Research on the Volatility Spillover Effects of Real Estate Industry and Banking Based on VAR under the Influence of COVID-19 Pandemic

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Abstract. Affected by the COVID-19 pandemic, the volatility of the Chinese financial market has intensified. To study the impact of COVID-19 pandemic on the spillover effects of real estate and banking, selecting the daily closing price of the banking and real estate from December 22, 2016 to March 22, 2024 as research samples, this paper divides three sub-sample intervals into periods before the pandemic, during the pandemic control and in the post-pandemic era. Through the vector autoregressive (VAR) model, the difference in the spillover effects of the two industries in the three periods is compared. The main conclusion is that the impact of the epidemic is mainly reflected in the spillover effects of banking on real estate. Compared with the period before the pandemic, the negative impact of banking on real estate during the pandemic control lasted longer. In the post-pandemic era, the direction of the banking spillover effect on real estate has changed, which shows a stronger positive impact. Combined with the empirical results, this paper puts forward three policy recommendations. Banking can avoid risks and promote the common development of banking and real estate through credit support, financial innovation and risk management.

Keywords: Impact of the Pandemic; Post-Pandemic Era; VAR Model; Real Estate Index; Banking Index.

1. Introduction

In recent decades, China’s real estate industry and banking have experienced rapid development and major changes. With the acceleration of urbanization, the real estate industry has become an imperative engine to boost economic growth, stimulate the development of related industries, and promote investment, consumption and employment, which constitutes to Chinese economy. In addition, China’s banking has realized the transformation from a planned economy to a market economy. There is a close relationship between the real estate industry and the banking. A large amount of funds need to flow from the banking system to the real estate market, and the high capital demand for real estate projects also provides banks with huge profit opportunities. Their capital flow and interests make them interdependent in the Chinese economy and jointly promote stable economic growth. It is this bond that brings certain risks to each other. Fluctuations in the real estate market may lead to an increase in banks’ non-performing assets, which in turn will affect financial stability. Compliance risks in the banking and broken capital chains may also hurt the real estate market.

The governmental regulation of the real estate market and the banking market must keep pace with the times. Only by comprehensively implementing policies in combination with the current situation can we balance the stable and healthy development of the real estate market, ensure the stable operation of the banking industry, and provide more reliable financial support and protection for sustained economic growth. According to the research by Chen Xun et al. [1], the occurrence of extreme events will greatly increase the risk correlation between the two industries. After the three-year pandemic prevention and control, the risk spillover effect between China’s real estate industry and banking is bound to be affected. Given that there are relatively few domestic related studies, this paper will use the VAR model to focus on the impact of the COVID-19 pandemic on the spillover effects of the two industries, so as to provide policy formulation with some references and propose reasonable suggestions.

The follow-up content of this paper is as follows. The second section is a literature review. The third section is about model methodology and research design, introducing the research model and
principle. The fourth section consists of empirical research and result analysis. The fifth section is about conclusions and policy enlightenment.

2. Literature Review

To maintain the stable operation of the financial system, many scholars at home and abroad have conducted rich research on the impact mechanism and spillover effect between the real estate industry and banking.

Regarding the mechanism of interaction between the real estate industry and banking, Wen Fenghua et al. [2] found that price changes in the real estate industry have a certain positive impact on banking in a short period, but then exacerbate vulnerability. Chen et al. [3] proposed that fluctuating real estate prices will lead to stock price changes with a complex correlation between them. According to the research of Wang Hui and Li Shuo [4], the system composed of real estate and banking is more fragile than the separate banking system with a faster speed of risk transmission. These studies all reveal the fact that there is a spillover effect between the real estate industry and banking. Gong et al. [5] confirmed that considering the systemic risk of the financial industry, the spillover effect of the real estate industry on other industries is the most obvious, indicating that the real estate industry can be regarded as the source of systemic risk. Chan also found that the credit risk of China’s real estate industry has large-scale spillover effects on other industries. As for the specific reasons, Poghosya [7] found that the level and changes of real estate prices are not the reasons for the banking crisis, but their deviation from the basic value is the reason for the banking instability. Chen et al. [8] believed that the inflow of international investment capital would greatly affect China’s real estate prices. Xiao Binqing et al. [9] pointed out that the decline in the real estate market will lead to defaults by real estate enterprises, leading to an increase in the non-performing loan ratio of the banking industry, which in turn will affect the stability and profitability of banks. Glaeser [10] believed that the flexibility of real estate makes it a more alternative asset for banking. It is this preference that enables real estate to be the source of financial crises. Based on the research of Jiang Kun [11], the banking excessive dependence on the real estate industry may exacerbate the risks of the financial system. According to the research by Stengkui et al. [12], when the real estate market bubble expands, developers and realty buyers generally use leveraged financing for speculation. Once real estate prices fall sharply, these highly leveraged assets face huge mortgage value losses, which accelerate the depreciation of bank credit assets, damage the capital strength of banks, and rapidly spread financial risks.

