

Research on the Current Situation of Rural Financial Services in Jilin Province

Nan Zhang

Jilin Technology and Business College

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Abstract: As a major agricultural province and an important national commodity grain base, the rural financial development of Jilin province has always been a focus of the local government. With the development of information technology, people have been brought into the intelligent era. To build a more intelligent financial service environment is the appeal for the sustainable development of rural areas in Jilin province. Information technology provides an opportunity for the integration of rural area and financial sectors. This paper integrates the thought of financial service into rural development, explores the financial service system in line with rural ecological development, and finally realizes the sustainable development of rural finance in Jilin province.

As a major agricultural province and an important national commodity grain base, the rural economic activities in Jilin province should take this opportunity to deepen the reform of rural financial services, deeply integrate Internet thinking with rural financial services. Taking the Internet as the center, transform the traditional field, and solve the bottleneck problem in the development process of rural finance in Jilin province. The core of the change of rural financial service in Jilin province is the change of people. It is necessary to create a new rural ecological environment by putting people at the center, using information thinking and innovative thinking as the thinking mode. We should innovate and transform the simple technology application mode of traditional rural financial services to create a new rural ecological environment.

1. Related Concepts and Theories

1.1 Science and Technology Finance.

Science and technology finance are a systematic and innovative arrangement of a series of financial instruments, financial systems, financial policies and financial services to promote the development of science and technology, the transformation of achievements and the development of high-tech industries. As an important part of national science and technology innovation system and financial system, science and technology finance are composed of various subjects such as government, enterprises, market and social intermediary institutions that provide financing resources for science and technology innovation activities. According to the definition defined by the National "twelfth five-year" science and technology development planning: Science and technology finance is a kind of systematic arrangement, it aims at guiding and encouraging all kinds of financial organizations and capital, supplying sufficient funds and favorable policy system for science and technology enterprises in various periods, it is a kind of innovation initiated by the government by means of financial science and technology investment¹.

1.2 Rural Financial Services

Rural finance, taking place in the specific environment and conditions of rural areas. It is the financing of rural monetary funds, refers to the activities of raising, distributing and managing rural monetary funds by means of credit. Rural finance is an independent system, composed of several elements, which are rural financial service supervisors, rural financial service providers and rural financial service objects.

Since the reform and opening up, our country has put forward the slogan of "Build a New

¹Website of ministry of science and technology. *National 12th five-year plan for science and technology development*, July 2011

Countryside", and more and more people have participated in the construction of rural financial system. At the present stage, deepening rural financial services has become the basic requirement of improving the socialist new countryside with Chinese characteristics and the basic premise of building a new countryside. China's rural financial services are also gradually moving towards a rational and standardized direction. At the same time, with the application of information technology, rural financial services will be further improved. Farmers have a new understanding of financial services and financial products are more stringent requirements. Traditional and backward financial service cannot satisfy the development of rural economy.

2. Development Status of Rural Financial Services in Jilin Province

2.1 Agricultural Development Status of Jilin Province.

Jilin province, a major agricultural province in China, has natural advantages in developing agricultural production. Jilin province should give full play to its agricultural advantages and characteristics, accelerate the pace of agricultural modernization, accelerate the increase of farmers' income, establish and improve the urban-rural integration development system. Jilin province has made certain progress in exploration and development. We will use rural financial reform as a driving force for the development of rural finance, comprehensively and deeply advance the supply-side structural reform of agriculture, and effectively support the goals of increasing farmers' income, increasing agricultural efficiency and greening rural areas.

