

The Current Situation and Problems of Rural Financial Development in Western China-Take Shanxi Province as an Example

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Abstract: Digital finance has entered a mature state in China, financial products related to rural revitalization and assistance to farmers continue to emerge. However, while developing continuously, the differences between regions and the controllability of digital financial development need to be more supervised. How to implement the development of financial institutions, risk and safety problems in the western rural areas of China still need to put forward solutions. This survey report takes the western rural digital finance under the background of rural revitalization as the entry point, briefly introduces its meaning and characteristics, and respectively elaborates the development status of rural development and digital finance popularization in western China. Then, based on the strategic needs of rural revitalization and industrial upgrading in China, relevant experiments are designed. In addition, investment and loan projects in rural areas have more room for progress, which will help the development of the "agriculture, rural areas and farmers" policy. Combined with the current development status of finance in western rural areas, this report also puts forward corresponding suggestions for relevant problems, hoping that these suggestions can provide reference for the healthy and sustainable development of digital finance in western rural areas.

1. Introduction

With the rapidly development of financial modernization, based on the development of digital information, more and more industries use digital finance to develop local economic development. Under the important strategic background of rural revitalization, it is important to play a good role in economic poverty alleviation in rural areas. There is an urgent need to inject new development into the economic field of agriculture, rural areas and farmers to lay the foundation for the application of digital finance. This article focus on analyzing how the western region should rapidly develop and use digital finance to solve the current development bottleneck under the background of rural revitalization. Finally, it summarizes the driving role and long-term benefits of digital finance for the development of western rural areas, and draws inspiration from the use of digital finance to develop agricultural economy. Digital finance is a new generation of financial services integrated with

traditional financial services through the Internet and digital technology.

2. Agricultural Goods and After-sales Services Lack of Quality Assurance

In the development of the new area, agricultural products can be sold without leaving home by cooperating with e-commerce and using the Internet Platform. The policy also protects agricultural sales. The standard for apply rural loans helps farmers to invest in industries independently. The sales platform of agricultural merchants provides a market for farmers and makes agricultural products more commercialized. Promoting the development of local characteristic economy expanded the way for farmers to get rich. The development of e-commerce has also attracted young people back to hometown. At present, most areas of rural development in China are being a new agricultural development, which is no longer using the traditional economic growth mode, but using a modern agricultural development combined with finance. Although the overall development trend of rural economy in China is good, there are still many problems to be rectified in some areas where the western resource development is relatively backward [1]. In the western region of China, the rectification of small organic market commodities still needs to be improved. Most of the outflow agricultural commodities are too unitary, lacking local characteristics and low market competitiveness. Many small rural households sell their products online without relevant online sales expertise, and the quality of their products cannot be guaranteed. This is caused by many reasons, the poor product quality or low repurchase rate due to long transportation time is the main reasons. The farmers do not have relevant product quality, safety awareness and after sales services not perfect for the online marketing platform. Moreover, the quality and safety protection of agricultural products during production by farmers has not been standardized, the consumers cannot understand the source and production process of agricultural products, so the quality of agricultural products cannot be guaranteed. There is a lack of monitoring system for agricultural products production by relevant agricultural technicians, especially for the poor sources villages and towns, so it is difficult to carry out poverty alleviation and development work. The relevant departments should do a good job in personnel allocation, and each village and town should be equipped with relevant agricultural technicians to be responsible for daily monitoring the long-term management of agricultural products and ensuring the quality of agricultural products. Farmers also develop standard and systematic processes for their own product sales, including how to learn product publicity, after-sales service guarantee and specific operation of product transportation processes according to law, a good job in packaging and labeling of agricultural products, produce closer standardized production. Individual farmers should also do a good job in large-scale production [2]. Improving farmers' awareness of using digital big data to receive information can better keep up with the pace of the market, make good use of local advantages, improve the efficiency of disseminating and promoting the quality of agricultural products, coordinate the work of various departments, and promote the further development of agriculture, so as to achieve rural economic growth and improve farmers' income.