Among the studies on the specific intensity of risk spillovers between the real estate industry and banking, the VAR and CoVaR models are the most widely used. For example, Jiang Hongli et al. [13] used the GARCH-EVT model and the VAR-Granger causality test model to study the spillover effect between China’s real estate industry and banking. Similarly, Ahmed et al. [14] analyzed their spillover effects through three risk indexes such as VaR, CoVaR and delta CoVaR. Elyasiani et al. [15] used GARCH to study the influence relationship between the stocks of enterprises in the real estate industry and banking to reflect their spillover effect. However, most of these studies are from the perspective of static research, which does not pay enough attention to the dynamic changes of risk spillovers between the two markets. Chen et al. [16] proved that time-varying spillovers can help us better understand the interaction between markets by focusing on total spillovers, directional spillovers and net spillovers. Xu et al. [17] and Hu Chengchun et al. [18] respectively used time-varying parameter VAR models to measure the dynamic correlation between real estate and banks. According to the research on dynamic changes, in some extreme cases, the economy is in an unstable state, which will also affect the intensity of spillover effects, providing further enlightenment for later research. Foglia et al. [19] studied the risk spillover effects between the real estate industry and banking under harsh and good conditions respectively through the Granger causality test, which found that the spillover intensity changed under extreme conditions. Chen Xun et al. [20] used the Copula function to construct the GPD-Copula-CoVaR model to examine the risk spillover of the banking and
real estate industry from 2000 to 2017. Hao Qingmin et al. [21] and Yuan Ying et al. [22] further studied the main ways in which the two industries interact with each other. In addition, regarding the banking industry as the main body of the financial system, Sun Ling et al. [23] comprehensively examined the impact of the real estate industry on the entire financial system composed of various types of financial institutions such as state-owned banks and joint-stock banks. According to the research by Zhang et al. [24] who regarded banking, securities, insurance, diversified finance and real estate as a whole constituting China’s financial market, the risk contagion between the banking and the real estate industry is the most apparent. However, Zhang et al. [25] subdivided the real estate industry into second-hand real estate and new real estate to obtain different measurement results. In the research on the intensity of risk spillovers, Sun Ling et al. [26] also conducted an econometric analysis of the driving factors affecting the intensity of systemic risk spillovers, which proved through stepwise regression that the risk of real estate and the asset size are the key factors affecting the intensity of systemic risk spillovers.

To sum up, existing studies indicate a two-way spillover effect between the real estate industry and banking. There is a dynamic risk correlation and extreme cases will have an impact on the spillover effect. The implementation of some policies will reduce the influence between the two industries in a short period, but it cannot be effective for a long time. Hence, policymakers must keep pace with the times, implement corresponding policies in light of the current situation, and continue to heed market trends to better handle a mechanism of the cross-transmission risks between the real estate market and the banking. According to the research by Jiang Hai [27], Yi Xingjian [28] et al., the COVID-19 pandemic has greatly affected the financial market, and the relevance of the modern economy will further amplify this impact. On this basis, this paper studies the changes in the spillover effects of the banking and the real estate industry under the influence of the pandemic. Meanwhile, it compares and analyzes the differences in the periods before the pandemic, during the pandemic control and in the post-pandemic era to obtain more comprehensive and complete conclusions, providing certain references for policy formulation.

