

# Research on the Path of Yongzhou Rural Commercial Bank's Digital Inclusive Financial Services to Support Rural Revitalization

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**Abstract:** Digital inclusive finance can provide strong support for solving the financing problems of small and micro enterprises and "agriculture, rural areas and farmers", and is also an important starting point for financial support for rural revitalization. This paper analyzes the supporting role of Yongzhou Rural Commercial Bank's digital inclusive financial services to rural revitalization, sorts out the challenges faced by digital inclusive finance from application scenarios, data collection, infrastructure, etc., and proposes Yongzhou Rural Commercial Bank's digital inclusive finance. The service supports the path of rural revitalization.

**Keywords:** Digital Inclusive Finance, Rural Revitalization, Financial Services.

## 1. Introduction

In 2016, the G20 Global Partnership for Financial Inclusion (GPII) report "Global Standard-setting Bodies and Financial Inclusion--an Evolving Landscape" stated: "Digital financial inclusion refers broadly to all actions that promote financial inclusion through the use of digital financial services. This includes the use of digital technology to provide a range of formal financial services to people who have no access or lack of financial services, in a way that meets their needs, is responsible, cost-effective, and sustainable for service providers." Digital financial inclusion has the advantages of reducing service costs, expanding service boundaries and improving service quality and efficiency. It is an important tool to reduce income inequality and promote financial inclusion. The development of digital financial inclusion, especially in rural areas, is also an important way to promote integrated urban-rural development and rural revitalization.

## 2. The Supporting Role of Yongzhou Rural Commercial Bank's Digital Inclusive Financial Services in Rural Revitalization

### 2.1. Reduce the Cost of Agriculture-related Financial Services

Inclusive financial credit entities in the rural economy are mainly new agricultural entities such as small and micro enterprises, individual industrial and commercial households, and rural cooperatives. Such customers have a large degree of information asymmetry, high pre-loan investigation costs, short funding requirements, small quotas, high frequency, and high fixed costs for a single transaction. The application of digital inclusive finance can greatly alleviate this contradiction. The online service model established by digital technology has reduced the service cost. Yongzhou Rural Commercial Bank has continuously launched online and standardized products relying on big data. Through the onlineization of loans, the reproducibility of loans is

increased, and the small profits but quick turnover can amortize the costs, while introducing more customer self-service operations to reduce bank labor costs. For example, it has launched a loan product that can be borrowed and repaid and embedded in online banking and mobile banking. Customers can operate independently and flexibly according to their needs, and realize real-time payment. On the premise of greatly reducing the cost, it meets the capital demand of the rural financing subject.

### 2.2. Expanding the Coverage of Financial Services in Rural Areas

In recent years, the number of physical branches of banks shows a downward trend, which is the choice made by Yongzhou Rural commercial banks to save money and increase efficiency. Although closing the physical branches can reduce the investment of invalid assets, improve capital mobility, and reduce the proportion of non-interest-bearing assets, the rural area of Yongzhou is vast, and the main dispersion of capital demand is high. The insufficient subsistence of the physical branches of Yongzhou rural commercial banks may lead to the difficulty of rural inclusive finance services. Digital financial inclusion effectively extends the coverage area of physical outlets. While reducing the physical contact with customers, digital financial inclusion can still reduce the service threshold and service cost with a large number of online products. For example, some county-level cities have only one branch. Digital technology can be used to overcome the limitations of branches and personnel, accurately analyze the financial needs and financing characteristics of different regions, adopt the account manager grid responsibility system, and realize the full coverage of towns and townships (streets) by a single branch in the urban area through visits and direct electronic bank connections. At the same time, the bank QR code is widely laid, customers can scan the code according to the detailed instructions or remote guidance to obtain a large number of convenient financial services, follow-up can also arrange specially-assigned tracking services.

### **2.3. Improve the Availability of Agriculture-related Loans**

Some customers of the rural inclusive finance business are small and micro enterprises, and their ability to resist risks needs to be improved. The uncertainty of natural disasters and the volatility of agricultural product prices have also increased the operating risks of agriculture-related enterprises to a certain extent. In addition, agriculture-related loans often lack collateral and have weak liquidity, so loans are often obtained by means of guarantees. Traditional rural inclusive loans use offline due diligence to determine the credit level of customers, which is highly subjective, while digital inclusive finance is based on big data. Authorized to capture credit information, social security, provident fund, water, electricity, coal and other data through multiple channels, cross-validate through algorithms, constantly revise the credit model, and establish a credit model. At present, some banks have launched the "scanning the code to issue the quota" service using such technology. The production and trade processes of some county-level leading enterprises have been online, and upstream and downstream enterprises have used the Internet to achieve information flow, logistics, and capital flow. The development of rural inclusive finance business can also be integrated into the online and platform-based business trends of customers, realize the deep integration of financial services and enterprise operations, and obtain enterprise operation data in real time. Once an abnormality in data such as corporate withdrawals is found, an early warning can be triggered, making post-loan management more efficient and intelligent.

