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Analysis of Multi-Financing Channels of Medium-sized and Small Enterprises

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Abstract: Medium-sized and small enterprises play a key role in the process of economic and social development of countries around the world. In our country, the problem of financing difficulties that medium-sized and small enterprises are face with has become the main influence factors, thus blocking the medium-sized and small enterprises further development. To strengthen the study of medium-sized and small enterprises financing channels is imminent. This paper introduces the present situation of medium-sized and small enterprises financing channels in our country, briefly analyzes the main reasons of financing difficulties, and puts forward countermeasures and suggestions to improve and broaden the channels for medium-sized and small enterprises financing channels.

Keywords: Medium-sized and small enterprises, Financing channels, Countermeasures and suggestions

1. INTRODUCTION

Medium-sized and small enterprises concern people's livelihood, employment and social stability. According to the data of industry and information technology working conference in 2013, the medium-sized and small enterprises are important forces for national economic and social development in our country. Medium-sized and small enterprises accounted for more than 99% of the total number of national enterprises, provided 80% of urban jobs, created 60% of GDP and 50% of the tax, completing 70% of the invention patents and more than 80% of the new product development. Although the central and local governments have increased support for medium-sized and small enterprises financing, financing conditions and financing environment gradually improved, since the outbreak of the global financial crisis in 2008, medium-sized and small enterprises inevitably suffered severe impact, capital turnover appeared unprecedented difficulties. Global entered into the post-crisis era in 2012, China adopted tight monetary policy, bank credit scale had also been under strict control, In the current crunch environment, the problem of medium-sized and small enterprises financing difficulties had become a primary "bottleneck" restricting the development of medium-sized and small enterprises, and severely restricted the economic and social development.

2. PRESENT SITUATION OF MEDIUM-SIZED AND SMALL ENTERPRISES FINANCING CHANNELS IN OUR COUNTRY

The so-called financing channels, also known as the funding channels, refer to the direction and channels of the financing sources, which mainly describes the implementation process and implementation way of the enterprises financing and is also embodiment of capital sources and supply.

2.1 Financing forms of the medium-sized and small enterprises

Medium-sized and small enterprises generally through two ways to access to capital: one is the internal financing; the second is external financing. Internal financing refers to the process of the enterprises putting their own accumulation (depreciation and retained earnings) into investment. External financing refers to the

process of the enterprises using the funds from outside investment body into investment. External financing is divided into direct financing and indirect financing, direct financing is divided into equity financing and debt financing. External financing has become the main mode of enterprises access to funds. We speak medium-sized and small enterprises financing difficulties, mainly refers to the external financing difficulties ^[1].

2.2 Present situation of the medium-sized and small enterprises financing channels in our country

2.2.1 Direct financing channels are narrow and difficult to meet the financing threshold of stocks and Bonds Market

According to statistics, in the medium-sized and small enterprises financing, indirect financing is as high as 98.7%, while only 1.3% of direct financing. This shows that our country's medium-sized and small enterprises financing mainly relied on indirect financing, direct financing, such as stocks and bonds, played the small role^[2]. It shows that our country's medium-sized and small enterprises direct financing channel is narrow and characteristics of the single financing way.

2.2.2 Financing channels are single and Lack of innovation mode of financing

Subject to restrict factors such as less its own funds, short-term behavior of profit distribution, low fixed assets depreciation rate, it is difficult for medium-sized and small enterprises to solve the problem of financing difficulties through the internal financing and relying more on external financing. According to related survey data shows, financing channel of medium-sized and small enterprises in China gaining capital is too one fold, medium-sized and small enterprises financing investigated is about 65.7% from financial institutions loans, equity financing accounts for 33.3%, other channels of funding sources are less. Innovative financing tools in recent years, such as accounts receivable financing, medium-sized and small enterprises cluster financing, risk investment, etc have not developed in domestic^[3].

3. THE REASON FOR NARROW FINANCING CHANNELS OF MEDIUM-SIZED AND SMALL ENTERPRISES

3.1 Government support is not enough

At present, the market economy system is not perfect and the coordination function of local government is not yet in place, to some extent hampered the medium-sized and small enterprises financing ability. Country lacks of matched preferential policies in supporting the development of medium-sized and small enterprises. In addition, the control of the current financial system is too strict for medium-sized and small financial institutions and private financial activities, thus leading to narrow financing channels of medium-sized and small enterprises.

3.2 Negative attitudes from financial institutions and the mortgage market is not developed

Due to the asymmetry of market information, factors for the sake of costs, risks, etc, banks tend to choose good credit standing, high financial transparency and larger assets customers^[4]. While for the medium-sized and small enterprises, banks are reluctant to provide loans. Elements market is less developed in our country, the medium-sized and small enterprises lack of appropriate mortgage assets and is difficult to get a mortgage funds.

