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Research on the Impact of the Implementation of New Asset Management Regulations on Commercial Credit Supply from the Perspective of Financial Supervision

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Abstract: This article explores the influence of the new regulations on the supply of commercial credit to enterprises and its mechanism based on the information of China's non-financial public corporations from 2015-2022, using the generalized difference model (GDD). The findings show that the new regulations on credit regulation have a remarkable effect on the supply of commercial credit by suppressing the financialization of firms, and the effectiveness is more prominent among firms with a greater degree of initial period of financialization. Mechanism tests indicate that reducing business risks and easing financing constraints are two important transmission paths of the new regulations on commercial credit supply. Further analysis shows that the policy effect is mainly reflected in the short-term credit and accounts receivable and notes receivable tools within one year, and significantly improves the performance of the main business of enterprises. The results verify the theoretical logic of financial regulatory policies to serve the real economy by optimizing resource allocation and reducing systemic risks, and provide new empirical evidence for understanding the interaction between financial supervision and micro-enterprise behavior. This paper has important implications for the regulatory authorities to optimize the policy framework and enterprises to adjust the capital allocation strategy, and the future research can be further extended to the long-term supply chain impact of regulatory synergies and commercial credit.

Keywords: new regulations on asset management; commercial credit supply; level of financialization; operational risks; Financing constraints

1 Introduction

Against the backdrop of global economic integration and deepening financial innovation, China's financial market exhibits rapid development, and the scale of asset management business, as an important field of financial innovation, has grown by leaps and bounds in the past decade [1-3]. According to data from the China Banking and Insurance Regulatory Commission, by the end of 2017, the total scale of China's asset management business had exceeded the 100 billion yuan mark, reaching 102.1 trillion yuan[4]. Behind this boom, however, lies a structural problem that cannot be ignored – informal financial activities such as shadow banking have expanded rapidly through regulatory arbitrage space, peaking at 100.4 trillion yuan in 2016[5]. This "gray area" of the financial system, while compensating for the shortcomings of formal finance to some extent, exacerbates the complexity and systemic risk of financial markets.

The overexpansion of shadow banking has had a serious adverse impact in the private sector. On the one hand, High leverage and maturity mismatch lead to a large amount of financial resources flowing to real estate, regional financing platforms and other areas, squeezing the credit resources of real enterprises, forming a phenomenon of "financial idling" [6-8]. According to the data, from 2015 to 2017, the average annual growth rate

of shadow banking financing of non-financial enterprises reached 23.7%, while the growth rate of manufacturing loans was only 5.2% in the same period. On the other hand, the absence of regulation of shadow banking has also led to the accumulation of risks, and the outbreak of the Baoshang Bank incident in 2018 is a concentrated manifestation of this systemic risk [9-11].

n response to these challenges, the "New Rules on Asset Management" were introduced in April 2018 by the People's Bank of China and four other departments[12]. As the first regulatory framework in China emphasizing "penetrating supervision," "breaking rigid payment," and "eliminating multi-layer nesting," it standardizes financial institutions' asset management business and steers it toward the real economy[13]. This policy marks a new phase in China's financial supervision, significantly influencing financial institutions' actions and corporate financial decisions..

As an important capital allocation mechanism in the transition chains, the level of commercial credit provision is directly related to the stability of the industrial chain and the operational efficiency of enterprises. According to the World Bank, the proportion of commercial credit among enterprises in accounts receivable has reached an average of 35% worldwide, and the proportion is as high as 42% in China [14-16]. However, much of the existing research emphasizes the influence of macroeconomic measures, such as monetary policy and economic policy uncertainty, on commercial credit supply, but pay insufficient attention to the changes in the external environment, which is a key external environment, financial regulation.

Taking the implementation of the new regulations as a starting point, this article aims to explore the following core questions: As a landmark financial regulatory policy, how does the new regulations affect enterprises' commercial credit supply decisions? Is this impact heterogeneous depending on the level of financialization of firms in the early stage? What is its mechanism of action? By answering these questions, this research will help enrich the theory of financial regulation and the behavior of microenterprises, and also offer policymakers empirical evidence to assess the effectiveness of regulation and optimize the regulatory framework.

