

# The influence of stall economy on the development of commercial banks

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**Abstract:** Under the influence of novel coronavirus pneumonia, China's economy suffered a great impact in 2020. In order to relieve the pressure of employment and release the atmosphere of urban fireworks, it is proposed to activate the stall economy during the two sessions in 2020. The development of stall economy can effectively stimulate consumption, activate the market, increase employment and promote the development of the tertiary industry. As a financial medium, commercial banks are an important part of the development of stall economy. This paper mainly studies the specific impact of the development of stall economy on commercial banks through data analysis method, and puts forward a series of suggestions, which has certain practical significance for the development of my country's commercial banks.

**Keywords:** Stall economy, commercial bank, data analysis

## 1. Introduction

Stall economy has a long history, which refers to an economic form formed by the source of income from stall. China's stall economy has developed under the management and regulation of the urban management department. In response to the employment crisis under the impact of the new crown pneumonia epidemic, the Central Civilization Office has actively adapted to the needs of the normalized epidemic prevention and control situation, and clearly required that civilization be included in the national civilized city evaluation indicators this year. The content of the city evaluation does not include road occupation, road market, and mobile vendors. Promoting the creation of civilized cities will play a more active role in restoring economic and social order and meeting the needs of the people's lives. The two sessions of the National People Congress put forward the orderly development of the stall economy, and various localities have successively issued guidance to "loosen the tie" for the development of the "stall economy", which has once again aroused widespread concern from all walks of life.

With the opening of local policies, "Stall Economy" has become a new driving force for economic recovery. On the one hand, it promotes the increase of employment. On the other hand, it drives consumption. For a period of time in the future, the original ecological stall like economic consumption may still be the target of capital pursuit. For China in the post epidemic era, in the face of increasing employment pressure, encouraging "stall night market economy" may be the simplest way for the people to make a living. Among them, as a financial medium, commercial banks should, in accordance with the requirements of supply side structural reform, respond to the national strategic plan for the development of Inclusive Finance, actively apply financial technology, innovate new retail service mode, comprehensively improve the level of small and micro financial services, and help the development of stall economy<sup>[1]</sup>. However, the sustainability of stall economy boom and the possible risks to banking business are also worthy of attention.

For commercial banks, whether they should encourage the implementation of special policies for the stall economy and how to manage them after implementation should not only be combined with people consumption habits, market demand and other actual situations, but also need to widely solicit the opinions and suggestions of business groups.

Therefore, this paper mainly studies the specific impact of the development of stall economy on commercial banks through data analysis method. And puts forward a series of suggestions, which has certain practical significance for the development of commercial banks of China.

## **2. Brief introduction of "stall economy"**

### ***2.1. What is stall economy***

Stall economy is a kind of economic form formed by the income source of stall. The stall economy is a kind of edge economy in the city<sup>[2]</sup>. Because the stall takes up the city space and the scenery sounds to the city appearance environment. The city has not been fully legalized. Stall has the characteristics of low threshold, low risk of failure and low commodity price. The stall economy can broaden the employment channels and make the vendors as a vulnerable group survive at a very low cost. At the same time, it can meet the needs of ordinary people life and promote consumption. Strengthening the economic activity of stall is undoubtedly an effective measure of "stabilizing employment, increasing income and ensuring people livelihood".

### ***2.2. The influence of stall economy***

Stall economy has always been a controversial topic. On the one hand, it has a positive impact on promoting employment, increasing income, stimulating consumption and enriching urban culture; on the other hand, it poses a certain threat to urban environment, social security, traffic order and consumer rights to a certain extent. Hitherto unknown, the impact of novel coronavirus pneumonia on China economic and social development is facing unprecedented impact. In the first quarter of 2020, the national GDP has experienced negative growth for the first time in ten years, and the employment of residents is facing tremendous pressure<sup>[3]</sup>. Under the background of novel coronavirus pneumonia, the rise of the stall economy will have multiple effects on society.

### ***2.3. Advantages and disadvantages of stall economy***

#### **■ Advantages:**

Have good prospects of gain. The operating cost of the stall owner is low. There is no transfer fee. There is no decoration fee. There is no rent pressure. There is no employee wage pressure. There is no tax. The operating cost is low and profitable.

