

Study on the Construction of the Financing Countermeasure System for Jilin Creative Industries

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Abstract: Jilin creative industry mainly includes cultural creative industry, tourism creative industry, animation creative industry, car culture creative industry. These industries where indicate a promising development and some distinctive regional features upon Jinlin province. It has boosted Jinlin's startups and employment development, offering great energy for Jilin's rapid growth of the economy. However, with some problems of these nascent creative industries in Jilin such as poor financing capacity, unclear financing channel and solitary financing method, the development of creative industry has reached a bottleneck. This paper aims to propose solutions for the related problems focusing on four perspectives, as from enterprise, government, financial institution and external environment, to structure an improved financing countermeasure system for Jilin's creative industry. Moreover, the paper takes the animation industry as an example to proceed with a validation study for achieving the goals of solving Jinlin creative industry's financing challenges and promoting the diversification, variety and systematisation of financing.

1. Introduction

In recent years, Jilin creative industry has made considerable progress and built several leading creative enterprises of high reputation and great influence in China and abroad like Changchun Film Studio and Jinlin Song & Dance Group with the idea of "creating excellent brands, establish prime enterprises". Although the rapid development of each type of creative industries, partially speaking, most creative companies in Jilin are on a small scale and poor capacity, plus low social capital input. Whereas fund-raising is the first essential for a creative idea to becoming an industry, money as the most starting condition, the financing problems of a creative industry will impact its survival and development directly.

2. The Financing Problem of Jilin Creative Industries□

The development of Jilin creative industries shows a continual booming since 2010, but exposing the problems of most Jilin creative enterprises as poor financing capacity, solitary financing channel, and financing difficulty, which induces a developmental crisis for Jilin creative industries.

First of all, Jilin creative enterprises' simplistic financing channel. Jilin creative industries basically rely on self-financing, supplemented by government funding, which is a much solitary method that may difficult to maintain the survival and development of the enterprise if some problems occur. Jilin government's financial support and support range on small and medium creative enterprises both show insufficient.

Second, most are private enterprises upon Jilin creative industries, which means these companies are of weak competitiveness from creative product development, operation and management, or other aspects, and that weakness further erode the poor financing capacity. As a practical matter, absorbing private investment and access to capital from the relevant financial institutions both require the company's strong capability. Apparently, these enterprises are difficult to achieve financial assistance.

Third, commercial banks will evaluate the company assets who are seeking to raise capital

before investment and lending. An enterprise may only get loans when its security of assets is up to standard. Generally, small creative enterprises do not have many assets, or due to their low financial liquidity, those both raise the threshold of credit conditions and lending standards unconsciously. Also, if a creative company's shortage of financial strength, the more difficult it accesses to capital from financial institution. □

Fourth, creative industries' products are normally knowledge products, intangible assets mainly, such special property makes most creative products will not be accepted by commercial banks as collateral for loans. Many intellectual property rights (IPR) products cannot be approved, and then commercial banks may not issue a loan. Thus, a creative company is not able to obtain financial assistance when facing a project which in great need of fund.

Fifth, the difficulty of a creative enterprise to go public is worse than ordinary enterprises due to more tough listing requirements are required. Among the several creative industry band-name enterprises in Jilin, there are only two of them listed in the A-share market, as Jishi Media and Changbai Mountain Tourism Joint-Stock Company Limited, and few of them are qualified for listing and financing.

3. The Financing Countermeasure for Jilin Creative Industries

For solving the related problems on Jilin creative industries' financing, it should start from financing channel and financing method, realising the diversification of the financial source of creative industries.

First, strengthening the government's monitoring, promoting the combination of creative industries and banks, between private funds and foreign funds, improving the variety of financing channel.

Second, focusing on the special award fund by government, despite the "play the leading role", the government shall offer more financing support for the creative companies who focus on new creative products, which may have a certain positive influence for the developing of small creative companies.

Third, financial institutions and commercial banks shall lower the bar for the fund-raising of small creative industries and approve the value of the intellectual property of their creative products, offer a certain preferential treatment for the mortgage finance.

Forth, the enterprises shall improve their development, strengthen the efforts to develop creative products, increase their market competitiveness and operating capacity, attach importance to the construction of social credit.

