

Research on the Financial Leasing of Small and Medium-Sized Enterprises

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Abstract

With the development of the times, the development of small and medium-sized enterprises has promoted the progress of the financial market. As a traditional means of financing, banks, due to the relationship between credit risk and financial risk, make it difficult for small and medium-sized enterprises to finance in China. In the process of financing, small and medium-sized enterprises should not only keep pace with the times, have the protection of policies and laws, but also combine with enterprises themselves to develop characteristic financial leasing. As a new financing channel, financial leasing is still in the development stage, and there will be many problems. How to guide the long-term and healthy development of financial leasing industry has become a hot topic nowadays, which is of great importance to the sustainable and healthy development of China's economy and has typical representative significance. This paper focuses on the impact of financial leasing on the development of small and medium-sized enterprises as well as the existing problems, and gives targeted suggestions through analysis.

Keywords

small and medium-sized enterprises; financial leasing; financing.

1. Introduction

China's financial market continues to develop and improve, and the development of small and medium-sized enterprises has promoted the progress of the financial market. As a traditional financing institution, due to credit and financial risks, it is difficult for small and medium-sized enterprises in China to finance, and it is difficult for enterprises to obtain the financial support from banks and other non-financial institutions, which causes the social problems of small and medium-sized enterprises' financing difficulties. At the same time, Chinese enterprises are in the critical stage of transformation and development. The dual pressure makes the survival and development of enterprises more difficult. However, financial leasing enables small and medium-sized enterprises to obtain a lot of funds and equipment with less investment, which greatly improves the financing environment of small and medium-sized enterprises.

Financial leasing originated in the United States. At that time, there were problems in industrial production and excessive product accumulation in the United States. However, the government adopted a series of monetary tightening policies, which made it difficult for most enterprises to raise funds. In order to obtain production equipment and other raw materials with less capital, the enterprise pays part of the capital to obtain the short-term use right of the equipment, which reduces the production cost. In the later stage, due to the imperfect financial leasing mode, the rent may not be fully recovered, so it is proposed that the equipment still belongs to the lessor, while the lessee only has the right to use and cannot be sold off, The lessee can not lease or dispose of the equipment until the lessor recovers all the

rents, which is the initial development state of financial leasing. China introduced financial leasing in the 1980s, but limited to the impact of China's economic system and financial environment, the development of financial leasing is relatively backward. There are three ways to define financial leasing in China, such as financial leasing, domestic leasing and foreign leasing. In recent years, the country has vigorously developed energy conservation and environmental protection, and financial leasing has also developed in the new energy and environmental protection with the progress of the times. It shows that there is a large space for the later stage of financial leasing in China, and it will also create greater value for China's economic development.

2. Financing of Small and Medium-Sized Enterprises

2.1. Bank Loans

In recent years, the proportion of small and medium-sized enterprises in GDP has continued to rise, and the pilot enterprises of small and medium-sized enterprises have been successful. The government has also formally issued legal documents that are conducive to the development of small and medium-sized enterprises, greatly improving the financing environment of small and medium-sized enterprises. At present, China's financial market has been vigorously reformed to promote the innovative development of various commercial banks. For the regulatory authorities, because the approval power is too centralized, and only for large-scale state-owned enterprises and other enterprises to lend, the lower limit of power can now be reached, that is to say, for the small and medium-sized enterprises, they can carry out their own approval pilot. In recent years, the number of small and medium-sized enterprises in China is still increasing, but the supporting financial service system can not keep up with the pace of development, financing is still difficult, and it is very common for banks to delay or refuse to lend to small and medium-sized enterprises.

2.2. Direct Financing

With the improvement of the market, the means and tools of financing also adapt to the development of the market, and the financing channels become wider, which promotes the development of small and medium-sized enterprises in China, and promotes the initial success of independent entrepreneurship. The scope of "national small and medium-sized enterprise share transfer system" has been expanded, as well as a variety of financing channels such as collective bonds, collective bills, collective trusts, etc. The types and forms of direct financing of small and medium-sized enterprises have become diverse, and from decentralization to the whole. However, due to the immature financing environment in China, the role of the national small and medium-sized enterprise share transfer system for small and medium-sized enterprises is also limited, and the procedures are also complex. For the collective financing of small and medium-sized enterprises, the complex relationship between the rights and responsibilities of each subject determines the potential risk of debt repayment.

2.3. Private Financing

Because it is difficult for small and medium-sized enterprises to obtain support from banks or other channels, enterprises will consider private lending when the funds are tight. Compared with bank lending and other ways, private lending funds get quickly. However, according to the data obtained from relevant industries, the interest rate of private loans is higher, and the monthly interest rate is nearly 1.1% - 1.9%, and the interest rate is higher and higher with the change of time. In addition, the security of private lending can not be guaranteed. Without the protection of laws and contracts, it may cause risks to enterprises.

