

Study on Financial Support for Accelerating High-quality Economic Development in Guangxi

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Abstract. The economy of China has shifted from a stage of high-speed growth to a stage of high-quality development. Finance, as the core of modern economy, plays a vital role in promoting high-quality economic development. At present, the economic, ecological and social sectors of Guangxi are generally stable, but there are also some potential financial risks. This paper is based on the study of the high-quality level of economic development and the factual characteristics of financial development in Guangxi. To explore the mechanism of financial support for the high-quality development of Guangxi's economy. On this basis, the paper puts forward the financial support countermeasures to speed up the high-quality development of Guangxi's economy from the aspects of preventing financial risks, improving the financial system, strengthening financial innovation and building a green financial system.

1. Introduction and Literature Review

General Secretary Xi Jinping put forward in 2017 that “China's economy has changed from a stage of high-speed growth to a stage of high-quality development, and is in the key period of transforming the mode of development, optimizing the economic structure and transforming the driving force of growth”. This is an important judgment made on the basis of changes in the international and domestic environment, especially changes in China's development conditions, stages and major social contradictions. Guangxi is a backward and underdeveloped region. To achieve a large economic aggregate, the key is to improve the quality of development. We must resolutely abandon the extensive development driven by resources, land and labor, unswervingly promote the transformation of development mode, optimize economic structure and transform the driving force of development, adhere to quality first and benefit first, take improving the quality of supply system as the main direction of attack, and accurately grasp the new historical orientation of Guangxi's development. As the core of modern economy, finance is the booster and lubricant of economic development. Guangxi's economy, ecology and social sectors are generally stable, but there are also some potential financial risks. To promote the economic development to high quality, financial institutions should change the extensive and homogeneous development model and path in the past, take serving the real economy as the starting point and the foothold, and gradually enhance the ability to promote high quality development.

At present, there are few literatures directly studying the relationship between financial development and economic growth, which has been the focus of economic and financial research. Domestic and foreign research on financial and economic development mainly focuses on the following three aspects:(1)Research on the Relationship between Financial Development and Economic Growth. The important content of economic development is economic growth, so the research on the relationship between finance and economic development mainly focuses on the relationship between finance and economic growth. Adam Smith (1972) expounded the role of Finance in promoting economic development from the perspective of financial intermediary-bank. Tobin (1979) introduced the monetary factor into the economic growth model, and believed that money supply played a substantial role in long-term economic growth. Schumpeter (1912)

emphasized the importance of finance to technological innovation in his Economic Development Theory, which indicates that finance can promote the economy.(2)Research on financial support for economic development. In China, the concept of financial support is widely accepted. With the increasing trend of economic financialization, the efficiency of financial support for economic development is related to economic stability and sustainable development. Liu Jiangbin and Li Yanmei (2008) believe that the financial system has a long-term support effect on independent innovation of small and medium-sized technological enterprises, but the short-term support effect of the financial system has a large regional difference. Yin Junhui (2009) believes that financial support should be given to energy conservation and emission reduction. Establishing a benign and market-oriented investment and financing environment and green financial support system for market participants related to circular economy has profound social background and important practical significance for speeding up the establishment of a resource-saving society, improving the quality and efficiency of economic growth and promoting the sustainable development of national economy.(3)Research on financial support for high-quality economic development. From the 19th National Congress of the Communist Party of China to the National People's Congress of the People's Republic of China and the Chinese People's Political Consultative Conference in 2018, the outline and meaning of the concept of high-quality development have become clearer and clearer. Xu Zhong (2017), Luo Wanli (2018), Li Jianzhong (2018) and others agreed that in order to promote high-quality economic development, we should take good precautions against and defuse financial risks. We should deal with local government debts, deepen the reform of fiscal and taxation system, create a good financial ecology, reduce the leverage rate of state-owned enterprises and push forward. Measures to Prevent and Resolve Major Risks in the Healthy Development of Real Estate Market. Tian Huimin (2018) put forward suggestions on green finance to promote high-quality economic development from four aspects: establishing a perfect green financial law and system, a perfect green financial policy system, a perfect green financial index system and a diversified green financial product system. Wang Yu (2018) proposed to deepen financial reform in four directions: reform of financial institutions, reform of financial market system, reform of financial supervision system, prevention and resolution of financial risks, so as to promote the high-quality development of China's economy.

