

The Influence of International Trade on Banks' International Settlement and Analysis of Countermeasures

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Abstract. With the advancement of economic globalization and integration, the economic and trade ties between countries and regions have been continuously strengthened, economic and trade exchanges have continued to increase, and the international settlement business between commercial banks has developed rapidly. In the ever-changing international market environment, China's booming international trade is also accompanied by a large number of trade frictions. The increasingly prominent international trade disputes have had an important impact on the international settlement business of my country's commercial banks, increasing the industry risk of settlement products. The non-performing loan ratio of banks has increased, reducing traditional settlement business trade. settlement. Based on the existing literature, this paper analyzes the impact of international trade disputes on the bank's international settlement business by taking the trade financing products of Bank H's international settlement business as an entry point. This paper specifically analyzes the impact of the escalation of Sino-US trade disputes on H-bank's international settlement business after the Sino-US trade war, and gives corresponding countermeasures. Taking Bank H's international settlement business as the research object, this paper adopts case analysis, summarization and other methods to study the impact of international trade disputes on Bank H's international settlement business from different dimensions, and analyzes the impact of international trade disputes on Bank H's international settlement business. The research conclusions of this paper will help Chinese-funded commercial banks to effectively manage the risks brought by international trade disputes, and also provide a useful reference for banks' international settlement customers to avoid and reduce the impact of international trade disputes on their own business.

Keywords: International trade dispute, International settlement, Exchange rate, Letter of credit.

1. Research background and significance

1.1 Research Background

Since the reform and opening up, my country's economy has maintained a high-speed growth trend. The depth and breadth of the country's opening to the outside world have been accelerating. The country has also formulated a series of policy systems aimed at supporting Chinese enterprises to enter the world market. On the continuous promotion of my country's foreign trade to maintain a rapid increase. From the perspective of global economic integration, the pace of economic globalization has not slowed down, which helps my country's commodity import and export volume maintain a rapid growth pace. Therefore, the higher foreign trade development speed has greatly promoted the Improve the quality and efficiency of my country's economy. The rapid development of international trade will also produce various high-risk problems. International trade disputes are one of the risk problems, and the rapid growth of international trade transaction volume directly leads to the emergence of trade frictions and trade disputes. With the further strengthening of the trend of globalization and the combined effect of intricate factors such as geopolitics, regional economy, nationality and society, the problem of international trade friction has become more and more prominent, thus affecting the development of my country's export-oriented economy and the further development of foreign trade. International settlement business is an essential and key part of the international trade system. As an important branch business of modern commercial banks, the development of international settlement business of commercial banks directly affects the development level and quality of international trade.

Under the background of the further improvement of economic globalization, how should commercial banks do well in international settlement business, how to ensure the benefits of commercial banks' international settlement business under the background of international trade disputes, and how to control the impact of international trade disputes on international settlement business? This is a key issue that banks, especially their international settlement departments, must pay attention to.

1.2 Research Significance

At present, most of the researches mainly focus on the impact of international trade disputes on international trade, policy research on establishing relevant mechanisms to resolve disputes, or on the risks faced by commercial banks' international settlement business. Few studies combine risks and countermeasures Research together. Taking Bank H as a case study, this paper analyzes the development status and development process of international trade disputes and international settlement business, and analyzes the impact of trade disputes on international settlement business from two aspects of international settlement business income and risk, and finds problems. , put forward corresponding strategies to solve problems, expanded new research fields to a certain extent on this theoretical level, and provided certain case reflections and references.

The research in this paper will help Chinese commercial banks to effectively deal with various risks and challenges brought about by international trade disputes when they expand their international settlement business. To avoid all kinds of contradictions caused by international trade disputes, so as to achieve the steady development of various businesses of the bank.

2. Research methods

2.1 Case analysis method

In the context of international trade disputes, by collecting different cases related to Bank H's international settlement business, we will conduct targeted analysis of the cases from the product dimension, and through the case analysis of specific businesses, we can intuitively reflect the bank's trade finance business. Existing risk management problems, so as to put forward more scientific and reasonable suggestions.

2.2 Inductive summary method

By analyzing the development status of Bank H's international settlement business in recent years, this paper summarizes the risks brought by international trade disputes to Bank H's international settlement business, analyzes the reasons for these problems, and finally proposes risk prevention measures against international trade disputes.

3. Impact of International Trade Disputes on Bank H's International Settlement Business

Judging from the H Bank business survey data, in recent years, trade disputes between China and other countries have shown a gradual increase. The most representative is the Sino-US trade dispute that began in 2017.

Take this incident as an example: the first three batches of tariffs imposed by the United States on US\$250 billion of Chinese goods (the first batch of US\$34 billion, the second batch of US\$16 billion, and the third batch of US\$200 billion), and my country's additional tariffs on US goods The impact of tariff countermeasures on Bank H's international settlement business has gradually shown, but in general, the impact is not as large as previously expected and the risks are controllable. For the whole year of 2019, H Bank's import and export of US-related business products totaled 8.21 billion yuan,

accounting for 13.4% of the total foreign-related business products and 2.8% of the total import and export business products, and the overall proportion is not large.