The unique natural production environment and natural geographical advantages in northeast China have endowed the region with a unique natural growth environment. As one of the "three golden corn belts in the world", northeast China has always been famous for its high yield of corns. Jilin province is at the center of the corn belt in northeast China. According to statistics from Jilin province, more than 65 percent of the province's arable land is used to grow corns. Similarly, 70 percent of farmers in Jilin province mainly plant corns. However, due to the imbalance between supply and demand, corns in Jilin province also have the problem of high yield and low sales. On the surface, the grain output of Jilin province is increasing year by year, but there are many problems in the agricultural development of Jilin province. For example, the planting structure of grain in Jilin province is too simple, the development space in the future is narrow, and farmers' income is lack of power. In 2018, the per capita disposable income of farmers in Jilin province was 13,748 yuan, a growth rate of 6.2%, which has been significantly lower than the national average, and also lower than Heilongjiang and Liaoning provinces in the three northeastern provinces. These problems, which must be faced, have seriously affected the development of agricultural modernization in Jilin province

2.2 Development Status of Rural Financial Services in Jilin Province.

2.2.1 Loan status of financial entities in Jilin province

With the continuous progress of rural financial reform in Jilin province, its development momentum is also increasing. Both policy-based financial institutions and commercial financial institutions are constantly developing and transforming in the chain of granting loans by various financial subjects. At the end of 2017, RMB loans outstanding by major rural financial institutions (rural credit cooperatives and rural commercial Banks) reached 254.457 billion yuan, an increase of 32.475 billion yuan from the beginning of the year. The balance of RMB consumer loans to all households in financial institutions totaled 322.105 billion yuan, an increase of 52.77 billion yuan. Of this, individual short-term consumer loans totaled 26.198 billion yuan, an increase of 3.312 billion yuan. The balance of medium - and long-term consumer loans to individuals was 295.907 billion yuan, an increase of 49.458 billion yuan. (Data source: statistical communique of Jilin province on national economic and social development in 2017)

As can be seen from the above data, Jilin province is increasing the development of agricultural loans in recent years, but there are still problems and deficiencies. From the perspective of farmers themselves, most farmers cannot meet the credit conditions of Banks or financial institutions, which

makes it difficult for farmers to obtain loans. From the perspective of Banks or financial institutions, the safety and efficiency of projects should be considered when conducting investment, financing or lending activities. However, the cost of serving farmers and the risk are both high, which are beyond the risk ranges that Banks or financial institutions can bear and assess. Even if Banks or financial institutions pay attention to their possible interests, it is difficult for them to obtain credit and adequate loans, and other financial services are ready for them.

2.2.2 Jilin Province village financial service demand

In the past decade, the financial institutions in Jilin province have continuously increased their investment in agriculture and gradually increased their loans to farmers and agricultural enterprises. In 2017, the outstanding RMB loans of major rural financial institutions (rural credit cooperatives and rural commercial Banks) have increased to 254.457 billion yuan. Rural credit cooperatives, which go deep into rural areas and are close to farmers, inspect rural enterprises and locate in towns and villages, play an important role in the rural financial system.

The essence of financial services is the support of finance and capital. At present, farmers' deposits have increased rapidly, but their loans have increased relatively little. At present, the capital input to farmers through the formal financial system is far from meeting the needs of the countryside itself. Difficult and expensive financing for farmers remains a widespread problem nationwide. Although the rural financial support in Jilin province has been improved, the popularization of science and technology and the full realization of technology support are still very scarce in financial service support for the whole province's agriculture. There is still a big gap in the financing, system and institution of rural financial service innovation in Jilin province, which cannot meet the needs of farmers for capital and security.

3. The Main Problems Restricting the Rural Financial Service in Jilin Province

3.1 The Restrictive Factors in External Environment of Rural Financial Development

At present, the scale and intensification of agriculture in Jilin province are low, and the return on investment is low too, which hinders the continuous inflow of credit capital and leads to the continuous outflow of farmers' savings. Information asymmetry, small farmers scattered production and unsmooth large market connection, all these phenomena make it difficult for farmers to increase income. Agricultural industrialization degree is low, extensive management, resource advantage cannot change into economic advantage and produce supply and sale channel is onefold. The scale of land management is small, the degree of mechanization is low, the intensive management cannot be realized, and the efficiency is greatly reduced, which seriously restricts the current "three rural" financial services. The allocation of financial resources is excluded from the existing rural economic development. Therefore, the realistic level of rural productivity and production relations in Jilin province restrict the allocation of financial resources. Rural financial services will be stagnated for a long time due to the low level of rural productivity

