

Research on the Path of Supply Chain Finance Helping Rural Revitalization

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Keywords: Rural revitalization, Supply chain finance, Banking service products catalog

Abstract: the strategy of Rural Revitalization is to comprehensively implement the specific action of the 19th National Congress of the Communist Party of China on building a beautiful China, and it is also an important way to promote the construction of new socialist countryside and ecological civilization. As a new type of bank service product series, supply chain finance has been developing rapidly in China in recent years, which provides high-quality services for rural industries and provides an effective way for Rural Revitalization. Based on the field investigation and expert interview in Dalate Banner, Baotou, Inner Mongolia, this paper puts forward the innovative path of supply chain finance to help rural revitalization.

1. Introduction

This article discusses the concept, financing mode and significance of supply chain finance. This article is applied to the strategy of rural revitalization, analyzes its important role in the strategy of rural revitalization, and discusses it as an example of the Dalate Banner of Baotou, Inner Mongolia.

2. Supply Chain Finance is an Important Support for Rural Revitalization

2.1 What is Supply Chain Finance

(1) Definition: supply chain finance is that financial institutions connect core enterprises with upstream and downstream enterprises to provide financial products and services, especially to small and medium-sized enterprises to help them finance.

(2) Characteristics: in the supply chain finance, the core enterprises are selected firstly, and the financing services are provided for the upstream and downstream enterprises from the core enterprises. Generally, the upstream and downstream enterprises are small and medium-sized enterprises, whose competitiveness and scale are far inferior to the core enterprises, so it is difficult to obtain funds. Supply chain finance solves the problem of financing difficulties for small and medium-sized enterprises. Secondly, in the traditional supply chain, the risk is often concentrated in one enterprise, which is easy to cause the imbalance of the supply chain; in the supply chain finance mode, due to the participation of financial institutions, the credit of some small and medium-sized enterprises is improved, making the risk average in each part of the supply chain, maintaining the balance of the supply chain.

2.2 Financing Mode of Supply Chain Finance

(1) Receivables: accounts receivable financing. Accounts receivable financing is a kind of financing mode in which the small and medium-sized enterprises in the upstream and downstream of the supply chain can make loans to financial institutions with the unavailability of accounts receivable under the premise that the core enterprises of the supply chain promise to pay.

(2) Prepayment: financing of future cargo rights. Future cargo rights financing is a financing mode in which downstream buyers apply for loans from financial institutions to pay for the goods delivered by upstream core suppliers in a certain period of time. Meanwhile, suppliers promise to buy back the undelivered goods and hand over the delivery rights to financial institutions.

(3) Inventory: financing warehouse. The financing mode of financing warehouse is a kind of financing mode in which the enterprise takes inventory as pledge, and after the evaluation and certification of professional third-party logistics enterprises, financial institutions give credit to them.

2.3 The Significance of Supply Chain Finance

Supply chain finance, a new financing mode, can better help all enterprises in the supply chain to finance, especially some small and medium-sized weak enterprises, so that some small and medium-sized enterprises will no longer lose the opportunity to participate in the economic market because of the shortage of funds and high risk, help them obtain more business opportunities and promote the development of small and medium-sized enterprises. Secondly, supply chain finance also promotes the balance and development of the supply chain, averaging the risk to each part of the supply chain, and will not lead to the imbalance or even fracture of the whole supply chain due to individual enterprises.

3. The Current Situation and Dilemma of Rural Revitalization in China

3.1 Status Quo

Take my hometown Baotou City in Inner Mongolia as an example, Dalat banner is a banner and county district around Baotou. In 2018, the annual GDP of Dalat banner will grow by about 8%, the public budget revenue will increase by about 10%, the fixed asset investment of the whole society will reach more than 20 billion, the total retail sales of consumer goods will increase by about 8%, the per capita disposable income of urban and rural residents will increase by about 7.5%, and the registered urban unemployment rate will be controlled within 3.1%. Great achievements have been made in Rural Revitalization.

3.2 Dilemma

In terms of scientific and technological innovation, the application scope of science and technology is limited, and some big data and cloud computing systems have not yet been built. In terms of finance, there are still some practical problems in the process of promoting the construction of "agricultural financial service point". The majority of farmers and herdsman do not understand the credit system, and there are problems in the establishment of credit villages and towns. There are some problems in the mortgage of housing, land use right and forest right in agricultural and pastoral areas.

4. The Innovative Path of Supply Chain Finance for Rural Revitalization

4.1 Building Financial Supply Chain

Rural areas are rich in natural resources, but many areas are still unable to get rid of poverty. Many rural enterprises are facing the problem of lack of funds and financing difficulties. Rural financial institutions do not have a high understanding of supply chain finance, and the corresponding services are less. Rural financial institutions should use the Internet, e-commerce and other platforms to build a supply chain financial system to connect “farmers, upstream and downstream small and medium-sized enterprises, core enterprises and consumers”, so that some rural enterprises can develop and more agricultural and sideline products can go out of the countryside. This not only allows more consumers to buy high-quality agricultural products, but also drives the rapid development of rural economy. The supply chain financial system can rely on the Internet platform to make loans more convenient for rural enterprises, obtain more business opportunities and drive the development of enterprises.