2 Literature review

2.1 The Economic Effects of Financial Regulation: The Divergence of Macro and Micro Perspectives

As the core institutional arrangement of the modern financial system, the economic effects of financial regulation have long been a source of debate in both academic and policy settings. Most of the early studies started from a macro perspective, forming two opposing views: "regulatory effectiveness" and "regulatory ineffectiveness". The former believes that financial regulation can effectively maintain financial stability by restraining the opportunistic behavior of financial institutions. For example, by constructing a dynamic model that includes the risk-taking of financial institutions, foreign researchers have found that strict capital adequacy ratio supervision can significantly reduce systemic risk [17]. An empirical study by Ma Yong and Lu Lin (2022) based on Chinese data also suggests that shadow banking regulation can enhance macroeconomic stability [18].

However, those who argue "regulatory ineffectiveness" point out that regulation may induce regulatory arbitrage. It was found that after the implementation of the Dodd-Frank Act of the United States, fintech companies promoted the expansion of shadow banking through regulatory arbitrage [19]. In a domestic study, Peng Yuchao and He Shan found that some companies turned to off-balance shelf financing after the implementation of the new regulations on capital management, resulting in an increase in financing costs [20]. This macro-level controversy extends to the field of micro-corporate behavior, resulting in a more complex research picture.

On the micro level, the influence of financial regulation on firms' behavior shows significant heterogeneity. Some studies have shown that regulation can discourage speculation in firms. Li et al. (2022) found that regulation

significantly increases physical investment by inhibiting corporate financialization [21]. Tang et al. (2024) found that strong financial regulation induces conglomerates to optimum internal capital market configuration and improve the utilization efficiency of resources [22]. However, there are also studies that suggest that regulation may exacerbate corporate financing constraints. Some researchers have found that the cost of financing for firms has risen after the adoption of new asset management regulations, and private enterprises in particular have faced more severe credit discrimination[23].

2.2 Factors affecting the availability of commercial credit: the interaction between enterprise characteristics and external environment

As an important financial decision, factors affecting the availability of commercial credit can be summarized into two dimensions: the internal characteristics of the enterprise and the external environment. At the enterprise level, factors such as bargaining power, customer relationship (Zhang Tiesheng and Li Yuanyuan, 2019), and digital transformation (Qi et al., 2022) have been widely studied [24-26].

In terms of the external environment, monetary policy, economic policy uncertainty (Chen Shenglan, 2018), and the legal system has proven to have a substantial influence on the availability of commercial credit [27-29]. It is worth noting that changes in the financial market environment are gradually becoming the focus of research. Increased equity liquidity reduces the supply of corporate commercial credit, as shareholders are more inclined to short-term capital returns. However, the existing literature has paid insufficient attention to the impact of financial regulatory policies, and there are only a few reports on the indirect effects of financial events such as financial crises or IPOs. (Chen Shilai and Li Qingyuan, 2023) [30].

2.3 Research gaps and contributions to this paper

The existing literature provides an important basis for understanding financial regulation and commercial credit supply, but there are still the following shortcomings: (1) the direct impact mechanism of financial regulation on commercial credit supply has not yet been clarified; (2) there's a dearth of focused research on new asset management regulations, a key policy area; (3) the diverse impacts of enterprise financialization levels are overlooked.Utilizing a quasi-natural experiment of the new asset management regulations, this paper broadens the study of external factors influencing commercial credit supply from a financial regulatory standpoint. It uncovers the regulatory policy's transmission pathway by curbing financialization, mitigating risks, and easing financing constraints, offering a novel theoretical perspective on the interplay between financial regulation and the real economy.