Existing research shows that preventing financial risks, optimizing business environment, strengthening supply-side reform, building a green financial system and deepening financial support are important ways for high-quality economic development. However, due to the relatively new concept of high-quality development, the existing research still has at least the following shortcomings: First, as a product of the special stage of socialist economic development with Chinese characteristics, there are almost no foreign studies on high-quality economic development. Secondly, the relevant research on financial support for high-quality economic development only stays at the macro level of the country, and there are few studies on the micro level of the provinces. Thirdly, the existing research perspective is relatively single, and there is no comprehensive and systematic theoretical research. Based on this, this paper intends to further expand and deepen the existing research by starting from the above aspects and taking the financial support countermeasures for the high-quality economic development of Guangxi as the research object.

2. Current situation of economic and financial in Guangxi

Faced with the complex domestic and foreign economic environment, in 2018, Guangxi's economy remained stable, quality was improved steadily, all social undertakings made comprehensive progress, financial system construction was constantly improved, financial support for the high-quality development of the real economy achieved remarkable results, and the high-quality development of the economy took a new step.

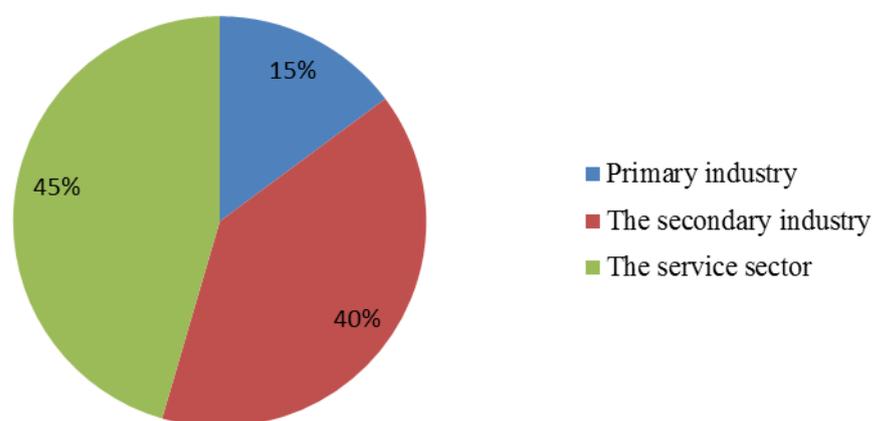
2.1. Current situation of economic and social development in Guangxi

In 2018, Guangxi's economy was running smoothly on the whole, adhering to the general tone of

steady progress, adhering to the new concept of development, promoting high-quality development, steadily improving economic quality and efficiency, making investment in fixed assets stable and better, and achieving rapid growth in residents' income, showing a steady and qualitative development trend.

