

Digital Economy Promotes Rural Revitalization: Based on the Mechanism of Rural Financial Services

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Abstract: *Prioritizing the development of agriculture and rural areas and comprehensively promoting rural revitalization, as the current era background, is not just a slogan. This article formally implemented this idea and attempted to find a way to revitalize rural areas. This article proposed an emerging economic model based on the digital economy to improve rural financial services and rural economy, thereby driving employment and consumption issues in rural areas and achieving the goal of revitalizing rural areas.*

Keywords: *Digital Economy, Rural Revitalization, Rural Financial Services, New Citizens*

1. Introduction

From urbanization many years ago to the current revitalization of rural areas, this is undoubtedly a change in development direction. The former rural areas have made many contributions to urbanization construction and also paid many costs. Therefore, this article believes that advanced technologies such as human resources, technological products, and financial markets in urban areas can radiate rural areas and drive rural development.

As an important task at present, rural revitalization has received many scholars' opinions. Hao W W proposed to revitalize rural areas by promoting rural education [1]. Huang X pointed out that in the context of revitalizing rural areas, there must be a large number of returning migrant workers, and it is necessary to take good care of this group [2]. This article believed that improving rural financial services is a better way. Hasan M believed that one of the main factors affecting rural access to financial services is financial knowledge [3]. Endri E stated in his research that variables such as income sharing and inflation have an impact on the efficiency of rural banks [4]. Benami E believed that the digital economy, after supervision and evaluation, can effectively reshape the rural savings, credit, and insurance service markets [5]. As important components of the financial market, savings, credit, and insurance services are naturally worth paying attention to.

As mentioned earlier in the digital economy, in today's highly informationized era, the digitization of the economy is very suitable for improving rural financial services. Xaydarov B pointed out that the digital economy plays an important role in society and the economy [6]. Kobilov A U cited the example of Uzbekistan, believing that the digital economy is highly effective in improving the economy [7]. Sturgeon T J proposed three key business strategies to optimize the digital economy, namely, modularity, open innovation and management platform [8]. Rodionov D believed that in the context of the epidemic, many economic and social processes have been transformed into electronic versions, which can help digitize various fields [9]. Wilson K B proposed a new phenomenon called irreplaceable tokens, which he believed can change the way digital assets are traded [10]. It can be said that there are various opinions about the digital economy as an economic model, but it cannot be denied that it has the ability to improve rural financial services.

2. Overview of Rural Financial Services

2.1 Reasons for the Lagging Development of Rural Financial Services

Compared to formal financial organizations, rural financial services are actually a relatively marginalized and non-mainstream economic form. Some scholars believe that rural finance exists in a very contradictory form, as it occupies a portion of the formal financial market and supplements

markets that are difficult for formal finance to enter and have sufficient potential. However, it is also influenced by the strong radiation of formal finance, making it difficult to regularize and intelligently enduring the exclusion and preemption of formal finance. Therefore, rural financial services have many problems. Chen C M took Xixiang County as an example. He proposed that only Industrial and Commercial Bank of China, Agricultural Bank of China and Postal Savings Bank of China set up business outlets in the whole county, and Agricultural Development Bank set up offices, securities companies and insurance companies only three [11]. It can be seen that the types and numbers of financial institutions in a series of townships, towns, counties and villages represented by Xixiang County are insufficient, and the lack of financial resources and the backwardness of villages and towns inevitably leads to the departure of a large part of the original young people, resulting in brain drain, so the comprehensive quality of the personnel in these rural financial institutions is also difficult to guarantee. One of the reasons is the inadequate medical conditions caused by the backwardness of townships. Govindan S pointed out that the rural population has a poor understanding of glaucoma, which has led to a serious loss of rural population [12].

Lu C pointed out that rural financial service institutions generally face the problem of insufficient funds [13]. In fact, this is not difficult to predict. As mentioned earlier, due to the lagging development and personnel loss in these regions, consumption capacity inevitably decreases, making it difficult to establish a formal market. A series of financial service institutions lack target customers, and investment is naturally insufficient. From another perspective, rural infrastructure is backward, and some remote areas may even be in a state of isolation in their early years, making it difficult to attract capital investment.