Table 1. Output and Capacity of WY Steel Co., Ltd. in the past three years

main products	2015(10,000 ton)			2016(10.000 tons)				2017(10,000 tons)	
	Capacity	Yield	Sales	Capacity	Yield	Sales	Capacity	Yield	Sales
Steel	120	62.41		120	63.72		120	78.69	
Steel plate	100	75.18	75.76	100	76.51	75.31	100	83.33	83.88
Total	220	137.59	75.76	220	140.23	75.31	220	162.02	83.88

From the perspective of exports, although the export business volume in 2019 accounted for about 1/3 of the total foreign-related business volume of Bank H, due to the fact that tariffs have not yet been imposed on mobile phones and accessories, goods that have been subject to tariffs account for a small proportion of the business volume. It has little impact on the overall export business volume. In 2019, the foreign-related export business volume of H Bank was 6.34 billion yuan, accounting for only 3.3% of the total foreign-related business. However, the products involved in the case, such as automobile wiring harnesses, engine parts, textile shoes and hats, were highly dependent on foreign markets and lacked core competitiveness of products. , After being included in the list of additional tariffs, the export orders, production and operation of relevant enterprises have been greatly affected. For example, as of the end of November, WT Textile has basically lost the US market, the company has insufficient orders and cannot operate normally, and the number of employees has decreased by about 1,000 compared with the same period last year, a drop of 40%; Further expansion; YD Transmission's exports to foreign countries fell by 30%, and the main business revenue and profit ratio in November both fell by about 15%; in December, Anyang BLT Ceramics was initially ruled by foreign countries to impose an additional countervailing duty rate of 133.7%, and the company's foreign market Completely lost competitiveness.

4. Impact on trade value-added business

Credit guarantee, hedging, and financial management are the value-added trade services provided by banks for import and export trade enterprises. Credit guarantee, hedging and value preservation, and financial management are the value-added financial services provided by banks to trade participants to meet the diversified financial needs of enterprises. Credit guarantee is a service that banks provide for trade participants with the main purpose of credit enhancement. It plays a significant role in helping buyers and sellers build mutual trust and facilitate transactions; hedging and value preservation is a function of increasing fluctuations in commodity prices, interest rates and exchange rates.

In the frequent market environment, banks provide professional services to help customers effectively avoid risks; financial management is a value-added service provided for the needs of some large enterprises in the industry chain such as financial concentration, fund collection, and financial management outsourcing, including accounts receivable. Payment management, financial statement optimization, cash management and many other contents. These services further enrich the trade financial service system.

In the value-added business of bank trade, credit guarantee is the top priority of value-added business, and its specific application is reflected in the bank's non-financing guarantee. Non-financing letter of guarantee refers to the guarantee business that provides credit support for the ability of the guaranteed person to perform commercial obligations under a specific commercial contract, and the guarantee for financial debts is not in this scope. Its characteristics are:

(1) Its original intention is mostly to support the applicant's ability to perform normal business obligations under the contract, and the applicant's performance is an important risk considered by the bank;

(2) Compared with the letter of credit, it is not a payment instrument, but a guarantee instrument, and the payment responsibility is generally secondary. The bank will only pay the amount agreed in the guarantee letter on behalf of the applicant if the applicant fails to perform the contract.

(3) For off-balance sheet business, the term depends on the execution of the contract and is relatively long.

According to the income statistics of Bank H, the cumulative amount of external guarantees issued by Bank H was 31.086 billion yuan (US\$4.388 billion), a year-on-year increase of 1.45%; the number of transactions was 2,465, a year-on-year decrease of 7.88%; The balance of guarantees was RMB 362,190 million (US\$ 51,120 million), a decrease of RMB 2,282 million from the end of 2018.

In the external guarantee business, the accumulative amount of financing external guarantees was 10.488 billion yuan (US\$1.495 billion), a year-on-year increase of 33.25%; the balance was 80.547 billion yuan (US\$11.368 billion), a decrease of 6.043 billion yuan from the end of 2018. The cumulative amount of non-financing external guarantees was 20.598 billion yuan (\$2.892 billion), a year-on-year decrease of 9.54%; the balance was 281.643 billion yuan (\$39.752 billion), an increase of 3.761 billion yuan over the end of 2018.

