International Scholars Journals

International Journal of Banking, Economics and ISSN 2756-3634 Vol. 6(4), pp. 001, December, 2022.
Available online at www.internationalscholarsjournals.com © International Scholars Journals

Author(s) retain the copyright of this article.

Perspective

Financial crisis involving in banking and logistics management

Bing Liang*

Department of Economics, Harbin Engineering University, Harbin, China.

Received: 14-Nov-2022, Manuscript No IJBEF-22-83974; Editor assigned: 16-Nov-2022, PreQC No IJBEF-22-83974 (PQ);
Reviewed: 30-Nov-2022, QC No. IJBEF-22-83974; Revised: 14-Dec-2022, Manuscript No IJBEF-22-83974 (R); Published: 21-Dec-2022.

DESCRIPTION

To achieve optimised supply chains and cost reductions, as well as to stay competitive and resilient in uncertain times, effective inventory (cash) management is essential. To minimise inventory levels and cut expenses, retail banks must efficiently handle and distribute cash to clients. Global sourcing has helped the automobile manufacturing industry's multilateral trade become more interconnected, but it has also increased production risk and uncertainty. Due to this reality, distribution networks are becoming less predictable and Supply Chains (SC) are now more complicated. In reality, only known and quantifiable SC risks can be managed using standard SC risk management techniques. However, because these strategies are less successful when dealing with hazards in an uncertain environment, resilience and responsiveness are required. To overcome challenges such the bullwhip effect, excessive inventory levels, and demand variations, among others, SC resilience is required. This study examines inventory management as a strategy for building resilient supply chains in the banking services sector.

Inventory turnover is regarded as a key factor in a company's net earnings. Effective inventory management in practise necessitates familiarity with the stock that is on hand, presentation strategies for prominent brands, and inventory replenishment. The management of service inventory affects a company's revenue as well as its clientele. Unreported inventory reduce firm earnings since they result in supplemental expenses. Offering subpar service results in the product being out of stock, which may drive a client to choose a competitor's offering. Therefore, a company's inventory management procedures serve as a reliable predictor of its performance and stability over the course of a fiscal year. For instance, if sales are down during a recession, inventory may build up. Therefore, the management of the company can choose to reduce the value of the inventory, which would result in lesser sales revenue when the goods are eventually sold. Therefore, the stability of the system would depend on inventory choices made during turbulent or stressful times. Firms have several reasons for making inventory selections. Inventory levels may be high as a result of pressure on the management to report a profitability increase. The rate of inventory turnover and the value of inventories determine how an organisation responds to external influences, or how well it maintains stability. In an effort to function better in chaotic situations, poor inventory turnover frequently results in depreciation of stockpiles. However, because the inventory will be sold for less than it is worth, inventory write-downs have a long-term impact on a company's success. As a result, inventory management procedures are a reliable sign of a company's resilience to changing economic situations.

Firms have several reasons for making inventory selections. Inventory levels may be high as a result of pressure on the management to report a profitability increase. The rate of inventory turnover and the value of inventories determine how an organisation responds to external influences, or how well it maintains stability. In an effort to function better in chaotic situations, poor inventory turnover frequently results in depreciation of stockpiles. However, because the inventory will be sold for less than it is worth, inventory write-downs have a long-term impact on a company's success. As a result, inventory management procedures are a reliable sign of a company's resilience to changing economic situations. It is typical practise in the banking services industry to maximise revenues while abiding by legal requirements. Commercial banks are required to "keep statutory reserves against transaction deposits" at a 10% reserve-requirement ratio by major central banks, such as the Federal Reserve and the Bank of England. The federal bank deposits and vault cash are included in the institution's statutory reserves. Sanctions are imposed for breaking these laws. Banks have developed strategies for utilising the statutory reserves. The Bank Transaction Account (BTA) and the Money Market Deposit Account (MMDA) are two related accounts that must be connected as part of the deposit sweep programme, which is an inventory management strategy. The 10% reserve requirement applies to money stored at the BTA, but not to those in MMDA. As a result, depending on the current interest rates, banks can keep low or high reserves (inventory) utilising the sweep programme.

*Corresponding author. Bing Liang, E-mail: liangbing@hrbeu.edu.cn