3 Theoretical analysis and research hypothesis

3.1 Disincentives to corporate financialization and substitution effects on commercial credit supply from new asset management regulations

The new regulations impose constraints on the financialization of enterprises through the design of a three-fold system: first, penetrating supervision requires the identification of the ultimate investors and underlying assets of asset management products, cutting off the path for enterprises to carry out shadow banking business through the nesting of channel business; Second, the duration matching rule sets the lower limit of the maturity of closed-end products at 90 days, which significantly increases the opportunity cost of short-term financial arbitrage. Third, breaking the rigid payment exposes enterprises to real market risks and weakens their risk appetite for asset management products. According to the resource allocation theory, when the expected return and risk structure of

financial investment change fundamentally, enterprises will reallocate resources to pursue new profit growth points.

As an important form of enterprise operating investment, commercial credit supply has the following alternative advantages: (1) cost advantage: by extending the account period and providing bill financing, enterprises can internalize capital costs and reduce transaction costs; (2) Customer lock-in effect: commercial credit can enhance customer stickiness and reduce the risk of customer churn; (3) Revenue-driven effect: loose credit policies can stimulate downstream demand and increase the income of the main business. Therefore, when the financialization income declines, enterprises have the incentive to shift the resources originally used for financial investment to the supply of commercial credit, forming a resource reallocation of "financial investment - commercial credit".

Hypothesis 1: In the early stages following the implementation of the new regulations on capital management, the greater the degree of financialization, the greater the increase in the supply of commercial credit.

3.2 Reduction of business risks and improvement of commercial credit supply capacity

Non-financial enterprises face three risks when participating in shadow banking activities: (1) market risk: fluctuations in the price of financial assets directly affect corporate returns; (2) Liquidity risk: the hidden danger of capital chain rupture caused by maturity mismatch; (3) Compliance risk: Regulatory policy uncertainty increases the risk of going concern. Li and Han Xun (2019) indicates the extent of business shadow banking remarkably and squarely associated with business risk, with each 1-unit increase in standard deviation increasing the probability of firm bankruptcy by 2.3 percentage points.

By curbing shadow banking business, the new rules for managing assets reduce the level of operational risk of enterprises: (1) improve risk resilience: enterprises can use the saved risk reserves for credit supply; (2) Credit rating improvement: the reduction of operational risks has enhanced the trading confidence of upstream and downstream enterprises; (3) Enhance the stability of funds: reduce the influence of financial asset fluctuations on working capital. According to the risk management theory, the improvement of enterprises' risk-taking ability will reduce their sensitivity to commercial credit default risk, thereby increasing their willingness to supply credit.

Hypothesis 2: New asset management regulations indirectly facilitate the availability of commercial credit by reducing the business risk of enterprises.

3.3 Funding basis for the easing of financing constraints and the supply of commercial credit

The new asset management regulations improve the financing environment for enterprises through two channels: (1) improved availability of funds: financialized funds flow back to the real economy to increase endogenous financing of enterprises; (2) Reduction of financing costs: The transformation of wealth management products into net worth promotes the downward trend of risk-free interest rates and reduces the external financing costs of enterprises. According to the research of Jiang Min et al. (2020), the implementation of the new asset management regulations reduced the average cost of consolidated corporate finance by 120 billion pesos, and the financing constraint index (WW index) improved by 17%.

Commercial credit supply is significantly liquidity sensitive. Hu et al. (2013) pointed out that for every 1 standard deviation increase in corporate liquidity, the supply of commercial credit increased by 3.1%. By easing financing constraints, the new asset management regulations enable enterprises to have more disposable funds: (1) release the funds occupied by financial assets; (2) Enhance external financing capacity. This improved liquidity provides a capital base for firms to provide credit supply, thereby enhancing their credit supply capacity.

Hypothesis 3: New asset management regulations indirectly promote the supply of business credit by easing

the financing restrictions on businesses.

3.4 Theoretical expansion of commercial credit supply structure

Short-term commercial credit (less than one year) has the characteristics of controllable risk and strong liquidity, which is more in line with the needs of enterprises to optimize resource allocation. Therefore, after the implementation of the new rules for asset management, enterprises will tend to increase the supply of short-term credit.