Meet the needs of consumers. If consumers buy products of the same quality, they will definitely prefer to buy at a lower price. There are a wide range of products from clothes, trousers, handbags, fruits, daily necessities, cosmetics, jewelry and so on, which meet the needs of many consumers.

Ease employment pressure. Laid off workers, the unemployed, the new labor force, the farmers who have left the land, and many employees who are on the job will go to sell land after work, in order to supplement their income. This kind of spontaneous and informal employment mode alleviates the employment pressure to a certain extent.

Drive the surrounding economy. Generally, the streets with stalls will be more lively and prosperous. Cheap stalls can attract consumers to gather, cause consumers desire to buy, and drive the flow of people in the surrounding formal shops to a certain extent.

#### **■ Disadvantages:**

Environment pollution. Dirty, disorderly and poor, noise pollution. Traffic jams. There is no place for pedestrians to walk. Affect the appearance of the city.

Damage the interests of regular shops. Consumers may eliminate more consumption demand after meeting the demand for cheap products. If regular stores are not competitive in terms of quality, service and store atmosphere, they will be damaged to varying degrees by the same products in the stalls.

Dishonest transactions harm the interests of consumers. In order to have no fixed business premises and sell low-quality goods, products and services are not subject to the supervision of relevant departments, some illegal vendors cheat consumers in order to obtain greater immediate interests.

### ***2.4. Current situation of stall economy development***

Some banks have launched "stall loan" to extend credit to stall owners. Alibaba, Jingdong, Suning and other e-commerce platforms have also launched corresponding assistance plans for "stall economy".

### 3. The influence of stall economy on Commercial Banks

#### 3.1. Business data of commercial banks before June 2020

In order to fully consider the impact of China implementation of stall economy on commercial banks. This paper collects relevant data from December 2015 to June 2020 to observe the operation of commercial banks in China without the influence of stall economy. The following table 1 is part of the data.

Table 1 Business data of China commercial banks from December 2015 to June 2020

date	Cash in circulation	Current deposit	Time deposit	Savings deposit	Other deposits	Paid in capital
2015-11-30	6032824	32729008	28703263	54283396	15647110	4181752
2015-12-31	6321658	33773686	28824066	55207348	15101053	4321443
2016-01-31	7252651	34015913	29428920	56096763	14837707	4329998
2016-03-31	6465121	34693010	30062337	58685568	14713766	4420792
2016-06-30	6281889	38082481	30167399	58754866	15762548	4456014
2016-09-30	6506862	38927163	31507715	59888053	14806257	4556280
2016-12-31	6830387	41825337	30798961	60350420	15201562	4716659
2017-01-31	8659861	38592784	31795726	63474573	15071615	4739417
2017-03-31	6860505	42016504	31718342	64327844	15037762	4779904
2017-06-30	6697768	44325048	31700307	64293190	16111939	4837747
2017-09-30	6974854	44811450	32661431	64834970	16283501	4956278
2017-12-31	7064560	47314455	32019623	64934150	16344066	5204822
2018-01-31	7463629	46861084	32816980	65842425	19097328	5198666
2018-03-31	7269263	45084745	33260589	69256369	19114982	5212782
2018-06-30	6958933	47435538	33442529	69244077	19936760	5305216
2018-09-30	7125426	46731982	34982679	70625625	20700846	5357782
2018-12-31	7320840	47847750	34017891	72168857	21319083	5443245
2019-01-31	8747062	45816784	35560475	76039193	20430019	5491769
2019-03-31	7494158	47263397	35901548	78260612	20021499	5504118
2019-06-30	7258096	49511522	36216276	79020111	20130014	5736841
2019-09-30	7412975	48300820	37431807	80743727	21335720	6193398
2019-12-31	7718947	49881968	36348604	81916184	22783179	6479553
2020-01-31	9324916	45228262	38392071	86117706	23243692	6484904
2020-02-29	8818705	46451368	37978392	86050370	23784208	6523663
2020-03-31	8302221	49202808	39027495	88427926	23131892	6643096
2020-04-30	8148521	48866526	40577609	87629387	24131338	6720858
2020-05-31	7970683	50140423	40464538	88120457	23322273	6823910

Data source: reness database

It can be concluded from the data that in recent years, the cash in circulation, demand deposits, time deposits and other deposits of China commercial banks have increased, especially the savings deposits of China citizens. It can be observed that, affected by the epidemic, the savings deposits have increased significantly in the period from November 2019 to June 2020.