2.1. Existing Rural Financial Resources in Short Supply

In the process of rural economic development, there is no lack of support from rural finance. The demand for rural finance is not less than that of urban finance. The support from rural finance provides a strong guarantee for rural revitalization and development. The development of rural finance is mainly carried out in three aspects: micro loans, credit subsidies and raising the storage interest rate. Agricultural products in Shaanxi Province are greatly affected by environmental factors, and the crop cycle is long with little harvest, On the other hand, it is a long process for commercial banks to gain profits from agricultural economy, which requires government policy support and subsidies to balance capital [3]. According to the data over the past decade, the government's support and subsidy

funds for agricultural finance in Shaanxi Province have been increasing, injecting new vitality into Shaanxi Province. Since 2006, China has implemented the abolition of agricultural tax system, reducing the economic burden of farmers. The increase of farmers' income will drive the development of domestic demand in economy in China, better narrow the gap between urban and rural development. The department has increased its preference for rural economic development, but the popularization of financial policies has always been limited [4]. There are many and wide rural areas in western China. The limited support of financial funds is not equal to the regional supply and demand. Most of the local financial institutions and commercial banks have been withdrawn to the cities. There are few financial institutions left in rural areas, which cannot provide adequate financial resources. In addition, the loan system is not perfect, and the conditions for farmers' loans and collateral contracts have not been formulated, which makes it difficult for farmers to invest and develop through loans. On the other hand, the loan limit of financial institutions is also limited, the amount allocated to rural areas is often small, and the loan requirements are complex. In the long run, this has led to insufficient supply of financial resources in western rural areas, and the loan risk is high. Faced with the loss of crops due to various factors, financial institutions bear a large risk of loss. Moreover, farmers are too lazy to lend in order to avoid debt. If we want to increase the supply of resources for rural finance, we must rectify the operating system of financial institutions. The current supply of financial resources in Shaanxi Province still has shortcomings. There are few financial institutions for agricultural finance with a single category [5]. The local financial system is not perfect. The threshold for establishing financial institutions is high, and there are strict systems and standards for capital flow distribution. It is difficult for ordinary small and micro financial loan companies to enter the market, It is easy to form a monopoly situation of financial institutions, and there are few types of business for agriculture, which cannot meet the farmers' financial needs in many aspects and the allocation of funds is easy to be blocked, which hinders the healthy development of the agricultural economy and reduces the positive role of finance in agriculture. Financial policies should not be an obstacle to agricultural development, but should inject new capital vitality into the agricultural economy. The banking should open up relevant financial institutions to increase the amount of loans, take the lead, and implement what financial support and financial services are still lacking in the region. Moreover, it should reduce the proportion of funds handed in by financial institutions, supplement the amount to the supply of resources, increase the amount of farmers' loans, put more funds into the investment prospects of agricultural economic development, and promote the benign development of Shaanxi economy.

2.2. The Allocation of Rural Resources is Unreasonable

Shanxi Province is a major agricultural province in China. The variety of crops is very rich, especially in the name of potatoes and apples. Animal husbandry is also concentrated in regional production. At the same time, Shaanxi Province is also the second largest area rich in selenium resources in China. In recent years, Shaanxi's agricultural financial resources have been involved in different fields. On the whole, economic growth is better year by year, but the shortcomings of rapid development are increasingly exposed, when the resources of financial institutions flow out too fast, the rural economic development will not keep up with the urban development. Moreover, the insufficient supply of rural financial resources increases the difficulty of capital allocation. There are few types of financial related businesses in rural areas, and the products of loan business cannot meet the investment needs of farmers. In recent years, the state has issued relevant policies to require commercial banks to withdraw the resource funds in rural financial institutions back to the cities, it also reduced the volume of some loan businesses and raised the business threshold. Although this reduced the economic burden of banks, the lack of financial funds in rural areas flowed back to the

