

Research Article

Project Risk Analysis and Early Warning of Culture and Tourism Group Financial Leasing Company

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Abstract

Under the background of strict regulation, due to the cyclical adjustment of the financial leasing industry, some top companies have maintained a growth trend in asset size and net profit. Internal differentiation has emerged in the financial leasing industry, increasing operational pressure, and a slowing trend in asset size growth. Although the overall pressure on credit quality has eased, downward pressure on asset quality is widespread, and the recovery period for narrowing profit space is still long. With the continuous upgrading and iteration of digitization, intelligence, and specialization, Culture and Tourism Group Financial Leasing Company should strengthen its professional ethics, improve its risk analysis and prediction capabilities, design integrated business guidelines for due diligence information collection and risk analysis, rely on big data to build a leasing asset identification, evaluation, monitoring, and early warning system, and establish a comprehensive, multi angle, and lean risk analysis and early warning mechanism. Through case analysis, problems are identified in a timely manner, and continuous reflection and improvement are made. Business process diagrams are drawn according to different scenarios, crisis warning indicators are set up, and a lean risk management team is formed. Crisis warning signals are continuously tracked and released, and processes and asset quality management are continuously improved. A lean risk control system is established to reduce risk losses and create benefits for the enterprise.

Keywords

Financial Leasing, Risk Analysis, Crisis Warning, Lean Management

1. Research Background and Issues

Under the background of strict regulation, internal differentiation has begun to emerge due to the cyclical impact of the financial leasing industry. The growth rate of asset size has slowed down, asset quality has declined, credit quality has been somewhat mitigated, and profit margins

have narrowed [1]. As a type of financial service institution, Culture and Tourism Group (or CTG for short) Financial Leasing Company faces various potential risks. How to perspective various risk factors, conduct effective risk analysis, identification, evaluation, and early warning. Taking the

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company's business strategy as the goal, adhering to a problem oriented approach, using appropriate risk analysis methods, viewing the essence through phenomena, controlling the development of events within an acceptable range, exploring potential risks, timely warning and prevention, resolving crises, reducing losses, and seeking to maximize business management benefits.

Risk analysis is a dynamic monitoring and systematic thinking process. When facing tenants with different styles and operations, financial leasing companies can use the research results and thinking patterns of system dynamics to achieve a thorough analysis of the enterprise, grasp the key elements and key issues of enterprise analysis, evaluate its business essence, environment, and management ability, etc [2]. This article focuses on using survey research and historical experience method.

2. Current Status of Project Management in CTG Financial Leasing Company

2.1. The Main Business Model and Project Management Process of CTG Financial Leasing Company

CTG Financial Leasing Company is committed to building a modern, efficient, and comprehensive financial leasing enterprise, striving to design flexible, diverse, and powerful financial leasing products and services for customers. At present, in order to fully leverage the "Financing+Material Financing" characteristics of financing leasing companies [3], CTG Financing Leasing Company mainly adopts two business models: direct leasing and after-sales leaseback. The project management process includes A segment project initiation (customer marketing, project initiation, project review), B segment credit evaluation (due diligence, business acceptance and review, project preliminary review), C segment signing approval (risk review, project approval, office meeting decision-making, contract management), C-D handover (handling mortgage or pledge, insurance procedures, system registration, loan management), D segment business operation (lease management, project data transfer) E segment process management (rent collection, post lease management), F segment project settlement, and other processes.

2.2. CTG Financial Leasing Company Leased Property Management

The leased property is not only the link between the lessor, seller, and lessee, but also the core of financial leasing business. According to relevant documents such as the Civil Code, the selection of leased property should be cautious, and the subject matter should be clear, genuine, and able to generate income [4]. For example, there are no defects in ownership,

no mortgage or security rights, no ownership and debt disputes, and no judicial seizure or seizure. According to the risk characteristics of different customers, rental properties that meet the company's requirements should be selected to prevent compliance risks from the source. In order to strengthen the management of leased property, improve the quality of leased property, prevent and resolve credit risks, the management of leased property follows the principles of prudent selection [5], reasonable value, legality and compliance, timely registration, accurate labeling, and timely transfer. In addition, the leased property is chosen by the lessee, so the selection risk is borne by the lessee, and the financial leasing company does not bear any risk caused by the selection of the subject matter.

