

# Dilemmas and Breakthrough Strategies for County Inclusive Finance under China's Rural Revitalization

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**Abstract:** *Against the background of the in-depth advancement of China's rural revitalization strategy, county-level inclusive finance, as a critical support for stimulating the vitality of the rural economy and promoting income growth and prosperity for farmers, has a development quality that directly affects the process of comprehensive rural revitalization. Based on the 2025 No.1 Central Document and the relevant policy requirements of the State Administration of Financial Regulation, combined with practical cases at the county level such as Fengdu of Chongqing and Ninglang of Yunnan, this paper systematically analyzes the prominent dilemmas existing in the current development of county-level inclusive finance in terms of supply system, product innovation, credit system construction and risk prevention and control. The study finds that county-level inclusive finance is confronted with problems including insufficient inter-institutional coordination, poor product adaptability, fragmented credit information and an obvious digital divide, which restrict the precise and targeted allocation of financial resources to rural areas. In view of these problems, this paper puts forward targeted resolution strategies from four dimensions: improving the supply system, innovating products and services, perfecting the credit mechanism and optimizing the development environment, so as to provide practical references for the high-quality development of county-level inclusive finance and its support for rural revitalization.*

**Keywords:** *Rural Revitalization; County-Level Inclusive Finance; Financial Innovation; Credit System; Risk Prevention and Control*

## 1. Introduction

### 1.1. Research Background

The full implementation of the rural revitalization strategy requires strong financial support. As a hub connecting urban and rural areas, counties serve as the core front for inclusive finance to serve rural revitalization. The No.1 Central Document of 2025 explicitly proposes to innovate the investment and financing mechanism for rural revitalization, requiring the use of monetary policy tools such as re-lending and rediscounting to encourage financial institutions to increase capital investment in the field of rural revitalization. The National Financial Regulatory Administration has also stressed the need to improve the rural financial service system, continuously strengthen financial supply in key areas concerning agriculture, rural areas and farmers, and enhance the quality and efficiency of financial services for agriculture, rural areas and farmers<sup>[1]</sup>.

In recent years, China's county-level inclusive finance has achieved remarkable progress. By the end of 2024, the outstanding balance of re-lending for agriculture nationwide reached 0.6715 trillion yuan, and the outstanding balance of re-lending for small and micro enterprises stood at 1.75 trillion yuan. The growth rate of agriculture-related loans has consistently outpaced the overall credit growth rate. Counties including Fengdu in Chongqing and Ninglang in Yunnan have achieved substantial growth in the balance of agriculture-related loans through digital empowerment and product innovation, with remarkable effects in financial support for characteristic industries. However, from a national perspective, county-level inclusive finance still faces problems such as uneven service coverage, insufficient financing accessibility, and high difficulty in risk prevention and control. It can hardly fully meet the financial demands of rural industrial development, infrastructure construction, and farmers' production and daily life, thus becoming a major bottleneck restricting rural revitalization.

## **1.2. Research status of industry applications**

### **1.2.1. Theoretical Significance**

Combining the latest policy orientation and county-level practical cases, this paper systematically sorts out the internal correlation between rural revitalization and county-level inclusive finance, enriches the applied research on inclusive finance in county scenarios, and provides a new analytical perspective for solving the practical dilemma of the financial exclusion theory in rural areas.

### **1.2.2. Practical Significance**

In response to the practical problems in the development of county-level inclusive finance, this paper puts forward operable solutions. These can provide references for financial institutions to optimize agriculture-related services, offer a basis for government departments to improve the policy support system, help improve the coverage, accessibility and satisfaction of county-level inclusive finance, and promote more efficient allocation of financial resources to serve key areas of rural revitalization.

## **1.3. Research Ideas and Methods**

This paper adopts a combined research approach of literature review and case analysis. By sorting out and summarizing domestic and foreign research findings on inclusive finance and rural revitalization, this study lays a solid theoretical foundation. For instance, some studies, based on survey data of urban and rural community governance, have provided empirical evidence for digital finance to empower rural revitalization [2]. Combined with typical cases such as the Zhirong Huichang Project in Fengdu County of Chongqing and the “One Platform, Four Systems” Model in Lankao County of Henan Province, this paper conducts an in-depth analysis of the development status and dilemmas of county-level inclusive finance, and finally puts forward systematic countermeasures for problem-solving.

## **2. Theoretical Basis for County-Level Inclusive Finance Supporting Rural Revitalization**

### **2.1. Theory of Inclusive Finance**

The core essence of inclusive finance is to enable all eligible social members, especially vulnerable groups, to access convenient and efficient financial services at a reasonable cost. As an important branch, digital inclusive finance has become a research focus regarding its specific mechanism and optimization path in boosting rural revitalization [3]. County-level inclusive finance focuses on rural households, new types of agricultural business entities, small and micro enterprises, and other groups in rural areas. Its development aims to eliminate financial exclusion, achieve balanced allocation of financial resources between urban and rural areas, and provide sustainable financial support for rural revitalization.