3.2 Poor Agricultural Financial Services in Rural Financial Institutions

Rural financial service innovation is lagged behind, unable to meet the "three rural" demand for diversified financial services. The financial service way is not flexible, pointed is poor and so on. For example, major financial institutions have launched loan products such as "direct subsidy loan", "mortgage loan for land contracting and management rights" and "youth entrepreneurship loan", but the actual amount of loans issued is small and the loan satisfaction is not high. At the same time, due to the implementation of credit authorization management by financial institutions, the phenomena such as many loan links, long loan time, and cumbersome procedures, it is difficult to meet the demand characteristics of "less, frequent, urgent" loans to farmers.

In addition, the new rural financial institutions are weak and have many problems. At present, new rural financial institutions in Jilin province are in the process of development and expansion, but the overall strength is still very weak. The total assets of the new rural financial institutions

account for only a small part of the state-owned joint-stock commercial Banks, joint-stock commercial Banks and other formal large financial institutions. At the same time, the new rural financial institutions in Jilin province are faced with the problems of single source of funds, insufficient implementation of preferential policies, difficulty in connecting with the credit investigation system of the people's bank of China and low social awareness.

3.3 The Poor Rural Credit System

At present, the foundation of rural credit environment construction in Jilin province is still poor. The credit consciousness of peasant households is relatively weak, some peasant households have thoughts on smallholders, and there are many phenomena of evading and abolishing debts and breach of contracts, which have adverse effects on the approval, issuance and collection of loans. At the same time, some farmers are sensitive to indicators related to their privacy, and inaccurate information is difficult to obtain. In addition, with the increasing number of farmers moving and migrant workers, the loan investigation is greatly hindered.

Furthermore, at present, China has not issued specific laws and regulations for the construction of rural credit system, resulting in the slow construction of rural credit system due to the lack of legal support. At the meantime, due to the lack of relevant laws and regulations, dishonest behavior in rural areas cannot get due punishment, which also restricts the effectiveness of the credit system.

3.4 The Poor Supportive Policies for Rural Finance

Over the years, Jilin province has been earnestly implementing the "Central no. 1 document", increased policy support for rural finance. For example, since 2012, according to the guideline, the government has focused on the cultivation of rural financial talents, the construction of rural financial environment and the organization and leadership of rural financial services, mainly from the aspects of fiscal and taxation policies, incentive policies and regulatory policies, so as to ensure the implementation of various policies and measures related to financial services for agriculture, rural areas and farmers. But the rural financial dilemma is still difficult to change. This is due to limited policy support, for example, we need to increase the size of government funds for agricultural loan subsidies, targeted subsidies for new rural financial institutions and agricultural insurance subsidies. At the same time, some supportive policies are beyond their reach, leading to the embarrassing situation of liquidity trap. The non-standard operation of new-type rural economic organizations and specialized cooperatives also make it impossible for financial support policies to align with them.

4. Countermeasures and Suggestions for Promoting the Development of Rural Financial Services in Jilin Province

4.1 Promote the Industrialized Operation of Agriculture and Create an Effective Financial Service System for the injection of Funds into the Agricultural Sector.

The degree of agricultural industrialization, organization and intensification determine the degree of financial access. According to the supply theory of rural finance, decentralized small-scale peasant economy will inevitably lead to high transaction costs, which is the root of the difficulty in the development of rural finance. The key to promote rural financial innovation is to improve the benefits of "economies of scale" and reduce risk losses and transaction costs. The government should strongly support the development of new agricultural production and operation organizations and take various measures to promote the scale and intensification of agricultural production and operation. Financial institutions in the province should also follow the trend of the continuous establishment of new rural cooperative organizations in various forms in the future, strengthen and improve financial services, stimulate the potential of factors, and promote the transformation of agricultural operation into an industrialized mode.

