Risk Management and Control of Agricultural Financial Engineering in the Process of Mortgage Securitization in Rural Areas Based on Sustainable Agricultural Development

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Abstract

At present, the technology of MBS in foreign commercial banks has developed more perfectly, but the introduction and research of MBS in China are only in recent years. It can not only improve the capital structure of banks, increase the liquidity of assets, but also enrich the investment tools of capital market. There are risks of fraud, law and e-commerce in the securitization of housing deduction funds, while the risks of e-commerce deduction projects mainly come from structural risks brought about by early payment. At the same time, with the continuous development of personal housing mortgage loan business and the increasing interest rate in recent years, some areas began to appear the peak of early repayment. The research and control of the risk of early repayment has become an important issue in the risk management of personal housing mortgage securitization. On the basis of summarizing the current research situation of asset securitization at home and abroad, this paper introduces the basic theory of MBS and financial risk. Including the meaning, the variety of mortgage-backed securities and the basic structure, role, obstacles and countermeasures of securitization of housing mortgages. It analyzes the risks faced in the implementation of mortgage securitization and proposes strategies for how to avoid and hedge risks. Drawing on foreign mature methods, using modern e-commerce financial engineering, through the design of the structural process, the risk management and control, so as to achieve the purpose of preventing and drawing e-commerce financial risks. Further, the pricing method of the home mortgage loan based on the prepayment risk is also introduced. This paper attempts to compare the traditional net present value pricing method with the advantages and disadvantages of modern e-commerce financial engineering pricing methods. Discuss the pricing of mortgage-backed securities suitable for China's national conditions. To improve the theory of housing mortgage securitization and better guide the practice of securitization of housing mortgage loans in China. Resources and ecological environment are the core and foundation of sustainable development of regional agriculture. The ecological security of agricultural sustainable development means that the natural resources and ecological environment on which agriculture depends are in a healthy and balanced state which is not threatened and dangerous. It has the characteristics of strategy, integrity, regionality, hierarchy and stage.

Key words: Mortgage Backed Securitization; Advance Payment Risk; Financial Engineering Risk; Electronic Commerce; Sustainable Development of Agriculture.

1. Introduction

Mortgage-backed securitization (MBS) began in the United States at the end of the Indian era [1]. It will not be easy to sell to investors who lack liquidity but can produce predictable cash flows of mortgage loans, converted into securities that can circulate in the market. This kind of financial innovation can not only improve the capital debt structure of the loan bank, but also improve the efficiency of the bank's capital utilization. To solve the problem of insufficient liquidity of its funds, and can provide investors with more varieties of securities investment [3]. Although mortgage loan is the key business of commercial banks, in recent years, some regions, especially the Yangtze River Delta, have begun to default on repayment [4]. China's great achievements over the past 20 years have provided vast space for the development of social economy [5]. As a new concept of financial innovation, mortgage-backed securitization (MBS) has not only profoundly changed the development process of financial industry in the United States and many other countries [6]. A series of institutional innovation, market innovation and technological innovation have been triggered, and it has attracted the attention of people from all walks of life in recent years [7]. Banks handle and trade their assets through the institutional arrangements of the capital market, to a certain extent, it is the internal adjustment and optimization of the financial structure. Mortgage-backed securitization (MBS) is the most perfect representative of asset securitization in the United States. It skillfully utilizes various technical means to effectively manage and control the risks in the process of securitization [8]. At present, the real estate bubble in some cities is serious,
causing risks to real estate finance. The rate of non-performing assets of commercial banks, especially the four major state-owned commercial banks, is high. China's accession to the WTO is a great challenge to China's financial industry. Asset securitization has attracted the attention of the theoretical circles and senior government. In China, with the advance of housing system reform and the improvement of housing commercialization, residents will replace the unit as the main body of housing consumption, and the demand for housing mortgage loans will be further expanded [9].