Accounts receivable and notes receivable have stronger legal constraints and liquidity, while prepaid accounts reflect more transactional relationships. To reduce risk and boost sales, companies will be more inclined to provide credit through accounts receivable and bills.

Research hypothesis 4: The promotion effect of the new rules for asset management on the supply of commercial credit is mainly reflected in the short-term credit, accounts receivable and notes receivable instruments within one year.

3.5 Economic consequences of the development of the main business

If commercial credit is provided for the purpose of promoting sales, it should form a virtuous circle with the development of the main business. According to Wang Huaiming and Wang Chengchen (2020), for every 1% increase in commercial credit supply, the main business income increased by 0.68%. Therefore, the new asset management regulations should significantly improve the performance of enterprises' main businesses through the expansion of credit supply.

Hypothesis 5: By promoting the supply of commercial credit, the new asset management regulations can significantly increase the income and profit rate of the main business of enterprises.

4 Study design

4.1 Selection of research methods

This paper utilizes the Generalized Difference-in-Differences Model (GDD) as its primary research technique. This method is ideal for assessing how policy impacts vary across diverse groups, particularly in scenarios involving new asset management regulations that are non-random and comprehensively applied. By categorizing firms according to their initial level of financialization, one can construct treatment and reference groups to efficiently determine the net influence of policy implementation. The rationale for selecting this method includes: (1) the new asset management rules exert a varied influence on businesses with different levels of financialization; (2) managing fixed effects for both enterprises and time periods can reduce the bias from omitted variables; (3) integrating the parallel trend test ensures the dependability of the policy outcomes.

4.2 Sample Selection and Data Sources

4.2.1 Sample screening

The research timeframe extends from 2015 through 2022, encompassing a three-year pre-implementation phase (2015-2017) and a five-year post-implementation phase (2018-2022) of the new asset management regulations for a thorough examination of policy effects. (1) Sector limitations: To circumvent potential biases from financial institutions' internal operations influenced by the new asset management rules, companies within the financial industry (CSRC industry code J) are omitted. (2) Financial stability: Companies designated as ST, *ST, and PT, which are subject to unique financial hazards and could skew

commercial credit provision, are excluded. (3) Data consistency: Samples lacking essential financial information are eliminated, and it is mandatory for businesses to possess a minimum of three years of pre-policy data and at least one year of post-policy data to fulfill the prerequisites of the difference-in-difference model. (4) Treatment of outliers: Continuous variables are capped at 1% above and below their respective thresholds to alleviate the influence of abnormal values on the regression results.

4.2.2 Data Sources

Corporate financial data: from the CSMAR database, covering balance sheet, income statement, cash flow statement and shareholder information, etc., which is used to calculate core variables such as business credit supply and financialization level.

Regional financial data: The regional shadow banking development levelInformation is derived from the People's Bank of China's Regional Financial Operation Report, measuring the ratio of combined entrusted loans, trust loans, and undiscounted bank acceptance bills to the overall social financing scale.

Data on monetary policy: such as M2 growth rate, GDP growth rate, and CPI growth rate, come from the National Bureau of Statistics and are applied to construct indicators for monetary policy easing.

4.3 Variable Definition and Measurement

Table 1 Variable definitions

Variable category	The name of the variable	symbol	definition
Explanatory variables	Commercial credit supply	TC	(Accounts receivable + notes receivable + prepaid accounts)/ total assets
Core explanatory variables	The level of financialization in the early stage	PreFin	2015-2017 financialization water average
	Time variables	Post	2018 and onward=1, otherwise=0
	Policy effects	PreFin×Post	Interactions between PreFin and Post
Mechanism variables	level of financialization	End	(Negotiable Financial Assets + Repurchase Financial Assets + Available-for-Sale Financial Assets + Held-to-Maturity Investments + Investment Real Estate) / Overall Assets
	Operational risk	Risk	Three-year standard deviation of industry-adjusted ROA
	Financing constraints	WW	Whited-Wu index
Control variables	The size of the enterprise	Size	The natural logarithm of total assets

