

# Accounting Risk Causes and Countermeasures of Commercial Banks

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**Abstract:** *This paper mainly focuses on accounting risks in commercial banks. With accounting risks as the entry point and targeted solutions, we hope that through the main discussion, we can promote the stable operation of Chinese commercial banks and make its contribution to our economy. Many enterprises lack comprehensive control consciousness in the process of controlling the cost of construction projects. If construction enterprises want to achieve the set target cost, they should practice the structure, production organization and specific implementation process. Although some enterprises have a cost management system, in the actual cost management process, there is a general lack of cost awareness, and some people even regard cost control as an independent work of the financial department.*

**Keywords:** commercial bank; Accounting risk; Solution strategy.

## 1. INTRODUCTION

The main object of this paper is the operation department of commercial banks, its main management content is the bank accounting and supervision. Many economic benefits of commercial banks come from this sector. However, while making profits for the bank, this department also produces many operational risks. The following will discuss these risks in detail in order to find out effective solutions.

The accounting risks in commercial banks mentioned in this article mainly refer to various operational risks caused by various human factors, management system and social environment in the daily business management, supervision and accounting of banks. The following will briefly introduce the main characteristics of these risks.

At present, the cost management mechanism adopted by many construction enterprises in China is not perfect enough, which intensifies the market competition in the construction industry. Especially in the process of project bidding, unfair competition is frequent. Although domestic construction enterprises have established the corresponding cost management system, in the actual implementation process, there are widespread problems such as attaching importance to human feelings and relationships, and many construction enterprises blindly lower prices to gain competitive advantages. All the above factors have a negative impact on the development of construction enterprises[4]. Furthermore, there are loopholes in the project management mechanism applied by some construction enterprises, especially when carrying out project cost control, the financial personnel have higher authority. Although this kind of management mechanism can also help construction enterprises to control costs, its control effect is limited and there are certain management risks, which are not conducive to the healthy and stable development of construction enterprises.

### 1.1 with strong concealment

During the daily operation of commercial banks, accounting risks are often not revealed, and when bank managers relax their vigilance on risks or lack risk management, accounting risks will occur. And with the rise of science and technology in recent years, all major banks have chosen network management system, which has virtually increased the generation of accounting risks. A complete project cost management system can help construction enterprises to obtain high economic benefits, but if construction enterprises fail to do a good job in budget management, it will indirectly affect the cost control level of enterprises. Facing the incentive market competition, enterprises should constantly optimize and improve the budget management mechanism and optimize the budget management system in combination with the actual situation of engineering projects. Currently, the budget management mechanism formulated by the management of many construction enterprises does not conform to the actual budget implementation, which not only has a negative impact on the allocation of human resources in enterprises, but also intensifies the waste of construction materials and resources. All these factors will affect the construction cost of construction enterprises.

### 1.2 It has certain unpredictability and strong abruptness

Once accounting risk occurs in industrial banks, its duration is often very short, with a certain degree of unpredictability. And because of the current network channel developed, the circulation of funds is extremely fast, which also increases the difficulty of fund recovery. Engineering enterprises can improve their own economic benefits by optimizing the investment portfolio structure. At the moment, many construction enterprises assist their investment by developing project cost management system. In order to meet the business objectives of enterprises, in the process of building a project cost management system, we should analyze our own optimized portfolio structure in combination with its actual situation, and evaluate business performance by

relying on the number of projects implemented. The project cost control is systematic and coherent, which runs through all the links of the project. According to different types of construction links, the cost control methods adopted are different. It is necessary to focus on the cost control of construction links, and its cost management is difficult of the large cost consumption of construction links. Therefore, the construction unit should deeply analyze the problems in the project cost management stage according to its own actual situation and formulate targeted cost management countermeasures.

### 1.3 With a certain degree of delay

In the accounting risks of commercial banks, the most frequent risk is accounting and financial risk. The occurrence of such risks has a certain degree of unpredictability, and it is difficult for relevant managers to find out in time, which leads to the gradual expansion of risks. The process may last several months or even years, and finally the outbreak is difficult to recover. The cost control of engineering projects requires enterprises to do a good job in planning management according to their own actual conditions and realize the optimal allocation of project resources by relying on a sound cost management system. Construction enterprises can start with project budget, project budget estimate and project bidding, optimize resource allocation and continuously reduce costs, thus helping enterprises to obtain higher economic benefits[3]. In addition, in the actual project construction, it is necessary to formulate a cost plan management scheme, and improve the project cost management level of construction enterprises in an all-round way by optimizing the allocation of project resources such as materials, manpower and mechanical equipment.