3.3 The own management ability of medium-sized and small enterprises is poor, risk awareness is not strong and financial management is not standard

Most medium-sized and small enterprises financial statement is random, veracity is low and transparency is not high. In addition, the concept of credit is absent or insufficient. Situation of medium-sized and small

enterprises such as small scale, weak strength, lack of capital is widespread. Meanwhile, some medium-sized and small enterprises credit concept is very weak, always in a variety of ways to escape bank debt, which seriously affects the overall image of the credit.

4. COUNTERMEASURES AND SUGGESTIONS OF PERFECTING DIVERSIFIED FINANCING CHANNELS OF OUR COUNTRY'S MEDIUM-SIZED AND SMALL ENTERPRISES

Based on the causes of financing difficulties of medium-sized and small enterprises in our country, through the analysis, we can intensify policy support, deepen financial system reform, strengthen the construction of medium-sized and small enterprises, innovate financing path these four aspects to broaden the financing channels of medium-sized and small enterprises, realizing the sustainable and healthy development of medium-sized and small enterprises.

4.1 Intensify Policy Support

Make it materialize "medium-sized and small enterprises promotion law" regulation, such as making the medium-sized and small enterprises financing measures law^[5]. Come on medium-sized and small enterprises credit guarantee management interim measures as soon as possible, promote the financing environment in accordance with the law, perfect the guarantee system, increase the intensity of support, improve the efficiency of guarantee agencies and the status of medium-sized and small enterprises, make all sorts of medium-sized and small enterprises financing channels lawful.

Our government's direct support system is mainly composed of fiscal support policy, tax support policy, industry support policy, financial support policies, etc^[6]. Government departments should reasonably guide medium-sized and small enterprises to meet the demand of financing through the capital market, at the same time improve the bond market to facilitate the financing of medium-sized and small enterprises.

Reform the use deadline of medium-sized and small enterprises bond financing and Trading limited, reduce the threshold. Government launched on the growth enterprise market financing for medium-sized and small enterprises to adapt to the situation of our country, the construction of the growth enterprise market financing for medium-sized and small enterprises can not only provide financing platform for medium-sized and small enterprises and exit channel for the original investors, also can provide investment tools for investors and provide price reference for other equity trading. Open direct financing channels.

4.2 Deepen Financial System Reform

In terms of the credit, the existing credit evaluation system is not suitable for medium-sized and small enterprises. Therefore, modify the existing medium-sized and small enterprises credit evaluation method, it is important to add personal credit information of medium-sized and small enterprises related to the enterprise credit level.

In the process of medium-sized and small enterprises financing in our country, guarantee companies play an important role, In general, they will offer credit guarantee to enterprises lack of credit, to help enterprises get bank loans, and once the borrowing enterprise is not the money, guarantee companies will repay^[7]. But according to professional department investigation, some guarantee companies in practice put aside their own business but undertake the bank's business. Therefore, we should require regulators to strengthen the supervision of guarantee agencies, regulate credit guarantee system.

4.3 Strengthen the Construction of Medium-sized and Small Enterprises

Enhance the enterprises' credit level. Medium-sized and small enterprises should strengthen credit

consciousness, establish the good payment reputation, improve the use efficiency of funds. Raise the level of enterprises' credit management. Medium-sized and small enterprises should set up the credit management department, responsible for management and supervision the enterprise of all departments as well as enterprise staff and enterprises' credit standing that do business with our enterprise^[8].

At present, our country's social credit system is not perfect, medium-sized and small enterprises' credit system is still in the stage of construction, state law policy support system is in the process of perfecting, favorable external financing environment is being built, So our country's medium-sized and small enterprises should strengthen the contact with bank, through asking bank to send a person into the medium-sized and small enterprises supervise layer, such as the board of supervisors or the audit committee, supervising enterprise operation and management activities directly from the internal. Good relations of cooperation between medium-sized and small enterprises and Banks, not only help medium-sized and small enterprise solve the financing problem, also help to form good situation of mutual benefit and mutual development.

4.4 Innovate Financing Path

4.4.1 Develop Supply Chain Financing

Supply chain financing is a financing mode, refers to the bank through the review of the whole supply chain, based on the master of the degree of supply chain management and credit strength of core enterprise, providing flexible use of financial products and services for the core enterprise and upstream and downstream enterprises. Because in addition to the core enterprises, basically medium-sized and small enterprises in supply chain, in a sense, supply chain financing is financial services for medium-sized and small enterprises^[9].

4.4.2 Develop Financing Leasing Business

Financing leasing, which is also called financial leasing, is the enterprise need a device while a lack of funds, leasing agency not directly offers its funding, but according to user needs, buys or rents into the equipment, then rents to leaseholders and collects the rent. This for medium-sized and small enterprises invested capital limited, do not need a full cash but can obtain advanced technology and equipment, and the rent can be paid by inflow economic benefits from the device in use; relative to capital loan, leasing agency does not need to worry about money used for any other purposes, and can ensure get the rent on a regular basis^[10].

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