

A Summary of Risks in China's Financial Holding Companies

Chenyuan Zhao*, Qiumin Yu

School of Economics and Finance, Chongqing University of Technology, Chongqing, China

Email: *cy.zhao@cqut.edu.cn

How to cite this paper: Zhao, C.Y. and Yu, Q.M. (2019) A Summary of Risks in China's Financial Holding Companies. *Modern Economy*, 10, 1385-1397.

<https://doi.org/10.4236/me.2019.105093>

Received: March 27, 2019

Accepted: May 13, 2019

Published: May 16, 2019

Copyright © 2019 by author(s) and Scientific Research Publishing Inc.

This work is licensed under the Creative Commons Attribution International License (CC BY 4.0).

<http://creativecommons.org/licenses/by/4.0/>



Open Access

Abstract

With the development and expansion of financial holding companies in recent years, due to the lack of clear guidance of legislation, financial holding companies currently have various irregular behaviors, and they also have financial risks while seeking the most benefits. The supervision of the holding company is necessary. This paper mainly describes the development history and current situation of financial holding companies, puts forward the remaining problems of financial holding companies, analyzes the existing financial holding company's supervision system, and puts forward suggestions on financial holding companies' risk supervision.

Keywords

Financial Holding Company, Risk Management, Financial Supervision

1. Introduction

Since the 19th National Congress of the Communist Party of China, China's financial reform and development initiatives have achieved many results. The development pattern of China's financial industry has also changed at this stage. Mixed operations have become the trend of the times. The number of financial holding companies has risen rapidly, and the scale has gradually expanded. Financial holding companies have the advantages of business development coordination, risk dispersion, economies of scale and tax avoidance, but there are potential conflicts of interest and risk transmission channels, and their risks need to be regulated. As China's financial holding companies face increasingly fierce international competition, the three major economies of the United States, Britain, and the European Union have successively issued some financial regulatory, legislative reforms, reflecting the different attitudes and interests of vari-

ous economies in the reform of financial regulatory legislation.

In this case, how should the government regulate it, and what kind of internal control should the financial holding company have in order to control the risk? To improve the construction of China's financial regulatory system, we will explain the supervision suggestions of financial holding companies from the current problems of financial holding companies.

2. The Development of China's Financial Holding Company

Along with the improvement of China's financial industry's economic capacity and overall level, China has gradually developed a financial industry to establish a financial holding company in order to comply with the general trend of world economic development. Since the development of China's financial holding company, it has developed three stages, namely, the mixed operation period (1984-1992) and the period of business operation (1992-1998). Try and explore the comprehensive (mixed) operation period (1999-present). The comprehensive management of the financial industry is a gradual process. Xia B [1], Wu X.L [2], Xie P [3] and Wang G.G [4] believe that financial holding companies are the inevitable choice to promote the smooth transition of China's financial industry to comprehensive management and become a form of mixed operation.

1) Mixed operation period: The theoretical circles have proposed to implement business cross-cutting in specialized banks, and lay a theoretical foundation for the mixed operation of China's financial industry by expanding the types and methods of credit of banks. The four state-owned banks are industrial and commercial bank of China, China construction bank, agriculture bank of China and bank of China have successively set up various comprehensive financial businesses, combined with the local characteristics of China, to create a number of brand-new "financial department stores" and explore the mixed operation of the financial industry [5].

2) Separate business operation period: After the reform of the financial supervision system in 1992, *The Decision on Financial System Reform, the People's Bank Law, the Commercial Bank Law and the Insurance Law*, as well as the establishment of the CSRC and the CIRC, China has established and perfected a financial operation mode of separate operation and supervision. Lei X.H [6] believes that separate operations can not only prevent financial oligopoly formed by the combination of financial capital and commercial capital and industrial capital, but also prevent bank funds from flowing into the stock market, disrupt financial order, and thus prevent financial risks and even reduce business. The operating risks of financial institutions avoid the conflicts of interests arising from the comprehensive operation and damage the interests of investors. However, with the development of China's financial industry, the pattern of separate operations has gradually shown an incompatible aspect. Scholar Ding J [7] believes that this situation highlighted by the excessive concentration of bank asset projects and the poor financing channels of brokerages. Compared with the

comprehensive management trend in the international financial industry, the development of China's financial supervision system is lagging.