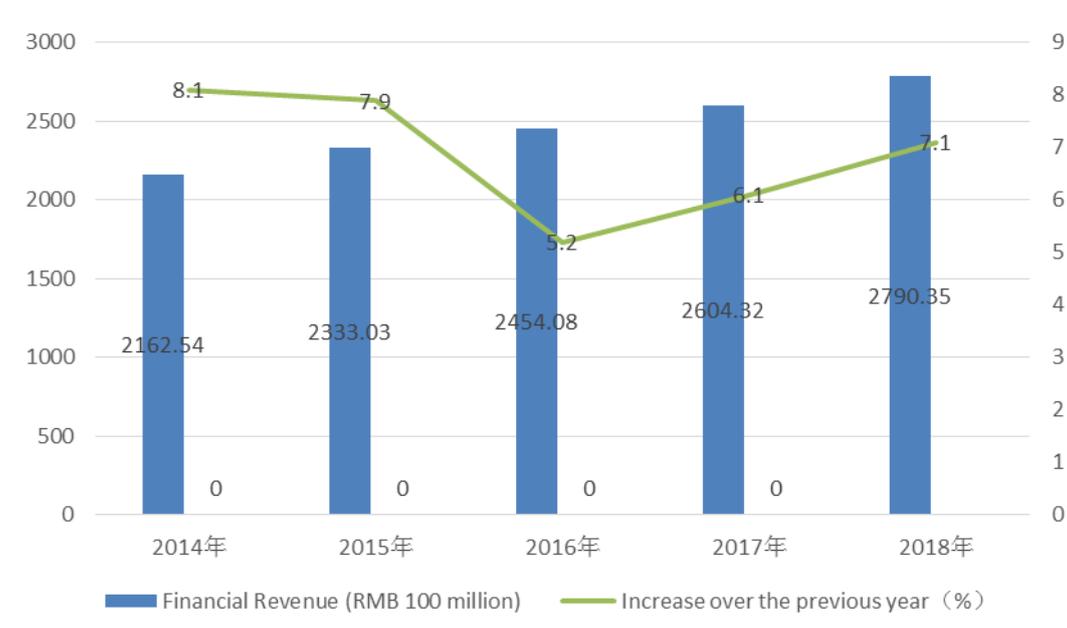
2.1.1. Guangxi's economy is running smoothly on the whole

In 2018, the region's annual gross domestic product (GDP) was 203.251 billion yuan, an increase of 6.8% over the previous year. Among them, the value added of the primary industry increased by 5.6%, the value added of the secondary industry by 4.3%, and the value added of the tertiary industry by 9.4%. The proportion of added value of the first, second and third industries to GDP is 14.8%, 39.7% and 45.5% respectively, and their contribution to economic growth is 13.1%, 25.4% and 61.5% respectively. According to the permanent population, the annual per capita GDP was 41,489 yuan, an increase of 5.8% over the previous year.



Data Sources: Guangxi Zhuang Autonomous Region Bureau of Statistics.
Figure 1 Three industrial structures in Guangxi in 2018.

2.1.2. The quality and benefits of economic are improving with steady steps



Data Sources: Guangxi Zhuang Autonomous Region Bureau of Statistics.
Figure 2 Guangxi's fiscal revenue and its growth rate from 2014 to 2018.

In 2018, the region's annual fiscal revenue was 279.935 billion yuan, an increase of 7.1% over the previous year. General public budget revenue of 168.148 billion yuan, an increase of 4.1%, of which tax revenue of 112.203 billion yuan, an increase of 6.1%, accounting for 66.7% of general public budget revenue. General public budget expenditure is 531.089 billion yuan, an increase of 8.2% over the previous year. The proportion of expenditure in key areas of people's livelihood in general public budget expenditure is 80.5%.

2.1.3. Investment of fixed assets is stable, moderate and good

In 2018, the region's fixed assets investment increased by 10.8% over the previous year, of which industrial investment increased by 12.2%. Infrastructure investment increased by 9.8%, accounting for 26.5% of fixed assets investment. Private fixed assets investment increased by 12.2%, accounting for 49.0% of fixed assets investment. Investment in the six energy-intensive industries fell by 2.1% over the previous year, accounting for 8.2% of fixed assets investment.