In the process of securitization, the risk of fraud, invalidation of documents, legal risk, risk of expert dependence, risk of force majeure, risk of grade decline can be controlled by legal means or insurance[10]. The risk of early repayment refers to the instability of future cash flow of securities backed by the asset due to the borrower's failure to pay part or all of the mortgage in advance as stipulated in the contract[11]. However, due to the existence of endogenous risk - prepayment risk, the expected cash flow of the underlying assets is difficult to determine. Therefore, it is difficult to price it properly, and the prepayment behavior has obvious option characteristics, which makes the pricing more difficult and complex[12]. Early repayment does not cause the lender to suffer principal loss, but it will lead to reinvestment risk, unable to obtain the same high return on investment as mortgage securities. Eco-security research is the frontier of sustainable development research. At present, foreign countries mainly focus on the micro-research of the ecological (environmental) risk and ecological (environmental) security of genetic engineering organisms, the impact of chemical application on the health of agricultural ecosystems and ecological (environmental) security. Financial engineering risk is more complex, it is in addition to the daily management can eliminate the transaction equipment risk and transaction process risk, mainly from the structural risk of early payment. In order to accurately predict cash flow and properly price asset-backed securities to ensure the normal operation of mortgage-backed securitization, it is necessary to study the risk of prepayment[13]. In the mortgage business, the lender gives the borrower the option to repay the loan in advance at any time during the contract period without any penalty[14]. This is equivalent to giving the borrower a prepayment option[15]. Prepayment, also known as prepayment, refers to the debtor's repayment time exceeds the amount of repayment stipulated in the repayment plan[16]. If the mortgage balance is fully repaid before the repayment time specified in the repayment plan, it is called full early repayment. If only part of the mortgage balance is paid ahead of schedule, it is called partial early compensation. Prepayment risk refers to the risk of reinvestment caused by the mortgage borrower paying the loan in advance of the specified time limit[17]. Prepayment risk can be further subdivided into contraction risk and extension risk. Due to the low credit rating of the on-balance-sheet model and the high non-performing loan rate of banks, the attraction to investors is not high[18]. For the off-balance-sheet model, the government's strong support for the implementation of mortgage-backed securitization to create conditions, as well as a higher credit rating. In order to compare the two modes more intuitively, the author gives different weights to several factors that affect the choice of MBS mode in China. And through ranking score to analyze and compare which mode is more suitable for China's national conditions, specific factors and the corresponding weight list as shown in Table 1 below.

<table>
<thead>
<tr>
<th>Table 1. Factor and weight table</th>
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</thead>
<tbody>
<tr>
<td>Factor</td>
</tr>
<tr>
<td>Weight</td>
</tr>
</tbody>
</table>

When the market interest rate is lower than the contract interest rate, the sensitivity of the prepayment option price to the market interest rate will increase, and the increase of the MBS price will be weakened with the decrease of the market interest rate. As shown in Figure 1.

<table>
<thead>
<tr>
<th>Table 2. Changes in mortgage interest rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract interest rate (%)</td>
</tr>
<tr>
<td>Interest rate change trajectory 1</td>
</tr>
<tr>
<td>Interest rate change trajectory 2</td>
</tr>
</tbody>
</table>
Figure 1. Market interest rate sensitivity diagram of prepaid options

The trajectories of mortgage interest rates are shown in Table 2 and Figure 2 when the contract rate of mortgage is 13%.

Figure 2. Changes in mortgage interest rates

In the case of equal payment, the borrower plans to pay the monthly payment equally. Because monthly payments are equal, the percentage of monthly payments to the outstanding principal and interest on mortgages varies throughout the period. This is the most important reason for early payment[19]. The change of real mortgage interest rate itself will not directly cause the borrower's early payment behavior, but will affect the borrower's related behavior through the change of interest rate[20]. At the same time, the reasonable pricing of securities is critical if they can be successfully issued[21]. The pricing of securities is mainly based on the accurate forecast of the future cash flow of the mortgage. The early repayment of the borrower will seriously affect the stability of the future cash flow of the mortgage[22]. Therefore, it also increases the difficulty and the complexity of the bank's pricing of securities. Generally speaking, the planned amortization of principal and interest is mainly composed of interest in earlier years, and principal in later years[23-25]. The current interest rate difference between the mortgage interest rate and the original loan contract interest rate. If the current mortgage rate is lower than the original mortgage contract, the borrower will tend to refinance the original loan[26]. According to the amount of the borrower's early repayment, it can be divided into: one-time full repayment at a certain point and partial repayment at a certain point[27]. The partial repayment can be divided into shortening the repayment period and reducing the monthly repayment according to the change of the repayment method[28]. Once prepayment occurs, a asset value cash flow will be affected. (1) the front end of the cash flow is aggravated (front-end loaded), and the repayment amount of the original principal is increased. (2) Although the total principal remains unchanged, the trend of monthly principal repayments reverses, that is, the principal repayments gradually increase over time and gradually decrease over time. (3) as a number of principal payments are advanced, the total interest is reduced. The calculation of the duration of the bond is shown in Table 3.