### **2.2. Logic of Financial Demand Under the Rural Revitalization Strategy**

Rural revitalization covers five dimensions: industrial revitalization, talent revitalization, cultural revitalization, ecological revitalization, and organizational revitalization, all of which are inseparable from financial support. Industrial revitalization requires credit funds to support the development of characteristic agriculture, agricultural product processing and other industries. Studies have shown that high-quality development of inclusive finance exerts a significant impact on promoting the integrated development of rural industries [4]. Rural construction demands financial investment in infrastructure and public services; the increase in farmers' income requires inclusive credit, insurance and other products to reduce production and operation risks. Such diversified and multi-level demands require the county-level inclusive finance system to continuously optimize its service models and product supply.

### **2.3. Policy Orientation of Financial Support for Rural Revitalization**

In 2025, the National Administration of Financial Regulation explicitly proposed to build a rural financial service institution system featuring “clear hierarchy, complementary advantages and orderly competition”, and improve the long-term mechanism of “daring to lend, willing to lend, able to lend and good at lending”. The No.1 Central Document emphasizes the use of monetary policy tools, the acceleration of reform of rural credit cooperatives, and the improvement of the agricultural insurance system. These measures provide clear policy guidance for the development of county-level inclusive finance and form the institutional guarantee for financial support for rural revitalization.

### **3. Current Development Status of County-Level Inclusive Finance Against the Background of Rural Revitalization**

#### ***3.1. Continuous Expansion of Financial Service Coverage***

By the end of 2025, the layout of bank outlets at the county level in China has been continuously optimized, and the goal of making basic financial services available in every village has been basically achieved. During the 14th Five-Year Plan period, the proportion of agriculture-related loans in Ninglang County, Yunnan Province, has remained stable at more than 50% for a long time, and full coverage of small-sum credit for the poverty-alleviated population has been realized to ensure that all eligible applicants get loans.

Through the Smart Finance, Inclusive & Smooth Services project, Fengdu County of Chongqing saw its total loan balance increase by 12.27% year on year at the end of November 2025, which was 5.23 percentage points higher than the city's average level.

#### ***3.2. Continuous Innovation in Products and Service Models***

Financial institutions across regions have launched a series of customized products centered on local characteristic industries at the county level.

Fengdu County has innovated Beef Cattle Breeding Loans and Cross-border Loans with Live Beef Cattle as Collateral for the beef cattle industry. Ninglang County has launched Apple Loans and Homestay Loans. China Zheshang Bank has designed a financial scheme of Warehouse Receipt Pledge + Warehouse Party Guarantee + Tripartite Supervision for garlic merchants in Jinxiang County, Shandong Province. These practices have effectively met the financing needs of characteristic industries (China Economic Net).

#### ***3.3. Increasing Intensity of Policy Support***

The People's Bank of China has guided the downward sinking of financial resources through tools such as re-lending and rediscount for agriculture and small and micro enterprises. In 2024, the quota of new re-lending for agriculture and micro-enterprises reached 100 billion yuan. The monetary policy tone in 2025 has explicitly defined "moderately loose", and the re-lending rate is expected to be further lowered.

Local governments have also reduced the operating costs of financial institutions and the burdens of financing entities by establishing risk compensation funds, providing fiscal interest discounts and other measures.

### **4. Prominent Dilemmas in the Development of County-Level Inclusive Finance**

At present, the principal contradiction in the development of county-level inclusive finance has evolved from the traditional supply-demand failure into a complex situation where supply-demand failure and coordination failure coexist and reinforce each other<sup>[5]</sup>. The former is rooted in information asymmetry, while the latter stems from systemic information insufficiency and incentive incompatibility.

#### ***4.1. Imperfect Supply System and Insufficient Service Capacity***

##### ***4.1.1. Weak synergy among financial institutions***

County-level financial institutions are dominated by rural credit cooperatives and Postal Savings Bank of China, whereas large commercial banks have insufficient grassroots outlets and inadequate downward service extension. Surveys show that alongside the expansion of the total volume of inclusive credit, the contribution of different institutions has diverged significantly. Local corporate banks remain the main force, yet large commercial banks register faster growth. Such structural divergence reflects differences in business positioning and resource input among different types of banks<sup>[6]</sup>.

Although the reform of rural credit cooperatives has been accelerated, some regions still face difficulties in disposing of non-performing assets and great pressure on risk resolution, with limited loanable funds (China Financial News). The coordination mechanism between policy banks, commercial banks and guarantee institutions is inadequate, failing to form a multi-level and differentiated service

system.

