

Study on the Practical Path of Rural Inclusive Finance to Support Rural Revitalisation

-- Tongchuan City, Shaanxi Province, as an example

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Abstract: The comprehensive promotion of rural revitalization cannot be separated from the strong support of finance, and inclusive finance, as an important channel for rural funding, has become an important driving force for achieving the modernization of agriculture and rural areas and continuously promoting rural revitalization. This article will take Tongchuan City as an example to deeply analyze the current development status of inclusive finance policies in Tongchuan City. It will explore the paths through which rural industry modernization and upgrading, as well as the formation of a new agricultural management pattern, will be promoted in practice. It will also discuss the challenges that will be faced in the future. Based on the impact mechanism of inclusive finance on rural revitalization, relevant policy recommendations will be proposed to establish and improve a new inclusive finance service system that is suitable for the characteristics of agriculture and rural areas under the background of rural revitalization, broaden the channels for fund utilization, guide more social funds to flow to rural areas, and further empower the transformation and upgrading of rural industries to consolidate the achievements of rural revitalization.

Keywords: Inclusive finance, Rural revitalization, Industrial transformation.

1. Introduction

1.1. Background to the Study

Xi Jinping said in the report of the 20th Party Congress that in the decade since the 18th National Congress, we have adhered to and strengthened the overall leadership of the Party, allowing socialism with Chinese characteristics to step into a new era and successfully completing the historical task of eradicating poverty and building a moderately affluent society in all aspects, and that in the future, we should continue to push forward the revitalization of the countryside, build a new development pattern, and push forward high-quality development. The high quality of this includes the high quality development of rural areas, and finance, as an important channel of rural capital, is undoubtedly an important driving force for the realization of the two modernization of agriculture and rural areas and the continued promotion of rural revitalization. Meanwhile, as the rural revitalization strategy is implemented in depth, the production and living patterns in the countryside have also undergone important changes, which have prompted a shift in the demand for credit in the countryside from a single short-term credit loan to diversified needs such as agricultural insurance, direct financing and financial services. Against this background, the continuous improvement and optimization of rural financial services is of great significance in fully meeting the growing demand for social funds, helping to revitalize the countryside, and building a new development pattern. This brings great development opportunities for "inclusive finance", which is committed to business innovation of financial products for rural organizations, and allows financial support to truly cover every farming household, greatly improving the quality of supply of agricultural products in China and providing more accurate financial support for rural economic development. Financial

means to support rural development will become a general trend.

1.2. Literature Review

Reviewing the existing literature, the research on supporting rural revitalisation with rural inclusive finance is mainly carried out from the dimensions of research hot spot trends of financial assistance for rural revitalization, evolutionary characteristics of financial support policies for agriculture, and countermeasures of rural finance to promote the development of agricultural economy. Among them, Xu Zhehong [1] in "Inclusive Financial Support for Rural Revitalization Research Hots pots and Trends - Visual Analysis Based on CiteSpace" researches China's outstanding research in the field of rural financial support for rural revitalization based on CiteSpace software and using methods such as quantitative statistics of literature, keyword clustering analysis, and hot word emergence analysis, and comes to the conclusion that China's research in this field has achieved outstanding results. and concluded that China's research achievements in this field are outstanding but the cooperation between institutions is scattered. Wang Xiuhua, Yu Linhui, and Peng Delong [2] in "The Evolutionary Characteristics and Development Trend of China's Financial Policies for Rural Support since the 18th CPC National Congress" take the 324 documents issued at the central level as the research object and point out that China's financial policies for rural support are focused on promoting the development of the rural industry, and they have distinctive phasing characteristics in the stage of precision poverty alleviation and different stages of rural revitalization, respectively. From a methodological point of view, Xu Bohan [3], in "Countermeasures Exploration of Digital Inclusive Finance for Agricultural Economic Development in the Perspective of Rural Revitalization", argues that inclusive finance plays an important role in improving the financing efficiency of

agricultural business entities and promoting the transformation of the agricultural economy, and proposes that the financial risk compensation mechanism should be further improved in the future in order to satisfy the current needs of the modernization of agriculture and rural areas in terms of financial services. While Chen Baoshu [4] analyses the digital finance in rural financial services in the article "Digital Inclusive Finance Enabling Rural Industrial Revitalization Research", and points out that China's current digital inclusive financial infrastructure is imperfect, the development of digital governance capacity is lagging behind, and the financial literacy of the rural residents is yet to be improved and other issues. In addition, Feng Xingyuan, Li Chengcheng and Yan Xiang[5] in the "Rural Revitalization Perspective Comprehensively Promoting Agricultural Credit Institutions' Capacity to Serve Farmers" focuses on agricultural credit institutions themselves to study their impact on comprehensively promoting rural revitalisation, and scholars acknowledge the achievements of the current reform of agricultural credit institutions, while also suggesting that the future of agricultural credit institutions from the two aspects of the external policy and guarantee system and internal governance mechanisms to further improve service capacity.

