

The Research on the Problems of Rural Financial Development of Fujian Province under the Rural Revitalization Strategy

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Abstract: Under the background of rural revitalization, Fujian Province vigorously develops rural finance, which greatly improves the service ability and level of rural finance. In the process of Fujian Province's rural finance development, there are still weak rural credit guarantee system, unsound rural financial system, insufficient innovation of rural financial products and rural financial rule of law. Fujian Province should seize the opportunity of rural revitalization strategy, constantly improve the rural credit guarantee system, actively optimize the rural financial system, strive to enrich agriculture village financial products and regulate the legal environment of rural finance, so that rural finance can effectively contribute to the strategy of rural revitalization, and further promote the healthy and rapid development of rural economy.

Keywords: Rural Revitalization; Rural Finance; Fujian Province

1. Introduction

Since the beginning of 2018, the rural revitalization strategy has been identified as a major strategic plan of the CPC Central Committee, and addressing issues related to agriculture, rural areas and farmers is an important part of the Party's work. Rural finance has an important impact on the development of rural economy. To solve the problem of agriculture, rural areas and farmers, the key is to support the development and construction of rural areas from the financial field. In recent years, Fujian Province has been expanding financing channels for rural revitalization, deepening financial services to support rural revitalization, and enriching the types of financial products. In order to further promote financial services for rural revitalization, Provincial Department of Agriculture and Rural Affairs, Provincial Department of Finance, Provincial Local Financial Supervision Bureau, Fuzhou Central Branch of People's Bank of China, and Fujian Banking and Insurance Regulatory Bureau promulgated the Interim Measures for the implementation of Rural Revitalization Loan in Fujian Province earlier, and innovatively launched products of "Fujian Rural Revitalization Loan" to provide liquidity financing services for agricultural business entities. Since March 2022, the loan scale of rural revitalization Loan in Fujian Province has exceeded 100 million yuan.

However, in the process of rural finance development, there are still problems that hinder the orderly development of rural finance. Therefore, this paper focuses on the development of rural finance in Fujian Province and the above issues to explore countermeasures and suggestions for the development of rural finance in Fujian Province, which is not only conducive to the healthy and rapid development of rural finance in Fujian Province, but also plays a favorable role in promoting the strategic goal of rural revitalization.

2. The present situation and problems of Fujian Province's rural finance development in rural vitalization strategy

2.1. Present situation of rural financial development in Fujian Province

Since April 2019, to deepen financial services that will support rural revitalization in Fujian Province, Fuzhou Central Branch of People's Bank of China and other six departments jointly issued five major measures: focusing on supporting 10 advantageous agricultural industries with an output value of over

100 billion yuan and six key rural revitalization projects from highlighting the multi-channel guarantee of capital supply, the main role of agriculture-related financial institutions, financial services for rural revitalization, rural financial service innovation, and cross-departmental policy synergy. By the end of 2021, the outstanding balance of agriculture-related loans was 1,646.47 billion yuan, up 10.9%, in which loans to rural households were 601.21 billion yuan, up 14.1%. A total of 3.51 billion yuan was extended to 23 counties in the province, and 79 rural revitalization demonstration sites were provided with re-loans. The Ministry of Agriculture and Rural Affairs and other departments recently introduced measures to accelerate innovation of financial models to support agriculture, and increase credit in food production, soybean oil expansion, digital agriculture development, rural industry development, rural infrastructure construction and other aspects. A number of financial institutions said that in 2021, agriculture-related loans have been significantly increased.

Since 2022, the Ministry of Agriculture and Rural Affairs and a number of financial institutions have continued to accelerate the implementation of financial policies to support agriculture and establish a long-term mechanism, focusing on consolidating and expanding the achievements in poverty alleviation, steadily promoting fixed-point assistance, improving the ability to ensure the supply of food and important agricultural products, promoting the construction of a modern rural industrial system, and vigorously supporting rural construction. To meet the diversified and multi-tiered financial needs for rural vitalization, the Agricultural Bank of China, Industrial and Commercial Bank of China, Industrial Bank of China and other financial institutions have innovated their models, continuously enriched financial products, and continued to increase financial support for agriculture. At the same time, there will be a variety of innovative and inclusive small and micro products and flexible mortgage methods to increase support for large professional households, farmers' cooperatives, agricultural socialization service organizations, family farms and agricultural industrialization consortia. Not only financial institutions, but also local governments have increased policy support to encourage financial institutions to innovate products and services, expand financing channels and reduce financing costs, support the development of leading agricultural enterprises such as the seed industry, and help ensure stable production and supply of agricultural products, scientific and technological innovation in agricultural machinery, and infrastructure construction such as public services.

In addition, in response to the beautiful countryside, characteristic town construction and targeted poverty alleviation policies as the target, the People's Bank of China has increased financial support for rural infrastructure, environmental protection and poverty alleviation projects. By the end of the second quarter of 2019, the balance of loans for rural road construction and rural water conservancy construction supported by supplementary mortgage loans of the People's Bank of China reached 2.667 billion yuan and 6.728 billion yuan, respectively, with year-on-year growth of 28.69% and 70.50%. The balance of targeted financial poverty alleviation loans is 20.602 billion yuan, including 1.901 billion yuan of micro-credit for poverty alleviation, and the coverage of outstanding loans for poor households is 33.71% [1].