<table>
<thead>
<tr>
<th>Time</th>
<th>Amount of money</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.5</td>
<td>15</td>
</tr>
<tr>
<td>2.5</td>
<td>19</td>
</tr>
<tr>
<td>3.5</td>
<td>25</td>
</tr>
</tbody>
</table>

Table 3. Duration calculation
Suppose that by the end of sixteenth, the principal and interest will be fully reimbursed. The cash flow patterns of asset pools and mortgage transfer securities are shown in figures 3 and 4.

A reasonable pricing of mortgage securities is an important factor for the successful issuance of mortgage-backed securities. The pricing of any securities is essentially the process of discounting the cash flow that is expected to be generated. This will prevent mortgage lenders from reinvesting pre-paid loans at the expected rate of return. If the current interest rate on a mortgage is higher than the contractual interest rate on a mortgage issued, it is clear that the borrower will not pay in advance, although the lender hopes. At the same time, the macroeconomic aspects of the country, such as household disposable income, housing market activity, the government's policy guidance to the real estate market will also have an impact on borrowers through various levels. Taking into account the prepayment factor, the pricing of mortgage securities is no longer a discount to stable cash flows. Rather, it is equivalent to embedding a put option or call option with interest rate as the subject matter in a common security (most of China's mortgage loans at present adopt floating interest rate). This increases the difficulty and accuracy of pricing mortgage-backed securities. For a variety of reasons, people may transfer their original homes to other people throughout their lives before the original mortgage contract expires. The larger the difference between market interest rate and contract interest rate, the higher the opportunity cost, and the stronger the borrower's incentive to repay the remaining principal at lower cost. The advance payment caused by the transfer of housing is mainly caused by resettlement or sale of assets. The transfer of mortgage loans depends on the overall economic situation, the real estate market, and other reasons. Such as changes in the workplace, the upgrading of housing classes, the division of housing property resulting from divorce, migration of family positions, changes in family size, and seasonal factors.

Reimbursement of principal. Pay the principal to file A until it is fully paid, and after file A is fully paid, to file B until it is fully paid. After the B file is completely paid, the principal is paid for the C file until it is completely paid off. After the C file is completely paid, the principal is paid to the D file until it is completely paid off.

Suppose the structure of the four file in the example above is shown in the table. See Table 4 and figure 5.
Table 4. Four tier sequential reimbursement structure

<table>
<thead>
<tr>
<th>Files</th>
<th>Denomination</th>
<th>Coupon rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>4984615</td>
<td>7.6</td>
</tr>
<tr>
<td>B</td>
<td>6846155</td>
<td>8.9</td>
</tr>
<tr>
<td>C</td>
<td>6846416</td>
<td>4.9</td>
</tr>
<tr>
<td>D</td>
<td>5641684</td>
<td>5.6</td>
</tr>
</tbody>
</table>