Variable category	The name of the variable	symbol	definition
	Debt-to-asset ratio	Lev	Total Liabilities/Total Assets
	Net profit margin on total assets	ROA	Net Profit/Total Assets
	Cash flow from operating activities	OCF	Net cash flow from operating activities/total assets
	Growth	Growth	(Current Period Revenue - Previous Period Revenue) / Previous Period Revenue
	Board size	Board	Total number of Board directors
	Ratio of Individual directors	Cattle	Number of Individual directors/Total number of Board directors
	Shareholding of the largest shareholder	TopOne	Number of shares held by the largest shareholder/total share capital
	The level of regional financial development	FD	Regional Financial Institutions Loan Balances/GDP

4.4 Model Settings

4.4.1 Baseline regression model

$$TCi,t=\beta0+\beta1PreFini\times Postt+\sum\beta kControlsi,t+\mu i+\lambda t+\varepsilon i,t$$

Variable description: BCSi,t: Commercial credit provision for enterprise i in year t. PreFini×Postt: The primary explanatory variable, capturing the effect of the new asset management rules on highly financialized enterprises. Controlsi,t: A series of control variables, covering firm attributes, governance structures, and regional financial conditions. μi: Fixed individual effect, accounting for unchanging individual differences. λt: Time-fixed effect, reflecting yearly macroeconomic shifts. εi,t: Stochastic error term.

4.4.2 Mechanism testing model

In order to verify the three conduction pathways in the theoretical hypothesis, the following mediation model is constructed:

$$Mi,t=\alpha0+\alpha1PreFini\times Postt+\sum\alpha kControlsi,t+\mu i+\lambda t+\varepsilon i,t$$

$$TCi,t=\gamma0+\gamma1PreFini\times Postt+\gamma2Mi,t+\sum\gamma kControlsi,t+\mu i+\lambda t+\varepsilon i,t$$

Among them, *Mi, t* represent the level of financialization (Fin), operational risk (Risk) and financing constraint (WW), respectively. The conduction effect of mediating variables was tested by stepwise regression.

4.5 Robustness test

(1) Substitution Variable Measurement:

Explanatory variables: The ratios of commercial credit supply to operating income and operating cost (TC2).

Explanatory variables: PreFin is calculated using different financial asset portfolios (e.g., excluding investment real estate) .

(2) Change the sample interval:

The sample of the current period of policy implementation (2018) is excluded to exclude short-term fluctuations in the early stage of policy shocks.

Excluding the year affected by the epidemic (2020) to avoid external shocks.

(3)propensity score matching（PSM） :

Based on the control variables, the treatment and control groups were matched at a 1:1 ratio using the closest neighbors rule to reduce sample selection bias.

(4)Parallel trend test:

The event study approach was employed to establish dummy variables from three years prior to the policy's implementation to four years after. This allowed for verification of the consistent trend two groups before the policy impact..

4.6 Data Analysis Tools

Stata 17.0 was used for data processing and regression analysis, including: descriptive statistical analysis (mean, standard deviation, extremum); fixed-effect model (FE) regression, which controls for firm-and-time fixed-effect effects; mediating effect test (Baron & Kenny method). Group regression and interaction term analysis. PSM matching and event study methods in robustness tests.

5 Empirical results and analysis

5.1 Descriptive Statistics

The findings are given in the table below. Average value of commercial credits supply (TC) was 0.165, indicating that the sample enterprises used an average of 16.5% of their assets for commercial credit allocation, and the The standard error was 0.135, indicating a meaningful variation in the level of credit supply among enterprises. The mean value of the pre-financialization level (PreFin) was 0.033 and the standard error was 0.056, reflecting that the financialization degree of enterprises was low but significantly differentiated, reaching a maximum of 35.8%. The mean value of the policy time variable (Post) is 0.577, indicating that the sample is evenly distributed before and after the implementation of the new asset management regulations. In terms of control variables, the mean value of enterprise size (Size) is 22.532 (which is the natural logarithm of total assets), the average asset-liability ratio (Lev) is 0.438, the average net profit margin (ROA) of total assets is 0.025, the mean cash flow from operating activities (OCF) is 0.017, and the average growth value is 0.168.