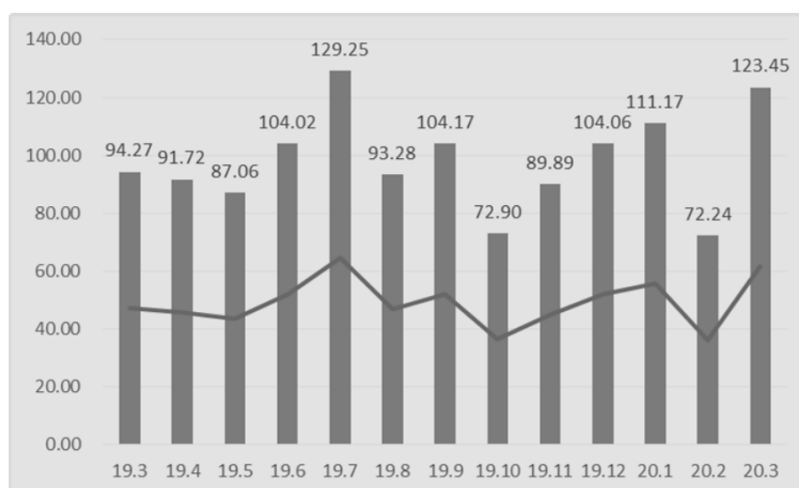


Fig. 1 Schematic diagram of the number of external guarantees after the start of the trade dispute (unit: 100 million yuan)

5. Analysis of Factors Affecting International Settlement Business by International Trade Disputes

For banking business, the customer is the top priority, and the customer base is the root of the foundation. At the beginning of the birth of the traditional international settlement business, it started with the basic remittance business, and the target customer group was basically the foreign trade customer group. Weaknesses are also exposed.

With the reform and development and the frequency of international trade, more and more small and medium-sized enterprises have also begun to enter the international settlement business customer group and become a member of the global trade competition. However, when choosing banking products, the international settlement business is still Only select a single settlement product, and embed other new trade finance products into the entire transaction chain.

With the vigorous development of global trade today, China's foreign-related enterprises are faced with various problems and various competitions. As an institution that relies on enterprises, it is the bank's inexcusable responsibility and obligation to solve problems for enterprises on the road of development. In the same way, the competition among commercial banks is becoming more and more

fierce. Today, with the gradual intensification of international trade disputes, more and more commercial banks are involved in trade finance business. It is difficult to keep customers, and it is even more difficult to increase customers. Much higher than the cost of maintaining an old customer. Therefore, in the process of customer maintenance, Bank H should use its own advantages to increase closeness with existing customers, communicate with customers, understand the most suitable products for customers' needs, and how to increase customers' stickiness and dependence on the bank. How to help customers, how to pay attention to the upstream and downstream of customers, whether to develop upstream and downstream customers into customer sources, etc., are issues that Bank H should think about in the next step.

6. Analysis of Countermeasures for the Impact of International Trade Disputes on H Bank's International Settlement Business

6.1 Customer development

In the process of international business development, Bank H is relatively mature and is a leader in the industry. Some traditional state-owned bank habits are also left over. The customer's threshold is high and high, which is not an evaluation that a contemporary commercial bank should have. Most of Bank H's international settlement customers are mid-to-high-end customers. These old state-owned enterprises and large multinational companies often have their own risk assessment systems and have strong risk resistance capabilities. It is important to keep these customers, and it is also essential to develop new customer groups. Bank H must change from the subconscious. It will no longer be a bank where customers come to the door, but a bank that pushes the door of customers. Only by grasping customers and stabilizing customers is the foundation of grasping development. Bank H's current concept of market competition is relatively weak, and its personnel marketing capabilities are relatively lacking. However, with the policy changes of China's financial system reform, joint-stock banks and foreign-funded banks have sprung up like mushrooms after a spring rain, and the importance of marketing is becoming more and more obvious.

International settlement business is a commodity of banking services. To expand the business, it is necessary to carry out marketing and promotion of products. From the perspective of marketing, plan the next step and development of the international settlement business. From the perspective of customers, re-divide products to provide customers with services they actually need. At the same time, we should also emphasize personalized product design, constantly innovate product types and service items, strengthen communication with customers, and provide the best marketing plan. Customers save financial resources, improve profits, maximize profits.

7. Conclusion

By comparing the relevant business data of Bank H, this paper sorts out international trade disputes from four aspects: export business, import business, trade value-added business and trade financing business. International trade disputes intensified before and after the bank. Influence on the development of international settlement business, analyzes the path and reason of international trade disputes affecting international settlement business. The study found that the weak customer base of international settlement business led to the impact of international trade disputes on international settlement business. This impact will ultimately lead to a significant reduction in international settlement revenue. On this basis, this paper puts forward the following countermeasures and suggestions. According to the conclusions drawn from the analysis and research of this paper, it is beneficial to promote the international settlement business of commercial banks to a new level of development and become a sector that is crucial to the income of the intermediate industry in commercial banks. , to become a leader in financial product and service innovation. The research in this paper is still at a relatively simple level. Under the background of intensifying international trade

disputes in the future, how to improve the relevant theories in the international settlement business and strengthen their practical application is an important direction for the future research of this paper.

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