3. Model Methodology and Research Design

To avoid the multicollinearity and consider the interaction between the real estate industry and banking, this paper adopts the VAR model and correlates multiple variables in the current period with variables in multiple periods in the past to establish a multiple regression equation. Then, the parameters of the model are obtained by estimating the parameters of the existing historical data. With these parameters, future risks can be predicted. VAR models use conditional heteroscedasticity to account for the volatility of risk factors, thus estimating the maximum possible loss of a portfolio at a given confidence level. The specific mathematical expression is as follows:

$$Y_t = A_1 Y_{t-1} + A_2 Y_{t-2} + \cdots + A_p Y_{t-p} + BX_t + u_t$$

Where $Y_t$ represents the $K \times 1$ time series vector and the observed data containing $K$ internal variables, which is the target variable for modeling and prediction. There is $K=2$, including the bank index and the real estate index. Coefficient matrices $A_1, A_2, \ldots, A_p$. Each $A_j$ in $AP$ is a coefficient matrix of $K \times K$, which is used to represent the impact of internal variables in the past $j$ period on internal variables in the current period. B is a $K \times M$ coefficient matrix that represents the effect of external variables on internal variables. $X_t$ represents an $M \times 1$ vector containing external factors, which is used to represent the observed values of external factors in the current period $t$. As a residual vector of $K \times 1$, $u_t$ represents stochastic fluctuations that cannot be explained by the model. It is a white noise error term and is assumed to have a mean of 0 without autocorrelation.

The goal of the VAR model is to estimate these coefficient matrices $A_1, A_2, \ldots, A_p, B$, so that it can more accurately predict the values of future internal variables with historical data and external factors. By introducing $X_t$ external factors, more factors that may affect internal variables can be considered, thus improving the explanatory and predictive capabilities of the model.
4. Empirical Research and Results Analysis

4.1 Data Sources and Descriptive Statistics

The sample data studied in this paper comes from the RESSET Financial Database. The daily closing price of the Shanghai Stock Bank Index and Shanghai Stock Real Estate Index is selected for empirical analysis. To better compare the impact of the pandemic on the spillover effects of the two industries, the total sample interval includes periods before the pandemic, during the pandemic control and in the post-pandemic era.

December 29, 2019 when the health department of Wuhan City, Hubei Province received the first unidentified case was a sign of the pandemic’s beginning. December 22, 2022 when the State Council announced the end of the pandemic control was the termination of the three-year control. These two time periods are division points of the sample interval. Considering the impact of the pandemic beginning and the end of the pandemic control, the total research sample interval used in this paper is from December 22, 2016 to March 22, 2024. Specifically, the number of samples before the pandemic, during the pandemic control and in the post-pandemic era are 736, 724, and 285 sets of data respectively.

Before using the VAR model, we must ensure that the used data are stationary. In this paper, the daily closing price of the stock is taken the logarithm as the first-order difference and then expanded by 100 times to stabilize the time series data as follows:

\[ EY_t = (\ln EP_t - \ln EP_{t-1}) \times 100 \]
\[ BY_t = (\ln BP_t - \ln BP_{t-1}) \times 100 \]

\( EY_t \) and \( BY_t \) respectively represent the daily return rate of the real estate industry and the banking in period \( t \). \( EP_t \) and \( BP_t \) respectively represent the daily closing price of the real estate industry and the banking in period \( t \).

After preprocessing the data, the daily return rate of the banking and real estate industry is obtained through the above methods. Meanwhile, we made descriptive statistics on the daily return rate of the total sample interval, with results shown in the following table:

<table>
<thead>
<tr>
<th>Sequence</th>
<th>Average</th>
<th>Maximum</th>
<th>Minimum</th>
<th>Standard Deviation</th>
<th>Skewness</th>
<th>Kurtosis</th>
<th>JB Value</th>
<th>P Value</th>
<th>Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>BY</td>
<td>0.001</td>
<td>8.491</td>
<td>-6.615</td>
<td>1.095</td>
<td>0.344</td>
<td>7.384</td>
<td>1431.803</td>
<td>0.000</td>
<td>1745</td>
</tr>
<tr>
<td>EY</td>
<td>-0.020</td>
<td>7.984</td>
<td>-9.633</td>
<td>1.563</td>
<td>0.123</td>
<td>6.149</td>
<td>725.586</td>
<td>0.000</td>
<td>1745</td>
</tr>
</tbody>
</table>