### 1.4 Serious consequences

From the above discussion, it can be understood that accounting risk has a certain degree of concealment and delay, and because such risk involves a large amount of capital, it means that once the risk occurs, it will destroy the economic benefits of the bank. Moreover, when the accounting risks of banks break out on a large scale, it will have a negative impact on the society. People are afraid that their interests will be infringed, which will also destroy the stability of the bank's operation and hinder its sustainable development. The research on cost management of construction projects abroad developed earlier. In 1980, Simon, a British economist, took the lead in putting forward the concept of strategic cost management. Sankoh optimized and upgraded the concept of strategic cost management. Jack Tapp, a scholar, stressed that traditional information management model must be changed with the increase of the difficulty of cost project control. In the face of fierce market competition, doing a good job in cost control of engineering construction projects can not only enhance the core competitiveness of enterprises in the market, but enhance the economic benefits of enterprises and help enterprises occupy a bigger market "cake".

## 2. ANALYZE THE MAIN REASONS FOR ACCOUNTING RISKS OF COMMERCIAL BANKS

Firstly, improve the economic benefits of enterprises. No matter what type of construction enterprises, the core purpose of formulating the project cost management system is to meet their own interests. Construction enterprises can analyze the factors that affect the efficiency of cost management, and then formulate corresponding cost control measures according to local conditions to control the cost of each construction link in the construction project within the scope of project budget.

Secondly, the application of each construction cost can be reviewed. In the process of cost control, construction law enterprises can rely on the cost control strategy to review the daily operation and production expenses, the use of funds and the flow of funds, so as to ensure that the use of project funds meets the budget standards, effectively reduce the consumption and waste of cost resources, and help enterprises achieve their own economic goals[2].

Thirdly, enhance the core competitiveness of enterprises in the market. In the field of project bidding, more and more enterprises apply reasonable low-price bidding method in order to improve the winning rate. This method has become a key method for enterprises to enhance their competitiveness. Due to the limited development level of China's construction enterprises, if the low-price bidding method is blindly adopted, its own advantages will be weakened. Enterprises should improve the price advantage by improving the cost control level of engineering projects, and enhance the market competitiveness while highlighting the technical and management advantages of enterprises.

### 2.1 External reasons of bank operation system

At present, the competition in the financial market is very hot, and the economic communication between China and all countries in the world is frequent, which makes the commercial banks in our country do not Only in the face of competitive pressure from domestic financial markets, but also from the threat of international competition. In such an environment, the major commercial banks, in order to compete for interests, are willing to use a variety of unfair competition means to destroy the market order, such a vicious cycle, both the rival banks themselves and other banks will produce certain operational risks. And because Chinese commercial banks, when facing accounting risks, cannot come up with an effective set of countermeasures to solve the risk, finally in the financial market caused the extremely bad impact, even hindered the comprehensive development of our economy. For example, Li Shuanglu, a well-known scholar, based on system, schedule and cost control, analyzes various factors that affect the cost control of construction enterprises. Zhong Ling, a scholar, studied and analyzed the outstanding problems exposed in the cost control stage of construction and put forward corresponding rectification measures. Liu Jingkuang,

a scholar, introduced in detail the relationship between construction progress and cost control of engineering projects by applying system dynamics model. Yang Chaohui, a scholar, provides a system framework for construction enterprises to carry out cost control by constructing the concept of life cycle management[1].

## **2.2 The bank management system is not sound, and risk measures cannot play their role**

The majority of Chinese commercial banks choose branch production as their internal management system. It is also because of the existence of this management mode that there are too many levels of management inside the bank. The issuance of a task requires the agreement of multiple departments layer by layer. However, due to the lack of communication between various departments, information sharing cannot be realized, so that various mistakes will occur after the issuance of a task. In addition, due to the total points system management of commercial banks, the accounting supervision of commercial banks usually adopts post-management, which leads to the failure of banks to predict the existence of risks in a timely manner. In addition, this supervision mode makes the authority of branches become bigger and bigger, while the binding force of the head office is constantly weakened, and finally, corruption, unclear capital flow and other problems occur frequently, and risk control loses its effectiveness. In addition, although the current commercial banks have revised some internal management policies, they still lack supervision and management of the accounting system, and the relevant laws and regulations are not standardized and sound, giving criminals opportunities to take advantage of them.