2.2 Development Direction of Rural Financial Services

It has been a trend for many years for a large number of rural population to flow to cities, and these migrants are called new citizens. They come to cities for employment, entrepreneurship or learning, and have not obtained local registered residence registration or registered residence for less than three years. Moreover, a considerable number of students from rural areas in major universities choose to stay in the city where the school is located for development after graduation, and these new citizen groups are the talents and labor force that rural areas transport to cities. Zhang L proposed an idea of utilizing new citizens to develop rural financial service institutions [14].

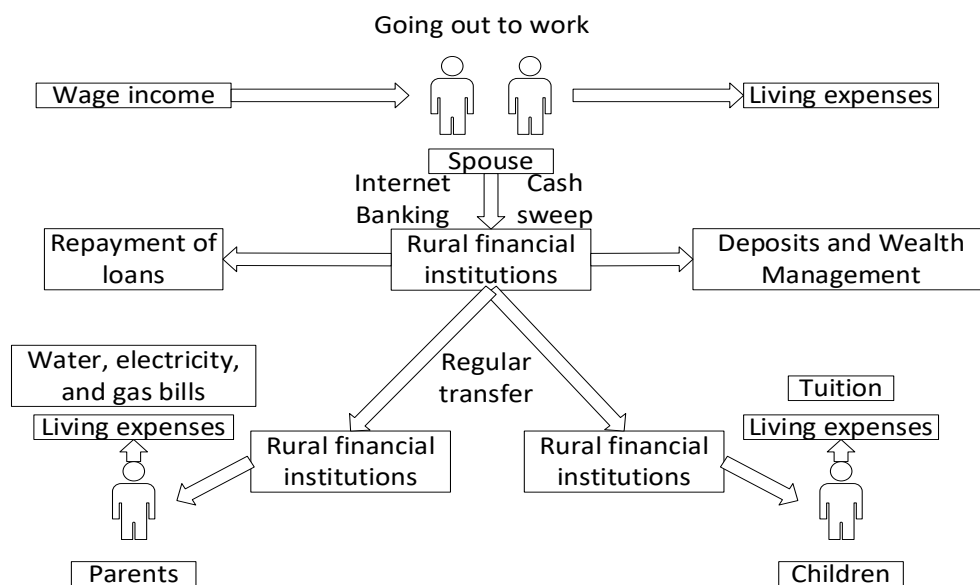


Figure 1. The operational patterns of rural financial institutions targeting households based on new citizens

This new approach is shown in Figure 1. This idea is mainly established around the families of these new citizens, and it can be seen that a family is mainly divided into three groups: middle-aged couples who work outside, elderly parents who still live in rural areas, and children who are currently studying. Couples who go out to work are the main source of income in a family, and a portion of their

salary income needs to meet their own living expenses. The remaining funds are collected through online banks and ultimately deposited into rural financial institutions. This part of the money is used for possible car loans, housing loans, and wealth management products, and a portion is used as fixed-term deposits. The remaining portion is transferred to their parents and children, who withdraw it through their respective rural financial institutions. In addition to living expenses, parents also need to pay for water, electricity, and gas bills, while children need to pay tuition fees. In summary, this approach is based on the normal family ties and structures of most households, using rural financial institutions as a means to achieve the circulation of funds. The family environment of these families is worth paying attention to. The majority of the new citizen group are migrant workers. According to a survey conducted by Xu L Q, the self-esteem and mental health of children of migrant workers are lower than those of others [15].

3. Business Environment Transformation Based on the Digital Economy

With the development of network technology, the concept of digital economy has gradually come to the attention of the public. This technology mainly uses big data to realize the rapid optimal allocation and regeneration of resources. In this way, high-quality economic development can be achieved. Zhang X N believed that major enterprises have provided infrastructure, platforms, and digital tools for the digital economy, and the rise of the digital economy has also created a large number of new formats and business models, promoting the digitization and intelligence of the global value chain [16].