2.3. Division of Rights and Obligations During the Acceptance and Storage Period of Leased Property

- (1) In the direct leasing mode, the value of the leased property is directly determined by the amount specified in the Sales Contract. The leased property is delivered by the seller to the lessee at the time, place, and method specified in the Sales Contract. The lessee shall inspect, inspect, and accept the leased property directly from the seller in accordance with the provisions of the Sales Contract [6]. In the direct leasing mode, the value of the leased property is directly determined by the amount stated in the Sales Contract.
- (2) To clarify the ownership of the leased property, financing leasing companies generally promptly disclose the relevant ownership status. After the contract takes effect and before the loan is disbursed, the leasing property ownership registration should be completed in the unified registration and public announcement system of the People's Bank of China's Credit Reporting Center for movable property financing [7], and the registration documents should be printed and archived.
- (3) During the lease term, the possession and use rights of the leased property belong to the lessee. The lessee is responsible for the maintenance, upkeep, and proper storage of the leased property to ensure its normal condition and effectiveness [7], and shall bear all expenses arising where-from.
- (4) All risks of damage and loss to the leased property, including but not limited to risks within the scope of insurance and other uninsured risks, shall be borne by the lessee [7].

3. Risk Analysis and Early Warning of CTG Financial Leasing Company

3.1. Strengthening Professional Ethics and Enhancing Risk Analysis and Prediction Abilities

To do a good job in risk analysis and prediction, it is necessary to strengthen professional ethics, maintain a reverence for risks, and continuously improve risk prediction capabilities [8]. Firstly, it is necessary to possess financial management knowledge to identify and describe the operational situation of due diligence enterprises, as well as corresponding legal, economic, policy, business, and financial knowledge to correctly interpret past operations and help predict future development trends. Secondly, practice leads to true knowledge. Only by immersing oneself in practice, analyzing cases, accumulating experience, and improving skills can knowledge be deeply understood and flexibly applied and judged in ever-changing situations. Once again, it is necessary to have resilient willpower and the ability to withstand pressure, with safeguarding shareholder interests as the core, and maintaining a high degree of self-discipline, calm thinking, and independent judgment in professional ethics. Finally, managers should have a love for talent and tolerance for others, and provide a comfortable internal environment for professionals to dare to believe and express their risk analysis and prediction views.

3.2. Integrated Business Guidelines for Due Diligence Information Collection and Risk Analysis in Design

3.2.1. Due Diligence Shall Implement a System of Organizer and Co Organizer

Due diligence shall implement a system of organizer and co organizer: the project organizer shall be a customer manager with operational authority; Project coordinators refer to business personnel such as customer managers and customer assistants who are actually involved in the project under the guidance of the customer manager and do not enjoy project performance. The organizer bears full responsibility for the completeness, authenticity, timeliness, and research results of the project materials. Specifically, due diligence requires compliance, authenticity, comprehensiveness, objectivity, and other requirements.

3.2.2. Basic Logic and Framework of Due Diligence

The information collection and verification adopt a combination of forward verification and reverse verification logic, with the main sequence being: tracing the received data to the most original and verifiable information of the data, and at the same time, verifying the data provided by the customer based

on the relevant original information provided by the customer [9]. The basic framework is as follows:

- (1) Make a list of information collection, clarify the evidence chain, clarify business and management processes. Through the process of implementation of tracking countermeasures, we comprehensively analyze the strengths and weaknesses of customers, as well as their future development potential and potential risks.
- (2) Review financial statement, conduct data analysis through the underlying logic of the report, and determine the customer's future operational management level, sustained profitability, and debt repayment ability.
- (3) The reverse application of business finance integration thinking to project due diligence requires checking the consistency of cash flow, business flow, invoice flow, and information flow, as well as verifying the accuracy of financial accounting and conducting joint checks on the general ledger and detailed ledger. Based on historical management experience and on-site research, cross verify the customer's debt repayment ability and willingness to repay.

3.2.3. Combining Due Diligence Reports and Matching Authorized Controlled Business Processes

Based on the introduction of the leasing project in the dutiful investigation report, referring to the project amount and the system of CTG Financial Leasing Company, according to the individual project financing amount, the lease term, the actual interest rate and other indicators, determine whether the project belongs to within authorization or outside authorization based on indicators such as the financing amount of individual projects, lease term, and actual interest rate. For authorized projects, adopt departmental approval processes, and then match authorized controlled matters according to the process regulations of paragraphs A, B, and C, gradually advancing the business process; Unauthorized projects adopt a combination of departmental and company approval processes. From the D stage onwards, including payment and other matters, authorization is generally not granted.

3.3. The Identification, Evaluation, Monitoring and Early Warning System of Leasing Assets Based on Big Data and Industry Financial Integration

As a non bank financial institution, financial leasing companies adopt a five level classification method based on risk for asset quality assessment according to financial supervision and risk management needs. The quality of leased assets is divided into normal, concerned, secondary, suspicious, and loss categories, and the last three categories form

non-performing assets [10].