## **2.3 Information update is not synchronized and the management system is backward**

Because of the change of China's position in the international financial field, the business of Chinese commercial banks continues to update and upgrade, and now the contents of it are more extensive, and the corresponding amount of funds continues to increase, which requires the bank to have a more perfect accounting supervision system and stabilize the internal balance of the bank. However, the actual situation is that many accounting information of banks is not open and transparent, and the accounting supervision system is not targeted, and its management mode is relatively backward, which cannot meet the current development needs. In addition, the overall process of accounting supervision is not standardized, resulting in the accounting information is not convincing and has lost its reference. All these problems increase the accounting risk. By analyzing the development status of domestic construction projects, we can know that the cost control in China can be divided into three stages: the first stage is mainly aimed at the estimated the second stage is mainly aimed at the whole process cost of the project, and the third stage is to continuously optimize the cost project control level by combining foreign advanced concepts and experiences.

## **2.4 Lack of binding force in accounting management**

At present, some commercial banks do not follow the corresponding management regulations in the actual operation, and the accounting management system is reduced to formalized management on the surface, unable to play its actual role. Commercial banks often appear internal accounting standards, incomplete procedures, chaotic bill management, coupled with the lack of mutual agreement between the staff, greatly weakened the strength of accounting supervision. Or some banks in accounting supervision, mostly for sampling inspection, post-supervision, and the reward and punishment system is not clear, directly hinder the play of the effectiveness of accounting risk management. Engineering project is the core of any construction enterprise to carry out cost management. Doing good job in engineering project cost control can not only help enterprises to analyze the defects in the existing cost management system, but also help enterprise leaders to adjust their strategic business objectives in time, and at the same time, it can also optimize enterprise resource allocation, reduce and improve enterprise economic benefits. However, as far as the actual cost management of construction enterprises is concerned, there are many problems that need to be solved urgently.

## **2.5 The professional quality of accounting supervision personnel is not qualified**

At present, the cross-level supervisors in commercial banks are extremely lacking in responsibility consciousness, and their work content is only formalized bookkeeping and accounting, without corresponding attention to the internal accounting risks of the bank. In addition, the bank is negligent in the management of the professional skills of the staff, and can not carry out targeted training for the staff with poor professional quality, so that they lack the ability to predict, analyze and solve the accounting risks. Or some banks' accountants have poor professional quality and lack of self-management. They tend to embezzle public funds and falsify accounts by taking advantage of their positions. These problems increase the internal accounting risks of the banks and are extremely unfavorable to the sustainable development of the banks. Molecular dynamics method can be used to analyze the microstructure characteristics of carbon dioxide system across the critical point. Using the radial distribution function, it can be found that the structural difference before and after the critical point is very small, which is mainly caused by the strengthening effect of the interaction between the molecular structure and the nearest neighbor, while the change of the near molecular structure is mainly caused by the change of the number of paired molecules [18]. In the quasi-critical region system, the interaction distance between the products near the critical point increases rapidly.

## **2.6 The operability of the accounting supervision system is poor**

Nowadays, most commercial banks lack of emphasis on accounting internal management system, and the existing supervision mechanism is not operable, and the phenomenon of superficiality is serious. In addition, at present, the establishment of various departments of commercial banks is mainly based on the types of business of the bank to divide the functions, which leads to the independence of the accounting of different departments, the lack of certain information sharing, the lack of restrictions in daily work, and at the same time, the relevant requirements of different departments of accounting are also different, so that the accounting work of different departments is not coordinated and consistent Management is more chaotic, for the bank buried greater risk hidden trouble.