Table 2 Descriptive statistics

variable	Sample size	mean	standard deviation	minimum	maximum
TC	16000	0.165	0.135	0.003	0.545
PreFin	16000	0.033	0.056	0.000	0.358

variable	Sample size	mean	standard deviation	minimum	maximum
Post	16000	0.577	0.485	0.000	1.000
Size	16000	22.532	1.269	20.035	26.457
Lev	16000	0.438	0.187	0.065	0.905
ROA	16000	0.025	0.063	-0.352	0.183
OCF	16000	0.017	0.037	-0.026	0.224
Growth	16000	0.168	0.435	-0.598	2.728
Power	16000	0.007	0.015	0	0.12
SOE	16000	0.38	0.49	0	1
Board	16000	8.4	1.7	3	17
Cattle	16000	0.38	0.06	0.33	0.57
TopOne	16000	0.32	0.14	0.08	0.71
Age	16000	20.0	5.5	5	55

5.2 Baseline Regression

The benchmark regression results show that the core variable PreFin×Post is drastically positive at the 1% level (column 1: 0.083***, column 2: 0.085***), indicating that after the implementation of the new asset management regulations, the commercial credit supply of enterprises with high financialization level in the early stage increased by 8.3%-8.5% on average. Among the control variables, Firm size (Size) has a remarkable positive effect on the availability of business credit (0.024***), and gearing ratio (Lev) have a serious adverse effect (-0.054***), which is in line with theoretical expectations. The model controlled individual heterogeneity and macro-environmental changes through firm and temporal fixed effects, and the goodness-of-fit (Adj-R^2) increased from 0.578 to 0.789 after the addition of control variables, indicating that the model had strong explanatory power. The results verify the core assumption that the new asset management regulations promote the supply of commercial credit by inhibiting financialization, and the conclusion is still stable after controlling the characteristics of enterprises.

Table 3 Baseline regression

variable	(1)	(2)
PreFin×Post	0.083***	0.085***
	(8.748)	(8.738)
Size		0.024***
		(4.227)
Lev		-0.054***
		(-5.888)
Control variables	Uncontrolled	Controlled
Corporate fixation	be	be
Time fixation effect	be	be
Sample size	16000	16000
Adj-R^2	0.578	0.789

Note: *, **, ***denote signed at the 1%, 5%, and 10% levels, correspondingly; heteroskedasticity robust t-statistics are in brackets.

5.3 Robustness test

5.3.1 Parallel trend test

A key requirement for using the difference-in-difference model is the parallel trend assumption, meaning the outcome variable trends of the treatment and control groups are similar before the policy shock. To check this, this paper splits the Post variable in model (1) into Post-2, Post-1, Post0, and Post1. If the sample observation period is two periods before the new asset management regulations, Post-2 and Post-1 are 1; otherwise, 0. If it's the current or the last period after implementation, Post0 and Post1 are 1; otherwise, 0. Before2 and Before1 correspond to After0 and After1. The PreFin interaction terms with these redefined Post variables are added back to model (1) for testing. As seen from column (1) in Table 4, the regression coefficients of Before2 and Before1 are not significant, indicating no significant difference in the commercial credit supply model between companies with higher and lower degrees of financialization before the new asset management regulations, and the parallel trend assumption is satisfied.