2.2. Problems existing in rural financial development of Fujian Province

2.2.1. Weak rural credit guarantee system

Firstly, agricultural production is characterized by long production cycle and large uncertainty. Most farmers have low incomes and lack the ability to guarantee. When financial institutions issue loans, borrowers must have collateral with clear property rights. Farmers' main assets are land and houses, which cannot be used as collateral because of unclear property rights [2]. Rural enterprises are also mostly small in scale and insufficient, unable to provide effective collateral to financial institutions. According to a survey, more than half of rural enterprises and farmers in Fujian Province have been unable to obtain loans from financial institutions due to a lack of effective guarantees. Loans, if they do succeed, are usually small. Secondly, rural areas lack of guarantee intermediary services, such as agricultural production mortgage, evaluation, guarantee and other businesses which are not carried out, so no matter in quantity, scale or distribution can meet the guarantee needs of rural enterprises and farmers. Thirdly, affected by the low level of education, most farmers' credit concept is weak, and dishonest behavior that frequently appears in rural areas, which leads to farmer's difficulties in financing, seriously affects the agricultural production, and further hinders the development of rural economy.

2.2.2. Unsound rural financial system

The number of financial institutions in rural areas of Fujian Province is too small, leading to rural finance insufficient capital investment. Financial institutions that set up branches in rural areas are mainly the four state-owned commercial banks, postal savings banks, rural commercial banks, rural credit

cooperatives, etc. Other commercial banks do not set up branches in rural areas, and insurance, securities, guarantee and other financial institutions are rare. These institutions tend to lend to more creditworthy companies rather than to farmers who lack collateral. In addition, due to the capital seeking advantages and avoiding disadvantages, commercial banks have become more and more strict in the loan approval procedures to reduce credit risks, leading to the diversion of most of the idle funds in rural areas, which makes rural small and micro enterprises and farmers in particular short of credit funds. At present, rural credit cooperatives still exist as the most important financial institutions in rural areas. Due to the characteristics of risk higher than return in rural economy, the total amount of loans of some rural credit cooperatives exceeds the total amount of deposits, and a large amount of funds flow out^[3]. As far as the whole system of rural financial institutions is concerned, rural credit cooperatives are in a monopoly position, which makes the competition among rural financial institutions insufficient. Therefore, although the floating range of the loan interest rate of rural credit cooperatives is stipulated by the central bank, the loan interest rate of rural credit cooperatives is likely to rise due to the lack of competition in the rural financial market, which will increase the interest burden of farmers.

2.2.3. Partial traditional rural financial products

Rural financial product innovation in Fujian Province is insufficient, with traditional business such as deposit, loan and exchange as the main business, lacking of pertinence for farmers credit products, such as agricultural options, futures and other financial derivatives. First, due to the single structure of agricultural products and small industrial scale, the competitiveness in the market is small, coupled with extensive agricultural management mode which is difficult to produce greater economic benefits. Second, rural financial products are characterized by high risks but low returns. Therefore, many financial institutions lack motivation in the innovation of rural financial products and are unwilling to invest more in the research and development of these financial products. As a result, these financial products have functional defects, farmers are reluctant to buy such financial products, and banks gain less benefits from them. The vicious circle leads to the lack of innovation in rural financial products. This is in contradiction with the diversification of farmers' financial demands in recent years. Most farmers think that in addition to traditional financial services such as deposit, loan and remittance, emerging financial services such as wealth management, financing, guarantee and insurance are also very important. In fact, financial institutions in rural areas rarely carry out or do not carry out these emerging businesses^[2]. In addition, the financial institutions of rural and rural areas have not yet strengthened the innovation of financial products through detailed division of labor, and the product types of most financial institutions are homogeneous and single. The performance pressure of rural grass-roots credit personnel is great, and their awareness of compliance and risk responsibility is weak. In order to complete the task, they tend to take risks and make illegal loans, and then "step on the red line". The non-performing loan ratio of rural financial institutions remains high or even rising.

2.2.4. Not perfect rural financial legal environment

To implement the strategy of revitalizing the countryside, we must have perfect rural finance law. In order to manage the environment, especially in order to facilitate the management of some informal financial institutions, it is necessary to have the corresponding laws and regulations to regulate; otherwise it is easy to make them get involved in the field that cannot be restricted by law, which will be greatly detrimental to the development of rural finance. Institutions in the development of rural specific business lack of supporting legal norms. In addition, fraud, debt evasion and other trust-breaking behaviors occur frequently in rural finance in recent years, which is not only related to the weak credit concept of farmers, but also related to the lack of administrative intervention of government departments in this aspect, leading to the failure to effectively curb these farmers' trust-breaking behaviors, and the further development of rural finance is hindered^[3].