### **3. IMPROVE THE MAIN STRATEGIES OF ACCOUNTING RISK CONTROL OF COMMERCIAL BANKS**

Mass transfer is a mass transfer problem caused by the imbalance of material content in the system. In the chemical industry, the mass transfer process between gas-solid, liquid-liquid and solid-liquid systems is usually applied. In recent years, with the progress of computer hardware technology and the rapid development of simulation software, the study of mass transfer process through simulation technology has also attracted the attention of many researchers. The most involved is the dynamic simulation of chemical reactions such as adsorption, diffusion, extraction and absorption. In the two-phase mass transfer reaction, diffusion plays a great influence. Many researchers have used molecular dynamics simulation technology to carry out in-depth research. The extraction method has been applied in industrial production because of its important function in the field of separation and purification, but the in-depth study of its microstructure and extraction principle is relatively backward. There are many difficulties in the experiment of extraction reaction by conventional test methods, but the computer simulation technology can solve all the problem factors in the experimental method. Therefore, in recent years, the use of MD simulation technology to solve the extraction problem has always been the focus of our domestic experts. Similar to the conventional fluid simulation technology, the selection of potential energy parameters is a technical problem.

#### **3.1 Reform the accounting internal management system and strengthen the implementation**

In order to give full play to the maximum effect of bank accounting, major commercial banks need to set up a wide coverage and clear accounting supervision system according to their own actual situation, such as formulating strict authorization and approval standards and accounting record standards, and strengthening the operability of the standards. Pay attention to the rationalization of organizational structure, strictly put an end to the phenomenon of mixed posts and multiple posts, strengthen the coordination and mutual restraint between departments and personnel from the system setting, and effectively control negligence, omission and criminal behavior. Moreover, commercial banks also need to strengthen the implementation of the management regulations, so that accounting supervision is no longer a mere formality, give play to their business norms, for possible risks, set up supplementary regulations to avoid the occurrence of accounting risks.

#### **3.2 Pay attention to the professional quality of accounting personnel**

Because the main executor of good accounting supervision is people, so in commercial banks, we must increase the management of accounting personnel. For new accounting personnel, it is necessary to strengthen their pre-job training, until they are skilled in accounting all the business, can be formally on the job. Moreover, the accounting personnel to conduct regular business audit, strengthen their professional field, risk resistance and other emerging response ability. If there is a lack of personnel in this field, it is necessary to strengthen their training and improve their professional quality. In addition, popularize professional ethics and industry law knowledge for accounting personnel, enhance their sense of responsibility, improve their professional ethics. At the same time, banks should avoid linking their interests with the work of accountants, so as to reduce the occurrence of accountants violating bank regulations for profit maximization. Bank managers can adopt objective management or factor evaluation methods to objectively evaluate employee performance, so that accountants can get due benefits through legitimate and benign competition and mobilize their work enthusiasm.

#### **3.3 Improve the supervision mechanism and increase the risk control ability**

The accounting supervision and inspection work of commercial banks should be both comprehensive in coverage and time point, strengthen the supervision of the authenticity and accuracy of accounting information, bills and vouchers, timely check the implementation of accounting operation process, laws and regulations and internal control system, and strengthen the mutual supervision of accounting personnel, tellers and senior managers. In addition, relevant auditors and managers should cooperate with each other to develop a set of targeted and planned supervision and inspection programs, increase the frequency of supervision and inspection, and improve the effectiveness of identifying accounting risks and hidden dangers. Moreover, commercial banks need to set up corresponding risk responsibility mechanism and assign all kinds of risk management to specific responsible persons, so as to strengthen the effectiveness of risk management and improve the efficiency of supervision.

#### **3.4 Construction of accounting risk early warning system**

Commercial banks should strengthen the construction of accounting risk early warning mechanism, and ensure the effectiveness of early warning mechanism through timely correction and improvement. In addition, regular accounting business analysis and

information quality inspection are carried out. Through the establishment of a series of risk measurement index system, scientific early warning and assessment of potential accounting risks are carried out, and written documents such as early warning report of accounting risks are formed to timely feedback accounting information and financial status to relevant responsible persons. Moreover, when risks occur, it is necessary to analyze the causes according to the types of risks, and then formulate targeted solutions to reduce the generation of losses to the greatest extent.

#### 4. CONCLUSION

To sum up, the regulation of accounting risk is extremely important in the operation and management of commercial banks. Only by strengthening the management in this respect can we avoid all kinds of risks in the bank, avoid the loss of interests, and promote the rapid development of commercial banks and make contributions to the economy of our country. Nowadays, it is in the critical period of the rapid development of China's construction enterprises. Facing the fierce market competition, the construction enterprises can not only integrate resources and realize the optimal allocation of resources, but also significantly improve the economic benefits of enterprises. In terms of above, this thesis mainly analyzes the problems existing in cost control in the process of project management of construction enterprises, and then puts forward corresponding measures for reference by others.

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