3.3.1. Build a Leasing Asset Identification, Evaluation, and Real-time Monitoring System

Leased assets are the core assets of financial leasing companies, and asset management capabilities are the key to distinguishing them from bank credit. With the empowerment of technology and digital transformation, it is imperative to build an identification, evaluation, and real-time monitoring system for leased assets. Firstly, the per-lease assets related to the collection of ownership documents, photos, invoices, insurance policies and other information, will accurately enter the relevant information into the asset management system, and establish asset codes. Secondly, conduct a thorough market risk assessment of leased assets, conduct real-time follow-up and inspection of their usage, and manage asset quality classification. Once again, establish an emergency management mechanism for reporting and claiming losses of leased assets, timely track and warn, mitigate and disclose risks, and prevent unnecessary losses caused by unexpected events. Finally, with the help of the Internet platform, we established an asset evaluation monitoring system, gave full play to the advantages of experts in the asset evaluation industry, developed a real-time asset evaluation system, tracked and recorded changes in leased assets in a timely manner, added asset management early warning through indicator analysis, provided a reference guide for the management and disposal of leased assets, reflected the asset management status in a real, comprehensive and dynamic manner, and helped to predict customers' willingness and ability to repay, Effectively reduce the non-performing asset ratio.

3.3.2. Risk Warning and Control Mechanism for Non-performing Assets

Non performing asset management refers to the management of project rental overdue and the management of risk classification as non-performing assets, including overdue rental collection, clearance, management, non-performing asset management and disposal, etc. The management and disposal of non-performing assets should adhere to the principles of prioritizing benefits, strict risk control, competitive selection, openness, fairness, and impartiality [11]. The process for handling overdue project rent is as follows:

- (1) The business department should conduct regular or irregular post lease inspections. If there are factors that affect the normal repayment of the lessee's business management, timely post lease inspection warnings should be carried out, and the risk control department should be notified to conduct risk analysis and level recognition.
- (2) After the project overdue, the business department should promptly understand the reasons for overdue, and with the lessee to resolve the consultation. According to the contract plus liquidated damages and

overdue rent occupation interest, timely delivery of the "Collection letter." The risk control department should predict the risk of lessee rent overdue and prepare for legal proceedings; The finance department conducts a statistical analysis of the overdue situation of the project.

- (3) If the lessee fails to pay the overdue rent, penalty, and interest on the overdue rent after receiving the "collection letter" for more than 5 days after being urged by the business department, the business department will notify the mortgagor, pledgor, or guarantor in writing of the relevant overdue situation, and require the guarantor to complete the compensation business within 5 days according to the contract agreement or no agreement.
- (4) After notification, if the lessee and guarantor have not yet paid the overdue rent, and the overdue rent exceeds 2 months, the business department shall send a lawyer's letter to the lessee and guarantor depending on the situation, and formulate a overdue rent collection plan, which shall be reported to the risk control department.
- (5) If the lessee fails to pay the rent on time for more than 3 months, and after the decision of the company's office meeting [12], there is no need for litigation for the project, the business department shall carry out asset recovery; The litigation project will be organized and implemented by the risk control department.
- (6) After obtaining the relevant assets of the debtor through asset recovery or project litigation, the finance department is responsible for asset counting and statistical work.
- (7) Non performing asset management institutions should organize personnel to regularly or irregularly supervise and inspect the authenticity of information, legality of procedures, and accuracy of results in the management of non-performing assets. For any violations, poor management, or inaccurate information in the management process, they should promptly submit rectification requirements to relevant departments and instruct them to make corrections within a limited time; Those who violate the law shall be transferred to judicial organs for handling in accordance with the law [13].

3.3.3. Establish a Comprehensive, Multi Angle, and Lean Risk Analysis and Warning Mechanism

With the continuous upgrading and iteration of digitization, intelligence, and specialization, financial leasing companies should establish a comprehensive risk analysis and early warning system, including organizational support, risk indicators, process planning, access control, and institutional support. Consider the risk analysis of financial leasing companies from multiple perspectives such as industry development, policy changes, asset size, credit quality, and profit

margins. Establish a classification management system for leased assets, a credit evaluation system for lessees, a post recovery and disposal system, and a risk analysis and early warning mechanism [14]. Through case analysis, timely identification of problems, continuous reflection and improvement, drawing business process diagrams based on scenarios, setting crisis warning indicators, forming a lean risk management team, continuously issuing crisis warning signals, continuously improving processes, reducing risk losses, and creating business benefits.

4. Summary

Financial leasing companies integrate industry chain resources through the integration of the three streams, design an integrated business process diagram. They need to establish a full process business process control model from the fund back-end to the business front-end, forming a spiral management model of per risk prevention, in process crisis warning, and post analysis traceability. Building a risk management system that integrates big data and business finance to identify, evaluate, monitor, warn, and report risks, and establishing a sound crisis warning system with risk management as the guide [15], compliance supervision as the focus, and lean prevention and control as the purpose, in order to build a "comprehensive, full process, multi angle, uninterrupted, and lean" risk analysis and warning mechanism, comprehensively prevent risks, timely warn, resolve crises, and reduce losses, Seeking to maximize business management efficiency.

Abbreviations

CTG: Culture and Tourism Group

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Author Contributions

The authors read and approved the final manuscript.

Conflicts of Interest

The author declares that there is no conflict of interest.

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