## **3. Challenges Faced by Yongzhou Rural Commercial Bank's Digital Inclusive Financial Services to Support Rural Revitalization**

Yongzhou Rural Commercial Bank is both an application and a beneficiary of financial technology. Digital technology can solve a large number of traditional problems and has become an important driving force for the innovation and development of the current bank. Strengthening financial technology capabilities and digging deep into the value of data can improve the efficiency of various business management decisions, and promote business model innovation and business growth. At present, the number of digital inclusive financial products developed by Yongzhou Rural Commercial Bank in combination with digital technology in the rural inclusive financial business continues to increase, but the development of digital inclusive finance to support rural revitalization still faces the following challenges.

### **3.1. Application Scenarios to Be Expanded**

Although Yongzhou Rural Commercial Bank's financial services continue to decline and client operations are simplified as much as possible, some financial service audiences in rural areas need to improve their understanding of digital inclusive financial products and services, and some customers lack guidance on digital services. And products are still more difficult to accept and use, and more inclined to use traditional methods. For example, in the promotion of the bank going to the countryside, some customers are afraid of trouble and being fooled, and are reluctant to try to scan the

code. The application scenarios of Yongzhou Rural Commercial Bank's digital inclusive financial services in rural areas need to be expanded, and the promotion methods need to be optimized.

### **3.2. Key Data Needs to Be Enriched**

In recent years, Yongzhou Rural Commercial Bank has been vigorously promoting online approval and credit products, associating credit information and tax data, and realizing online review through big data, so as to meet customers' financing needs more conveniently. The core element for judging credit entities in such loans is data, but it is difficult to collect valuable basic data in agriculture-related loans. It is relatively easy to obtain data such as how much water, electricity, gas, and taxes paid by a manufacturing enterprise in an industrial park. However, in rural areas, it is more difficult to know how many crops a farmer has planted and whether there are private loans through online means. Customers engaged in planting or aquaculture lack standardized data, and it is difficult to fully identify credit risks through big data. At present, such customers mainly apply for credit through traditional means.

### **3.3. Digital Infrastructure Needs to Be Improved**

At present, the construction of rural digital infrastructure in Yongzhou still lags behind that of cities. The coverage of rural networks and the level of base station construction need to be improved, the popularity of the Internet needs to be improved, and the soft infrastructure in rural areas needs to be improved, including the training of professional talents, especially Compound financial talents who understand technology and agriculture; and the application of financial technology, including improving information security protection, fraud risk prevention capabilities, etc.

## **4. The Path for Yongzhou Rural Commercial Bank to Develop Digital Inclusive Financial Services to Support Rural Revitalization**

### **4.1. Strengthening the Concept of Digital Financial Transformation**

Digital inclusive finance is not an innovation of a certain technology, but a reshaping of the entire process of the front, middle and back offices; it is not only the advancement of information technology, but also the upgrade of customer service models and service concepts. With the comprehensive acceleration of the digitalization of rural industries, Yongzhou Rural Commercial Bank needs to make breakthroughs in digital inclusive financial services. The first is to improve data and financial technology infrastructure, accelerate the construction of key digital technology projects, strengthen data governance and data application, promote the construction of enterprise-level customer information factories, operation management platforms, and digital process management platforms, and promote the implementation of rural smart operation and management scenarios. Strengthen the research and development of digital credit and intelligent risk control. The second is to promote digital operation, accelerate the key projects of industrial digital finance, and expand the application scenarios of the supply chain financial model. Considering that customers are

more and more inclined to choose a transparent, simple and self-service financial service experience, it is necessary to accelerate the pace of technological innovation and improve financial service capabilities. The third is to conduct research and layout on digital technologies such as blockchain, artificial intelligence, and machine learning, accelerate the transformation of digital inclusive finance as a whole from a strategic height, and identify the development direction of digital finance.

#### **4.2. Accelerate the Integration of Data Assets**

The first is to integrate internal data. Yongzhou Rural Commercial Bank itself has massive data with many types of data. Internal data has been scattered in various systems for a long time. Data warehouses and data marts mostly stay at the logical level, and need to strengthen the standardization and visualization of their own data. The second is to divert external data. With the advancement of the national big data strategy, more and more data can be shared and obtained. The integration of these data with the bank's own data can form a strong financial innovation. Yongzhou Rural Commercial Bank can go hand in hand in three directions: integrating internal data, connecting with relevant departments to share data, and strengthening data cooperation with external enterprises, and gradually improve its digital operation capabilities. The third is to strengthen data application. While building its own platform and co-building a platform, Yongzhou Rural Commercial Bank needs to extensively connect and integrate into the business scenarios of various industries, and provide characteristic agricultural financial services based on the data of the platform's economic ecosystem.