3) Comprehensive management period: In the 20th century of financial innovation, technological progress and increasingly fierce competition in the industry, financial demand diversification, interest rate liberalization, financial institutions have accelerated their transformation to a comprehensive operation mode, the business intersection trend, penetration, and integration among financial industries are becoming more and more, the development mode of mixed financial operation is becoming clearer and the rudiments of various mixed operation modes have basically taken shape [5]. Therefore, the development of financial holding companies is a transitional measure from separate operation to mixed operation. Lei X.H [6] believes that comprehensive operation can promote competition, make the limited competitive financial system more efficient, carry out financial innovation and improve the vitality of financial service benefits, which can help realize economies of scale and scope, optimize the financial production factors allocation with lower asset specificity such as capital, information and talents in a range of fields, facilitate global financial liberalization, provide more comprehensive financial services for customers, and implement the financial holding company model to facilitate financial integration. Generally speaking, adopting the organizational structure of financial holding companies is conducive to the operation and management of mixed operations and supporting some financial institutions to adopt the development model of financial holding companies, which is of great significance for enhancing the strength of China's financial industry and building financial institutions with international competitiveness [8].

The universal bank (*i.e.*, a single corporate entity) and the financial holding company (*i.e.*, multiple corporate subsidiaries) are the two major carriers of the financial industry's mixed operations. The financial holding company has the characteristics of controlling the parent company of the group, separating the branches of the subsidiaries, and financially combining the accounting statements, but each of them needs to have a negative profit and loss. Hao C *et al.* [9] believe that the integrated operation of the financial industry is a gradual process, which is a process of seeking a dynamic balance between efficiency and risk. In terms of efficiency, compared with the divisional operation, the advantages of the universal bank are obvious; in terms of risk, the divisional operation has an advantage over the universal bank. Under the circumstance, financial holding companies are a balanced choice between the universal banking system and the separate operating system.

3. Problems with Financial Holding Companies

Since the financial holding company controls some specialized subsidiaries through its parent company, its operations are more diversified and the risks are more complicated. For the disorderly development of financial holding compa-

nies, there are many risks and regulatory issues, according to the existing research, the following points can be summarized:

1) The relevant laws and regulations are not perfect: China's financial industry implements separate operations and separate management. China's laws have not yet clarified the legal status and nature of financial holding companies, as well as the definition, type, governance structure and mechanism of financial holding companies, and there is no effective joint regulatory mechanism. Internal control and risk management are not yet complete. Cao F.Q [10] believe that there is no explicit prohibition clause for the Chinese law of financial holding companies, and there is no establishment clause. "Unable to rely on" makes the development of financial holding companies lack legal protection. In addition to the provisions of the *Company Law*, the lack of legal provisions specifically applicable to financial holding companies limits the improvement of the financial holding company's governance level, and it is urgent to establish a complete external supervision system [5]. Therefore, there are still regulatory blind spots in China's financial holding companies.

2) Related party transaction risk: Financial holding companies use related transactions to carry out regulatory arbitrage and profit transfer within the group to evade taxes. They also use connected transactions to transfer funds and commodities to each other, guarantee and mortgage each other, and transfer profits to each other for tax avoidance or evading regulatory purposes. These behaviors spread risks between institutions and markets. Han X.Y [11] believes that although related party transactions are neutral businesses in themselves, related party transactions with appropriate proportion and high transparency are conducive to generating economies of scale, improving complementarities between financial businesses and reducing performance costs and transaction risks. However, some financial holding company dominated by industrial capital conduct related party transactions in order to obtain financing facilities to a large extent. Scholars such as Hao C and others [9] think that although each financial holding company has guaranteed the legitimacy and related party transactions fairness in information disclosure, it cannot eliminate the interest risk conflict and compliance risks brought by related party transactions to the group from the root. Therefore, for financial groups with a complex ownership structure, it will also significantly enhance the related party transactions concealment and increase the supervision difficult.