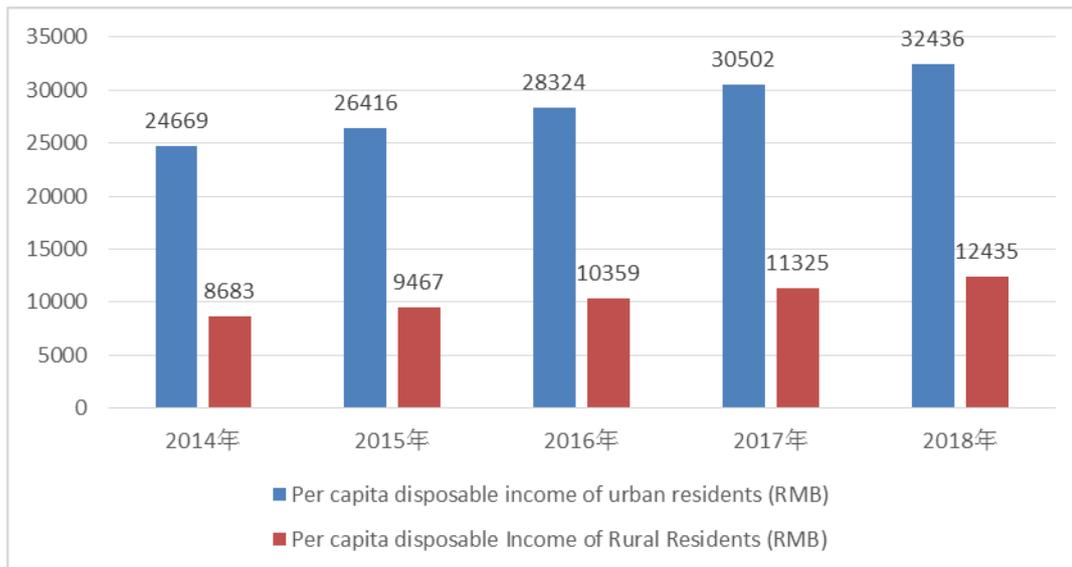
Table 1 Growth rate of fixed assets in Guangxi sub-industry in 2018.

industry	Increase over the previous year(%)
Total	10.8
Agriculture, Forestry, Wood Industry and Fisheries	18.6
Mining industry	31.3
Manufacturing industry	22.5
Electricity, Thermal, Gas, Water product and supply industries	-13.4
Construction business	24.0
Transportation, Warehousing and Postal Service	19.0
Information transmission, software and information technology services	1.3
Wholesale and retail business	17.1
Accommodation and catering	26.7
Finance	-35.9
Estate	12.1
Leasing and Business Services	-3.9
Scientific Research and Technology Services	42.1
Water Conservancy, Environment and Public Facilities Management Industry	1.7
Resident Services, Repair and Other Services	-15.4
Education	13.4
Health and social work	-4.0
Culture, Sports and Entertainment	19.3
Public Administration, Social Security and Social Organizations	-17.4

Data Sources:Guangxi Zhuang Autonomous Region Bureau of Statistics.

2.1.4. Income of residents achieved rapid growth

In 2018, the annual disposable income of residents in the whole region was 21485 yuan, an increase of 7.9% over the nominal level of the previous year, and a real increase of 5.5% after deducting the price factor. According to the permanent residence, the per capita disposable income of urban residents is 32,436 yuan, which is 6.3% higher than the nominal increase of the previous year. After deducting the price factor, the real increase is 3.8%. The per capita disposable income of rural residents was 12435 yuan, a nominal increase of 9.8% over the previous year. After deducting the price factor, the real increase was 7.4%.



Data Sources:Guangxi Zhuang Autonomous Region Bureau of Statistics.

Figure 3 Income of Urban and Rural Residents in Guangxi from 2014 to 2018.

2.2. Current situation of financial development in Guangxi

The operation of currency and credit in Guangxi is generally stable, the function of insurance protection is gradually strengthened, and the development of capital market is obviously better. The sustained stability of the financial market has played an important supporting role in the economic and social development of Guangxi.

2.2.1. The banking industry operates steadily

At the end of 2017, the total assets of banking financial institutions in Guangxi increased by 8.5% year on year. Total liabilities increased by 8.2% year-on-year. The net profit after tax was 37.91 billion yuan, an increase of 21.2% over the previous year. In 2017, the Import and Export Bank of China entered Guangxi, adding five new village banks in the region.