According to the descriptive statistics, the banking as a whole shows a small positive income while the real estate industry presents a greater negative income, indicating that their overall development trend is the opposite. The difference between the maximum and minimum of the two industries is large, which proves a large fluctuation range. At the same time, the standard deviation of the real estate industry is greater, indicating that the volatility of the real estate industry is greater than that of the banking. The skewness coefficients are all positive but small, which demonstrates that the distribution of returns is slightly skewed to the right compared with the normal distribution, but the overall is relatively symmetrical. The kurtosis coefficients are all positive with large values, confirming an obvious kurtosis in the data distribution, which is more concentrated near the mean value. The JB values are all significant and the P value is 0.00, which rejects the null hypothesis of normal distribution.

To further intuitively compare the data of the real estate industry and the banking, their timing charts of the daily closing prices and daily returns within the total sample interval are as follows:
By comparing the price fluctuation charts of the real estate industry and the banking, it can be seen that their fluctuation trends before 2022 are roughly the same. However, after 2022, the prices of banking show an increasing trend, while the real estate industry continues to stabilize for a period and then declines. Based on the further analysis of the timing chart of the return rate, the fluctuation trend is also similar with highly overlapping timing of extreme values. For example, extreme values emerged in the early control stage in 2020, which stabilized after one year. From the perspective of volatility, the volatility of banking is even greater. To sum up, it can be inferred that there is a certain linkage between the two industries, which would be confirmed by building a VAR model.

### 4.2 Unit Root Stationary Test

Before using the VAR model for empirical analysis, it is necessary to confirm whether the target time series is stationary to avoid pseudo-regression. In this paper, the ADF unit root test to confirm its stationarity. The null assumption is that there is a unit root or the sequence is not stationary. The ADF statistic is compared with the critical value at the 1% significance level. If the ADF statistic is less than the critical value, the sequence is considered stationary. To better study the impact of the pandemic, the follow-up research is based on the comparative analysis of the above-mentioned three sub-sample intervals marked by the beginning and end of the COVID-19 pandemic. The daily return rate sequence is tested by ADF. In the COVID-19 pandemic, the daily return rates of the real estate industry are $\text{EY}_1, \text{EY}_2, \text{EY}_3$, and the daily return rates of the banking are $\text{BY}_1, \text{BY}_2, \text{BY}_3$, with test results shown in Table 2:

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Hysteresis Order</th>
<th>P Value</th>
<th>ADF Value</th>
<th>1% Critical Value</th>
<th>Test Result</th>
<th>With Unit Root or Not</th>
</tr>
</thead>
<tbody>
<tr>
<td>EY1</td>
<td>3</td>
<td>0.000</td>
<td>-13.637</td>
<td>-3.430</td>
<td>Smooth</td>
<td>None</td>
</tr>
<tr>
<td>BY1</td>
<td>3</td>
<td>0.000</td>
<td>-13.880</td>
<td>-3.430</td>
<td>Smooth</td>
<td>None</td>
</tr>
<tr>
<td>EY2</td>
<td>3</td>
<td>0.000</td>
<td>-13.588</td>
<td>-3.430</td>
<td>Smooth</td>
<td>None</td>
</tr>
<tr>
<td>BY2</td>
<td>3</td>
<td>0.000</td>
<td>-13.719</td>
<td>-3.430</td>
<td>Smooth</td>
<td>None</td>
</tr>
<tr>
<td>EY3</td>
<td>3</td>
<td>0.000</td>
<td>-8.667</td>
<td>-3.457</td>
<td>Smooth</td>
<td>None</td>
</tr>
<tr>
<td>BY3</td>
<td>3</td>
<td>0.000</td>
<td>-9.242</td>
<td>-3.457</td>
<td>Smooth</td>
<td>None</td>
</tr>
</tbody>
</table>
According to Table 2, the ADF statistics with a lag of three orders in samples in the first, middle and late stages of the COVID-19 pandemic are all less than the 1% critical value, rejecting the null hypothesis of time series instability. Hence, the empirical estimation of the VAR model can be carried out on three groups of sub-samples respectively.