Figure 5. Four tier sequential reimbursement structure


According to the process, the bank is responsible for the selection and construction of the underlying asset pool. As the core source of operation, the quality of pooled loans will directly determine the success of issuance, but also fundamentally determine the inherent risk in the face of adverse external environment may appear when the strength. The asset pool can be constructed reasonably by using the characteristics of the asset pool, thereby effectively reducing the risk of prepayment. The basic asset pool is the source of funds for securitization products, and its own risk will directly affect the success and failure of the whole securitization process. Therefore, banks must carefully consider the choice of assets to pool. First of all, the selection pool of housing loans must pass the quality of information provided by borrowers to strictly review, absolutely eliminate zero down payment of housing mortgages. The ecological security of agricultural sustainable development means that the natural resources and ecological environment on which agriculture depends are in a healthy and balanced state which is not threatened and dangerous. In this state, the agricultural ecosystem has stable, balanced and abundant natural resources to be used, and the agricultural ecological environment is in a healthy state without pollution and damage. Only in this state of ecological security can agriculture achieve sustainability of production, economy and society. Mortgage loans with different interest rates can make asset pools easier to form. The pool of assets with collateral of different interest rates provides a more stable cash flow than the pool of assets with collateral of the same interest rate. Secondly, in the overall housing loan quality is better, the population distribution of borrowers, regional distribution should also be carefully considered. In asset pools with different collateral interest rates, when the bank interest rates do not change much, the impact on asset pools varies. After weighting, the impact on the entire asset pool is not as strong as that of the assets with the same interest rate. Borrowers'age structure, income status, occupation and cultural accomplishment will have an impact on borrowers' attitudes toward repayment of loans and economic strength. Borrowers in different regions will also have different consumption concepts and income consumption levels. Therefore, banks should maintain the diversity of borrowers in the asset pool when making loans in the pool of competition. Sex characteristics will reduce the overall risk of the existence of the basic asset pool to some extent.

According to this, we can get the spot interest rate within 1-4 years. See Table 5 for the curve of the yield of treasury bonds which can be fitted according to the spot interest rate. See Figure 6.

Table 5. Spot interest rate table

<table>
<thead>
<tr>
<th>Duration (year)</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Immediate interest rate</td>
<td>1.59</td>
<td>2.69</td>
<td>3.64</td>
<td>5.94</td>
</tr>
</tbody>
</table>
This paper holds that Markowitz portfolio optimization model can be used for reference to optimize the loan portfolio of the underlying asset pool effectively and the following formula can be obtained:

\[ I \omega \delta = F \sigma d - K \omega \delta - C \omega \delta - K \epsilon \delta \]  

(1)

Among them, I is the variance of the loan portfolio, F is the proportion of each loan in the portfolio, d is the yield of each loan, K is the variance of each loan, and the correlation coefficient between C loans.

Then the Markowitz optimization model can be expressed as:

\[ \frac{Y(s)}{N(s)} = \frac{G_h(s)G(s)}{1 + C(s)H(s)} \]  

(2)

The transformed Markowitz optimization model formula (2) can be solved by quadratic programming under linear constraints.

Figure 7 below shows the trend charts of 50PSA, IOOPSA and 150PSA.

First, by using the Lagrange multiplier method, the optimal loan investment proportion coefficient and variance can be obtained as follows:

\[ CPV(k) = \frac{\sum_{j=1}^{k} \lambda_j}{\sum_{j=1}^{m} \lambda_j} \]  

(3)

Then, suppose again:

\[ f(t) = \sum_{j=1}^{n} \sum_{k \in Z} d_k^j \varphi_{jk}(t) + \sum_{k \in Z} c_k^N \varphi_{nk}(t) \]  

(4)

Because f is a covariance matrix, f is invertible, so N is a symmetric positive definite matrix, and its inverse d is still a positive definite matrix. It can be drawn from formula (4), pp.
\[ F_{ik} = \sum_{j=1}^{m} q_j x_{ij} \]  

(5)

And because ECH is the two function of CH, its minimum value occurs in:

\[ E_{\text{cluster}} = E_{\text{CH}} + \left( \frac{N}{k} - 1 \right) E_{\text{non-CH}} \approx E_{\text{CH}} + \frac{N}{k} E_{\text{non-CH}} \]  

(6)

The ratio of assets loss to a single loan can be calculated from the following formula:

\[ k = \frac{\xi_{fs}}{\xi_{amp}} \sqrt{\frac{M_z M_z N}{2\pi}} \frac{1}{d^{2}_{10BS}} \]  

(7)

Calculate the weighted default ratio of the underlying asset pool:

\[ S_w = \int \frac{4P^2}{\xi \pi d^2 E_a L_a} dx = \frac{4PL_z}{3\pi d^2 E_a} \]  

(8)

Calculate the weighted loss ratio of the underlying asset pool:

\[ w_j (k + 1) = w_j (k) + \eta \delta_j x_j \]  

(9)

Calculate the overall loss ratio of the underlying asset pool:

\[ \iota_j = (1 - \rho) i_j + \rho i_{j-1} + \xi_j \]  

(10)

Because of the limited variety of bond trading in the bond market, the term structure of interest rate calculated from these actual sample data is also relatively limited. For convenience of reference, we can use the index interpolation method to calculate the benchmark yield of other term structures.