#### ***4.1.2. Low product adaptability and service efficiency***

Most existing credit products follow the urban credit model, whose terms and interest rates are incompatible with rural production and operation cycles. The financing needs of rural households and small and micro enterprises are characterized by short terms, small amounts, frequent demands and urgent needs, yet the traditional credit approval process is cumbersome. Fengdu County has shortened the approval period to 3 working days via online platforms, which highlights the problem of long approval cycles in most county-level regions.

In addition, financial products are seriously homogeneous, and the supply of special products for new business forms such as rural cultural tourism and rural e-commerce is insufficient.

### ***4.2. Incomplete Credit System and Difficulties in Financing Credit Enhancement***

#### ***4.2.1. Lack of a credit information sharing mechanism***

Rural credit information at the county level is scattered across multiple departments including agriculture and rural affairs, market regulation, and financial institutions, with data barriers not fully removed. Some village and township banks are not connected to the central bank's credit investigation system, resulting in incomplete credit files for rural households and small and micro enterprises, making it difficult for financial institutions to accurately assess credit status (China Financial News).

Although platforms such as Xinyi Loan · Yuhui Rong in Fengdu County have attempted data integration, the aggregation and sharing of credit information nationwide is still in the initial stage.

#### ***4.2.2. Prominent problem of insufficient collateral***

The mortgage and disposal mechanism for property rights such as the right to contracted management of rural land and the right to use rural residential land is imperfect, and the financial support model for the market entry of collective operating construction land is still under exploration. Rural households and small and micro enterprises lack traditional collateral, and the evaluation and supervision systems for new types of collateral such as living organisms and agricultural facilities are incomplete, restricting financing accessibility.

### ***4.3. High Difficulty in Risk Prevention and Control, and Pressure on Sustainability***

#### ***4.3.1. Superposition of natural and market risks***

Agricultural production is vulnerable to natural disasters, and agricultural product prices fluctuate sharply, leading to relatively high risks in agriculture-related loans. Despite the expanding coverage of agricultural insurance, the variety of insurance for special agricultural products is insufficient, the catastrophe risk diversification mechanism is imperfect, and the linkage effect between insurance and credit has not been fully exerted (China Financial News).

#### ***4.3.2. Inadequate risk-sharing mechanism***

The scale of county government risk compensation funds is limited. For example, Fengdu County has coordinated 93 million yuan in risk compensation funds, which is insufficient to cover the risks of all agriculture-related loans. The tolerance for non-performing loans of financial institutions and the implementation of due diligence exemption policies are inadequate, and grassroots credit officers still hold the attitude of "daring not to lend, unwilling to lend" (National Administration of Financial Regulation).

### ***4.4. Unoptimized Development Environment and Obvious Digital Divide***

#### ***4.4.1. Weak digital financial infrastructure***

Network coverage is insufficient in some remote counties, resulting in a digital divide. Studies show that the digital divide, inadequate infrastructure and insufficient financial literacy of rural residents are the major challenges for digital inclusive finance to play a positive role.

Rural areas have a high proportion of the elderly and low-income groups, which intensifies the digital divide. The in-depth application of digital finance is key to promoting the modernization of agriculture and rural areas, while weak infrastructure is the primary constraint <sup>[7]</sup>. While Lankao County has built

the Inclusive Finance APP, it still needs village-level service stations to meet the basic financial needs of the elderly, reflecting the ongoing challenges in promoting digital finance in rural areas.

#### ***4.4.2. Low financial literacy and policy awareness***

Rural residents lack financial knowledge and have insufficient understanding of products such as credit loans and agricultural insurance. Some rural households hold the wrong credit concept of “valuing borrowing over repayment”. The publicity of financial policies is inadequate. Fengdu County has adopted “financial service specialists” to interpret policies door-to-door, indicating that most county-level regions still face the “last mile” problem in policy transmission (China Financial News).

### **5. Countermeasures for County-Level Inclusive Finance Under the Background of Rural Revitalization**

#### ***5.1. Improve the Supply System and Enhance Service Capacity***

##### ***5.1.1. Build a synergistic and interconnected institutional system***

Accelerate the reform of rural credit cooperatives under the principle of “one province, one policy”, optimize ownership structure, and enhance capital strength and risk resistance. Promote large commercial banks to set up county-level branches of inclusive finance departments, and strengthen the comprehensive financial service function of Postal Savings Bank of China’s agent outlets. Establish a coordination mechanism among policy banks, commercial banks, guarantee institutions and insurance companies, form a service model of “policy guidance + market operation”, and focus on supporting fields such as grain production, characteristic industries and rural construction.

##### ***5.1.2. Promote product innovation and improve service efficiency***

Design credit products featuring “borrow and repay at any time, recycled use” in line with rural production and operation cycles, and optimize interest rate pricing and repayment methods. For new forms of rural industries, develop special products such as Rural E-commerce Loans and Cultural Tourism Project Loans, and popularize the customized service experience of “one policy for one industry” in Fengdu County. Rely on digital platforms to simplify approval procedures, promote services of “mobile application, intelligent approval, paperless signing”, shorten the financing cycle by more than 80%, and improve service convenience (China Economic Net).