### 4.3 Co-Integration Test

Through the above research, it is found that there is a strong correlation between the two industries as a whole and the time series are stable in the three groups of sub-sample intervals. A VAR model can be constructed and the co-integration test can be used to further judge the model stationarity, with the result as follows in Table 3:

<table>
<thead>
<tr>
<th>Sample Interval</th>
<th>Null Hypothesis: Number of Co-integration Vectors</th>
<th>Test Value of Co-Integration Rank Trace (5% Critical Value)</th>
<th>Test Value of Maximum Eigenvalue (5% Critical Value)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016.12.22—2019.12.28</td>
<td>0</td>
<td>587.21 (18.17)</td>
<td>312.56 (16.87)</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>274.65 (3.74)</td>
<td>274.65 (3.74)</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>0.31</td>
<td>0.31</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>274.53 (3.74)</td>
<td>274.53 (3.74)</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>0.32</td>
<td>0.32</td>
</tr>
<tr>
<td>2022.12.22—2024.3.22</td>
<td>0</td>
<td>227.52 (18.17)</td>
<td>122.22 (16.87)</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>105.29 (3.74)</td>
<td>105.29 (3.74)</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>0.31</td>
<td>0.31</td>
</tr>
</tbody>
</table>

The optimal lag order of the VAR model is determined to be 3 by the information criterion. The figure below shows the AR test results of the three groups of sub-samples. Meanwhile, figures from left to right correspond to the samples before the pandemic, during the control period and after the pandemic. According to the figures, the eigenvalues are all in the unit circle, so the VAR systems of three groups of sub-samples are all stable.

The graph below shows the AR test results of the VAR model.

### 4.4 Impulse Response

After the AR test proves that the VAR system is stable, the dynamic relationship between the two industries in the three sub-sample intervals before the pandemic, during the control period, and in the post-pandemic era can be further studied through impulse response analysis. The impulse correspondence can obtain the direction and degree of influence between the real estate industry and banking, which indicates the change of the effect over time. The following are diagrams of the impulse response results for three sets of sub-sample intervals. Results from left to right as shown...
below are those before the pandemic, during the control period, and in the post-pandemic era respectively:

By comparing the results in Figure 4, it can be seen that in the initial pandemic and the pandemic control, banking had a negative impact on the real estate industry in the early stage, but this negative impact lasted longer during the control. Then, the negative influence weakened and turned into a positive impact and turned stable. In the post-pandemic era, the impact of banking on the real estate industry has always been positive, which is quite different from the previous two periods. According to the result comparison in Figure 5, the impact of the real estate industry on banking has a relatively large positive impact in the three periods. Such a positive impact then weakens rapidly and disappears after a period.

In summary, the impact of the pandemic on the spillover effect between the two industries is mainly reflected in the impact of banking on the real estate industry. Compared with the initial stage of the pandemic, the negative impact of banking on the real estate industry during the control period lasted longer. However, in the post-epidemic era, it has had a completely positive impact.

4.5 Variance Decomposition

Through the variance decomposition of the data in the three groups of sub-sample intervals, the impact between the banking and the real estate industry can be specifically judged based on the impulse response analysis. The following table shows the variance decomposition results of six groups of daily returns included in the three groups of sub-sample intervals, with the step size set to 15.

<table>
<thead>
<tr>
<th>Step</th>
<th>BY1(%)</th>
<th>EY1(%)</th>
<th>BY2(%)</th>
<th>EY2(%)</th>
<th>BY3(%)</th>
<th>EY3(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>100.00</td>
<td>0.00</td>
<td>44.00</td>
<td>56.00</td>
<td>100.00</td>
<td>0.00</td>
</tr>
<tr>
<td>2</td>
<td>99.94</td>
<td>0.06</td>
<td>44.06</td>
<td>55.94</td>
<td>99.94</td>
<td>0.06</td>
</tr>
<tr>
<td>3</td>
<td>99.93</td>
<td>0.07</td>
<td>44.15</td>
<td>55.85</td>
<td>99.93</td>
<td>0.07</td>
</tr>
<tr>
<td>4</td>
<td>99.84</td>
<td>0.16</td>
<td>44.37</td>
<td>55.63</td>
<td>99.84</td>
<td>0.16</td>
</tr>
<tr>
<td>5</td>
<td>99.84</td>
<td>0.16</td>
<td>44.37</td>
<td>55.63</td>
<td>99.84</td>
<td>0.16</td>
</tr>
<tr>
<td>6</td>
<td>99.84</td>
<td>0.16</td>
<td>44.37</td>
<td>55.63</td>
<td>99.84</td>
<td>0.16</td>
</tr>
<tr>
<td>7</td>
<td>99.84</td>
<td>0.17</td>
<td>44.37</td>
<td>55.63</td>
<td>99.84</td>
<td>0.17</td>
</tr>
<tr>
<td>8</td>
<td>99.84</td>
<td>0.17</td>
<td>44.37</td>
<td>55.63</td>
<td>99.84</td>
<td>0.17</td>
</tr>
<tr>
<td>9</td>
<td>99.84</td>
<td>0.17</td>
<td>44.37</td>
<td>55.63</td>
<td>99.84</td>
<td>0.17</td>
</tr>
</tbody>
</table>
The results from steps 11 to 14 are omitted from Table 4 because there is no change in the results after step 10 of the variance decomposition.

