

Abstract

My thesis focuses on the analysis of risks in state-owned commercial banks (SOCBs) of China.

Firstly, I introduced the general theories of risk and risk management. Risk, as it is commonly understood, refers to the possibility that events may turn out differently from what is expected. The objectives of risk management can be classified into two categories: preloss objectives and postloss objectives.

Secondly, statistical data and analysis were given to describe the expressions of risk in SOCBs of China. There is a high proportion of bad loans in banks' portfolios. The banks are also facing the liability risk and capital risk. The reasons of risks in SOCBs of China are quite different from Western countries because China's banking system has its special background. The traditional system might be one of the fundamental reasons. Some other macro and micro reasons were disclosed in this part.

Next, corresponding with the banking services and considering the differences between SOCBs of China and western commercial banks, I think the main types of risk in China's commercial bank might be the credit risk, the liquidity risk, the interest rate risk, and the foreign exchange risk. Among these risks, the credit risk might be the most important. The advanced techniques for controlling these risks are necessary for SOCBs of China.

Finally, I designed the strategies and measures for controlling the risks in SOCBs of China. To solve the problem, not only the financial sector but also the non-financial sectors are involved. A sound supervision system and a sound internal control system are both significant for controlling risks. Constructing a new relationship between state-owned enterprises and state-owned commercial banks is the core of the reform.