3) Internal interest risk: As for the differences in operating principles, interest demands and cultural values among subsidiaries of financial holding companies, there will be conflicts of interest in the cooperation process. scholar Wan W [5] believes that there are conflicts between the owner's interests and the manager's interests between the subsidiaries and the parent company, the subsidiaries specific interests may be constrained by the parent company, making the endogenous risks more and more. Different business departments or subsidiaries of financial holding companies, such as commercial banks, securities

companies, insurance companies, trust companies, and investment funds, have certain interest conflicts in the process of business integration, which makes interest conflicts within financial holding companies easy to lead to risk transfer to banks [12]. Lei X.H [6] believes that when financial holding companies consider each financial business, it will inevitably sacrifice the trading interests of other businesses. There are structural and functional differences between the financial business departments interest subjects, so the interest relations adjustment will inevitably produce conflicts.

4) Risk of regulatory absence: There is a certain degree of disconnection between the current separate operation and separate supervision system and the reality of mixed operation under the organizational structure of the financial control company. At present, the regulatory body lacks a clear responsibility for the supervision of the financial control company and has not yet formed a sound financial holding. There is no perfect regulatory system for corporate governance models such as access and exit mechanisms, business operations, risk management, and information disclosure. Wan W [5] believes that if the regulatory authorities do not manage the entire financial group, the risk transfer within the group will be difficult to detect. At the same time, Han X.Y [11] believes that the various speculative activities of the Financial Control Company lack regulatory constraints, and the entry barriers for financial institutions and capital market entities need to be improved. It is urgent to clarify the regulatory bodies and establish an institutionalized effective regulatory coordination mechanism.

5) The problem of detachment from reality: Many entity conglomerates have shifted their focus to the financial industry, focusing only on short-term investment returns, lacking long-term planning for financial business to promote their business development, and acquiring some companies through nested financial leverage, but many of the areas involved in the transaction There is no direct contact with its main business. Jia X.F [8] believes that the funds are “de-realistic”, which will be detrimental to the development of the real economy, and will lengthen the chain of capital operation, raise the financing cost of the real economy, consume a large number of resources, and affect the development and the real business innovation. Han X.Y [11] believes that these financial holding companies have deviated from the original intention of “industry-based, financial use, and effective interaction between industry and finance,” neglecting the development of their main business, blindly expanding to the financial industry, and returning to the virtual economy. Under the temptation of the rate, the imbalance between the real economy and the virtual economy has intensified. When the real economy develops slowly, the virtual prosperity of the virtual economy lacks support and hides deep risks and crises.

6) Leverage risk: The multiple leverage effect provides convenience conditions for some institutions to expand rapidly in the financial field. However, due to the lack of leverage constraints at the group level, some institutions have

problems such as shareholder structure confusion and untrue sources of equity funds, which also significantly increase the leverage risk. Jia X.F [8] believes that Some companies, through controlling financial institutions, have used leveraged funds to merge their non-main businesses and even expanded their mergers and acquisitions to overseas markets, significantly raising the leverage level of the financial sector and even the overall economy, and raising the solvency risk, liquidity risk and concentration risk of the financial sector. As well as double capital calculation and an excessive financial leverage ratio of holding companies, affect the overall financial security of the group [13].

7) Risk of information disclosure: At present, China's financial holding company has not yet formed a comprehensive information disclosure system. Hao C *et al.* [9] believe that there is a big gap in the content, method, relevance, timeliness, completeness, and standardization of information disclosure among various holding companies. Information fraud, omissions, concealment and other phenomena occur from time to time. External information users, including the regulatory authorities, cannot obtain relevant information in a timely and effective manner. Even internal personnel may have serious information asymmetry.