According to the variance decomposition results of BY in three groups of sub-sample intervals in Table 4, the intensity of the spillover effect of the real estate industry on banking has no significant change in three periods, which indicates that the impact of the pandemic on the spillover effect of the real estate industry on the banking has little impact. Meanwhile, the fluctuation of the banking almost comes from its impact, and the impact of the real estate industry contributes less.

Combined with the variance decomposition results of EY, no matter in which period, the impact of the banking on the real estate industry is greater than its own impact, which indicates that the real estate industry has a stronger dependence on banking. At the beginning of the pandemic and during the control period, the spillover effect of banking on the real estate industry was roughly the same. During the control period, the proportion of shocks from the banking industry decreased slightly. It is speculated that the three-year pandemic has increased the volatility within the real estate industry. In the post-pandemic era, banking has a greater positive impact on the real estate industry. It may be due to the gradual recovery of the domestic economy after the end of the control, and the banking with a vital economic position has promoted the recovery of the real estate industry.

5. Research Conclusions and Policy Enlightenment

This paper studies the impact of the COVID-19 pandemic on the volatility spillover effect between China’s real estate industry and banking. Using the VAR model combined with impulse response and variance decomposition, the paper selects the daily closing price data of the two industries from December 22, 2016 to March 22, 2024 with the following conclusions:

There are two-way spillover effects between the banking and the real estate industry in China, especially the banking has a great impact on the real estate industry. Before the pandemic outbreak, banking had a negative impact on the real estate industry, while the real estate industry had a positive impact on banking. The impact of the pandemic has mainly changed the spillover effect of banking on the real estate industry. During the pandemic control period, the negative impact of banking on the real estate industry lasted longer than that at the beginning of the pandemic outbreak. Meanwhile, it may be that the pandemic outbreak has aggravated the internal fluctuations of the real estate industry to a certain extent, so that the impact of banking on the real estate industry has decreased the proportion of the overall fluctuations in the industry compared with the initial outbreak stage. In the post-pandemic era, the banking has a large positive impact on the real estate industry. It may result from the banking recovery, which is in the stage of economic recovery and occupies the dominant position in the economy, leaving a positive effect on the recovery of the real estate industry.

According to the above research results, to help the government better avoid risks and promote the recovery of the industry in the post-pandemic era, this paper proposes the following suggestions. Given that banking has a strong positive effect on the real estate industry in the post-pandemic era, banking should increase credit support and uphold real estate enterprise to conduct development and construction, so as to drive the recovery of related industrial chains. At the same time, banks can issue real estate-related financial products, such as real estate trusts, real estate funds, etc., to provide investors with diversified investment options and offer diversified financing channels for the real estate industry. Finally, it is necessary to pay attention to the negative impact of the real estate industry on banking. Hence, when supporting the development of the real estate industry, the banking must also strengthen financial supervision, prevent financial risks and establish a sound risk management and control mechanism and supervision system. Besides, the supervision of real estate loans should be intensified to control the overheating risk in the real estate market and avoid possible financial systemic risks.
Through the above policies, the banking can give full play to the role of credit support, financial innovation and risk management, so as to promote the recovery and development of the real estate industry. Moreover, it ensures the stability and sustainable development of the financial system, which can not only avoid risks, but also promote the healthy development of the banking and the real estate industry.

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