

China logistics financial status quo analysis

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Abstract : *The logistics finance is the inevitable outcome of the market economy development, Its appearance can improve the efficiency of financing, promote economic development. In this paper, writer through methods such as literature reading do a brief summary about the present situation of the logistics financial development analysis.*

Key word: Logistics finance traditional logistics social financing

In recent years, financing problem is more and more prominent. Especially small and medium-sized enterprises (SMEs). SMEs account for 90% of the market, but most of them can't get loan from bank, such a situation seriously influence the healthy development of the economy of our country. Under the situation, logistics finance comes.

1. Information about logistics finance

The logistics finance is evolved with development of logistics and provides financial services such as financing, settlement, and insurance. It refers to financing activities using and developing various financial products in the process of logistics operation, implementing effectively integration of material flow, fund flow and information flow, effectively organizing and adjusting flow of monetary funds in the supply chain, so as to increase fund operation efficiency and realize increase in logistics value. These fund activities include deposit, loan, investment, trust, rent, mortgage, discount, insurance, issue and transaction of negotiable securities in the process of logistics, as well as intermediate businesses handled by financial institutions involving logistics.

2. The development situation of logistics finance.

2.1. There were part of the third party logistics enterprise tried to investigate the logistics finance service.

After many years of development, because of the late start of research and poor base, the logistics management in China is still in the beginning though it has advanced very much. According to statistics, logistics costs to around 17% of GDP, far above the logistics industry in developed countries abroad headed by the United States. It should be noted that china's logistics enterprise widespread "low price, high cost, small profits" And with the development of the society, the traditional logistics services have been unable to meet the needs of the user differentiation. So, although the traditional logistics services can occupy a share of the market, some large domestic logistics industry also began to actively seek cooperation with financial enterprises and to do logistics finance business. As one of the largest third party logistics enterprise company in China, China Postal Savings Company cooperation with rate banks. in order to push the warehouse receipt pledging improvement of the scale of the expansion. They chose some warehouses as Bank special warehouses. At present, China Postal Savings Company has carried out extensive cooperation with a number of Banks, including big four state-owned banks.

2.2 It involved in many industries and fields, management pattern and more diverse.

Logistics finance services from China Postal Savings Company includes nonferrous metal-related products, construction materials, chemical products, coal, cars, paper, automobile, domestic appliance and so on. Speed transmission Logistics's warehouse receipt pledge business covered some steel and nonferrous metal, plastic, chemical materials, rubber, paper, cotton, etc. China Postal Savings Company in WuXi push the model of the total amount control, Using all inventory as the pledge. The bank shall control the total amount of goods and goods are allowed to flow. Some financial institution such as Shenzhen Development Bank accept on the basis of pledge of the goods-"Chattel and title-pledge-credit". Bank through constant "Margin call- Redeem the pledge" in order to meet financing enterprise normal operation.

2.3 Logistics finance plays an important role in promoting the Logistic industry.

2.3.1 Promote the Logistic industry with multiplex.

The traditional logistics business which focuses on the transportation. The cost is high to be made very little profit. With arrival of "Internet+" era coming, social demand for logistics has greatly. Due to the relatively low entry barrier in the past, a lot of enterprises have entered the logistics industry. Logistics marketing be in a low-level competition environment and growing slowly. The logistics industry's experience of those developed countries like America is worthy of being used for reference by China, we can see most big logistics enterprise in developed have already regarded logistics finance as the important content of developing strategy to enhance its status. UPS is a global logistics giant with its headquarter in Atlanta, the United States. It even bought a bank for providing logistics finance service better. China has come to a critical stage of development and the number of small and medium-sized enterprises has increased sharply because of the state provides funding supports more than before. The registered small and medium enterprise hold 90% amount all registered enterprises in China and the gross product and tax achieve 40% and 60%, with their operating status directly impacting on the stability of national

economic development. But such problems exist in China's credit rating as being lack of credit rating awareness, incompleteness of credit rating agency system, Absence of scientific rating quota and methods, etc, led to more than 7 trillion RMB loaned out in the first half of this year by Chinese banks, only an estimated 10% has gone to smaller firms. Due to SMEs' own weaknesses, banks' institutional and some other factors, the financing gap is the major problem that has plagued SMEs so much. As a financial logistics of innovative value-added logistics services, it is the logistics industry and the development of the financial industry to a certain stage of the product. Logistics enterprises can instead bank to carry out factoring operations to assess their client's credit risk, it not only save bank's human and material resource but also expand reach. And change the perspective of risk assessment, and let SME to be ruled in the credit verification, it will meet the financing needs of SMEs to the greatest extent and achieve the win among three parts. The generation of logistics finance will create a good market environment for the healthy development of logistic industry, not only provide its customers with new technology but also develop channels of diversified investment. Logistics finance are the integration of object flow, money flow and information flow, it is considered to be another way to improve profit. For example, Dell sales totaled approximately 450 million dollars and on an average 1.23 million dollars a day. Dell's cash conversion cycle is five days, but HP and IBM are 30-90 days, it make Dell's cash conversion less at least 35 days and save working capital 43.05 billion dollars than their competitions. Dell got 2.53 billion dollars more than competition on cash management if calculated at 5.88% interest rate. Nowadays, profit margins in the PC industry has reduce, the extra profit from the cash management to be the important factor of the success of the Dell. The fund of the logistics must come from various sources if we have logistics finance, this innovative value-added service will promote the logistics is more character and multiple. And the innovation management and financial system will promote innovated in the mode of the management. Logistics finance provide new mode and ideas for logistics companies and financial institutions carry out business innovation.

2.3.2 Logistics finance speed perfect credit mechanism.

"Internet+" is conducive to the development of traditional industry. In the past, China post has been dominance of logistics led to the quality of service provided by its decline. In recent years, the number of companies which provide related service grows fast with rapid development of E-commerce. It led to the scope of business, quality of service and cost as well as the determining factor to decide logistics can foothold in the fierce competition in the logistics market. Logistics finance help logistics enterprise bid farewell to the past traditional logistics business mode and realization cross-border, changing the "high cost, low profit" industry status. But logistics enterprise as a third part in the supply chain dominated by bank, its normative factor more and more becomes the bank to choose partners. Due to spend much time and waste human resources to the enterprise credit assessment with strong liquidity, the application often be rejected without strictly validate. It is detrimental both of bank and enterprises. The third part logistics enterprise instead of bank to verify the applicant's assets in logistics finance mode, and make sure the borrower will be able to repay the loan through the establishment the warehouse financing. It not only save a great deal of manpower, material resources, but also in favor of changing the difficulty that SME gain the loans. But how to choose the best partner? Social credit tied mechanism is imperfect,

people lack of credit idea, the logistics industry is not standardized, which led to financial institutions don't really trust them. So, enterprise is going to exist in market competition to develop, must enhance normative. Standardization in operation, service, staff, risk awareness and evaluation, we might overlooked with no competition in the past have already become an urgent issue to meets to the needs of bank. In this market-oriented economy, law of jungle is inevitable for enterprises. The logistics enterprises are facing a lot of challenges now and these will push them to change and innovate indubitably.