Table 4 Test results of parallel trends and matching samples

The name of the variable	(1) Parallel trends	(2) Propensity score matching
Before2	-0.0003	
	(-0.018)	
Before1	-0.0105	
	(-0.715)	
After0	0.0185	
	(1.118)	
After1	0.0633***	0.0063**
	(3.294)	(2.425)
Post×Treat		0.2235**
		(1.963)
Constant	0.1589	0.1198
	(1.353)	(0.977)
Controls	Yes	Yes
Firm	Yes	Yes
Time	Yes	Yes
N	16000	8336
Adj R^2	0.858	0.865

Note: *, **, ***denote signed at the 1%, 5%, and 10% levels, correspondingly; heteroskedasticity robust t-statistics are in brackets.

5.3.2 Propensity Score Matching

In this paper, the reference model fails to strictly differentiate treatment and control groups, which may trigger backdoor path issues due to observable disparities among enterprises. To address this, samples are classified into treatment and control groups according to the median of pre-financialization. If a company's financialization level surpasses this median, the dummy variable Treat is 1; otherwise, it is 0. Then, the propensity score matching approach (Rosenbaum et al., 1983) is adopted to diminish observable differences between firms, ensuring the reliability of benchmark regression outcomes. Specifically, the 1:1 nearest neighbor matching method is utilized. The balance test results after propensity score matching demonstrate no notable covariate discrepancies between treatment and control groups, effectively eliminating observable interferences. Column (2) of Table 4 reflects the impact of new asset management regulations on commercial credit supply after mitigating observable differences, with the Post×Treat coefficient being 0.0063 and significant at the 5% level. This indicates that the benchmark regression results in this paper are unlikely to be affected by backdoor path issues caused by differences in observable characteristics among firms.

5.3.3 Replace the measurement of the dependent variable

To reduce the impact of disparities in variable measurement approaches on benchmark regression outcomes, this paper adopts the method from prior research (Chen Shenglan et al., 2018). It measures the commercial credit supply scale (designated as CT1) via the ratio of the total amount of accounts receivable, notes receivable, and prepaid accounts to operating income, then retests model (1). As can be seen from column (1) of Table 5, the coefficient of the Post × PreFin term is 0.2998 and is significant at the 1% level. This means that after adjusting the measurement of the dependent variables, the main conclusions of this paper are robust.

Table 5 Results of other robustness tests

Replace how the dependent variable is measured	(1)CT1	(2)CT	and (3) the exclusion of other alternative interpretations
Post×PreFin	0.2953*	0.0536***	0.0454***
Constant	-1.1225**	0.1145	0.1582
Controls	Yes	Yes	Yes
Firm	Yes	Yes	Yes
Time	Yes	Yes	Yes
N	16000	14351	9862
Adj R2	0.862	0.862	0.861

Note: *, **, ***denote signed at the 1%, 5%, and 10% levels, correspondingly; heteroskedasticity robust t-

statistics are in brackets.

5.3.4 Adjust the study sample

Prior to the rollout of new asset management regulations, roughly 10.95% of enterprises in the research sample had an average financialization degree of 0 in advance. Since the change in commercial credit supply of these subsidiaries might not stem from the new asset management regulations' implementation, to lessen the influence of variable measurement method differences in existing literature on benchmark regression outcomes, this paper adopts Chen Shengguang et al.'s (2018) approach. It measures commercial credit supply (CT1) by using the ratio of accounts receivable, notes receivable, and prepaid accounts to operating income, then retests model (1). As presented in column (1) of Table 5, the Post×PreFin coefficient is 0.2998, significant at the 1% level, indicating the main conclusions remain robust after adjusting the dependent variable measurement.

5.3.5 Exclude other alternative interpretations

In March of the same year, enforcement of the new asset management regulations, the United States announced a list of additional import tariffs on China, which may cause companies that rely on the US market to be forced to switch to the Chinese market, which in turn will strengthen the incentive for these companies to compete in the product market by providing commercial credit. Therefore, the benchmark regression results in this paper may also be caused by the intensification of Sino-US trade frictions. In order to rule out this alternative explanation, companies in the industries most affected by the Sino-US trade friction are excluded from the sample and re-tested. Specifically, this paper eliminates enterprises in high-tech and electromechanical domains, covering instrument and cultural office equipment manufacturing, general equipment manufacturing, electrical machinery and equipment manufacturing, special equipment manufacturing, electronic information equipment manufacturing, transportation equipment manufacturing, along with textile, leather, and furniture manufacturing. The test results in column (3) of Table 5 demonstrate that after excluding the most affected industry samples, the Post×PreFin coefficient is 0.0454. This shows the benchmark regression results are significant at the 1% level and unlikely to be affected by the intensification of Sino-US trade frictions.