In 2017, the loan balance at the end of the year was 2.3 trillion yuan, up 12.5% year-on-year, and the growth rate fell by 1.4 percentage points year-on-year. A total of 258.56 billion yuan was added in the year, an increase of 6.45 billion yuan over the same period last year. Among the new loans, from the point of view of investors, 68% loans for enterprises; from the point of view of varieties, 46% of fixed assets loans, provide a strong credit support for the “one belt and one way” construction and enterprise production recovery. Small and micro enterprises and agricultural loans increased by 24.45 billion yuan and 22.5 billion yuan respectively. The balance of mortgage loans for the right to operate and mortgage loans for rural housing property rights increased by 1.1 times over the previous year, covering all eight pilot areas. The balance of poverty alleviation loans increased by 26.8% year on year, and support for weak links continued to increase. However, manufacturing loans have decreased, and the proportion of new private enterprise loans in enterprise loans is only 2.5%.

2.2.2. The securities industry develops at a steady pace

By the end of 2017, there were 36 listed companies, 1 securities company and 1 fund company in Guangxi. There were 12 new listed companies on the third board, 384 listed companies in Guangxi regional equity market, 8 Securities branches, 10 securities business departments and 29 registered private fund managers.

In 2017, the total direct financing in Guangxi was 68.88 billion yuan. Among them, stock financing and domestic bond financing are 700 million yuan and 68.11 billion yuan respectively. The first poverty alleviation medium-term bill in Guangxi was successfully issued in the inter-bank

market, amounting to 1.5 billion yuan, which opened up a low-cost financing channel for poverty alleviation project construction.

Table 2 Basic Situation of Guangxi Securities Industry in 2017.

Basic Situation	Number
Number of securities companies headquartered under their jurisdiction	1
Number of fund companies headquartered within their jurisdiction	1
Number of futures companies headquartered under their jurisdiction	0
Number of Domestic Listed Companies in the Year	36
Domestic stocks (A shares) raised funds in that year (RMB 100 million)	8
Domestic bond financing in that year (RMB 100 million)	681
Among them: short-term financing bills (RMB 100 million)	329
medium-term Bill Financing (RMB 100 million)	212

Data Sources:China Securities Regulatory Commission Guangxi Regulatory Bureau.

2.2.3. The insurance industry is developing rapidly

By the end of 2017, Guangxi had accumulated 56.51 billion yuan in premium income, an increase of 20.4% over the previous year. Among them, property insurance premium income was 19.6 billion yuan, an increase of 18.3% compared with the same period last year; life insurance premium income was 36.91 billion yuan, an increase of 21.6% compared with the same period last year. The insurance density was 1156.8 yuan per person, up 19.3% and the insurance depth was 2.8%, up 0.2 percentage points. The total assets of the insurance industry reached 104.91 billion yuan, an increase of 11.8% over the same period last year.

Table 3 Basic Situation of Guangxi Insurance Industry in 2017.

Basic Situation	Number
Number of insurance companies headquartered within their jurisdiction	1
Among them: number of Property Insurance Operators	1
number of Personal Insurance Operators	0
Number of branches of insurance companies	2151
Among them: the number of branches of property insurance companies	1139
the number of branches of life insurance companies	1012
premium income	565
Among them: Property insurance premium income (RMB 100 million)	196
Personal insurance premium income (RMB 100 million)	369
Payment of various types of insurance indemnities (RMB 100 million)	182
Insurance density (yuan/person)	1157
Insurance depth(%)	3

Data Sources:Guangxi Regulatory Bureau of China Banking and Insurance Regulatory Commission.

3. The function mechanism of finance supporting the high-quality development of Guangxi's economy

High-quality economic development is the development that can better satisfy the people's growing needs for a better life. It is the development that embodies the concept of innovation, coordination, green, open and shared development. It should also be the development of low input of production factors, high efficiency of resource allocation, low cost of resources and environment, and good economic and social benefits. The financial sector is at the core of the modern economic system and is the link between various production sectors. The mechanism of financial support for the high-quality development of Guangxi's economy is mainly embodied in four aspects: promoting the rational allocation of resources, adjusting industrial structure, improving technological innovation ability, and establishing a green economic system. font must be Times New Roman, on a

Macintosh use the font named times, except on special occasions, such as program code.