On the whole, the current research focuses more on the development status quo, problems and responses to rural financial assistance for rural revitalisation from a national perspective, and pays less attention to how rural inclusive financial services can promote rural revitalization, and how to better establish a connection between financial services and rural revitalization. Based on this, this paper will, under the perspective of rural revitalization, take Tongchuan City in Shaanxi Province as an example, study the current situation

of rural inclusive financial services, how rural inclusive financial services can help Tongchuan get out of the economic dilemma in practice, promote the modernization of agriculture and rural areas, and further promote the economic development of Tongchuan, and, on this basis, to further establish and improve a new type of agricultural financial service system that is suitable for the characteristics of agriculture and rural areas in the context of rural revitalization, broaden the channels of capital utilization, and guide the financial services to connect with the rural revitalization. On this basis, the study proposes countermeasures and suggestions for further establishing and improving a new agricultural financial service system suitable for the characteristics of agriculture and rural areas in the context of rural revitalization, broadening the channels of capital application, guiding more social funds to rural areas, and empowering the transformation and upgrading of rural industries in Tongchuan.

2. Current Situation of Inclusive Financial Development in Tongchuan City, Shaanxi Province

2.1. Steady Growth in The Size of Financial Loans

Since the Tongchuan inclusive financial reform pilot zone has been officially landed and implemented, Tongchuan City has been grasping the construction opportunities, and actively innovate inclusive financial products, to achieve the financial sad loan scale continues to be high.

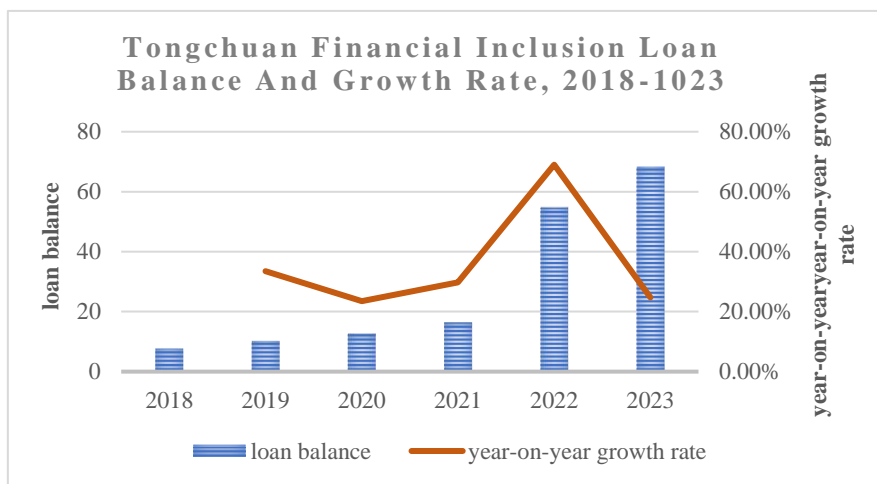


Figure 1. Balance and growth rate of financial inclusion loans in Tongchuan, 2018-2023

As shown in Figure 1, during the five-year period from 2018 to 2023, the balance of inclusive financial loans in Tongchuan City has shown continuous growth, although the growth rate of the loan balance has decreased in the past two years, but this does not affect the continuous expansion of the scale of the balance of loans in Tongchuan City, and on the contrary, it represents that the development of its inclusive financial loans has stabilized. At the same time, according to the latest data from the Tongchuan Municipal People's Government website, in the first quarter of 2024, the balance of inclusive loans in Tongchuan City was 660 million yuan, a year-on-year increase of 40% over the beginning of the year, which can be seen in the new year, Tongchuan City once again increased the support for inclusive finance, the size of the financial loans to achieve a steady and sustained growth.

2.2. Inclusive Financial Services Coverage Continues to Broaden

As an exemplary financial inclusion pilot area in Shaanxi Province, Tongchuan City continues to work on creating high-quality financial services and expanding comprehensive financial service stations in order to open up the road to benefiting the public.