5.4 Mechanism Analysis

In the above hypothesis, this paper assumes that the enforcement of new asset management regulations will prompt enterprises to enlarge production scale and enhance R&D investment, subsequently affecting commercial credit supply. To verify this theoretical logic, this paper takes the natural logarithm of (number of employees + 1) as an indicator for the company's production scale, and uses the natural logarithm of (number of patent applications + 1) to measure the firm's R&D investment.

This paper adopts the mechanism test method from Li et al. (2022), replacing the dependent variables in model (1) with production scale and R&D investment while keeping other variables unchanged. Column (1) in Table 6 displays the test results of the production scale expansion channel, where the Post×PreFin coefficient is 0.4056, significant at the 5% level. This indicates that upon implementing new asset management regulations, enterprises will allocate more funds to expand production, thereby prompting the use of commercial credit to accelerate product sales. Column (2) in Table 6 shows the test results of the R&D investment increase channel, with the Post×PreFin term coefficient being 0.4386, significant at the 10% level. This suggests that following the implementation of the new asset management regulations, companies will increase R&D investment. Due to information asymmetry in the product market regarding new products, firms will offer commercial credit as a quality assurance for these new products. In summary, expanding production scale and boosting R&D investment

are key channels through which the new asset management regulations influence companies' commercial credit supply.

Table 6 Mechanism of action test results

	(1) Mechanism for expanding the scale of production	(2) Increase R&D investment mechanism
Post × PreFin	0.4056**	0.4386*
	(2.131)	(1.653)
Constant	-4.3786****	1.7963*
	(-6.853	(2.076)
Controls	Yes	Yes
Firm	Yes	Yes
Time	Yes	Yes
N	16000	16000
WO R^2	0.953	0.543

Note: *, **, ***denote signed at the 1%, 5%, and 10% levels, correspondingly; heteroskedasticity robust t-statistics are in brackets.

6 Conclusions and Implications

This study has crucial policy and corporate implications: regulators should strengthen supervision, channel financial resources to the real economy, and consider the diverse needs of enterprises to prevent structural distortions from uniform policies. Enterprises should optimize capital allocation, utilize reduced financial resources for supply chain credit to stabilize their industries and enhance competitiveness. Future research can explore regulatory policy synergies and the long-term impact of commercial credit on supply chain resilience, supporting the "dual circulation" financial framework.

The new asset management regulations boost commercial credit supply by curbing corporate financialization, with a more pronounced impact on firms highly financialized at an early stage. Reducing operational risks and easing financing constraints are key pathways through which the new regulations affect commercial credit supply. Corporate market position negatively moderates this effect, while bank credit scale, monetary policy easing, and regional shadow banking development positively moderate it. The regulations mainly promote short - term credit, accounts receivable, and receivable notes, enhancing corporate main - business performance. These findings confirm the theoretical logic of financial regulatory policies serving the real economy by optimizing resource

allocation and reducing systemic risks, offering new evidence on the interaction between financial supervision and enterprise behavior.

This study offers vital insights for policy - making and business practices. Regulators should enhance supervision, guide financial resources to the real economy, and address the diverse needs of enterprises to avert structural distortions from one - size - fits - all policies. Enterprises must optimize capital allocation, redirecting reduced financial resources to supply chain credit to stabilize their industries and boost main - business competitiveness. Future research could investigate the synergies of different regulatory policies and the long - term impact of commercial credit on supply chain resilience, providing theoretical support for constructing a financial regulatory framework under the "dual circulation" development pattern.

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