3. The path choice of rural finance development in Fujian Province under the strategy of rural revitalization

3.1. Improve the rural credit guarantee system

According to the actual situation of Fujian Province, it is necessary to establish and improve rural credit guarantee system, and broaden the range of mortgage assets. First, with the use of internet technology, Fujian Province can encourage county-level governments, financial institutions and credit investigation institutions to jointly build a rural financial network credit investigation platform, docking with financing guarantee institutions, which play a role in real-time monitoring the credit situation of

rural enterprises and farmers, so that they can make loans more convenient and more transparent. The second is to actively cultivate policy-based financing guarantee institutions, which can absorb a certain proportion of private capital. Due to the profit-driven characteristics of private capital, it can be effectively combined with government support, so as to avoid the problem of insufficient power in later operation. Third, Fujian Province should actively promote agricultural small credit loans, broaden the scope of loan collateral assets, and include legal assets with clear property rights and large liquidity into the category of loan collateral assets, so as to lower the loan threshold for enterprises and farmers, and increase the number of business for financial institutions while addressing the financing needs of rural enterprises and farmers^[3].

3.2. Improve the rural financial system

In order to promote rural vitalization finance supply and demand to adapt, we should strive to create a rural financial system with broad coverage and benefits for farmers. First, it is necessary to increase the investment of funds in rural areas. In order to prevent funds related to agriculture from being diverted to other purposes, the government may set up relevant departments to exercise strong supervision and management. Second, considering the unbalanced development of various regions in Fujian Province, the number of rural financial institutions and outlets should be increased, especially in some empty towns and townships, to expand the audience, and try to meet the financial needs of rural enterprises and farmers in financing, loans, insurance and other financial needs. Local governments should also give preferential policies such as tax breaks to encourage financial institutions to actively participate in the construction of rural revitalization. In addition, the government should also act as a bridge between rural enterprises and financial institutions, actively recommend high-quality enterprises to financial institutions, and inform financial institutions of the development status of these enterprises, so that funds can better flow into high-quality enterprises in need.

3.3. Enrich the types of rural financial products

To support the rural revitalization strategy, financial institutions should target rural enterprises and farmers' new demand, and actively enrich the types of rural financial products. First of all, financial institutions can set up intermediary business on behalf of farmers' daily consumption, such as transferring accounts on behalf of farmers' daily utility charges, telephone charges, Internet charges and other expenses, and set up intermediary business service channels such as insurance and fund agents. This not only makes farmers' life more convenient, but also creates new income for financial institutions. Secondly, financial institutions should actively launch Huinong Credit Card, simplify credit card approval procedures, and promote the creditworthy agricultural enterprises and farmers. Finally, rural enterprises and farmers should also produce high-quality green agricultural products according to market demand, optimize the structure of agricultural industry, and ensure their own repayment ability while generating income.

3.4. Accelerate financial technology integration and strengthen risk prevention and control

Is it irreplaceable for the integrated development of digital economy and rural economy to solve information asymmetry and reduce low transaction costs and control of rural financial risks and other aspects. How to do a good job in the rural financial field of modern technology, using financial technology to crack the rural social difficulties are the focus of the current and future reform. First, it is necessary to continue to improve the coverage of Internet and information technology in rural areas and remote areas, push information and information services into the rural grassroots, and further improve the application ability of rural households in the internet and other information technology, strengthening the application of digital technology in credit products, insurance products, guarantee products and other financial products. Second, we should strengthen the internal governance of rural finance and build external monitoring machine. We should speed up the establishment of official statistical indicators and thresholds related to rural digital finance, build a whole-process monitoring system for rural financial risks, crack down on fraud and speculation in the field of rural digital finance, and ensure the security of rural digital finance. At the same time, we should strengthen the construction of relevant institutions and systems in the field of digital finance in rural villages, standardize rural digital financial activities, supplement, revise and improve the relevant legal systems of digital economy and digital finance on the basis of the original laws and regulations, and determine the service standards and institutional norms through the legislation of big data information collection^[4].

3.5. Standardize the legal environment of rural finance

In order to realize the healthy development of rural finance, it is necessary to standardize the rule of law environment as a prerequisite. The local governments of Fujian Province should combine with local farmers in accordance with the actual situation of the village, relevant laws, policies and measures that will be introduced to safeguard the interests of financial institutions, rural enterprises and farmers in the form of laws. In the process of legislation, we should pay attention to the subdivision of the responsibilities and obligations of each subject, emphasize the responsibilities of financial regulators, and give play to the effective role of policy-based finance. In addition, in order to promote the orderly development of rural finance, it is necessary to strengthen the control and punishment for the trust-breaking behaviors such as debt evasion and debt dependence in rural areas, strengthen the legal and credit concept of farmers, and standardize the legal environment of rural finance.

4. Conclusion

Under the background of rural revitalization, the development of rural finance is faced with opportunities and challenges. Fujian Province should seize the opportunity of the rural revitalization strategy, and devote itself to solving the main problems existing in the process of rural financial development, constantly improving the rural credit guarantee system, actively optimizing the rural financial system, and striving to enrich rural financial products and standardize the legal environment of rural financial, so that rural finance can effectively help the rural revitalization strategy, and further promote the healthy and rapid development of rural economy.

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