3.1. Financial innovation promotes rational allocation of resources

Financial innovation provides many new institutions and tools for the preservation and appreciation of capital and the flow of capital. The use of financial instruments objectively facilitates the flow of factors of production. Through diversified financial instruments and financial institutions, the idle funds in society are gathered and invested in enterprises and departments requiring funds, so that the redistribution of funds can be realized, and the redistribution of factors of production can also be realized. At the same time, capital flow will have a certain driving effect on the flow of other factors in the whole regional economy. With the flow of capital, it will drive the flow of labor, technology, information and other factors. Financial innovation has enabled those individual savers who have no investment opportunities to obtain new investment opportunities. It has also led to the flow of other factors. It can not only enable investors to bring investment returns, but also further promote the high-quality development of the whole economy and society.

3.2. Financing channels promote the adjustment of industrial structure

The realization mechanism of financial support for economic restructuring is mainly embodied in two aspects: direct financing channel and indirect financing channel. Through the construction of direct finance and indirect finance financing system, it can promote the adjustment of industrial structure. Direct financing refers to the direct access of investors to funds from savers without relying on any intermediaries or intermediaries. Direct financing channels, such as stocks, bonds and other financial instruments, have a broader market, can effectively achieve cross-regional and cross-sectoral capital integration, so that the transfer of capital elements between different regions and different production sectors is more smooth. The use of indirect financing channels can provide strong support to those leading industries with high technology content and good driving effect and strategic key industrial banks by allocating credit resources among industries, while restricting those industries with low technology content, serious pollution or already in the sunset stage. The combination of direct financing channel and indirect financing channel promotes the adjustment of regional industrial structure under the effect of capital profit-seeking mechanism, so as to achieve high-quality economic development.

3.3. Capital raising promotes technological innovation ability

At present, innovation has become the first driving force for development, and international competitiveness is increasingly reflected in innovation ability. The relationship between scientific and technological innovation and economic development is particularly close. Technological innovation as a “multiplier” plays a role in labor force, capital, technology, management and other factors of production. The greater the “multiplier effect” of technological innovation, the greater the contribution rate to economic development and the higher the quality of development. Technological innovation requires a lot of R&D investment, and the most basic function of finance is capital raising. Therefore, the contribution of finance to technological innovation is particularly important. Financial support for technological innovation is mainly manifested in the credit support for technological innovation activities, which promotes the development of high-tech enterprises and promotes the technological renewal of traditional enterprises by means of evaluation of innovation projects, mobilization of savings and supervision of innovation activities.

3.4. Finance support the establishment of the structure of green economic development

Green development is the trend of the world today. Financial development to promote environmental protection is the inevitable demand of modern economic development, the need to achieve sustainable economic development, and the inevitable choice to achieve high-quality

economic development. Through credit funds, capital market financing and other means in the circular economy, new energy development, green product manufacturing, ecological environment improvement and other aspects, continue to optimize the allocation of financial resources, to guide the flow of social funds to the direction conducive to the coordinated development of man and nature. Through financial development, we can support the balanced development of natural resources, and use financial factors to establish an energy system to support sustainable economic development. Introduce private capital and foreign resources to establish an effective financial system to support energy conservation and emission reduction, and support the implementation of capital construction to support circular economy and energy conservation and emission reduction. We will give full play to the positive role of Finance in supporting the allocation of resources in the areas of ecological environment protection, circular economy and new energy development and utilization, so as to realize the development of green economy.

4. Financial support measures for accelerating high-quality economic development in Guangxi

As the core of modern economy, finance not only needs to serve the real economy, improve the efficiency of capital allocation and achieve high-quality development, but also needs to promote high-quality economic development through its own high-quality development.