#### ***5.2. Improve the Credit System and Strengthen Financing Credit Enhancement***

##### ***5.2.1. Build an integrated credit information platform***

Promote local governments to take the lead in integrating agriculture-related credit data, incorporate farmers’ production and operation information, credit records and public service information into a unified platform, and realize data interconnection with financial institutions (National Administration of Financial Regulation). Expand the coverage of the central bank’s credit investigation system, improve credit files for farmers and new-type agricultural business entities, carry out the rating of credit towns, credit villages and credit households, and link the rating results with credit support and interest rate concessions.

##### ***5.2.2. Innovate mortgage, guarantee and credit enhancement models***

Promote new types of collateral such as living organisms, agricultural facilities and electronic warehouse receipts, and improve the evaluation, supervision and disposal mechanism of collaterals (China Economic Net). Strengthen government-backed financing guarantee institutions, deepen the “zero-fee” government-guarantee cooperation, and establish a model of “government credit enhancement + risk sharing”. Encourage the development of mutual guarantee organizations, support leading agricultural industrialization enterprises to provide guarantees for upstream and downstream farmers, and build a diversified credit enhancement system.

#### ***5.3. Optimize Risk Prevention and Control and Improve Sustainability***

##### ***5.3.1. Improve the risk sharing and compensation mechanism***

Expand the scale of county-level credit risk compensation funds, optimize compensation ratios and procedures, and provide appropriate compensation for losses of inclusive agriculture-related loans.

Implement the policy of non-performing loan tolerance for agriculture-related loans, refine the criteria and procedures for due diligence exemption, and dispel the concerns of credit officers (National Administration of Financial Regulation). Improve the agricultural insurance system, expand the coverage of full-cost insurance and income insurance for staple grains such as rice and wheat, increase the varieties of insurance for characteristic agricultural products, and promote the innovative model of “insurance + credit + futures”.

### ***5.3.2. Strengthen technology-enabled risk management and control***

Financial institutions should apply big data, artificial intelligence and other technologies to build risk control models for agriculture-related credit based on data from credit information platforms, so as to improve risk identification and early warning capabilities (National Administration of Financial Regulation). Insurance companies should increase the application of scientific and technological means such as unmanned aerial vehicles and remote sensing, improve the efficiency of underwriting and claims settlement of agricultural insurance, and carry out disaster early warning and risk reduction services.

## ***5.4. Improve the Development Environment and Narrow the Digital Divide***

### ***5.4.1. Strengthen the construction of digital financial infrastructure***

Promote full network coverage in remote counties, optimize the functions of village-level financial service stations, and provide basic financial services and digital financial guidance. Draw on the “4+X” functional service station model in Lankao County, embed financial services into village-level party-mass service centers, and solve the service accessibility problem for the elderly and people in remote areas.

### ***5.4.2. Improve financial literacy and policy awareness***

Carry out the activity of “financial knowledge going to the countryside”, and popularize knowledge of credit, insurance, credit investigation and other fields through farmers’ lectures, online short videos and other forms. Establish a working mechanism of “three lists” to collect financing needs, assign service items and feedback handling results, and promote the transformation of financial services from “waiting for applications” to “taking the initiative to visit”. Strengthen policy publicity and interpretation to ensure that preferential policies such as fiscal interest discounts and risk compensation accurately reach financing entities.

## **6. Conclusions and Prospects**

County-level inclusive finance is an important support for rural revitalization. At present, its development has achieved positive results including expanded service coverage, accelerated product innovation and strengthened policy support, and its impact on the high-quality development of county economy has been confirmed by research<sup>[8]</sup>. However, it still faces prominent dilemmas such as imperfect supply system, incomplete credit system, difficult risk prevention and control, and unoptimized development environment.

To resolve these dilemmas, it is necessary to build a synergistic and interconnected financial supply system, innovate products and services adapted to rural demand, improve the cross-departmental credit information sharing mechanism, perfect the risk sharing and compensation system, and strengthen the construction of digital infrastructure and the improvement of financial literacy.

With the implementation of relevant policies in the 2025 No.1 Central Document, the in-depth advancement of rural credit cooperatives reform, and the wide application of digital financial technology, county-level inclusive finance is expected to achieve high-quality development. In the future, we should continue to deepen financial reform and innovation, strengthen coordinated policy efforts, promote more accurate and efficient flow of financial resources to key fields and weak links in county and rural areas, and inject strong financial momentum into the comprehensive revitalization of rural areas. Follow-up research can further carry out quantitative evaluation of the development effectiveness of county-level inclusive finance, so as to provide more accurate evidence for policy optimization

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