4.2 Design Financial Products Suitable for Rural Enterprises

Rural financial institutions should adjust measures to local conditions and combine with the current situation and characteristics of enterprises to design financial products suitable for enterprises. Different enterprises have different industries and development trends, so the financial products they need are also different. And the same enterprise in different stages, the financial products required are not exactly the same, which requires the rural financial institutions to constantly carry out product innovation. Nowadays, with the rapid development of society, enterprises must keep up with the times and constantly update their business models and products. The financial products they need should also be innovated, so that financial products can continuously bring better benefits to enterprises and promote the development of enterprises.

4.3 Take the Lead in Developing Key Areas

The focus of the work of rural financial institutions, first of all, should focus on some key areas and increase the service of key industries. For some areas that are still in poverty, rural financial institutions should provide supply chain financial services to local related enterprises, guide enterprises to adapt to this new financing mode, help enterprises establish links with downstream enterprises, drive the development of enterprises, and enable enterprises to obtain benefits, so as to drive the economic development of local areas and make the poor areas get rid of poverty as soon as possible. For key industries, rural financial institutions should strengthen their services, make supply chain finance one of the effective financing modes of enterprises, help key industries become bigger and stronger, and make key industries an indispensable part of the supply chain. At the same time, supply chain finance can also accelerate the rapid development of key areas such as the integration of urban and rural areas, the integration of three rural industries, and basic agriculture.

4.4 Introducing Financial Talents

The revitalization of rural areas is inseparable from talents; the revitalization of rural economy is also inseparable from financial talents. Rural areas are rich in products, but the conditions are relatively backward, so it is difficult to attract talents. Rural financial institutions should actively introduce financial talents and integrate some high-quality financial talents with knowledge, ability and quality into the Rural Revitalization Strategy. At the same time, financial talents should make full use of the knowledge they have learned to promote the application and innovation of supply

chain finance, popularize the supply chain finance to all rural enterprises, make enterprises understand the supply chain finance, and apply it to the daily life of enterprises. In addition, financial personnel should also improve their own ideological level, not afraid to bear hardships and be willing to contribute, so as to let their youth bloom. Put it in the countryside, help the Rural Revitalization.

4.5 Establish Corresponding Big Data and Risk Management System

With the development of economy, the volume of transactions is increasing, and it is easy to appear the phenomenon of asymmetric information, opaque transaction and unreliable data. Therefore, it is necessary to establish big data and risk management system. Using artificial intelligence, big data, cloud computing and other scientific and technological means, real-time monitoring of transaction dynamics, analysis of data evaluation of enterprise situation, sharing of information between different entities, effectively reducing the risk of supply chain. In the supply chain, rural enterprises are often small in scale, lack of credit and high risk. Some large enterprises are unwilling to cooperate with them, which leads to the rupture of the supply chain and restricts the development of rural enterprises. The establishment of big data and risk management system, through the collection of data from all aspects of the supply chain, and the implementation of sharing among the supply chain entities, to achieve information sharing, to avoid the phenomenon of information asymmetry; secondly, through the credit of the main supply chain and the enterprise's capital status evaluation, the risk of each link can be reduced. Within the controllable range, different economic entities can make decisions in time to reduce damage.

4.6 Preferential Policies of the Government

The government should strengthen the guidance of rural enterprises, guide them to adapt to the new financing mode of supply chain finance, and make them become a part of the supply chain. We should encourage rural financial institutions to actively promote the supply chain financial services. For rural financial institutions that provide supply chain financial services, we should give preferential policies such as discount interest, reducing interest income tax and so on. We can give priority to the development of a part of excellent rural enterprises, with their successful experience in the use of supply chain finance, drive other rural enterprises to develop supply chain finance rapidly, so as to promote the overall development of rural enterprises, the growth of rural economy and the revitalization of rural enterprises.

5. Conclusion

As a new financing mode, supply chain finance has been initially developed in China in recent years. In the future, the development of supply chain finance will be more and more rapid, and it will be an inevitable trend to apply supply chain finance to rural revitalization. At present, China is in the final stage of poverty alleviation. If we can introduce the supply chain finance into the poverty-stricken areas, help the enterprises in the poor areas to solve the problems of financing difficulty and low credit, and make the enterprises in the poor areas enter the supply chain and become one of the main bodies of the supply chain, the enterprises can generate income, thus driving the economic development of the poor areas and enriching the resources in the poor areas. We should make rational allocation and get rid of poverty.

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