In 2023, Tongchuan City was the first city, county, township and village in the province to create a "four-level networking" model of digital financial inclusion in order to provide townships and villagers with a number of convenient services in the areas of finance, life and services. At present, this "four-level networking" service model has covered 23

townships and 359 villages in the city. In addition to the Tongchuan Municipal People's Government, in order to further enhance the accessibility of the villagers in the townships, let the villagers in the townships and inclusive finance zero distance, remove the barriers between the financial knowledge and villagers' cognition, the municipal government promotes the construction of the financial service centre for the new citizens, arranges the professionals to serve all the villagers, innovates more than 70 new credit products, and introduces the support for the citizens of the 29 insurance products, which meets the villagers' needs for all kinds of financial services. . Up to now, the rural financial inclusion has enabled 284 households in the city to enjoy the policy dividends. Really built close to the main body, covering the city, the operation of efficient inclusive financial services network system.

2.3. Diversification of Forms of Financial Inclusion

Tongchuan City, based on the development reality of its own shortage of natural resources, integrates the cause of rural revitalization with inclusive financial services, and explores a new model of inclusive financial realization that combines with characteristic agriculture.

For example, Tongchuan City promotes the close integration between financial institutions and the mushroom planting industry, so that the credit support of financial institutions covers the whole industrial chain and the whole production cycle of mushroom production, and at the same time provides distinctive credit support for the different aspects of production, processing, acquisition and sales of mushroom industry bases, so as to practically push forward the sustained increase of the output value of the mushroom industry. As a key agricultural industry in Tongchuan City, the increase in the output value of the shiitake mushroom industry will contribute greatly to the rural revitalization of Tongchuan City. In addition to the shiitake mushroom industry, Shaanxi Agricultural Development Bank Tongchuan Branch has also strengthened the connection with banking institutions, and innovated various agricultural credit products around other advantageous speciality agricultural industries in Tongchuan City. As of 2023, Tongchuan government has provided 89.1 million yuan of guaranteed financial support for 513 fruit farmers, further helping the city's rural revitalization to be fully implemented.

3. The Practical Path of Tongchuan's Financial Inclusion for Rural Revitalization in Shaanxi Province

3.1. Digital Platforms Enable Technology Empowerment

Tongchuan Municipal Government, in order to further open up the convenient channels of inclusive financial services, has simplified the procedures for using inclusive finance while stimulating the enthusiasm of residents for using inclusive finance. Combining digital technology and inclusive financial services, it relies on big data, cloud computing, block chain and other scientific and technological means to build a service scene that integrates online and offline.

As some areas in Tongchuan are migrant integration areas, in response to this social reality, the Tongchuan government has introduced a financial digital service system called

"Credit Sharing Cloud Community", where residents can upload their daily voluntary behaviour to the platform, which will automatically assess this voluntary behaviour and assign them a corresponding credit score that can be converted into credit points. Residents can upload their daily volunteering behaviour to the platform, which will automatically assess this behaviour and assign them a corresponding credit score, which can be converted into credit points. In their daily lives, residents can use these credit scores to participate in a series of projects created by the Tongchuan government, and when they need to take out a loan, they can also apply for a loan using their existing credit scores. In addition, residents can also use their existing credit scores to apply for loans when they need them. In addition, residents can get answers to any questions they have about financial inclusion through the platform. Offline, the Tongchuan Municipal Government has established the New Citizen Financial Service Centre in conjunction with banking institutions, which provides a consulting platform for all residents, with information on pensions, health insurance, and loans for small, medium and micro-enterprises, etc., to satisfy the multi-dimensional needs of different types of residents, and to provide a more comprehensive and diversified range of financial services for new citizens.

The new digital financial services approach, which is both online and offline, not only prompts residents to participate more in voluntary activities, cultivates residents' awareness of credit and care for credit to strengthen grassroots governance, but more importantly, this approach makes it possible for any resident to obtain a loan and have the possibility of personally participating in inclusive finance, meets the public's capital turnover needs, and assists residents' participation in enterprises and entrepreneurship and employment to establish an economic foundation for the realisation of rural revitalisation. economic foundation for rural revitalization.

3.2. Radial Site Construction to Achieve Win-Win Situation for Multiple Parties

The construction of a comprehensive financial service station is a necessary condition for the real realization of rural financial inclusion, and Tongchuan City has initially explored the construction mode of inclusive financial service station of "five unified stations and five members as a whole" in line with the actual development status of the locality in this regard.

The construction of service centre is based on a point-to-point approach, with service centre first being set up in villages with large populations and then gradually spreading to neighbouring villages. At the same time, the government is fully responsible for the construction of the service stations and recruits' staff from all over the society to carry out business training in order to complete the relevant professional counselling services in the future. After the completion of the site construction, Tongchuan City to take a completely free market strategy, allowing all kinds of financial institutions, enterprises, such as electricity companies, according to their own actual situation to choose whether to station in the site to carry out related business, if you choose to enter the site, you need to follow the relevant provisions set by the government to give the proportion of business handling fees and other necessary costs. The "government platform, market operation" mode of site construction not only gives enterprises enough autonomy in terms of access, but also sets a certain degree of constraints to

ensure the orderly operation of the financial services site. In addition, site personnel are required to operate their own business within the site and are responsible for their own profits and losses, thus realizing the integration of inclusive finance with the real economy.