8) The ownership structure and organizational structure are complex: Prudent supervision based on capital adequacy ratio is facing great challenges due to the prominent phenomenon of multi-level shareholding and cross-shareholding. Han X.Y [11] believes that even if consolidated accounting adopted for this situation, there may be repeated capital calculations. Thus it is difficult to accurately measure its operating status and assets and liabilities, which will affect the accuracy of the assessment of the total assets and the financial holding company's net capital. Moreover, some financial holding companies have used regulatory loopholes to carry out false capital injection and circular capital injection, resulting in an inflated registered capital, and the actual risks they bear far exceed the range their capital can bear. While reducing their ability to resist risks, they also weaken the effectiveness of micro-prudence supervision. For this reason, Hao C and others [9] think that the important stakeholders of the company, especially investors and management, have difficulty in clearly understanding the authorization relationship and management responsibilities of each member within the company, and are difficult to judge and measure the overall risks of the company, which ultimately leads to regulatory difficulties and increase in agency costs.

4. Financial Holding Company Regulatory Measures

The above problem lies not in the financial holding company's focus on the form itself, but on the lack of comprehensive supervision of financial holding companies. It should establish a macro-prudential supervision system for financial control companies led by non-financial enterprises as soon as possible, and clarify the qualifications of financial holding group investment entities, establish

supervision entities, strengthen capital supervision, regulate related party transactions, and set up a strict investor background disclosure system. The followings are some scholars' suggestions on the supervision of financial holding companies.

1) Perfecting the law of financial holding company supervision: There is no corresponding law and regulation, which is the biggest obstacle to the development of China's financial holding company. China should learn from international experience, accelerate the legislation of financial holding companies, and promptly formulate relevant laws and regulations to clarify the financial holding company's legal status. Jia X.F [9] proposed to improve the existing laws and regulations such as *the Commercial Bank Law*, *the Securities Law*, and *the Insurance Law*, and cooperate with the introduction and implementation of relevant laws of financial holding companies. Chen L [14], Zhao H.K [12] and Cao F.Q [10] have a unified opinion on the formulation of the *Financial Holding Company Law*. They all believe that the establishment, business scope, legal status, legal and economic relations and regulatory responsibilities between the financial holding company and its subsidiaries and their subsidiaries should be clearly defined, so that the development of the financial holding company can be carried out within the framework prescribed by law, thus establishing a good external environment for the development of Chinese financial institutions and further standardizing and promoting the development of the financial holding company.

2) Defining the structure of the regulatory body and internal control: Establishing a good corporate governance structure and internal control, and improving the internal control mechanism will help financial holding companies to build an internal risk control chain and control risks. Jia X.F [8] suggested that we should learn from international experience and consider adopting different regulatory arrangements according to the nature of the parent company of the holding group. For financial holding companies whose parent companies are commercial banks, securities companies, insurance companies, asset management companies, they may be supervised by the main supervisory department, and the supervision departments of the subsidiaries shall cooperate. For the non-regulatory entities such as non-bank entities of the group parent company, the supervisory dominant position of the People's Bank of China can establish. The CBRC, the China Insurance Regulatory Commission and the CSRC focus on the supervision of the holding company and its subsidiaries. The proposal of Cao F.Q [10] is to set up an internal auditing agency, establish an auditing evaluation system for internal control of financial institutions, enrich and improve internal control facilities, and establish an efficient financial management information system. Yang S.L [15] believes that it is necessary to make corresponding institutional arrangements at the micro level, improve the internal control mechanism of financial institutions, and establish a comprehensive financial risk that combines the external supervision of financial regulatory authorities

with the internal control of financial institutions themselves. To prevent and resolve financial risks more effectively.