The borrower fully repays the loss of interest on the bank at different time points, as shown in Table 6 and Figure 8 below.

<table>
<thead>
<tr>
<th>Table 6. At some point, repay the interest loss of the loan balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly loan interest rate (%)</td>
</tr>
<tr>
<td>-----------------------------</td>
</tr>
<tr>
<td>0.29</td>
</tr>
<tr>
<td>0.26</td>
</tr>
<tr>
<td>0.35</td>
</tr>
</tbody>
</table>

| Figure 8. At some point, repay the interest loss of the loan balance |

Then the total loan is still 10,000 yuan, other conditions remain unchanged, the borrower at a certain point in advance 10,000 yuan, shorten the repayment period, interest losses as shown in table 7 and Figure 9 below.

<table>
<thead>
<tr>
<th>Table 7. Partial repayment of interest loss due to shortening repayment period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly loan interest rate (%)</td>
</tr>
<tr>
<td>-----------------------------</td>
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<tr>
<td>0.29</td>
</tr>
<tr>
<td>0.26</td>
</tr>
<tr>
<td>0.35</td>
</tr>
</tbody>
</table>
Figure 9. Partial repayment of interest loss due to shortening repayment period

Under the condition that the loan term is unchanged, the monthly repayment amount is reduced, and the interest loss is shown in Table 8 and figure 10.

Table 8. Partial interest payment at a time point to reduce interest loss on monthly repayment amount

<table>
<thead>
<tr>
<th>Monthly loan interest rate (%)</th>
<th>Present value of interest loss (yuan)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.29</td>
<td>4516165</td>
</tr>
<tr>
<td>0.26</td>
<td>3486132</td>
</tr>
<tr>
<td>0.35</td>
<td>3641365</td>
</tr>
</tbody>
</table>

Figure 10. Partial interest payment at a time point to reduce interest loss on monthly repayment amount

In order to better distinguish the different characteristics of maturity rate of return and reflect the changes of interest rates with different maturities, the term structure curve method introduces the concept of spot interest rate in cash flow discount. Spot rate refers to the maturity yield of a zero coupon bond. The formula is as follows:

\[ Q(u_{ij}) = \sum_{i=1}^{n} M a x \{ g_{ij}(T) \} \]  \hspace{1cm} (11)

Among them, \( u_{ij} \) is the market price of zero coupon bonds maturing after \( ij \) years; \( Q \) is the par value of the zero coupon bonds; and \( M \) is the spot interest rate or yield on the zero coupon bonds.

The curve depicted by the current interest rate corresponding to each maturity is the term structure curve of interest rate. The corresponding MBS pricing formula can be expressed as:

\[ y_{f-s_n} = \sum_{i=1}^{N} \sum_{n=1}^{M} \sqrt{p_i h_{s_n} W_{r_i} s_n} \]  \hspace{1cm} (12)

Among them, \( N \) is the first period of spot interest rate or yield.

In order to facilitate calculation, we further introduce the concept of discount factor. The discount factor \( P_f \) refers to the value of 1 yuan in the future \( f \) period at zero time. The formula is expressed as follows:
The pricing of options can be carried out in a risk neutral world. Therefore, we can apply the risk-neutral pricing principle in the binary tree model to make the probability of price rising and falling equal to 0.5, and the formula (13) can be written as follows:

\[ P_{J-n} = \sum_{i=1}^{N} \sum_{j=1}^{M} p_j \left[ W_{i,n} \right] \]  

After obtaining the cell, arg and max of each node, we can use the inverted presumptive price method in the two way tree model. The value of each node is discounted at the forward interest rate on that node. After weighted average, the value of the previous period of the node can be obtained, and the weighted MBS value and the prepayment option value of the zero time (current time) can be obtained.