4.1. To increase the total financial volume and control the financial risks

By standardizing the operation of local government financing platform and promoting the healthy development of financing platform, we can effectively solve the problem of investment and financing demand under the situation of financial fund shortage and increase the total amount of financial support. To promote the integration of local government financing platforms at all levels, we should take “government guidance, social participation and market operation” as the construction objective, standardize the operation mode of government financing platforms, realize the diversification of investment subjects, investment channels and investment modes, give full play to the good atmosphere of government projects to drive the reform of investment and financing system, and form a more market-oriented new investment and financing operation system.

However, the operation of local financing platforms also has certain financial risks, so it is necessary to strengthen the supervision of local government financing platforms in order to effectively control financial risks. Therefore, we should establish and improve local government financing risk control standards and risk early warning mechanism. Strengthen the ability to control financial risks beforehand, timely disclosure of information, and early warning of risks in areas exceeding risk control standards to prevent the occurrence of systemic financial risks.

4.2. To establishing a multi-level financial market and constantly improve the financial system

At present, compared with the developed provinces, the level of financial development in Guangxi is still at a low level. There are some problems such as imperfect system and incomplete service tools. Therefore, we must build a diversified financial system as soon as possible, so as to improve the level of financial development, and ultimately promote high-quality economic development. Through the establishment of multi-level financial markets with balanced development of banks, securities, futures, insurance, trust and non-bank financial institutions. First, we should better play the role of credit support of state-owned banks, and guide them to play a more leading role in serving local development by large banks with abundant funds. Secondly, we should promote the rapid development of joint-stock commercial banks, give full play to their advantages of new mechanism, light burden and flexible operation, and form a competitive banking system. Third, we should strengthen the opening up of the financial industry to the outside world. We should further attract foreign financial institutions and financial institutions in developed regions to

set up branches in the region, learn from their advanced operation modes and management experience, and develop and strengthen the financial markets in the region. Fourthly, we should actively develop non-bank financial institutions and give full play to the unique functions and positive roles of trust, financial leasing, securities, guarantee and other financial institutions in promoting financial development and serving the local economy.

4.3. To strengthen financial innovation and improve the level of financial services

The lack of innovation in financial products and services will lead to the increasing financial demand can not be met and the level of financial services is limited. Therefore, accelerating the pace of financial innovation is essential to promote the high-quality development of Guangxi's economy. Under the permissible conditions of national policies, banks, securities, insurance and other institutions can explore new ways to develop business cooperation among themselves, so as to achieve complementary advantages, enhance the overall service function of the financial industry, and promote the coordinated development of economy and finance. In view of different target customers, we should actively develop new financial products and new business, provide different financial products and services, and strive to change the situation that the types of internal business of banks, insurance, securities and other systems are similar or different, so as to form their own competitive characteristics and advantages as soon as possible. On the basis of strengthening management and internal control, insurance enterprises should intensify propaganda, strive to tap the potential of insurance market, and actively develop insurance products suitable for the characteristics of economic and social development in Guangxi. Innovating the means of insurance service, improving the service ability, and better playing the role of social “stabilizer” and economic “booster” of insurance.

4.4. To build a green financial system to promote high-quality economic development

The role of green finance is mainly to guide the flow of funds to resource-saving technology development and ecological protection industries, to guide enterprises to pay attention to green production and environmental protection, and to guide consumers to form a green consumption concept. Developing green finance is the inevitable requirement of high-quality economic development in Guangxi. To build a green financial system, first, we should strengthen the design of the green financial system and innovate the local green financial system. To formulate provincial green finance statistics system, green bank rating system, design green credit risk compensation mechanism and premium subsidy mechanism, and explore pilot demonstration of green finance standardization. Second, we should expand the participants in green financial markets, set up specialized green development banks, and focus on supporting green energy, green consumption and investment in green industries. We should foster green financial intermediaries and carry out relevant rating and certification information consultation services for green finance. Third, we should strengthen the innovation of green financial products, innovate mortgage guarantee methods, develop innovative tools such as emission mortgage loan and contract energy management financing, set up green government guiding fund and green industry investment fund, attract social capital to make green investment, and develop other innovative green insurance types, such as green automobile insurance and green building insurance.

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