3) Strengthening related party transactions and concentration management: The financial holding company has not yet established a complete internal control mechanism to confirm, evaluate and monitor all related party transactions inside and outside the group. Jia X.F [8] suggested that financial holding companies should be guided to improve the design of internal holding system, increase transaction transparency, strengthen the concentration management of financial groups, summarize the risk exposures of various financial sectors, conduct unified concentration considerations, and set up firewall systems among subsidiaries, subsidiaries and holding parent companies, as well as with other entity enterprises. Hao C and others [9] believe that in the related party transactions management, the definition of related party transactions should be defined, the related party transaction pricing fairness should be holding led, the operability of monitoring the fairness of related party transaction prices should be enhanced, the disclosure system of related party transaction information should be improved, and the related party transactions should be reported to the unified regulatory authority. In addition, Han X.Y [11] also suggested that a market-based pricing mechanism for related party transactions should be established, and related party transactions should be regarded as business transactions between independent enterprises, so as to ensure the fairness of transactions and prevent the risk of profit transfer caused by non-standard related party transactions according to the market pricing mechanism.

4) Information disclosure supervision: As one of the basic systems for safeguarding the fairness and justice of financial markets and protecting the rights and interests of financial consumers, it is an important measure to urge enterprises to standardize their operations. The financial holding companies with large volume and complex internal structure are more a sound information disclosure system should be established to help strengthen internal constraints and improve risk management. Wan W [5] believes that the corresponding requirements should specify in detail from the subject, carrier, content, time, and legal responsibility of information disclosure, so that the operation of the financial holding company is more transparent and legally and compliant under the supervision of all parties. Hao C *et al.* [9] have more detailed suggestions. They believe that financial holding companies need to formulate an *information disclosure method* that meets the actual needs of the company, and designate the secretary of the board of directors or other relevant personnel to be responsible for the information disclosure of the financial holding company and its subsidiaries, establish a system of accountability; timely, truthfully and accurately disclose business information and governance information to regulatory agencies based on business characteristics and regulatory requirements, including but not limited to mutual shareholding and cross-shareholding, especially Information on the ownership structure chain and the appointment of senior executives; guar-

antee the timeliness and validity of the disclosure information, and disclose the prior matters and related matters for major transactions such as related transactions, so that information users can obtain relevant information in time; the financial holding company's official website In a conspicuous position, it is also necessary to set up a unified and complete information disclosure section to facilitate the inquiry of information users, which is also a need for financial consumer rights protection.

5) Conducting qualification examinations for the management of financial holding companies: In addition to conducting qualification examinations for senior executives of regulated financial subsidiaries, they must also be employed by subsidiaries that are not under supervision, and for the entire group or regulated the company's management decision-making has substantial and significant impact on senior management personnel for qualification review, Liu Z.P [13]. First of all, at the regulatory level, in addition to the executives of subsidiaries of financial holding companies, the executives of financial holding companies should be included in the scope of supervision; secondly, the list of management personnel should be established to clarify the rights and responsibilities of managers at all levels. The appointment and exchange of management personnel between the holding company and the subsidiaries should be subject to strict restrictions and supervision; finally, it is necessary to establish and improve the evaluation system of senior management [9]. The management of its senior management should be more complete, to strictly enforce its job requirements, to prevent executives from causing huge operational risks due to lack of financial knowledge or improper transactions.

6) Carrying out penetration supervision of stock rights: Strict requirements should set for the qualification and holding period of the financial holding company shareholders, strict examination should make of their funds sources, penetration supervision should be carried out on their stock rights structure, and restrictions on enterprises holding financial institutions through the "curve" of financial products should be strengthened. Hao C and others [9] suggested to clarify the holding and holding led relationship between holding companies and subsidiaries, subsidiaries and Sun companies from the vertical dimension, prevent cross-holding and interlayer holding, and reduce the number of holding levels. From the horizontal dimension, risk holding measures should be commensurate with the size of holding and participating financial subsidiaries, especially financial holding companies with a large number of financial subsidiaries should strengthen the risk isolation mechanism construction. Finally, the financial holding company is required to disclose the chain of the ownership structure of the company including the ultimate controller in its official website and related disclosure reports.

