A Study on the Operating Mechanism of Finance Companies: a Perspective of Synergistic and Controlling

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Abstract. As the finance company is a new business in the business group operating, which have facing difficulties in linking up with the headquarters effectively. We have explored the key point between the finance company and headquarter from economic performance indicator system designing, authorization checking mechanism, earnings allocation rules. Furthermore, we also suggest that the business groups should reconstruction the finance companies operating mechanism based benefit synergistic, which can support the business group strategy aim realizing more steady.

Introduction

Recently, large enterprise groups generally adopts the model of capital settlement center for centralized fund management. However, capital settlement center of the capital operation function is limited by many policies, many large enterprise groups is trying to set up financial company to solve the problem of capital operation. Because our country enterprise group finance company development is shorter, more problems exist in the process of operation. In addition, how to coordinate the financial company's independent operation and the group finance control is common in financial operations are faced with the problem.

The Key Point of Synergistic Operating System

Financial company as an independent accounting subject, business decisions with the group's interest in starting point there is a certain deviation. Group headquarters and financial companies need on the premise of goals from the performance evaluation index system design, business authorization audit mechanism, operating income distribution mechanism and so on to coordinate operations.

Design Performance Evaluation System Based on the Total Value Create

In order to be able to play a financial company to participate in the group's overall synergy's enthusiasm, the performance evaluation of financial company, need to increase the strength of the appraisal of the group's overall strategic support, reduce the proportion of foreign investment. In the meanwhile, the evaluating system should distinguish between internal and external business group. Internal business mainly from within the group credit resource
allocation and settlement business, business to evaluate, and evaluating external business should mainly from investment and financing efficiency. For internal business from the aspects of the operation and the liquidity of the turnover frequency evaluation, and for external business mainly from the angle of assets value assessment.

Setting “Group+ Finance Company” Authority Rule in Important Projects

Group headquarters for financial control, mainly reflected in the analysis of the group of major investment projects evaluation and authorization audit. Specifically, all relating to the company's overall strategy, investment, financing, capital operation, shall be established group headquarters and financial firm joint audit mechanism of double check. In the process of project feasibility assessment, mainly by the group company financial department financial feasibility analysis, and then issue the project evaluation scheme. Project investment plan after the authorization of the board of directors of the company or the shareholders' committee, the group finance department to make specific financial plan, then the financial company operating specific fund allocation. To focus on capital operation of the project, need to sign jointly by financial company and the group finance department, guarantee the safety of major projects capital operation.

Establish Sharing Earning Allocation Mechanism

In order to encourage longer-term strategy, actively cooperate with the financial company group shall, in the group of companies with financial firms to establish a shared project income distribution mechanism. For emerging industry groups, funded financial company is at risk, short-term yield and relatively low, at the same time also has a great influence on the assessment of the financial company's performance. Therefore, in order to make up for the loss of financial companies in these credit projects, group company shall establish a Shared interests distribution mechanism. We suggest that finance companies allocate credit funds into emerging industry as equity investment of the plates, and then according to the proportion of equity for this kind of plate operating earnings in the future.

Reconstruction the Finance Company Management System Based on Synergistic

Financial independent accounting economic characteristics of the company, determine the need to set up a headquarters of the group in line with the group's overall strategy implementation of the operation of finance company control system framework, the maximum extent to realize effective control of the financial companies, coordinating financial company operation target and consistency group's strategic objectives.

Governance Framework of Clear Responsibilities and Benefit Synergy

Independent unit of financial funds as a group corporation, and its profit-driven is likely to damage the group's overall long-term interests. In order to be able to from the perspective of the group's overall development strategy appropriate to adjust the capital requirements of certain projects, group of companies in financial company interests do not agree with the interests of the whole group, the use of control group responsibility for correct operation errors. Group headquarters of financial companies control framework is shown in Fig. 1.
Group board of directors as the company's overall strategic decision makers, and is responsible for the overall planning and decision-making of capital operation. In daily operations, authorized budget committee and audit committee is responsible for the specific project review the feasibility and efficiency of capital operation and configuration as well as the quota for examination and approval. Group CFO after authorization by the audit committee and budget committee, responsible for the specific capital operation plan, provide group members healthy operation based on market-oriented financial support. CFO for financial monitoring, process monitoring, approaches to advance so as to ensure the efficiency of capital allocation and operation and sustainability. Specific implementation in the daily in the process of capital operation, the group financial center is responsible for the dynamic analysis of financial company capital operation, and collect the corresponding operation status information feedback to group headquarters, to remind headquarters to make appropriate corrective measures.