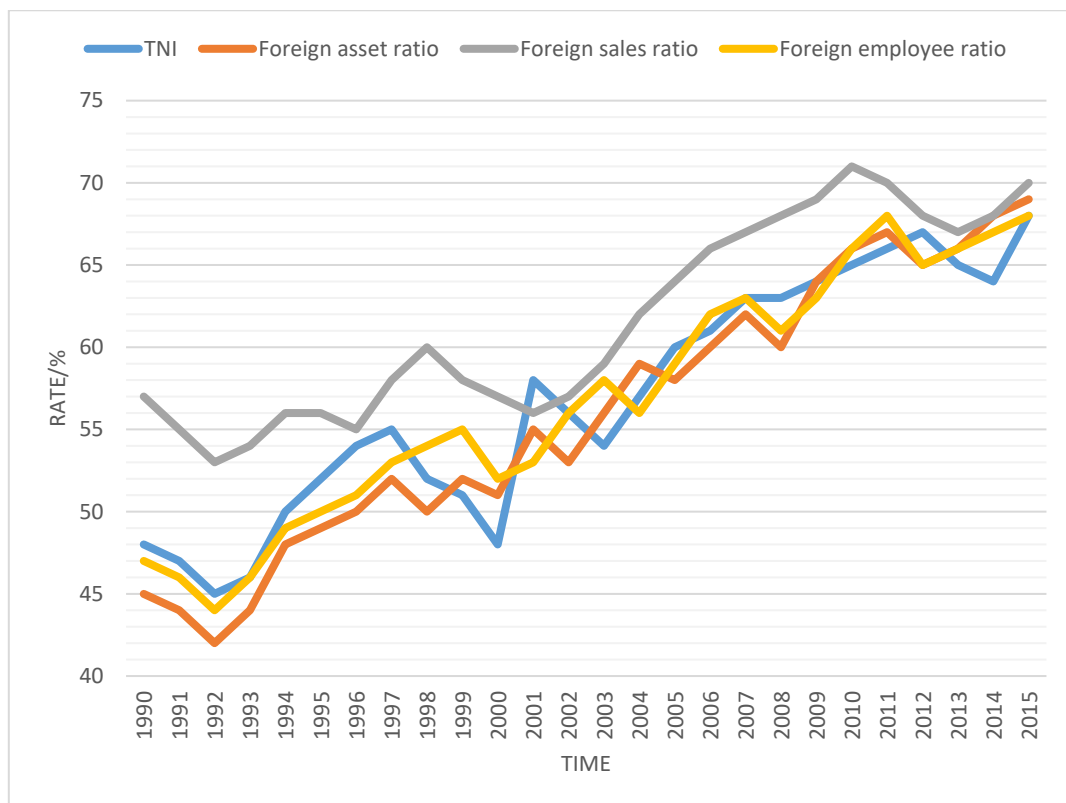


Figure 2. Internationalization Trends of Global Top 100 Multinational Enterprises from 1990 to 2015

Figure 2 shows the comprehensive trend evolution of several major indicators of the top 100 global multinational corporations from 1990 to 2015. These indicators are TNI (United Nations Trade and Development Organization Multinational Corporation Internationalization Index), foreign asset ratio, foreign sales ratio, and foreign employee ratio. It can be seen that the TNI has increased from 48% to 68%; the foreign asset ratio has increased from 45% to 69%; the foreign sales ratio has increased from 57% to 70%; and the foreign employee ratio has increased from 47% to 68%. The global top 100 multinational enterprises are becoming increasingly internationalized, and this cannot be separated from the credit of the digital economy. The digital economy has overturned traditional business models and also facilitated emerging business models. Nowadays, it can be seen that although street vendors and physical stores are not disappearing, the number is far less than more than a decade ago. Instead, they have been replaced by developed e-commerce and logistics transportation, where customers can

purchase the goods they want with their fingers. Not only has the shopping experience improved, but it has also promoted consumption and created a large number of jobs in the logistics industry. This is precisely the result of the highly digitized economic model.