7) Capital adequacy regulation: Zhao H.K [12] believe that in addition to capital Adequacy Regulation in the areas where financial holding companies' affiliated enterprises or subsidiaries are involved, a mechanism should also be es-

tablished to assess the capital adequacy level of the entire financial holding company. Zheng M [7] believes that capital adequacy ratio constraints should be the focus of financial holding companies supervision in the future, and the leverage level of financial holding companies should be strictly holding led. Scholars such as Liu Z.P [13] and Chen L [14] think that the capital adequacy ratio of China's banking industry is not high. Under the insufficient capital strength condition, setting up a financial holding company rashly will spread the already fragile bank risk to the financial holding group and threaten the safety of the entire financial system. A set of capital adequacy supervision guidelines for financial holding companies should be formulated by the Basel Agreement to apply to the consolidated assets of banks and holding companies and strictly implement them.

8) Establishing an internal firewall: Zheng M [16] believes that a financial holding company should set up a firewall inside, which strictly limits bad related party transactions. For related transactions exceeding a certain amount, it must especially be reviewed by the joint meeting. Zhao H.K *et al.* [12] suggested that the setting of the firewall of China Financial Holding Company should be formulated by the competent authority or the trade association designated by it, and it can take into account the situation in which the company spontaneously sets up firewall specifications. Hao Chen *et al.* [9] also proposed to establish a sound working system within the holding company, clarify the business processes and work practices of various financial subsidiaries, as well as the various levels of internal authorization and corresponding responsibilities to ensure the independence of the subsidiaries. The status of legal person, the establishment of the principle of transaction between the financial holding company and the subsidiary, as well as between the subsidiary and the subsidiary, to ensure that funds, personnel, information, and other resources are exchanged and transmitted under the general market conditions to prevent the generation of interest transfer behavior, Standardize the information disclosure behavior of financial holding companies and impose strict restrictions on the transmission of information.

5. Analysis and Outlook

As a special and complicated institution in the financial system, the financial holding company, which occupies a large number of financial resources, has asset scale and a complicated internal ownership structure. It has natural negative attributes such as double-counting capital, internal related party transactions, cross-infection of risks, internal conflicts of interest. Its risks are more complicated than those of ordinary financial institutions in a single industry. Therefore, financial holding companies supervision must have special requirements. The above scholars have explained the basic measures of financial holding company supervision, such as strict access standards, exit protection implementation, strengthening capital requirements, information disclosure, and internal control

requirements, and establishing a “firewall” between parent and subsidiary companies. They generally believe that a risk-oriented concept should be established, and strict requirements should be put forward for financial holding companies in terms of market access, capital adequacy ratio, information disclosure mechanism, leverage ratio, establishment of internal control system and withdrawal mechanism, so as to achieve the goal of promoting stable operation of financial holding companies and effectively preventing financial risks.

Through the above scholars’ questions and suggestions put forward by the financial holding company, it seems that the key issue that the financial holding company needs to solve first is the risk of connected transactions. I think it is the main carrier of risk communication of financial holding companies, credit financial risks such as risk, operational risk, market risk, capital shortage risk, legal risk, and information disclosure risk may be triggered by various related transactions within the financial holding company, and may also impact the economic and social system. In 2004, the “first strong stock market”, the collapse of the Delong Group’s stock in China’s largest private enterprise, led to the collapse of the entire group. The direct cause of this incident was the high leverage of investments, blindly leveraged and ultimately due to the break of the capital chain; however, the root of its occurrence was that improper interest transfer through related party transactions triggered group risks, and made all kinds of risks spread to other subjects in series or parallel through transaction carriers, thus leading to uncontrollable degree. As for the risk control of related party transactions, I think it is necessary to manage related party transactions from the above-mentioned laws and regulations, internal control and information disclosure.

For the time being, China should speed up the revision process of conflicts and contradictions in the financial legal system, improve and supplement the relevant regulatory regulations related to financial holding companies’ related transactions as soon as possible, and refine the regulations.

From the perspective of risk management, it is necessary for the regulatory authorities to supervise and promote the establishment of a sound and effective internal control system for the financial holding group, strengthen the internal control of the group’s subsidiaries, and prevent insiders from renting through related party transactions. Second, improve the parent company of the group. Governance enables the decision-making, management, and supervisory levels to perform their duties in accordance with the regulations, strengthen supervision over the shareholders of the group, protection and maintenance the interests of small and medium-sized investors; strengthen the internal checks and balances of the parent company of the group, and internal control of the parent company Perfection implemented; finally, an audit mechanism for related party transactions should be established to clarify a series of transaction procedures for connected transactions to prevent the suppression of improper related transactions.