3. Advantages of Financial Leasing for Small and Medium-Sized Enterprises

3.1. Improve Autonomy and Strengthen Enthusiasm

Most enterprises will choose banks when financing. However, in recent years, the state has a strict management of non-performing loans. Enterprises need to approve the limit and time of loans, and must return them when they are due. Small and medium-sized enterprises due to various capital equipment and other problems, the bank is therefore far away from enterprises. Compared with bank loans, financial leasing enjoys the right to use the goods, and the threshold is lower than that of banks. Enterprises can choose their own time and repayment method according to their own attributes, such as choosing the corresponding Lessors in season and their own scale, such as installment repayment, after-sale leaseback, etc., which can facilitate small and medium-sized enterprises. After long-term use, the equipment will be depreciated, and the purchase price will be less than the total purchase cost at the beginning of the period. In this way, the enterprise can continue to lease or directly purchase the equipment according to its own situation, increase the scientific and technological content of small and medium-sized enterprises, eliminate outdated production equipment, enhance its own strength and improve the enthusiasm of the enterprise.

3.2. Reduce Risks and Improve Competitiveness

With the view of "bringing in and going out", the development of enterprises should keep pace with the times. Large enterprises should actively change their management concepts, adjust their industrial models, and actively introduce foreign advanced technologies and equipment. However, small and medium-sized enterprises have less capital and more difficult financing, so it is difficult to obtain these advanced technologies and equipment. For small and medium-sized enterprises, financial leasing can make them pay only part of the funds during the lease period, and then they can obtain the equipment needed for production. Financial leasing does not need to use a large amount of funds in a short period of time, and the loan amount of the enterprise will not be occupied. When the enterprise is in turbulence, it can avoid risks, and can be recycled in the later period. Compared with mortgage loans, the security of financial leasing greatly reduces the enterprise risk. In the process of leasing, small and medium-sized enterprises can choose their own lessors or equipment, and continue to lease or purchase at a lower price after the expiration of the lease term. In this way, it can promote the renewal of small and medium-sized enterprises' equipment and improve their competitiveness.

3.3. Reduce Costs and Improve Capital Utilization Rate

Financial leasing is an off balance sheet financing, which can reduce the asset liability ratio compared with bank loans. Through financial leasing, small and medium-sized enterprises can quickly increase the frequency of capital use and capital turnover, which indicates that enterprises have fast cash recovery and small probability of bad debts, thus indirectly reducing the cost of enterprises. On the other hand, the rapid turnover of receivables and payables can also improve the solvency of enterprises. Bank loans and other loans need guarantee and mortgage to obtain funds, but the financial leasing lessee can save part of the guarantee funds with the lease, which is very beneficial to small and medium-sized enterprises. Financial leasing means that enterprises can get funds, acquire equipment and promote the production and development of enterprises at a low cost. At the same time, the promotion function of leasing also increases the sales revenue of the enterprise, because after the enterprise obtains the production equipment, it can continue to arrange the follow-up work progress and lay the foundation for the subsequent development of the enterprise.

4. Problems Faced by Small and Medium-Sized Enterprises in Carrying out Financial Leasing

4.1. Regulatory Issues

From the current characteristics of financial management in China, it can be seen that financial leasing belongs to the financial scope, and financial leasing can only be carried out through the people's Bank of China. It is difficult for enterprises of other natures to enter the industry, and the risks are relatively large, so there is no corresponding legal guarantee. Due to the short development time of financial leasing in China, it still belongs to the stage of management confusion, the laws and regulations are not perfect, there is no special financial institutions to authorize the management of small and medium-sized enterprises, when encountering problems, the various management departments also push each other. Enterprises will bring benefits to themselves or the country when they carry out financial leasing business. However, when they carry out financial leasing business, they are not authorized by the state or financial institutions, and their legitimacy cannot be guaranteed. Sometimes, it will seriously damage the interests of enterprises and even hinder their future development.

4.2. Legal Issues

The state only pays attention to the contribution of financial leasing to the economy of small and medium-sized enterprises, but has not issued special financial leasing laws, so the government has not fundamentally standardized the financial leasing of small and medium-sized enterprises. In order to develop small and medium-sized enterprises, it is necessary to have laws and regulations to protect the interests of the lessee and the lessor, and to guarantee the legitimacy of the financial leasing contract. In this way, it can effectively prevent problems such as arrears of rent, illegal possession of financing equipment, tax evasion, and illegal fund-raising. The law is the guarantee of the state. Without legal norms, enterprises will be harmed.

4.3. Policy Restrictions

There are many problems in the development process of financial leasing in China, and the pilot enterprises are in the process of development, and there is a lack of financial leasing policies. Moreover, compared with some small and medium-sized countries, China is not dominant. Financial leasing solves many credit problems. In recent years, China has introduced a series of tax reduction and fee reduction policies, involving a lot of regulations on tax preferences, but there has been no relevant safeguard measures on the financial leasing of small and medium-sized enterprises, which makes the lessee have to face a crisis all the time, waiting for bankruptcy or other situations, and the risk always exists. These aspects have great resistance to the financial leasing of small and medium-sized enterprises and the development of national financial industry.