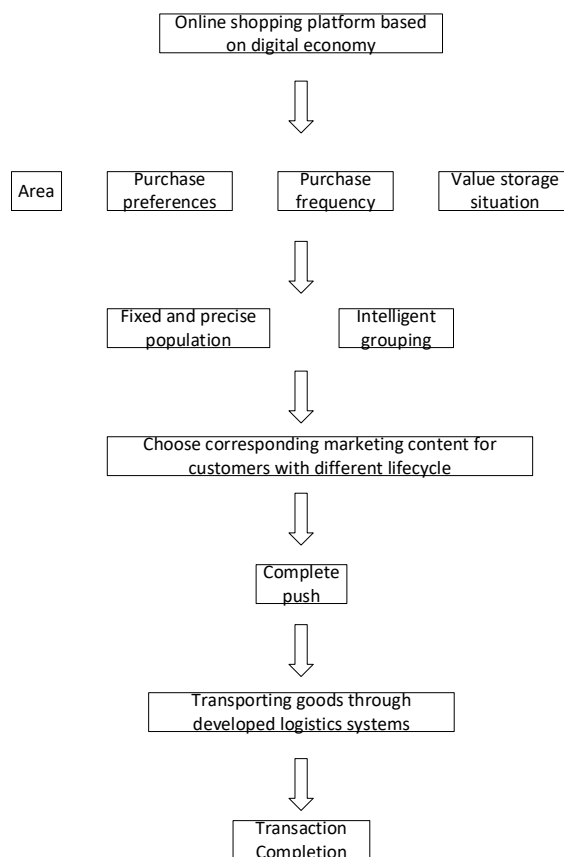


Figure 3. Online shopping models in the context of the digital economy

The current online shopping model, as shown in Figure 3, has a complete operational logic. Firstly, online shopping platforms classify users based on their attributes and behavioral labels, and the distinguishing indicators mainly include the user's location, purchasing preferences, purchasing frequency, and stored value. Then, these standard fixed precise populations are eliminated and intelligent grouping is conducted. Then, corresponding marketing content for different lifecycle customers is selected. At this point, the platform completes the push of related products, and then delivers the products to customers through developed logistics systems, ultimately completing the transaction. It can be seen that based on the powerful capabilities of the digital economy, compared to traditional business models, emerging online shopping has extremely high efficiency, able to accurately promote products to customers who truly need them, and a sound business structure has also improved the success rate of each transaction. Naseri R N N also pointed out in his research that guidelines for catering and positioning customers are beneficial for internet retail [17].

4. How to Revitalize Rural Areas

4.1 Necessity of Revitalizing Rural Areas

The rural revitalization strategy is the mainstream construction policy today, and the development of agriculture, rural areas, and farmers is a fundamental issue related to the national economy and people's livelihood, which has been widely recognized. The recent wave of urbanization has clearly led many people to overlook the importance of revitalizing rural areas. However, rural areas are a regional complex with natural, social, and economic characteristics that complement urban areas. If there is no talent attraction from urban areas to rural areas, then the development of urban areas is also a fantasy. At the same time, multiplication also has multiple functions of production, ecology, and culture, and

urbanization and industrialization are also inseparable from rural agricultural production. This has been recognized by Zhou L, who proposed that rural decline is a byproduct of modernization. Due to stronger mobility in manufacturing and service industries, cities have stronger competitiveness than rural areas, naturally attracting a lot of rural labor, land, and capital [18]. This law applies globally. He also listed many necessities for revitalizing rural areas.

