

## Research on the Current Situation and Thinking of Rural Inclusive Finance Development in the New Period

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**Abstract:** The concept of Inclusive Finance originated from the United Nations Microfinance Summit in 2005. It refers to the construction of a financial system that can effectively and comprehensively provide services to all sectors and groups of society. Its goal is to support vulnerable groups and achieve their own sustainable development. In promoting the development plan of Inclusive Finance, the State Council pointed out that inclusive finance refers to providing appropriate and effective financial services for all social classes and groups with financial service needs at affordable cost based on the requirements of equal opportunities and the principle of business sustainability. According to the author's understanding, Inclusive Finance has two connotations: (1) universality, that is, the extension of financial services and financial system extends to peasants, small and micro enterprises, urban low-income groups, disabled people, the elderly and other service objects; and (2) benefiting the people, that is, all regions and social groups with different levels of financial needs can be timely and effective. Access to reasonable prices, convenient and safe financial services, so as to improve the economic situation.

### 1. Introduction

Inclusive finance is a kind of financial service that enables the poor or the disadvantaged groups in need of funds to enjoy a variety of high-quality financial services provided by various institutions through different channels. It is also a new exploration of financial reform and development in rural and underdeveloped areas of China. The security value of finance should be guaranteed in the construction of the legal system of Inclusive Finance in rural areas. Therefore, the legal system of Inclusive Finance in rural areas is to guarantee the financial rights of vulnerable groups in rural areas as the content, in order to maintain the healthy and sustainable development of financial markets, and to build a fair, just and safe rural inclusive financial system.

### 2. Present situation

#### 2.1 Current Situation and Characteristics

Firstly, for 10 consecutive years from 2004 to 2013, the development of rural finance was written into the Central Document No. 1, proposing that finance should benefit the whole society; in 2013, the Third Plenary Session of the Eighteenth Central Committee explicitly proposed the development of inclusive finance, and then the development of Inclusive Finance was written into the government work report; in 2015, the Central Document No. 1 explicitly proposed the strengthening of Inclusive Finance in rural areas; in 2016, The development of inclusive rural finance is also written in the central document No. 1. In the plan issued in the same year, inclusive rural finance has become an important part. Compared with the clear policy orientation, the legal system of inclusive rural finance has not been perfected, and relevant policies have not been issued. On the one hand, the total amount of financing in rural financial market is not implemented. Specific policies such as standard credit order, financial creditor's rights and incentives, policy-based private finance can not be relied on; relevant documents have not yet risen to the legal

level: for example, the relevant documents of new rural financial institutions are mostly issued by administrative orders; the reform of credit delivery mechanism is mostly regulated by the SFC; the Internet universal benefit Finance is still in its infancy, and normative documents are almost blank. On the other hand, most preferential policies and support funds are oriented to specific business of specific institutions, which are not perfect in coverage and coverage level [1-3].

Secondly, the main suppliers of inclusive rural finance are rural financial institutions, including policy institutions - Agricultural Development Bank; commercial institutions - Agricultural Bank Postal Savings Bank; cooperative institutions - Rural Credit Cooperatives - Rural Commercial Banks and Rural Cooperative Banks; new rural financial institutions - rural bank loan companies (including micro-loans). Companies) and rural mutual funds; informal institutions - usurious pawnshops and associations. Broadly speaking, it also includes telecommunications providers, network financial services providers, UnionPay and so on. In recent years, rural financial institutions have maintained a good development trend, the number of institutions has increased year by year, the joint-stock reform of postal savings banks has been further promoted; rural credit cooperatives "rural cooperative banks gradually formed and restructured into rural commercial banks: new rural financial institutions flourished [4-6].

## **2.2 Status of Legal System**

Firstly, the issue of "agriculture, countryside and farmers" has always been the focus of the CPC Central Committee's concern. The rural Inclusive Finance has always been classified into the category of "agriculture, countryside and farmers" construction based on agricultural finance or rural financial issues. Of course, the national policy has also formulated the important norms of relevant legislation of rural inclusive finance, which laid the foundation for the development of rural inclusive finance. Since 2008, the central documents on rural financial reform have been published every year. In January 2016, the State Council promulgated the general objective of the Circular on Promoting the Development Plan of Inclusive Finance (2016-2020): "By 2020, we will establish an inclusive financial service and security system compatible with building a well-off society in an all-round way." To meet the growing demand of the people for financial services, especially to enable small and micro enterprises, farmers, low-income people in cities and towns, the poor, the disabled and the elderly to obtain timely, affordable and safe financial services, so that China's inclusive financial development level is in the upper and middle international level [7-10].

