation

The credit rating industry is the industry which has obvious scale incomes, and in a matured market, its quality should not be too much, or else it cannot but induce the unordered competition of various rating institutions and influence the healthy development of the whole industry. As viewed from the international rating market, the setup of rating institution basically accords with this industrial characteristic. Take US which has the most developed rating industry as an example, the number of the rating institution which can broad develop operation in the market is about five. This number in other countries is about two in substance. Though China credit rating operation has only short tens years' developmental history, but the development of the rating institution is very quick, and the present quantity of the rating institution are still tens after neatening. Under the situation that the present capital market is not developed and the market demand is deficient in China, the quality of the rating institution is obvious overabundance. And most of these rating institutions have small scale, which enrollment capital is in 1 million Yuan to 3 million Yuan and the number of professional personnel doesn't exceed 100. Up to now, China still lacks the recognized and authoritative rating institution with a certain scale and broad influences, especially the rating institution with international influences. Numerous rating institutions exist in a market which has deficient demand, and the malignant competition among them is inevitable. To exist, some rating institutions cooperate with enterprises to add class and demand a low price without credit standing. Drastic market competitions compel some rating institutions to adopt the method of non-market to implement unfair competition, which seriously pollutes the rating environment and influences the healthy development of the credit rating industry.

2.4 Collaboration and communication are deficient in industries

First, China still has not a uniform and authorized industrial management institution in the domain of enterprise credit rating, and the rating operation lacks the guidance of the industry, and each rating institution does things in its own way, and associations, collaboration and communication are lacked among various rating institutions. That blocks the further improvement of the enterprise credit rating theory and actual operation level. Second, the rating institution has the tradition of secrecy for the technology and methods in rating which generally can not be opened, which also weakens the cooperation and communication among institutions to a certain extent and makes against the mutual advance and development of this industry.

2.5 Professional education and training are deficient

The normal education in the present credit rating domain of China is almost blank, and there are no relative colleges to open courses in this domain. Books and magazines about enterprise credit rating relative occupation trainings are deficient, which makes the theoretic level of credit rating can not be enhanced, a large of eligible rating employees can not be fostered, and this situation seriously restricts the healthy development of enterprise credit rating.

3. Development measures of China enterprise credit rating

Based on main problems and reasons existing in present enterprise credit rating of China, in order to make China enterprise credit rating acquire further healthy development, we need perfect and improve it from many aspects.

3.1 Cultivating the market base making for the development of enterprise credit rating

The market base to make for the development of enterprise credit rating is to extend the demand of market to enterprise credit rating, which is the key to clean the developmental obstacle of enterprise credit rating from the essential. The developmental level of enterprise credit rating in the final analysis depends on the developmental situation of the market economy of one country, especially the perfection degree of the capital market. So to foster the market environment which makes for the development of China enterprise credit rating, we need fully develop and regulate the capital

market and let more enterprises financing through the mode issuing stock and bond to the society. Under this situation, whether the enterprise can obtain capitals in the market depends on whether the credit of this enterprise is good. If the credit of the enterprise is good, investors will invest and the enterprise will easily acquire more capitals, or else, the enterprise cannot acquire enough capitals and its development will be blocked. Under the condition of interest rate marketization, high credit rate always means low financing costs. Therefore, enterprises will actively utilize rating institution and credit rating to introducing themselves in order to favorably implement financing. Facing numerous good and evil financing enterprises mixed up, investors exact the rating result of professional rating institutions to know issuers' credits to reduce the investment risk. In order to maintain the stabilization and healthy development of capital market, the government management departments need broadly referring the result of enterprise credit rating to selectively supervise the capital market. To fully develop the capital market and cultivate the market base making for the development of enterprise credit rating must offer growth fertile soil for the development of the enterprise credit rating.

3.2 Actively constructing the credit environment making for the development of enterprise credit rating

To construct the credit environment making for the development of enterprise rating development, we first should fully advocate the credit consciousness and form the social fashion of honest and faith, and make the concept of "glory for keeping credit, shame for losing credit" go into people's heart. Second, facing the actuality that the acquirement channel of the credit data is not free and the quality of the credit data is low, we should expedite to establish good credit data environment. To do that, one the one hand, relative laws should be instituted to expedite the opening of the credit data and ensure the authenticity of the data. Except for coming down to national secrets and business secrets of enterprises needed to be protected, it should force relative department of the government and relative social parties to publish other various credit information through the mode of business or obligation and in different degree of opening in order to make credit rating institutions can fully utilize opening enterprise credit information. At the same time, the authenticity of information published by various relative departments should be ensured, and relative departments and principals publish false information should be run law responsibilities to cleanse the credit information environment. On the other hand, under the present condition that enterprise credit data is dispersive, the government should drive the united collection and resource sharing of enterprise credit data among various departments and various regions, and establish the complete, integrated and dynamic enterprise credit database covering the whole country, and offer necessary basic establishment for the development of enterprise credit rating.

