

Research on Mechanism, Path and Strategy of Green Finance Supporting Rural Revitalization

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Abstract: To further promote the implementation of rural revitalization strategy is very important to promote the supply-side structural reform of China's rural economy and alleviate the imbalance of rural economic development. However, the realization of the strategic goal is inseparable from the guarantee of social capital, and local financial institutions have also created a suitable platform for the development of rural finance. Therefore, local financial institutions should identify the breakthrough point and breakthrough point according to the requirements of rural revitalization strategy and the situation of rural economic development, analyze the problems encountered in the development of rural finance from the perspective of green finance, and put forward corresponding solutions, which will have a more positive impact on the implementation of rural revitalization strategy and rural financial development.

Keywords: Rural revitalization, Green finance, Road research.

1. Analysis of Rural Revitalization Strategy and Financial Background

According to the national conditions of China and the special situation of rural development, the report of the 19th National Congress of the Communist Party of China formally put forward the strategy of rural revitalization, and stipulated that rural development should meet the requirements of modern agricultural industrial system, meet the needs of modern development, strive to adjust and improve the rural management system, vigorously develop rural human resources, and strive to improve the level of rural economic and cultural development. The level of agricultural modernization has a great influence on the overall modernization level of the country. However, in most rural areas of China, the related infrastructure construction is not perfect, and compared with cities, rural areas still lag behind to some extent. Therefore, we must promote and implement the rural revitalization strategy to achieve the goal of building a well-off society in an all-round way[1]. Implementing the rural revitalization strategy is an important national decision based on the overall economic construction and development mode transformation of China in the future. In the past, in order to ensure the overall strength of the country, urban development was given priority and rural areas were temporarily put on hold. By attracting more farmers and urban residents to the countryside, the rural revitalization strategy will add new vitality to the development of rural economy, play a vital role in promoting the integration of urban and rural areas, and contribute to the long-term economic development of China[2].

Market construction is one of the core contents of modern market economy construction, which plays a key role in allocating resources and can more effectively guarantee the implementation of the national rural revitalization strategy[3]. However, financial institutions must strengthen their investment support for the national rural revitalization strategy if they want to realize innovation in credit capital investment and improve the economic, social and financial service level in rural areas. Support through financial institutions' investment is also the main breakthrough for the

implementation of the national rural revitalization strategy[4]. Therefore, in the development of modern agriculture, financial institutions should focus their investment on the creation of new financial products in modern agriculture, further improve the level of rural financial management, promote the adjustment and optimization of rural production structure and industrial structure, and solve the problem of unbalanced rural financial development[5]. To solve the problems of unbalanced development and imperfect system of rural finance, financial institutions should take the optimization and allocation of financial service resources as the guide, give substantial support to the important areas and weak links in the current rural economic development process, further enrich and expand the service functions of financial institutions in rural areas, and form a comprehensive and unified rural financial service system.

2. Analysis of the Development Model of Green Finance in Rural Revitalization

2.1. The Status Quo Of Green Financial Development Model for Rural Revitalization

In recent years, with the effective promotion of China's green development concept, the corresponding green financial policies and systems are gradually being improved. China's green financial policy and regulation system is the first one in the world, and this achievement has greatly promoted the development of China's green financial system[6]. With the continuous improvement of the green financial system, China has established reasonable development norms in financial information transaction, green credit evaluation, and environmental information release. At the same time, in the securities market, the relevant regulatory authorities have also improved the regulations on green securities, making the development of green finance in China more and more standardized.

2.2. The Need to Develop Green Finance to Support Rural Revitalization

(1) Developing green finance can strengthen the state's environmental governance in rural areas. At present, the rural areas are affected by industrial production and material relocation, and the environmental pollution is very serious. Among the environmental pollution problems in rural areas, the most serious one is water pollution. There are a lot of *Escherichia coli*, potassium and chlorine in polluted water sources, which are harmful to human health. Living in such an environment for a long time will cause many diseases[7]. At present, quite a few rural areas are still burning straw, which makes the concentration of smoke, particulate matter and other pollutants in the air sharply increase and the air quality rapidly decrease, which will not only reduce the visibility of the atmosphere, hinder traffic, especially affect the take-off and landing of airport planes and the driving of cars on highways, but also have a serious negative impact on human health. In addition, there are soil pollution caused by heavy metals in rural areas, which has caused huge economic losses to farmers and affected people's health. Therefore, only by developing green finance can these environmental pollution problems be effectively solved, thus realizing the development of agricultural science. (2) Developing green finance can promote agricultural development. The key to revitalizing agriculture lies in changing the development mode of rural economy from primitive to resource-based, which requires fully implementing the spirit of green development and further optimizing the value chain of agricultural products. Developing green finance can improve the "green" quality through the development of organic products, which will help to restore the rural ecological environment. For example, by developing more green tourism landscapes, we can provide people with more organic products on the basis of consumption modernization, and then realize the green development of rural economy[8]. (3) Developing green finance can meet the welfare needs of people in rural areas, promote the rational use of natural resources, and achieve the goal of poverty reduction based on the concept of green development.