cities in large quantities [6]. Rural financial institutions acted as if they were absorbing deposits, which further increased the development of rural and urban areas and was not conducive to the development requirements of rural revitalization. In some rural areas, commercial banks collect a large number of farmers' deposits, convert the savings into bank deposits, and transfer the funds to other purposes or for the transfer of funds in other areas. Banks act as intermediaries, making use of this link to earn their own profits and dividends. Banks can use this method to obtain income and avoid the risks brought by agricultural loans. Banks do not use all their funds for poverty alleviation policies, but cause more resource loss, which is also one of the channels for resource capital loss. The rural financial institutions in Shaanxi Province are relatively underdeveloped. Many financial systems are incomplete. There is little resource allocation for farmers' loan business and other agricultural financial products. There are many loan processes with high threshold. The operation efficiency of resource allocation is low. The ownership of collateral required for agricultural loans is not clear. The value of collateral cannot meet the requirements of loans. The resource and capital allocation of rural financial institutions is unreasonable, it is not a long-term plan to maintain fund loan support only by policies. A single financial loan mode greatly reduces the flow of rural funds, lacks market vitality, and thus reduces the allocation efficiency of agricultural resource funds. In the face of misadjusted allocation, we should formulate a systematic and standardized financial market system, relax the access threshold, let more financial institutions expand agricultural services locally, gradually return the lost funds to their original positions, match the funds with supply and demand, provide more financial services for farmers, invest funds in rural revitalization policies, and subsidize the backward rural areas with preferential interest rates [7]. Moreover, financial institutions should establish a safe internal system and a risk assessment system to reduce capital losses caused by natural disasters or other factors, strengthen the self-discipline and supervision role of the financial market, narrow the gap between urban and rural areas through support for poverty alleviation policies, and achieve effective allocation of agricultural resources and funds.

2.3. There are Few Digital Information Finance Models Applicable in Rural Areas

The modern business model in rural areas is a feasible development model. In recent years, China has vigorously developed rural inclusive finance, that is, digital information finance. This financial model is mainly responsible for financial services in rural areas, mainly serving farmers. It provides farmers with more convenient and rapid financial services in the form of combining technology and finance. It is more deeply rooted in rural areas and provides more accurate and feasible financial development models, through the multi-party cooperation and linkage of Internet big data and cloud computing service platforms, the problem of low efficiency and low resource allocation brought about by traditional financial institutions can be effectively changed. Digital information finance can match a variety of financial services, reduce service costs for farmers in low-income areas more specifically, which is conducive to comprehensively covering the backward and poor rural areas and promoting the healthy operation of funds for rural revitalization policies. At present, the rural digital information finance mode in China, mainly the cooperation mode of mutual cooperation with traditional financial institutions, cooperation with agricultural supply service businesses and effective linkage with Internet enterprises [8]. Although the traditional agricultural financial mechanism has many drawbacks, the gradual transition process must be completed if you want to quickly change the traditional model to a modern mechanism. Digital finance mainly uses online services to expand financial service channels. Traditional financial institutions have many offline outlets. Only by combining the big data information of digital finance with offline, can digital finance be rapidly popularized in rural areas, providing sales platforms, Union Pay payments, loans and other businesses to the "agriculture, rural areas and farmers" region can greatly reduce the risks brought by traditional

financial institutions and reduce the financing costs of financial institutions. There are still shortcomings in the development of digital finance in Shanxi Province. The main problems are that the coverage of digital finance is not wide enough, the information reception in remote areas is poor, most farmers are not familiar with and understand digital finance, and the promotion is not comprehensive enough. In addition, the popularity of digital finance needs a strong internal security system to protect it, and the security of the system operation behind it can protect information, these problems need to be improved. Most of the rural areas in Shaanxi Province are high and far away from the cities. Although the current Internet information penetration rate in rural areas has reached 50%, the penetration rate in the western region is still insufficient. First, the introduction of digital infrastructure is backward due to regional problems; second, the traditional consumption concept of farmers cannot be changed, and the development of digital finance cannot be fully covered [9]. The consumption market in rural areas is limited, with most of them selling products in small shops and carpets. However, in rural areas, the population is unbalanced, young people go out to work, and their daily consumption target is mostly the elderly. Their habit of paying with cash is difficult to change, and their acceptance of horizontal industries is limited, and the amount of consumption is not large, which makes it difficult to really promote digital finance and the applicable financial model is also limited, If we want to achieve the development of digital finance through different cooperation, we need to further support the work of "agriculture, rural areas and farmers", so that the outside world can really go in and farmers can really go out.