Strengthening the information disclosure of related party transactions and protecting the right to know of stakeholders. Since the related transactions conducted by various affiliates of financial holding companies are relatively hidden, it is difficult for stakeholders and regulatory authorities to fully grasp the related information, so it is necessary to construct information disclosure. By this, the object of disclosure and acceptance of related party transactions clarified, and the information disclosure mechanism and procedures of the shareholders' meeting, the board of directors, the board of supervisors, the regulatory authorities and other stakeholders of the group and its subsidiaries refined. To clarify the content to be disclosed in the related party transactions, in addition to the necessary financial information, it is also necessary to disclose some non-financial information, such as the reasons for the related party transactions, the choice of pricing methods for related party transactions, and the accounting policies for related party transactions.

In order to enable China's financial holding companies to develop healthily and thus promote the process of mixed operation, the government should supervise it from both macro and micro levels. It is necessary to strengthen the external supervision of financial holding companies by financial regulatory authorities. Consolidate and improve its internal control, thus establishing an all-around three-dimensional risk prevention system, not only paving the way for the development of China's financial holding company, but also for the domestic banking industry to take the initiative in coping with international competition.

Conflicts of Interest

The authors declare no conflicts of interest regarding the publication of this paper.

References

- [1] Xia, B. (2001) Research on Financial Holding Company. China Financial Press, Beijing.
- [2] Wu, X.-L. (2004) Financial Integrated Management Trend—Mode Selection of China's Financial Holding Company. *Scientific Decision*, No. 9, 6-10.
- [3] Xie, P. (2004) Development and Supervision of Financial Holding Companies. CITIC Press, Beijing.
- [4] Wang, G.-G. (2006) Operating Mechanism: Holding Company and Financial Holding Company. People's Publishing House, Beijing.
- [5] Wan, W. (2018) Research on the Development and Supervision of China's Financial Holding Company. *Southwest Finance*, No. 6, 9-17.
- [6] Lei, X.-H. (2009) On the Legal Mechanism of Risk Prevention of China's Financial Holding Company. *Chinese Law*, No. 5, 74-82.
- [7] Ding, J. (2001) Supervision of China's Financial Holding Companies under the Separate Supervision System. *International Financial Research*, No. 6, 58-61.
- [8] Jia, X.-F. (2018) Development Status and Countermeasures of China's Financial

-
- Holding Company under the New Situation. *Modern Management Science*, No. 9, 79-81.
- [9] Hao, C., Fu, J.W. and Wang, L.-X. (2010) Research on Governance Optimization of China's Financial Holding Company. *Southwest Finance*, No. 10, 58-65.
- [10] Cao, F.-Q. (2009) Reforming and Perfecting China's Financial Supervision System. *Journal of Peking University*, No. 4, 57-66.
- [11] Han, X.-Y. (2018) Optimization Countermeasures for Supervision of Financial Holding Companies. *Banker*, No. 10, 64-66.
- [12] Zhao, H.K. and Sun, W.-L. (2003) Construction of a regulatory system for financial holding companies. *China Finance*, No. 1, 34-35.
- [13] Liu, Z.-P. (2001) On Several Issues of Financial Holding Companies. *Financial Research*, No. 4, 40-45.
- [14] Chen, L. and Xiong, B. (2005) Comparative Study on Supervision of Financial Holding Companies and China's Choice. *Journal of Zhongnan University of Finance and Economics*, No. 3, 99-104.
- [15] Yang, S. (2001) Practical Significance and Institutional Arrangements for Developing China's Financial Holding Company. *Financial Forum*, No. 9, 19-24.
- [16] Zheng, M. (2002) On the Establishment Model and Risk Supervision of Financial Holding Companies. *Journal of Xiamen University*, No. 2, 71-78.