Table 1. Necessity of revitalizing rural areas

	Specific functions	Role	Ownership of interests
Economic	Food production	Stabilize the supply of agricultural products and ensure the basic survival needs of the people	Agricultural enterprises and agricultural product consumers
	Economic and industrial development	Generate agricultural income, promote local employment, and enhance industrial development level	Farmers, local workers, and local employees
Politics	National security	Ensuring food security, food safety, and food sovereignty	All the citizens
Culture	Medical, leisure, and tourism	Provide leisure tourism space and create space for the cultivation of new business formats	Local residents, visitors
	Cultural education	Cultivate natural sentiments, understand agricultural civilization, and experience traditional folk customs	Nationals, local residents, visitors
Society	Social stability	Relieve the impact of economic crisis and solve social employment pressure	Nationals, employers
	Rural social security	Provide pension insurance, basic living and employment security	Farmers and local residents
Ecology	Environmental protection	Preserve the land and living environment, and preserve biological resources	Nationals, local residents, and all humanity
	Species diversity	Maintain harmonious coexistence between human society and nature	Nationals, local residents, animals, plants

The necessity of revitalizing rural areas can be seen from Table 1, which is basically divided into economic, political, cultural, social, and ecological levels. Firstly, at the economic level, rural areas can engage in food production, stabilize agricultural products, ensure the basic survival needs of the people, and drive the development of economic industries, generate agricultural income, promote local employment, and improve the level of industrial development. At the political level, rural stability also affects national security, as it bears the heavy burden of ensuring food security and food sovereignty. Devaux A also proposed that agricultural cultivation in rural areas is crucial for food demand and food security [19]. On the cultural level, rural areas can provide medical, leisure, and tourism industries, creating space for the cultivation of new formats. At the same time, they can also provide cultural education, allowing more people to cultivate natural sentiments, understand agricultural civilization, and experience traditional folk customs. Then, at the social level, the stable development of rural areas also affects social stability, as rural areas can alleviate the impact of economic crises and solve social employment pressure. At the same time, rural areas can also provide rural social security, pension insurance, basic living and employment security. Finally, at the ecological level, villages can protect the ecological environment, preserve the land and its living environment, preserve biological resources, and ensure species diversity, which is an important link to maintain the harmonious coexistence of human society and nature. For example, Harun I proposed a microeconomic model that helps improve rural livelihoods and thus the rural ecological environment [20].

4.2 Impact of the Digital Economy on Rural Areas

The digital economy can bring mobile phone base stations to rural areas, increase the length of long-distance optical cable lines, increase the popularity of mobile phones, and provide rural residents

with access to internet broadband, introducing modern and information-based living tools from multiple perspectives. The digital economy can solve problems such as information asymmetry, financial exclusion, and mismatch between financial resources and services through integration, in order to break the financial difficulties in rural areas, inject financial vitality into them, and combine the advantages of land and labor in rural areas. From a macro perspective, rural areas are bound to achieve strong development.

Specifically, the business model reform brought about by the digital economy can inevitably affect major financial institutions, attracting them to expand their own markets, and rural areas, which were once difficult for them to enter, have naturally become one of the preferred targets. With the establishment of financial institutions, rural residents can easily use more wealth management products, enjoy preferential savings policies, and the aforementioned capital injection can also open more industrial enterprises on the vast rural land, bringing more employment opportunities to villagers, preventing the outflow of young labor and talent, and promoting rural consumption, ultimately forming a virtuous cycle. Karim A also took the Baraka district as an example, pointing out that rural funds are considered support to meet the economic needs of communities [21].

5. Conclusions

This article first pointed out the reasons for the lagging development of rural financial services, pointed out that this is only one of the many phenomena of the overall lagging development of rural areas, and then proposed the development direction of rural financial services. Subsequently, the impact of the digital economy on global multinational corporations since its inception was listed. In daily life, the digital economy has also changed people's shopping patterns, and its powerful functions can be used to improve rural financial services. Finally, it pointed out the necessity of revitalizing rural areas. The digital economy can affect the overall development of rural areas by improving rural financial services.

It can be said that under the development strategy of rural revitalization, the rise of rural economy is only a matter of time, and the correct direction for a country is to develop both urban and rural areas, and to make the lives of both urban and rural residents prosperous.

Acknowledgement

Funding: This work was supported by Scientific Research Project of Yunnan Provincial Department of Transportation (project number: 2022J1063).

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