3. The Problem Analysis of “Scattered Industry of Rural Economic Development”

3.1. Low Digital Level in Rural Population

In the area of the rapid development of the Internet, the scale of Internet users in China is very large, but most of them are urban population, the proportion of rural groups is low, especially in the western rural areas, the network penetration rate is low, the digital infrastructure gap between the east and the west is large, and the cultural gap makes rural areas have low ability to receive network digital information, and there is still much room for farmers to use and be familiar with the operation of the Internet. The "three rural" support of the rural revitalization policy can effectively improve the popularity of digital information. Farmers can sell their agricultural products on the platform through digital networks. However, because farmers have not learned professional online sales knowledge, the sales of products placed on the Internet are often poor, and there is no specific operation process, so they cannot effectively promote. They can only make a blind guess by themselves, but still pull the goods to the farmers' market to sell every day, there is no fundamental change in the sales model. The use of digital data can be effectively applied to all fields. The crops produced by farmers can be recorded using the data monitoring system to reduce the risk loss of crops. It can also promote industrial modernization, centralized and unified management, and improve the scattered industrial distribution in the past. In the "three rural" policy project, which is dedicated to providing a constructive path for the development of rural areas in western China. This Project uses scientific and technological equipment, big data monitoring and intelligent sharing technology models, which greatly reduces the problem of rural public security crimes. Similarly, these front-end and back-end joint supervision systems can also be used in financial institutions, however, at present, such facilities are not widely recommended in the economic field. Only a few regions have introduced relevant intelligent systems for management. Many financial institutions do not have the conditions to install such systems. The management is still at the basic level and cannot really play the value brought by digitalization. The development of the primary and secondary industries in rural areas is still in the traditional development mode and cannot really use digital information for management. There is still a long way to go to achieve full coverage of rural digitalization [10]. To improve the digital

overall economic level of rural people, it is necessary to match the appropriate digital financial mechanism, establish a unified rural industry management system, centralize resource allocation, set up outlets in relevant areas, assign professionals to teach farmers to use the intelligent system, experience the convenience of management, and let the intelligent operation be applied to social management, farmland operation, industrial production order and technical management community, so as to play a real role, The Internet plus finance model helps rural economic growth, changes the appearance of villages, and radiates new vitality.

3.2. The Gap in Mobile Finance Coverage

Rural finance has a huge capital flow, including policy support, agricultural subsidies allocated by the state every year and loans from financial institutions. The implementation of the "three rural" policy has made the agricultural economy in the western region develop rapidly. The reform of financial institutions and the continuous introduction of new service products have made digital finance rapidly spread to all regions. Commercial banks have also changed the loan model, It is clear that the group of service orientation is rural areas, so as to strengthen the functional status of agricultural services and promote the deepening reform of China's Agricultural Bank. The innovation of financial institutions has shortened the time for farmers to handle their daily financial business. Major financial institutions and the Agricultural Bank of China have launched online apps. Farmers can download them via mobile phones and click their fingers to achieve the same functions as offline businesses, even eliminating tedious steps, improving the efficiency of business handling and saving the resource costs of financial institutions. The number of small and micro credit enterprises and new financial institutions in rural areas has increased. Many pilot projects have been carried out in rural areas, and new financial businesses such as credit guarantee, agricultural insurance and venture capital have been implemented. The increase in financial institutions gives farmers more choices. How to let more farmers use online app to log in and how to promote this is a problem that needs to be solved. Only by making farmers more active in online business can we achieve real mobile finance. At present, the use of online banking has not been well promoted. In the pilot project in small counties, only a few people are willing to use online banking to handle business. Most farmers are skeptical, afraid and unwilling to use it. This requires financial institutions to do a good job in ensuring the relevant security. The information security gap of mobile finance also needs to be filled urgently. The business of financial institutions serving agricultural finance is different from that of cities. Many operating procedures and capital flows have been explicitly stipulated. Internal risk control needs greater security. As the popularity of rural finance needs to be strengthened, the credit environment of mobile finance still has gaps. Financial institutions need to operate under the premise of ensuring the security of background system monitoring, and allocate funds under the conditions of legality and compliance. In recent years, rural financial institutions do not pay enough attention to the construction of credit system, and farmers do not have the awareness of credit theory, which leads to some financial institutions will reduce the amount of agricultural loans in order to avoid risks, and even will not open credit business to the outside world [11]. Banks are more willing to obtain benefits from other agricultural financial businesses, because rural credit construction has not been systematically established. This is also a big gap at present. The risks of mobile finance are twofold. Financial institutions have to bear the risks of network security in addition to credit risks. Another gap of mobile finance is that the payment and clearing function of online business cannot match the actual situation, because the development of mobile finance in rural areas has not yet been covered, and many data cannot be consistent. In addition, the local rural consumer payment methods have not been equipped with online payment funds, and the development of rural Internet cannot keep up with the development of mobile finance, which is why there is always a gap in mobile finance, If we want to

