

Research on Risks of Letter of Credit Settlement Based on Factor Analysis and System Dynamics Simulation

cheng zhang¹

¹Yangtze Normal University

September 09, 2019

Abstract

Targeting at the problems in the risk assessment and control processes of the letter of credit settlement in China's export enterprises so far, it first adopts the quantitative method and exploratory factor analysis to extract the main factors. On the basis, the software VENSIM is used to design the dynamics causes tree and the flow chart of the letter of credit system. Next, the equation sets of DANAMO parameters are also constructed with the software. Finally, through observation of the system risk fluctuation diagram with system simulation, it gives enterprises some advice on how to identify risk points and how to prevent and control letter of credit risks in advance.

Hosted file

Original_paper .doc available at <https://authorea.com/users/719807/articles/704734-research-on-risks-of-letter-of-credit-settlement-based-on-factor-analysis-and-system-dynamics-simulation>