Further, in order to dynamically monitor the financial company's operation situation, the budget committee, auditing committee, group financial center should be regularly held a joint meeting, the financial company's capital operation situation, risk management, credit and other business system checks.

**Rely on Group Strategy Controlling, Implement Layering Operation Mechanism**

Group headquarters and financial companies on the capital operation target have intrinsic consistency, so you need to give full play to the synergistic effect between the two. Group headquarters based on different business sectors, by contrast, the operations of the advantage, has the broad external activity space, thus in the communication with the outside world has more than financial company strong negotiation skills. Therefore, in order to be able to get more external funding support, need to give full play to the group headquarters and financial company respective comparative advantage. This request from the group's overall level to build up the group headquarters and finance companies are matching the synergy of architecture, which can be seen in Fig. 2.
Figure 2. The Synergistic System between Group Headquarter and Finance Company.

Group headquarters is responsible for the unified with external financial institutions financing. Group member enterprise capital demand plan directly apply to the group headquarters, the group headquarters unified credit granting to each according to his need of money. Financial company capital allocation plan according to the headquarters of the group and members of the enterprise's credit status, configuration mode of member enterprises according to the market.

**Key Points of Finance Company Management System Basing Synergistic**

Group headquarters of financial company's control from strategic level to adjust and control, rather than a specific business direct intervention. Therefore, in the implementation of specific financial strategy control, need from the control organization structure settings, permissions settings, staffing, etc.

**Downsizing the Management Organization**

In order to improve the efficiency of the control, avoid unnecessary repetition and cross management of examination and approval, the control system should be emphasized for the establishment of institutions in the process. In the business operations audit control system, no longer need to associate the audit, the audit work to complete the audit department and the risk management committee. In the process of institutions, should reduce the management level, the setting of control organization is mainly composed of financial, audit and internal control committee of three departments as the leading group, responsible for specific financial control work. But it would be emphasized, in spite of the organizations need to reduce, but the key control point is still cannot be omitted. Institutions shall conform to the efficient, simple and associated, contain the principle of reducing positions rather than reducing functions.

**Setting the Management Privilege Responsible**

The monitoring of financial company, shall, in accordance with the different business objectives, to distinguish the permissions for the systematic operation. A relatively feasible strategy is, to finance the company's business in accordance with the high and low level of business risk classification, and then according to the different management of operational
risk set permissions. In accordance with the authority to monitor financial company, is advantageous to the in an effective balance between efficiency and risk control. The monitoring of financial company, mainly to financial company whether conforms to the interests of the whole enterprise group, timely correction prevent fraud to ensure the safety of asset operation.

**Harmonize the Controller and the Management Organization**

Assets for financial company controls the quality control is the key to the specific control personnel how to implement effectively control activities. As a result, the financial company controls the specific practice, the need to control activities personnel for scientific configuration. This, from the position setting, staffing, performance evaluation and incentive and restraint mechanism to carry on the overall arrangement, fully consider the job characteristics, enterprise culture, interpersonal relationship, the influence of the level set on the control quality.

**Optimize the Report Procedure**

And staff to streamline configuration matching is process optimization, internal control report in the financial company monitoring activities report information sharing mechanism. Involves a single monitoring activities of the operation of the department shall establish a reporting information sharing mechanism in parallel, enables the homologous information to get effective internal sharing. For monitoring activities involving multiple departments, shall establish a Shared information platform in the system, make information source to the greatest degree of play to the diffusion effect. At the same time, in accordance with the requirements for accrual equivalent position, to monitor the activities of monitoring information, need to notice group headquarters in the audit committee and internal control committee.

**References**


