Abstract

On the foundation of existing Project AB e-Supply Chain, Ministry of Economic Affairs has initiated Supply Chain e-Financing Project (Project C) in 2000. Project C encourages banks to employ the transaction information provided by the lead manufacturers as a proof of the suppliers' ability to repay. The concept of Project C is quite a big shock to banks. Project C has been fully executed at the end of 2003. The accumulated amount of e-Finance has reached 230 million at the first quarter of 2004. However, the banks have little understanding of the transactions between lead IT manufacturers and suppliers.

The study is to discuss the influence of transaction process to credit risk of banks. In Project C design, the banks concern 3 points: whether the lead IT manufacturers will pay enough for suppliers' loan, whether they pay on time, and whether they have obligation to pay. For 1st point, the study analyze the examination process when suppliers deliver goods, suggesting banks to control delay, unqualified percentage and insufficient amount to set up a detect mechanism. For 2nd point, the study suggests banks to take deferment payment into consideration. As for the last point, we suggest banks can use the following purchase orders to repay.

The study researches on the transaction process and attempts to set up a risk detect mechanism for banks. With the efficient risk detect mechanism, banks can spare resources to do more small-amount loans and manage credit risk well.

Key word: Credit risk; Supply chain e-financing; Project C; Risk detect mechanism.