

Study on How Commercial Banks Can Accelerate the Collection and Disposal of Non-performing Credit Assets

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Abstract: In the process of long-term development, due to policy changes, operational management and other factors, a large number of non-performing assets have emerged in the operation of commercial banks in China. The existence of non-performing assets not only greatly reduces the liquidity, safety, and profitability of commercial bank assets in China, but also begins to affect the development and progress of commercial banks. Based on this, this paper mainly explores how commercial banks can accelerate the collection and disposal of non-performing credit assets, hoping to serve as a reference.

Key words: Commercial Bank; Non-Performing Loans; Assets; Exploration

In the current economic environment, the problem of non-performing credit assets in commercial banks has become increasingly prominent and has become an important factor affecting the stable operation of banks. Faced with the severe challenge of disposing of non-performing assets, commercial banks urgently need to take effective measures to accelerate the collection and disposal of non-performing credit assets. In the future, in order to provide useful reference and inspiration for commercial banks, relevant researchers can explore how commercial banks can accelerate the clearance and disposal of non-performing credit assets from the aspects of risk management, clearance strategies, and disposal models.

1. The Significance of Commercial Banks Accelerating the Collection and Disposal of Non-Performing Credit Assets

1.1 Maintain Financial Stability and Prevent Systemic Risks

For commercial banks, accelerating the

collection and disposal of non-performing credit assets is of great significance and key role in maintaining financial stability. The accumulation of non-performing loans will lead to an increase in the quality of bank assets, which in turn will affect the bank's profitability and debt repayment ability, increasing the risk and possibility of bank bankruptcy. By timely clearing and disposing of non-performing credit assets, banks will reduce the non-performing loan ratio, actively improve asset quality, and enhance their natural risk resistance capabilities. The existence of non-performing credit assets can trigger systemic risks, such as credit risk spread, asset price decline, etc., affecting the stability and improvement of the entire financial system. Accelerating the disposal and optimization of non-performing assets can control risk diffusion and maintain financial market stability. In addition, the collection and disposal of non-performing credit assets can optimize resource allocation, promote economic restructuring, and provide support for the sound development of the real economy.

1.2 Improve Bank Profitability and Enhance Market Competitiveness

Accelerating the collection and disposal of non-performing credit assets by commercial banks has a positive effect on improving bank profitability and enhancing market competitiveness. In the fiercely competitive industry development process in the future, banks must take reasonable measures to optimize and improve their work efficiency, and further enhance their profitability. In the process of bank development, the clearance of non-performing assets plays an important role. On the one hand, the disposal of non-performing assets can release the funds occupied by non-performing loans, provide more credit funds for banks, support the credit needs of high-quality customers, and thus increase the bank's interest income.

On the other hand, by disposing of non-performing assets, banks can reduce provision coverage, lower financial costs, and increase net profit levels. In addition, the effectiveness of non-performing asset disposal is also an important indicator to measure the level of bank operation and management, which can enhance the bank's image in the capital market and customers' minds, and strengthen the bank's market competitiveness.

1.3 Promote Economic Structure and Support the Real Economy

First and foremost, the disposal of non-performing assets helps to eliminate more outdated production capacity, promote the upgrading and optimization of industrial structure, and better promote the optimization and improvement of economic structure.

Besides, by clearing and disposing of non-performing assets, banks can better support the real economy, guide credit resources to projects that comply with national industrial policies and market demand, and help the real economy achieve transformation and upgrading.

Finally, the disposal and promotion of non-performing assets can better improve the efficiency of financial resource allocation, reduce the cost of financing for the real economy, and provide more guarantees and support for the development of the real economy. Therefore, accelerating the collection and disposal of non-performing credit assets by commercial banks can not only achieve their own development, but also promote the harmony and stability of the economy and society.

2. Strategies for Commercial Banks to Accelerate the Collection and Disposal of Non Performing Credit Assets

2.1 Strengthen Risk Management and Optimize Credit Structure

In the process of clearing and disposing of non-performing credit assets, the core of commercial banks lies in strengthening risk management work. This job involves conducting strict credit evaluations on clients to ensure that loans are directed towards high-quality customers and reduce the incidence of non-performing loans.

At the same time, it is necessary to actively

optimize the credit structure, adjust the direction and goals of loans, and increase support and effectiveness for various real economies, especially small and medium-sized enterprises and strategic emerging industries. In addition, banks also need to strengthen post loan management, always closely monitor the purpose of loans and the flow of funds, and promptly identify and dispose of risks.

During this process, it is also necessary to establish a sound risk assessment system, improve the accuracy and foresight of risk assessment, better strengthen the management of credit approval process, ensure that loan investment meets standards and requirements, and effectively control risk issues. For non-performing loans, it is also necessary to monitor and optimize, timely detect and dispose of various risks, actively optimize credit resource allocation, and improve the efficiency of credit fund utilization.

2.2 Innovate Collection Methods and Improve Collection Efficiency

Commercial banks need to constantly innovate their collection methods and improve collection efficiency when disposing of non-performing credit assets.

Firstly, strengthening litigation clearance is an important way to safeguard the rights and interests of banks. Banks should make full use of legal means and file lawsuits against defaulting customers through legal channels to recover their debts in accordance with the law. This includes but is not limited to legal recourse against customers who refuse to repay through arbitration, litigation, and other means, to ensure that the rights and interests of the bank are not infringed upon.

Secondly, exploring market-oriented clearance is an effective way to improve clearance efficiency. Banks can try market-oriented means such as asset restructuring and debt restructuring, and negotiate with debtors to reach agreements on debt relief or deferred repayment, thereby reducing the risk of non-performing assets. This approach not only helps maintain the security of bank assets, but also promotes the resumption of normal operations by debtors, achieving a win-win situation.

2.3 Improve Internal Management and Enhance Collection Capabilities

In the process of clearing and disposing of non-performing credit assets, commercial banks must actively improve their internal management and enhance their collection capabilities. This work includes strengthening organizational structure construction and clarifying the responsibilities of each department. In addition, it is necessary to improve the professional quality of employees, cultivate more professional collection talents, establish a sound incentive mechanism, and mobilize employee enthusiasm.

During the actual work period, it is necessary to optimize the organizational structure to ensure that the clearance work can be completed more quickly and smoothly. In the process of internal work, it is also necessary to provide more rewards to employees who have outstanding collection performance to stimulate their enthusiasm. For internal work, it is also essential to carry out sound communication and collaboration, form a joint force, and jointly promote the smooth progress and active implementation of non-performing asset disposal work.

3. Conclusion

In short, accelerating the collection and disposal of non-performing credit assets is a systematic project that requires commercial

banks to constantly explore and innovate during their development period, in order to meet the challenges and requirements of future development. In the future, commercial banks must work together to contribute greater strength and support to the healthy development of China's financial market. In particular, it is necessary to continue to pay attention to the latest developments in the disposal of non-performing credit assets, provide useful references and inspirations for commercial banks, and help banks achieve greater breakthroughs in risk prevention and asset quality improvement.

References

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