Secondly, by reviewing the legal documents of the past ten years, we can find that the Constitution, as the fundamental law of the country, does not stipulate the relevant content of inclusive finance, but the Constitution clearly stipulates that "the state respects and guarantees human rights". The financial right has become an indispensable right of development in today's economic development and guarantees the society. Members' basic human rights must safeguard citizens' right to development. At present, there is no current law on inclusive financial system in China. Many of the most common departmental regulations and local regulations involve the normative documents of rural finance or the development of inclusive rural finance. The normative documents play a positive role in promoting the exploration and accumulation of the legal system of inclusive rural finance [11].

## **3. Development thinking**

### **3.1 Basic Framework Development**

There are two ideas for the development of the basic framework, namely, product system and service environment. The specific contents of these ideas are listed below.

#### **1) Product system**

The reshaping of innovative product system should highly respect the inherent law of rural financial development, the characteristics of development and meet the growing needs of farmers. In addition to optimizing and innovating the financial system, we should develop products and services close to agricultural development, carry out a new dynamic credit model of once-approved

and with-loan, and fulfill the loan burden. The timely innovation of insurance mode and the simple optimization of business management and control process can minimize the cost of credit, and improve the economic benefits of scale through complementary advantages. [12].

## 2) Service environment

With the development of information technology, electronic information technology has penetrated into all sectors of society. Therefore, while developing inclusive financial system, we should pay more attention to the convenient services brought by modern scientific and technological means. In rural areas, non-cash settlement such as mobile payment can be widely promoted to remedy the shortcomings caused by the inadequate physical network coverage of financial institutions. In addition, in order to strengthen the financial system services, it is necessary to construct the financial consumption disputes and other pre-plan solutions. At that time, farmers' own awareness of protection will be strengthened to better safeguard their rights and further improve the overall construction of the financial system.

## 3.2 Development of Legal System

In order to eliminate disputes caused by weak legal awareness, both sides of labor and management should strengthen their study of existing labor security laws and regulations, and indeed enhance their comprehensive legal literacy. Only by knowing the law and understanding the law, can we rely on legal weapons to protect ourselves when encountering specific disputes, and seek legitimate solutions and solutions, rather than taking an extreme approach. In recent years, more and more enterprises have realized the value of learning labor contract law and labor law, and at the same time, they can consciously regulate and restrain their own behavior. In addition, relevant departments should also use information technology to broaden the scope of current propaganda, ensure that the propaganda of labor rights protection is extended to all workers, and comprehensively enhance the legal awareness of workers.

## 4. Strategy evaluation

Taking Hewlett-Packard Finance in an agricultural area as an example, this paper verifies the validity of the above ideas from data, as shown in tables 1, 2, 3 and 4.

Table 1 Agricultural Loans

Particular year	Agricultural Loan Balance (RMB 100 million)	The Growth Rate of Agricultural Loans	Agricultural-related loan balance ratio	Number of Farmers Receiving Loans	Number of enterprises receiving loans
2014	5.13	11.35%	31.56%	1867	453
2015	5.74	11.89%	32.17%	1925	476
2016	6.38	11.14%	32.84%	2169	502

Table 2 Farmers' Ownership of Bank Cards

Particular year	Bank card	Credit Card
2014	32663	355
2015	33896	412
2016	34495	448

Table 3 The Non-performing Rate of Agricultural Loans (RMB 100 million)

Particular year	normal	Total bad amount	Defective rate
2014	4.76	0.24	3.84%
2015	5.30	0.22	3.82%
2016	5.95	0.19	3.76%

Table 4 Mobile Banking and Online Banking

Particular year	Open Mobile Bank Card	Opening Online Bank Card
2014	3077	2136
2015	3125	2259
2016	3468	2418

In summary, all the benign indicators in the table have an upward trend with the year, and all the malignant indicators have a downward trend with the year. Therefore, the application of this strategy is effective.

## 5. Conclusion

In the development of inclusive financial system, more attention should be paid to the convenience services brought by modern scientific and technological means. In rural areas, non-cash settlement such as mobile payment can be widely promoted to remedy the shortcomings caused by the inadequate physical network coverage of financial institutions. In addition, in order to strengthen the financial system services, it is necessary to construct the financial consumption disputes and other pre-plan solutions. At that time, farmers' own awareness of protection will be strengthened to better safeguard their rights and further improve the overall construction of the financial system. At the same time, with the current economic transformation and industry development, more enterprises are facing a variety of labor disputes, and have brought many adverse effects to enterprises and workers, the interests of all parties have suffered a certain degree of loss, but also accompanied by poor social impact. Therefore, in practice, it is necessary to focus on properly solving and dealing with all kinds of disputes, so as to enhance the sense of acquisition, happiness and security of workers.

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