3.3 Strengthening the standard management to the credit rating industry

At present, the development of the credit rating industry is still in the elementary stage in China, and because corresponding laws and regulations are deficient and there are no standard managements of guild, unordered situation occurs in the development of the credit rating industry. As a aspect of the credit rating industry, the enterprise credit rating system should strengthen the uniform management to the credit rating industry, regulate its operation behavior and establish good work orders if it want to acquire healthy development. That can be started from following two aspects.

3.3.1 Establishing and perfecting laws and regulations of the credit rating industry

In China, the resent legislation in the aspect about credit rating is seriously lagged, and there is no a complete and specific law to regulate this industry, and only a few relative laws and regulations involve that, and most contents are dispersive and abstract. This situation obviously can not adapt the developmental actuality of the credit rating industry. Relative departments of China should expedite to establish and perfect laws and regulations of credit rating industry, make specific and complete regulations to the admittance condition of the credit rating industry, rating objects, use range of rating result, rating personnel's occupation qualification, operation rules of the credit rating, and law responsibilities of rating institutions to ensure the standard and healthy development of the credit rating industry.

3.3.2 Strengthening the industry self-discipline

Authoritative and standard industrial organization is propitious to advance the collaboration and communication among credit rating institutions, enhance the whole level of the industry, and assist relative departments of the government to manage the credit rating industry. The main functions of guild should include instituting industrial rules, supervising and managing works of various credit rating institutions, calling in national credit rating meetings at fixed period, strengthening associations, collaborations and information communication of various institutions, researching and instituting uniform rating principles and standard and improving the rating technology to ensure the coherence of rating results, strengthening the training of rating personnel and organizing the qualification exam of rating personnel, fronting for national credit rating publication, advancing academic communication at every turn and publishing the rating results of various rating institutions uniformly, strengthening association and communication with relative departments of the government, and advancing the formation of national and uniform credit rating market system.

3.4 Strengthening the construction of rating personnel

Because the activity of enterprise credit rating is a complex work with difficulties, so the requirement to rating personnel's comprehensive quality is very high. The rating personnel should not only possess diversifiable knowledge structure, grasp professional knowledge such as economy, management, finance, financing, auditing and law, but also have abundant experiences, strong analysis ability and good professional moral level. But any individual can not master all knowledge and abilities needed, so a professional rating personnel group should be fostered, and the group includes not only talents who master economic management, but talents who know well national laws and policies, includes not only talents who are good at the macro environment, but talents who are good at analyzing the interior management of the enterprise, includes talents who are good at qualitative analysis, but talents who fit for quantitative analysis. Through reasonable selection and combination, professional rating personnel group with mutual compensation of knowledge and ability structure can be gradually formed.

3.5 Establishing and strengthening scientific index system of enterprise credit rating

Though concrete rating indexes of various rating institutions differ in thousands ways, but scientific and standard rating index system should include following factors keeping to principles such as integration, system, the combination of universality and particularity, and the combination of international standard and Chinese situation.

3.5.1 The quality of the management layer

This mainly includes managers' individual quality and ability, and the cohesion force and management level of the whole management layer. Whether managers, especially the high-layer managers, possess the moral characters of honest and faith will decide whether enterprises possess the will to active pay loans and debts. And the management ability of managers and management layer will decide whether enterprises can continually develop in the drastic competition, and finally decide whether enterprises have enough cashes to pay loans and debts.

3.5.2 Financial status

It is the most basic factor to implement enterprise credit rating. Based on the analysis of B.S., profit sheet and cash flux sheet of enterprises, the fluidity, security and profit of enterprise assets should be mainly reviewed, which concretely include capital strength, profit ability, cashing ability and transportation ability and other factors.

3.5.3 Situations of management and market competition

The basic situation of enterprise itself should be mainly reviewed. The management and market competition situation should be comprehensively evaluated from many aspects such as enterprise scale, employee quality, development strategy, operation strategy, organization structure, management mode, market sharing rate of product, market development ability and so on.

3.5.4 Environmental factors

Exterior environment and developmental tendency faced by enterprise should be mainly studied, which includes factors such as competition situation, development tendency and periodicity of enterprises in the industry, and factors such as economic environment, national policies, laws and regulations of enterprises in the country and region.

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