promote the work, we must strengthen the network communication areas, and the backward and poor areas need to install relevant payment equipment, so that mobile finance can truly change the lifestyle of farmers, promote rural revitalization, and mobile finance can also play its due role [12]. The government should strengthen the supervision of the financial institution system, prevent online funds from being used for other purposes, and ensure that farmers' financial businesses are used effectively, we will help revitalize the countryside.

3.3. Rural Logistics Information is not Perfect

The development of modern logistics industry mainly relies on information technology to achieve the flow of diversion, entry, dispatch and other processes. Rural logistics has gradually formed a compliant integrated process. At present, the rural logistics industry still needs to be further improved, reform the logistics industry institutions, optimize the configuration of the logistics industry, and promote the rapid development of rural revitalization. An important problem in the development of agricultural logistics is that the population distribution is uneven and the distance is far, the distance between one village and another is large, the transportation distance is far, and the logistics setting and construction cost is high. Not every village will have a logistics express station, most of which are only set up in the county. In addition, the shelf life of agricultural products is greatly affected by the seasons. If the logistics transportation time is long, the shelf life of agricultural products is short, the transportation cost is high and the loss cannot be compensated by insurance. Farmers are often the ones who lose. Therefore, the development of rural logistics is relatively slow. The lack of perfect management system in rural logistics also hinders the development of rural economy and digital finance. At present, the rural logistics information is not perfect, the digital information equipment foundation of the express station is weak, and the logistics information cannot be updated quickly. If some distant objects are lost, they cannot be traced. Because there are not many express stations in the county, the express industry is also engaged in fierce competition to reduce the delivery fees of the rural express operators. The "Four Connections and One Arrival" brand reduces the delivery fees to less than one yuan, Dispatchers need to send more than 40 pieces of express every day to maintain the daily living expenses. In addition, there is a lack of rural express dispatchers themselves. The competition between brands leads to the slow development of rural express industry. At present, there is no standardized indicator for the weight and number of items mailed by township express, and the mailing costs are different in each village and town. The logistics mailing costs in rural areas are generally higher than those in cities. During the epidemic, China's policy documents for express items and senders and recipients must be registered in real names, and items inspection should also do a good job of disinfection, so as to achieve "two places and two consumers". The high price of logistics transportation express leads to low sales competition of rural online products, which is not conducive to rural economic development. At the same time, in some small villages, there are outsourced and self-operated express collection points, or even some collection points without license plates and certificates [13]. The national policy has issued that express collection stations are not allowed to charge extra fees for sending and receiving goods. However, in some villages, this policy has not been well implemented, and these unqualified express stations have high security risks. First, they are not legal. Second, they do not do a good job of disinfection, which requires urgent rectification, Increase the cooperation between express brands and local areas, and give financial subsidies and concessions to rural express stations. The construction of rural logistics should gradually realize modernization, and use the Internet to create an integrated transportation process [14]. Currently, most of the rural consumer groups are left behind elderly and children, and young people are working outside. Therefore, the daily consumption expenditure in rural areas is not high, and their cultural tiger knowledge level is low, and they do not know how to use mobile phones to shop online, resulting

in a lack of motivation for rural consumption. They sell products but rarely buy products outside. The high cost of transportation also restricts the development of the rural logistics industry, because the rural road facilities are limited, the roads are bumpy and uneven, and the roads can only be used for one vehicle to travel together, and the one-time transportation increases the cost.

4. Conclusion

To sum up, in the process of the development of China's rural revitalization strategy, the continuous change of the financial institution model will affect all aspects of the rural economy and industry, especially the rural financial loans and fixed asset investment. When the digital financial strategy changes, the rural GDP in the western region will also change. Therefore, when financial institutions need to adjust, they need to use appropriate means to ensure that the indicators of rural economic structure are within a reasonable range, enhance comprehensive strength, optimize the industrial structure and promote the development of rural finance, so as to lay a solid foundation for promoting the next development of the three rural policies.

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