#### 3.2. Business data of commercial banks from June 2020 to August 2020

Then let look at the bank data under the influence of the state economic policy of vigorously developing land stall.

Table 2 Business data of China commercial banks from June 2020 to September 2020

date	Cash in circulation	Current deposit	Time deposit	Savings deposit	Other deposits	Paid in capital
2020-06-30	7945941	52485856	39903985	90318793	22840291	6841868
2020-07-31	7986721	51132543	39780088	89592645	24053849	6891281
2020-08-31	8004271	52124639	40025363	89994994	23534424	6950283

It can be seen from the data that within one month after the introduction of the stall economy, the

deposits of China commercial banks had a downward trend at first, and then increased slowly. This is because the stall economy promotes national entrepreneurship. People take deposits from the bank as project start-up funds. After making money, people are still willing to deposit the money in the bank.

### ***3.3. The countermeasures and results of commercial banks for stall economy***

All along, banks are the main force to support small and micro business owners and merchants. Affected by the national stall economic policy, many banks have launched stall loans in June 2020 to meet the loan demand of stall people.

For example, ICBC Changchun Branch launched "ICBC e-payment collection code". It can meet the financial settlement needs of merchants and integrate the mainstream payment methods such as WeChat, Alipay, UnionPay cloud flash payment, etc., which can provide customers with diversified credit collection services such as credit card and bar code, accurate capital settlement and stable arrival time. Meanwhile, the mobile phone server is provided with convenient accounts reconciliation and clear operation.

A number of banks have launched land stall loan business, and several major rural commercial banks that launched "land stall loan" have given relatively low annual interest rates ranging from 4.34% to 4.78%, such as posters with the words of "only 1.21 yuan per 10000 yuan per day". It can be seen that "land stall loan" generally does not require the borrower to provide a business license in order to reduce the application threshold of mobile businesses, and "land stall loan" is smaller, and micro loan is more sinking.

Through these policies aimed at the stall economy, commercial banks not only did not lose a lot of financial support from the masses, but also improved their business indicators.

## **4. Opportunities and risks of stall economy to commercial banks**

### ***4.1. Opportunities of stall economy for commercial banks***

#### ***4.1.1. The stall economy has a wide audience, and the masses are highly dependent on banks***

According to statistics, since the implementation of the stall economy in China, people all over the country are trying to find ways to "set up stalls". As of May 22, 2020, there are 2234 temporary road occupation stalls and stalls in Chengdu, 17748 temporary cross door business outlets are allowed, 82 large shopping malls are allowed to occupy road promotion outlets, 20891 mobile vendors are allowed, and 6103 temporary Internet rental bicycle delivery outlets are added. More than 100000 jobs will be created. If we refer to the proportion of 100000 people in Chengdu total permanent population (about 16 million) brought about by Chengdu promotion of "stall economy" reported by the media, we can roughly estimate the situation of the whole country (about 850 million people in China urban permanent population), and the number of new jobs that may be brought about by the promotion of "stall economy" in urban areas is about 5.12 million. If the new employment involved is assumed to increase the annual per capita income by 30000 yuan, the national income will increase by 150 billion yuan (accounting for about 0.15% of GDP in 2019).

#### ***4.1.2. The number of commercial deposits and loans is large***

The core needs of stall merchants are convenient payment and Operating Loans<sup>[4]</sup>. Now, online payment is widely used by merchants. However, there are still difficulties in acquiring cash from WeChat and Alipay. The time of cash withdrawal is relatively long, with a certain handling charge, which increases the operating cost.

ICBC Changchun branch launched the ICBC E payment code, which meets the needs of the merchants. E payment payment code integrates mainstream payment methods such as WeChat, Alipay, UnionPay cloud flash payment, etc., which provides customers with diversified credit collection services such as credit card and bar code, accurate capital settlement and stable arrival time. At the same time, it provides a mobile phone service terminal, which is convenient for reconciliation and clear business conditions at a glance. Funds arrive at any time, and there is no cash withdrawal fee. It can provide convenient payment for commercial banks and obtain certain benefits. At the same time, there are a large number of stall merchants. In addition to convenient payment, stall merchants also have a strong demand for business loans. The loans brought by stall economy will also bring direct economic benefits to banks.