In the process of securitization, risk exposure or asset credit rating changes are likely to occur, in order to better comprehensive risk management. The inherent risks of all assets should be quantitatively integrated in order to optimize management and determine the degree of risk concentration. Therefore, asset pools with different interest rates are less likely to be prepaid than assets with the same interest rates. Considering that the term of housing mortgage loan is generally long, it is obviously inappropriate to use a single discount rate, so we think that we should adopt a stochastic interest rate term structure model. Before issuing securities, the inherent risk analysis of the underlying asset pool should be considered from the aspects of asset quality, regional distribution, term distribution and industry distribution. The maturity date of assets is another characteristic that affects future cash flow. The maturity and distribution of the maturity date determine the length of the bond's circulation and the distribution of the prepayment. Traditional commercial banks take deposit and loan business as the main operating mode and interest margin income as the main source of income, but they bear greater credit risk. Under the changing economic environment, business performance is unstable, which has been confirmed by the operation history of international famous commercial banks. Generally speaking, the maturity date of a used security is usually the longest maturity date of a mortgage loan in the asset pool without prepayment. In addition, in the process of securitization, for the basis of the pool of assets in advance of repayment rate, overdue rate, default recovery rate and other indicators of statistical description and analysis. Adjustment of credit rating, overdue repayment, disposal of defaulted loans and so on should be included in the analysis of the inherent risk of asset pool, so as to effectively protect the interests of the participants.

At present, the pace of interest rate liberalization in China is faster and faster. By balancing the scarcity of funds and the effectiveness of resource allocation, it brings about the deepening and innovation of the financial market. Since the advent of MBS in the financial market, people have begun to explore the risk management technology to implement effective risk aversion for this complex financial product. At the beginning of interest rate liberalization, the interest rate level is determined by the management authorities, and the interest rate fluctuation is small and easy to predict. However, after the completion of interest rate marketization, due to the uncertainty of market, policy, law and other environmental factors, the frequency of interest rate volatility increases and the depth is difficult to predict. However, due to the single variety of financial instruments in China's financial market, the interest rate risk management tools available to investors in mortgage-backed securities are extremely limited in the implementation process of mortgage-backed securitization. Therefore, the following mainly through the introduction of developed countries'interest rate risk management tools, for our country mortgage securities investors to provide a reference for interest rate risk management. Therefore, in the changing external environment, banks should pay more attention to interest rate risk and establish a sound internal interest rate risk management system is very important. Financial products to implement effective risk aversion risk management technology, the following mainly introduces interest rate hedging, interest rate swaps and options trading. With the change of external environment, banks should fully realize the importance of future interest rate management to bank risk management and establish an independent interest rate risk management department. If the risk is tolerable to a certain extent, how do hedgers weigh the cost of acquiring favorable changes against the loss of adverse changes? Although the borrower's trustworthiness will suffer some losses, it will bring convenience to the future because of good credit. Although default reduces current losses, it may be subject to legal sanctions and bring high costs and inconvenience to future financing.

4. Conclusions

Mortgage-backed securitization is an inevitable trend in the development of domestic banking business. How to design a suitable MBS operation mode and pricing method is of great practical significance. China's commercial banks have great liquidity pressure, low profitability, low capital adequacy rate and risk accumulation. Mortgage backed securitization can improve capital mobility and increase operating profit and capital adequacy ratio. So that the risks concentrated in commercial banks can be dispersed, and at the same
time, the intermediary functions of traditional commercial banks can be decomposed and reorganized, thus greatly improving the credit ability of banks and society. Pricing mortgage backed securities from the perspective of cash flow discount. The stochastic process is used to describe the prepayment behavior directly and simulate the prepayment risk under the actual situation. The risks faced by the implementation of mortgage-backed securitization include prepayment risk, interest rate risk and credit risk. Prepayment risk can be estimated by static model, function model and so on, while the risk of resolution is to collect liquidated damages and maintain the yield. Credit risk can be assessed by means of credit risk measurement, and the risk can be resolved by means of credit control, credit enhancement (internal and external credit enhancement) or credit risk hedging (credit spread options, credit forward contracts and credit swaps). There are still some obstacles in the implementation of mortgage-backed securitization in China, which are not perfect in legislation, taxation, credit rating and so on. Therefore, in order to implement asset securitization, we must solve these problems: improving the system of laws and regulations. Clear approval, regulatory agencies. Adjust the current accounting system and tax policy. Establish and perfect the credit rating system and standardize the intermediaries of guarantee and rating. Adjust the interest rate structure. Expand the investment scope of institutional investors.

References