4.2 Continue to Improve the Rural Financial System and Provide Diversified Financial Support for the Development of Rural Finance.

The practice of rural financial development at home and abroad shows that the innovative development of rural financial service system needs to be realized in two completely different fields in two completely different ways, that is, "Exogenous rural financial development model" and "Endogenous rural financial development model". The former is an "exogenous rural financial service mode" established and arranged by the government from top to bottom and dominated by formal financial institutions. The latter is a kind of "endogenous financial service mode", which is formed on the basis of the shortage of rural finance. Based on this, the continuous improvement of rural financial service level in Jilin province not only relies on the vigorous development of exogenous finance, but also cannot ignore the development of endogenous finance.

First, we will continue to enrich and improve the layout of financial branches. We will guide financial institutions to optimize the layout of their branches, strengthen their weak links, and enhance their service capabilities. Towns and villages that do not currently have the conditions to set up standardized branches should actively provide financial services by means of network communication and mobile services.

Second, we will continue to give full play to the role of rural Banks, rural mutual aid organizations and other new types of rural financial institutions in supplementing their funding. We will encourage the establishment of village and town Banks, support them in setting up branches, expand sources of funds, standardize and orderly development of rural financial mutual-aid societies, and continuously improve their service capabilities. We will support insurance companies in setting up county branches to provide insurance services for agriculture, rural areas and farmers.

Third, actively expand the number of small loan companies. Give priority to supporting key enterprises and leading enterprises of agricultural industrialization in the county to initiate and set up small loan companies, which can effectively rely on their own industrial chain and organizational system to carry out credit to farmers and small and medium-sized enterprises.

4.3 Make Great Efforts to Promote Rural Financial Innovation and Open up New Space for the Development of Rural Finance.

According to the theory of "financial inhibition", the lack of innovation is still the main problem restricting rural financial services. Jilin province should accelerate the pace of rural financial innovation and constantly improve the level and level of rural financial services. On the basis of grain direct subsidy guarantee loan and land income guarantee loan, the eastern mountainous area vigorously develops the forest right mortgage and the characteristic resources development and the industrialization financial product innovation; the central region focuses on the industrialization of grain production and its transformation, focuses on deepening and promoting the guaranteed loan of land income, and explores the compound innovation of the guaranteed loan of grain direct subsidy fund and the guaranteed loan of land income; develop financial products suitable for grain industrialization and animal husbandry industrialization in western China.

At the same time, efforts to promote various types of rural property financing innovation. Set up real right financing platform in all counties (cities) of the province, strengthen the positive role of real right financing in rural financial services, effectively activate various urban and rural real right resources, expand the scope of real right guarantee, change resources into assets, change assets into capital, and change assets into capital, so as to effectively expand financing channels. We will actively promote the use of land proceeds to ensure loans are extended from contracted land management rights to real rights such as forest rights, grassland rights and water rights, and the service target is gradually extended from individual farmers to large-scale rural operations such as family farms, cooperatives and leading enterprises.

4.4 Focus on Improving the Rural Credit System to Ensure the Development of Rural Finance.

Rural credit system construction is the basic work of improving rural financial services. Jilin

province should take the establishment of rural credit system and optimization of financial environment as the main starting point of credit system construction. We will accelerate the development of electronic credit files for individual farmers and their families, so that financial institutions can have a better understanding of their credit conditions. At the same time, financial institutions should also establish complete credit files for farmers, conduct long-term credit tracking, timely adjust the credit loan amount set for each farmer, on the one hand to ensure timely release of funds, on the other hand to effectively prevent credit risks.

Meanwhile, the internet finance developed in recent years can be combined to strengthen the internet development of rural finance in Jilin province and add new development channels for rural financial services. For example, a unified e-commerce platform should be built to form a big data system in rural areas and improve information asymmetry. We will encourage the use of online services such as online banking and set up financial service stations in supermarkets to provide villagers with basic financial services.

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