#### ***4.1.3. Most of the merchants are local customers***

Because stall merchants are basically local residents, banks can rely on physical outlets to carry out offline service activities. Customer information is easier to collect. Bank marketing personnel provide the convenience of offline information screening and audit, and it is easier to identify fraudulent customers offline. Combined with online audit tools, risk control has certain advantages. For local customers, banks also have certain advantages in providing non secured loans and risk prevention and control. In addition, banks can also provide industrial chain and supply chain financial services.

#### ***4.2. The risk of stall economy to commercial banks***

Because the stall merchants are a special customer group, there may be problems in the merchant capital chain, and there is a certain risk in the non secured credit, which will lead to the rise of bank credit risk. The default risk of merchants is also greater than in the past. Blind credit and excessive credit to stall merchants may lead to greater adverse risks.

In addition, the problems of urban environmental governance caused by stall economy begin to highlight. So we should be alert to the policy risks caused by the change of urban management policy. Therefore, in the face of the hot market economy, banks should reasonably evaluate the financial demand value and risk of the stall merchants; customer group under the full consideration of policy factors, and decide whether to expand this customer group according to the bank advantages, costs and its own risk control ability.

### **5. Suggestions on the development of commercial banks**

Cooperating with the stall economy is only a link in the development of banks. While cooperating with the national stall economic policy to develop their own business, commercial banks should also pay attention to other aspects of development.

#### ***5.1. Promote retail transformation***

With consumption gradually becoming the main driving force of economic growth, there is a huge space for the development of retail loan business and consumer finance business of urban commercial banks. City commercial banks should pay close attention to the new trends in the field of consumer finance, cooperate with e-commerce companies, exploit customers with the help of big data advantage of the Internet, break through geographical restrictions, and create new business revenue points. Another direction is financial product innovation and asset management business. With the growing demand of residents for investment and financial management, urban commercial banks should speed up the innovation of financial products and services, establish sound asset management subsidiaries, and improve the ability of investment and risk control<sup>[5]</sup>.

#### ***5.2. Integration with science and Technology Finance***

Commercial banks can focus on the cultivation of technology-based SMEs and the development mode of high-tech industries. In terms of customer selection, we mainly choose to provide credit scheme for high growth technology-based enterprises with independent intellectual property rights, core technology and core competitiveness. Commercial banks can strengthen cooperation and establish a complete information collection, disclosure and credit evaluation system for scientific and technological innovation enterprises on the basis of the credit information system of the people Bank of China by cooperating with industry and commerce, taxation and other departments. So as to realize the information sharing and effective transmission among commercial banks, government departments and scientific and technological innovation enterprises. At the same time, the government, science and Technology Bureau, insurance institutions, guarantee institutions, investment institutions, equity exchanges and other cooperation institutions should be used to build a new science and technology service platform.

#### ***5.3. Improve the organization and strengthen the training of talents***

Commercial banks can also cooperate with institutions of higher learning and scientific research institutions to train key post personnel according to the principle of matching business development with post personnel, formulate appropriate personnel training standards in combination with actual needs and

foreign scientific and technological financial personnel training experience. And strengthen the training of interdisciplinary and interdisciplinary compound personnel with financial professional knowledge and enterprise management ability. It just that.

#### ***5.4. Actively promote the innovation of financial products and services***

Commercial banks can develop diversified financial products, wealth management products, financial tools, etc., while paying more attention to consumer needs, combining consumer preferences to formulate targeted financial products. So as to continuously expand the business development field of commercial banks. And adopt other business levels in many aspects. Efforts should be made to improve the anti-risk capability of commercial banks' own financial services.

## **6. Conclusion**

There is no doubt that the stall economy has played an important role in promoting the development of my country's commercial banks. However the development of commercial banks is diversified, which can not only incline to the stall economy. Instead, they should closely rely on the national development strategy, combine with their own characteristics, give full play to their comparative advantages, borrow digital technology and Internet technology to innovate their products and services, and do a good job in supervision, so as to improve their competitiveness.

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