The construction of radial sites makes it possible for residents to meet their financial needs without leaving their townships, and for the whole city of Tongchuan, the mode of site construction integrating the real economy further expands the scale of the real economy and gives the real economy new opportunities for development, which plays a vital role in advancing the cause of rural revitalization of Tongchuan City.

3.3. Chained Financial Services to Help Industry Development

Tongchuan City explores the financial service model of the whole industrial chain, guides the flow of capital to the key industries in Tongchuan City, and promotes the good development of special industries.

Tongchuan City's chain financial services are divided into four main aspects. Firstly, financial institutions play their basic functions such as financial consultation and loan issuance, and for the leading enterprises in the industrial chain and some collective organizations of villages and societies, they will apply policies according to their different economic levels and development prospects, and satisfy the financial needs of their product development and sales, so as to realize the full-chain coverage of financial services. Secondly, financial institutions will launch various credit products to meet the needs of different products produced by each link, covering more than 90 per cent of the products produced in the industrial chain with credit support, to ensure the smooth completion of the products of key industries. Thirdly, the People's Bank of Tongchuan Municipality makes full use of the role of fiscal policy and monetary policy, and establishes co-operation with the government to provide lower-cost funds in the form of central bank refinancing to key industries in Tongchuan Municipality, so as to realize fee reductions and benefits. Fourth, in order to effectively understand the development needs of different market players and reduce information barriers between upper and lower level units, Tongchuan City has come out of the new development path of "bank chief + chain chief", with the main agent bank as the leader and all types of financial institutions involved in the development of the industry chain, which enables the host bank to understand the full range of different market players' capital needs and make timely decisions to issue funds. In this way, the host bank can understand the financial needs of different market players in a comprehensive way and make timely decisions to issue credits, etc., so as to provide differentiated financial services for different market players.

The shiitake mushroom industry in Tongchuan City, on the other hand, through the development mode of chain finance, from shiitake mushrooms to shiitake mushroom sauce, constantly innovating the product form, reached a high output value of 34 million yuan, so it can be seen that the chain finance for the full coverage of the industrial production link will effectively labour to enhance the production of the industry, and it is an effective mode to promote the revitalization of the countryside.

4. Conclusions and Recommendations

With the strong support of national policies and the joint

efforts of the people of Tongchuan City, Tongchuan City has successfully explored a variety of financial inclusion implementation methods to help the realization of rural revitalization. Inclusive financial services have evolved from a single offline independent network to a digital service system; the scope of financial services has evolved from only building in the central city to a radial development of inclusive financial service sites; the main body of inclusive finance has evolved from the monopoly of leading enterprises to the exploration of an industry-wide participation, industry-wide synergistic chain of financial service models that allow the whole society to participate in the development of inclusive finance. The development of inclusive finance. Along with the continuous promotion of financial inclusion in Tongchuan City, it also faces new challenges. When the number of construction sites increases, the scope of inclusive financial services is expanding, the farmers' requirements for the quality of life are gradually improving, and the needs for production and life are gradually diversifying, but Tongchuan City is relatively backward economically, the infrastructure is not perfect, and there is a lack of highly educated personnel, which leads to a contradiction between the lag in government policy making and the growing diversified needs of farmers. In addition, the problem of industrial operation in Tongchuan City is seriously decentralized, and agricultural production is affected by weather, environment and other natural factors, and the industry itself is highly risky, which makes it difficult for financial institutions to provide financial services for risk assessment and control.

In summary, for Tongchuan City, on the one hand, it should build a multi-level, multi-layer, wide-coverage inclusive financial service system, and continue to expand the coverage of all types of agriculture-related loans. Using the unique advantages of the financial institutions themselves, the local government to develop and build different types of financial service platforms, give full play to the advantages of the online platform information integration speed, to achieve the effective docking of the supply and demand sides of the financing, to better meet the production and living needs of farmers. On the other hand, the construction of rural credit system should be continuously strengthened. Through the innovation of different guarantee methods, such as the rural professional cooperatives as a guarantee, tracking and management for the guaranteed farmers, to help members and farmers to obtain loans, to overcome the problem of information asymmetry between financial institutions and farmers, to enhance the credibility of farmers, to facilitate the financial institutions to carry out control and accurate risk prevention, and to further solve the problem of various types of economic subjects in the rural areas of the loan difficulties, so as to better help the rural areas of Tongchuan City, the steady development of the cause of revitalization. The cause of rural revitalization in Tongchuan City will be steadily developed.

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