#### **4.3. Enriching Customer Acquisition Channels for Rural Inclusive Finance**

The first is to increase the number of online "Sannong" users and promote the application of digital inclusive finance. Relying on online channels such as mobile banking and direct-selling banking, Unicom connects functions such as smart government affairs, agricultural materials and agricultural machinery, and agricultural product supply and marketing, and explores and designs a comprehensive and digital overall plan for rural revitalization, so that farmers, agricultural enterprises and other rural entities can go online. Independently obtain "credit + non-credit" and "financial + non-financial" services. Accelerate the system transformation of the agricultural product service process, promote the intelligent access of agriculture-related customers and agriculture-related industries, reduce manual input from the system process, and reduce the burden on grass-roots outlets. The second is to innovate agricultural industry chain supply chain financial services. Taking the agricultural industry chain as the axis, cooperate with key industries and key agricultural leading enterprises, integrate logistics, information flow, and capital flow, and do a good job in upstream and downstream integration and extension of industrial chain financial services. Establish the whole industry chain thinking, and provide comprehensive financial services for agricultural products processing, pesticide, fertilizer, feed production and sales, and other agriculture-related customers with advantages of scale, technology and industrial chain. The third is to strengthen the application of financial technology and expand agricultural and rural scenarios. Use digital technology to promote innovation in

financial service models, and increase the expansion of agricultural and rural scenarios such as planting and breeding, agricultural materials and agricultural machinery, and rural e-commerce. Actively participate in the information sharing platform established by relevant departments, and strengthen the collection, mining and application of agricultural and rural data. Grasp the "Four Seasons Farming Season" agricultural credit window period and extend the ecological scenario of the agricultural industry chain. Explore and carry out pilot projects for mortgage loans such as large agricultural machinery and greenhouses, and expand the credit enhancement methods for agricultural customers.

#### **4.4. Improve the Construction of Rural Digital Outlets**

The first is to deepen the reform of county-level sub-branches, use digital technology to implement the coverage mechanism of "based on counties, expand towns, and extend villages", deepen the county economy, serve rural industries, and highlight business characteristics. For relatively economically developed counties, national key towns, economically developed towns, county-level characteristic industrial clusters and other regions with market prospects, financial products will be launched as needed to increase the coverage of county-level inclusive finance. The second is to promote the coordinated development of urban and rural areas and the co-construction of online and offline channels. For different groups such as new agricultural business entities, leading enterprises and individual customers in the county, we will launch characteristic and targeted online services and products. Financial services are integrated into the transaction links of production and life scenarios, create a comprehensive online financial service that supports customers to handle various financial and life services in one-stop, and explore the formation of a grid-based financial service system for towns and villages. Further improve the coverage of financial services, and provide featured services to local towns with strong economic power, characteristic industrial towns and towns with a good foundation for cooperation, so as to achieve full coverage of the county. The third is to strengthen publicity and promotion, enhance the interaction between banks and towns, and carry out financial publicity. Establish a long-term linkage mechanism with village affairs staff to collect, feedback and solve the financial needs of villagers and farmers and agriculture-related enterprises in a timely manner, increase the publicity of online products, and expand the coverage of outlets. Through on-site activities, WeChat groups, service official accounts, etc., we introduced financial products, popularized financial knowledge, shortened the distance, and boosted the vitality of the outlets.

#### **4.5. Strengthening Risk Prevention and Control of Agriculture-related Loans**

First, strictly adhere to the bottom line of compliance. Focusing on the policy orientation of rural revitalization, strengthen the monitoring of the flow of credit funds to ensure that the use of funds is compliant. Pay attention to the impact of various reform processes such as rural land expropriation, collective commercial construction land entering the market, rural contracted land registration, evaluation, and establishment of a transfer mechanism on digital inclusive financial services to ensure legal compliance. The second is to strengthen risk monitoring. Establish a digital risk early warning and disposal mechanism to keep the quality of

agriculture-related credit assets stable and controllable, so as to ensure that rural revitalization is served to achieve commercial sustainability. Agriculture-related customers may be affected by the epidemic, extreme weather, natural disasters and market fluctuations. Therefore, banks need to take risk management measures such as relevant insurance offsets and mortgage guarantees. For agriculture-related credit customers who have temporary difficulties, they will not blindly withdraw, cut off, or suppress loans, and will effectively combine preventing and defusing financial risks with serving rural revitalization. The third is to strengthen the protection of consumer rights and interests. Apply digital technology, carry out targeted promotion of financial consumer rights protection knowledge, carry out publicity activities such as "Send financial knowledge to the countryside", strengthen the dissemination of financial knowledge, and help town and village customers enhance their awareness of risk prevention and improve their ability to identify new types of scams.

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