5. Solutions to the Financial Leasing Problems of Small and Medium-Sized Enterprises

5.1. Discussion on Supervision of Financial Leasing

Compared with state-owned enterprises and foreign-funded enterprises, the state has not paid enough attention to the development of small and medium-sized enterprises. In terms of supervision, financial leasing is defined as financial industry. From the macro point of view, financial leasing can be managed by financial institutions or authorized to non-financial institutions, and the regulation can be relaxed moderately. The rights of the decentralized part

are supervised by the private sector, so that the government and the private sector can be combined. A single and fixed development mode is bound to imprison the development of enterprises, so we should develop comprehensive financing channels, encourage commercial banks to marketize interest rates and implement a variety of new loan repayment methods. For government supervision, it can not only promote the long-term development of enterprises, but also build a complete financial leasing system. Due to the short development time of financial leasing in China, people only stay on the surface of the understanding of leasing. The government can further promote the development of financial leasing of small and medium-sized enterprises in China through the supervision of modern media. Only when the government and enterprises cooperate actively and combine theory with practice, can we really implement and improve the development of small and medium-sized enterprises.

5.2. Discussion on Legislation of Financial Leasing

The development of anything needs rules. If we only rely on leasing companies to prevent loopholes in the legal system, the cost is too high, so we need to solve this problem from the legal system. At present, China's laws on financial leasing need to be improved. By consulting some laws and regulations and comparing them with our actual life, we can find that some laws and regulations can not keep up with the development needs. If they are not eliminated, it is very unfavorable to the development of financial leasing in the later stage. This requires the active cooperation of the national legislative department, according to the actual situation of the development of small and medium-sized enterprises in our country, to adjust and modify, fill in the legal gap and make corresponding detailed improvement. On the other hand, the government should do it, there are many channels for private lending and financial leasing, although the funds are obtained quickly, there is no unified laws and regulations to regulate and guide private lending. Enterprises have different risks in financing. The government needs to actively cooperate, strengthen legislative construction, and ban illegal acts. This will not only create a good environment for the financing of small and medium-sized enterprises, but also improve the order of China's financial market.

5.3. Discussion on the Environmental Restrictions

China's environment is in a good momentum of development. Due to the contribution of small and medium-sized enterprises to national GDP in recent years and under the background of internationalization, financial leasing is the product of the progress of the times. China has made a series of reforms on financing, and issued laws and regulations; in terms of banks, due to financing difficulties and other issues, the state also provides tax and other preferential policies for small and medium-sized enterprises. For enterprises, small and medium-sized enterprises must have a clear understanding of their own environment, and development must rely on funds. The capital comes from banks or non-governmental and other financial non-financial institutions. Through these channels, enterprises must have good business reputation, stable company development environment, and their own advantages. However, small and medium-sized enterprises lack these objective factors, so it is difficult for enterprises to change the environment while developing. First, enterprises should vigorously strengthen technological innovation, seize opportunities and change backward conditions of enterprises. Second, the development of financial leasing industry currently has more production systems. Enterprises should strengthen the construction of productivity, keep pace with new equipment, keep pace with the pace of the times, understand market demand, improve production efficiency and obtain working capital. On the other hand, enterprises should establish a good business reputation. A good beginning is half the success, and it is also a necessary factor to obtain financial and non-financial funds. Finally, the enterprise should be open and fair, and make a complete report on its own financial situation, solvency, and operation ability evaluation. If enterprises want to solve the financing problem, the most

fundamental thing is to improve their own conditions and reasonably cooperate with the market.

6. Conclusion

China's financial leasing is still in continuous development and improvement. The main purpose of financial leasing for enterprises is to obtain funds to obtain equipment and ensure the normal and stable development of enterprises. Risk is inevitable, but we can break through the inherent thinking, break the current financing dilemma, which is not only a risk, but also an opportunity for enterprises and the country. China's current financing environment needs to be further improved, such as creating a good fair and legal financing environment. Although the economic development is fast and the GDP growth is optimistic, we still can't relax our vigilance. In addition, the state should continue to strengthen legal supervision, such as tax incentives for small and medium-sized enterprises to carry out invoice management after financial leasing. The financial market is still developing and improving. As the basic financial institution of our country, banks shoulder the responsibility of national economy and people's livelihood. However, the relationship between small and medium-sized enterprises and banks is relatively indifferent, which is the main problem that leads to the difficulty of financing. Although the development of small and medium-sized enterprises' financial leasing is in the initial stage, it has created a lot of wealth for our country, which shows that under the new economic situation, there must be a larger development space for small and medium-sized enterprises to carry out financial leasing in our country, and more and more preferential financing channels will appear in the future, so as to develop the special financial leasing system of small and medium-sized enterprises in our country.

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