3. The Breakthrough Point of Green Finance Supporting Rural Revitalization Strategy

In recent years, in view of the new practice of supply-side structural reform in rural areas of China, financial institutions have taken financial support for modern agricultural construction as the main breakthrough point, further upgraded rural financial products, gradually established a sound rural financial service system, and promoted the diversified development of rural finance.

3.1. Increase Credit Support for Economic and Social Development in Rural Areas

We should improve rural financial institutions according to the needs of China's rural revitalization strategy and the characteristics of agriculture and rural areas, and actively promote rural financial institutions to return to their original origin. In recent years, financial institutions have taken the initiative to broaden the fields of agriculture-related services in rural areas, practically increased their loan support for agriculture, rural areas and farmers, and steadily increased

their loan support for important areas of rural economic development[9]. At the end of 20 years, the balance of agriculture-related loans in China's domestic and foreign currencies was 38.95 trillion yuan, up 10.7% year-on-year, with an increase of 3.94 trillion yuan for the whole year and 1.26 trillion yuan more year-on-year. According to the Statistical Report of Financial Institutions' Loan Investment in 2020 released by the People's Bank of China, the balance of rural loans in China (at or below the county level) was 32.27 trillion yuan at the end of 2020, up by 11.9% year-on-year, and the growth rate was 3.6 percentage points higher than that at the end of 2019, up by 3.55 trillion yuan for the whole year, up by 1.2 trillion yuan year-on-year[10].

3.2. Optimization of Credit Distribution In Rural Economy

The main purpose of developing rural economy is to promote the improvement of agricultural quality and efficiency, and promote the supply-side structural reform of rural economy. According to the basic requirements of agricultural transformation and modernization, financial institutions should increase credit support to traditional agricultural departments, especially in specialized agricultural product processing departments and modern agricultural production, so as to strengthen agricultural materials and equipment, improve agricultural product marketing efficiency and improve agricultural market supervision[11]. By the end of 2020, the balance of rural household loans in China was 11.81 trillion yuan, up 14.2% year-on-year, and the growth rate was 2.1 percentage points higher than that of the end of 2019, with an increase of 1.51 trillion yuan for the whole year, up 321.3 billion yuan year-on-year; The balance of agricultural loans was 4.27 trillion yuan, up 7.5% year-on-year, and the growth rate was 6.8 percentage points higher than that of the end of 2019, with an increase of 329.5 billion yuan for the whole year and 258 billion yuan more than that of the same year.

3.3. Accelerate the Development of Rural Financial Infrastructure

The construction and development of rural financial infrastructure is reflected in the improvement of agricultural cooperative payment system, the construction of rural financial service network, the introduction and innovation of financial service technology and business model, the expansion of rural financial service scope, the improvement of rural financial service management level and so on. At present, the network foundation of China's rural payment system has been sound, and financial institutions are seizing the opportunity of rural financial development, actively introducing new payment methods such as online banking and mobile payment, and innovatively launching characteristic rural financial services, such as migrant workers' bank cards.

4. Challenges of Green Finance in Supporting Rural Revitalization Strategy

4.1. The Support Mechanism Is Not Perfect

At present, there is no stable and feasible implementation mechanism for rural revitalization, and the establishment and improvement of financial mechanism is still at the macro and guiding level. Mainstream financial institutions lack the

overall goal of green financial development in rural areas, and the credit limit has not been regulated and managed. At the same time, there is no sound support mechanism for rural financial development in the strategy of supporting rural revitalization through green finance, and rural financial institutions still have many obstacles and challenges in the process of completing green economic transformation.

4.2. Insufficient Legal Constraints

Some financial institutions have failed to form a sound and implementable supervision framework in the implementation of green financial policies, and their efforts to implement green financial policies are weak, and their punishment for unreasonable "green financial products" is weak, and they have failed to effectively supervise the implementation process of green finance from the legal mechanism. The internal management mechanism of some local financial institutions is not perfect, and they even use green loans illegally. In order to obtain greater operating profits, some banks use green loans for non-environmental protection business, or cheat environmental protection credit funds through fictitious green loans, which not only causes huge economic losses to banks and brings greater investment risks, but also harms the development of rural green finance.

4.3. Low Level of Product Innovation

In order to avoid the credit risk brought by investment, some financial institutions have led to uneven investment. For example, some financial institutions mainly invest in the economically developed areas in the east, but rarely invest in the central and western regions, and some financial institutions have not launched environmentally friendly financial products suitable for rural purchases, nor have they promoted environmentally friendly financial products in different sectors.

4.4. Lack of Professionals

Although the number of green financial projects in China is on the rise, the overall development time is short. Most financial institutions lack professionals and do not properly train their employees, which leads to the unclear concept of green financial projects of many financial institutions. In practice, it is easy to confuse them with traditional projects. When providing green financial services to rural areas, the lack of practical experience hinders the sustainable development of rural green finance.

5. Measures of Green Finance to Support Rural Revitalization

5.1. Establish and Improve the System and Mechanism, And Improve the Corresponding Support System

(1) To achieve the goal of supporting rural economic development with green finance, financial institutions should establish a good business philosophy, change the traditional concept that "green finance is only a social responsibility", and put the development of green finance as high as the implementation of rural revitalization in the national strategy. Therefore, financial institutions should strengthen their awareness of social responsibility, emphasize the important strategic position of green finance, and thus form the business philosophy of sustainable development. At the same time, the government should adjust the methods of supporting green

finance, guide financial institutions to apply green information technology to financial products, and become the main advocate of introducing green finance in agriculture. To make green finance successfully support rural revitalization, it is necessary to establish and improve rural green finance system and mechanism. When strengthening the construction of the highest-level system and mechanism, we should also pay attention to the differentiation of the credit system, and formulate targeted credit policies according to the actual situation in rural areas, so that the credit policies can fully cover rural areas.

(2) Relevant green financial mechanisms should be established, so that more fixed assets, credit lines or financial capital can be invested in rural green finance, and sufficient resources can be used for rural revitalization.

(3) An appropriate performance evaluation system should be established to monitor the development of green finance differently, and the evaluation results should be linked to the reward and punishment system. For example, different economic indicators and reporting standards can be adopted and used as the basis for evaluation. The implementation of these measures can encourage people in rural areas to participate in the development of green finance.

5.2. Improve the Framework of Green Finance in Rural Areas

Like the traditional environmental assessment and management standards, banks all over the world are now adhering to the basic standards of green finance in order to effectively control the life cycle of capital projects. In the process of rural revitalization in China, these guidelines must also be implemented. At the same time, China's relevant regulatory authorities also need to set up a rural green financial development committee on the basis of mastering the actual situation of rural development, so as to further clarify the goal of rural financial service development and keep in line with China's rural development plan.

In order to better monitor and evaluate the development of green finance, the relevant government departments should establish the standard mechanism of green finance. At the same time, the implementation of green financial policy in rural areas must also be supervised by relevant local administrative departments. In the process of developing green finance in agriculture, local administrative departments should actively promote the transformation of local rural credit cooperatives and other commercial banks, so that more people can participate in it, increase the participation of green finance and enhance the professionalism of green finance.

The relevant administrative departments should actively introduce relevant policies, attract more professionals to join local rural credit cooperatives and other commercial banks, further improve the development level of green finance, and thus ensure a good investment environment for developing green finance in the agricultural sector. In addition, local commercial banks should improve their risk assessment ability, set up professional R&D teams of financial services according to the specific conditions of rural areas, conduct in-depth research on green financial development and rural revitalization strategies, master the current situation of green loans in various places, prevent information asymmetry, and ensure the innovation and pertinence of green financial services projects.

In terms of total amount, local banks should collect relevant funds and project information at the beginning of the project

to ensure the reasonable budget of the project. For example, in realizing the green development of rural finance, the income from rural land balance should be used to increase the overall financial support; In terms of supplementary funds, relevant departments should gradually implement tax reduction and exemption to ensure the effective use of funds. At the same time, relevant departments should also implement green loans in rural areas and establish a risk compensation mechanism in rural areas.

5.3. Innovative Financial Product Innovation

Financial products are also an important means for financial institutions to actively participate in rural revitalization. Therefore, in the development of rural loans, local financial institutions should make different degrees of improvement according to the specific conditions of local agriculture, so as to promote the effective investment of rural loans, and pay attention to the part of the project oriented to eco-tourism, green agricultural products and other environmental protection industries. In addition, local financial institutions should also strengthen their support for rural environmental service projects, and further broaden rural green investment channels by issuing targeted financial products. We should focus on supporting the leading role of rural leading enterprises in rural revitalization, implement inclusive finance in rural areas, especially for small and micro enterprises, and take a series of credit leverage measures to help them solve their financing problems. Therefore, financial institutions can strengthen the development of direct green financial products, such as issuing investment bonds, green bonds and securitization of green assets, so as to encourage rural related industries and economic entities to make green transformation.

6. Conclusion

To sum up, green finance can play an important role in supporting the implementation of rural revitalization strategy. In the process of supporting the implementation of rural revitalization strategy, green finance must take the real rural development planning as an important foundation, and take intelligent design and creation of green financial products with diversified characteristics as the main means. At the same time, it is also necessary to strengthen the sound macro-policy and financial guidance, so that rural related industries and economic entities can better realize the green transformation, promote the development of green finance,

and then effectively implement China's rural revitalization strategy.

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