Fifth, the government shall give assistance to establish a Bank-Business Communication & Collaboration platform, introduce a secured financing system among government, bank and company. Joint guaranty loan may be the best. At the same time, establishing a credit assessment for Jilin creative industries to guide these companies devoting to improving the external environment, enhance the credit assessment of creative enterprises and take this as a baseline for the financing limit.

4. The Construction of the Financing Countermeasure System for Jilin Creative Industries

Base on the above solutions of Jilin creative industries' financing problems, given four perspectives, as enterprise's self-improvement, supports from government, financial industry and external environment respectively, to establish a diversified financing countermeasure system with the characteristics of Jilin creative industry, the details are shown in Table 1.

There are four aspects upon Jilin creative industries financing countermeasure system; each can be extended to secondary countermeasure or even tertiary countermeasure. According to the financial industry' support, this paper suggests that the financial industry:

First, to assist the creative companies to diversify financing channels, optimize the financial market system, improve the modern banking system, and lower market entry threshold.

Second, to improve financial intermediation service, encourage financial innovation, develop

new financing products, and extend creative companies' financing maturity.

Third, to promote “government-bank-company secured financing system”. Joint guaranty loan shall make the governmental joint guaranty as the prerequisite to try to launch relationship loan that facing small and medium enterprises.

Forth, to encourage different types of capitals investing creative industries. Despite the traditional investment mode, the Internet-based investing & financing form shall be approved progressively, internet finance, internet (donation) crowdfunding and other new investing & financing forms may bring energy for the financing of high-quality creative projects.

Fifth, to establish an authoritative intangible assets (IPR) assessment agency in the industry, such third-party assessment agency operated by market provides the financial industry with required financing mortgage basis. It can be considered as a method to evaluate intangible assets and to use a company's creative projects as collateral for loans, make it an industry standard to support creative companies' fund-raising.

Table 1 The diversified Jilin creative industries financing countermeasure system

The diversified Jilin creative industries financing countermeasure system	First Countermeasure	Secondary Countermeasure
	Enterprise's self-improvement	Establishing a modern enterprise system□ Standard enterprise financial management and risk management Strengthening the construction of social credit Improving business capacity Emphasising intellectual property protection□
	Government's Support	Providing policy support Establishing special award funds Supporting government procurement on creative products Establishing an authoritative financing service platform
	Financial industry's support	Optimizing financial market Extending financing channel Improving financial intermediation service Encouraging financial innovation Improving modern banking system
	External environment's support	Establish Bank-Business communication & collaboration platform Improving guarantee system Improving laws and regulations Improving credit assessment system

Table 2 The three-layer construction of financing countermeasure system upon the financial industry's support

Financial industry's support	Optimizing financial market	Improving financial intermediation service Improving modern banking system
	Extending financing channel	Establish local financial institutions Introducing microfinance and financing guarantee companies
	Improving financial intermediation service	Joint credit among the government, banks and enterprises Promoting IPO incubation program
	Encouraging financial innovation	Promoting government-bank-company secured financing system, joint guarantee loan Developing relationship loan Developing new methods like internet crowdfunding Developing new financing products, extending financing maturity
	Improving modern banking system	Establishing a third-party intangible assets (IPR) assessment agency Establish collateral standards for intangible assets in the financial industry□ Providing reports for the long-run development of creative enterprises

According to the analysis on the countermeasure system from the financial industry's support above, based on the secondary countermeasure, with some adjustments, a tertiary countermeasure as shown in Table 2.

In practice, we can continue to extend the secondary countermeasure upon specific details. With a deeper study on the four aspects of countermeasure system, as enterprises themselves, government, financial institutions and external environment, constantly improving the financing countermeasure system, thereby to solve the financing problems of Jilin creative industries at best in every respect.

5. The Financing Problem and Countermeasure Study of Jilin Animation Creative Industry

5.1. Jilin Animation Creative Industry Financing Problem.

In recent years, animation creative industry has become a sunrise industry in Jilin province. However, same as others, the development of animation creative industry has also occurred financing problems, for example, solitary financing channel, poor financing capacity, the reasons as following:

First, the nature of the animation industry. Self-financing is the most common way that small and medium animation enterprises adopted and most are ploughed into developing original animation, shortage of capital likely to occur in the later stage of animation blending. Therefore, their original work cannot be converted into finished products or even coming into the market, since the whole process has already stopped due to the financing problem. Moreover, some animation enterprises put the too many funds into “processing with supplied materials” orders, once the completion time has been extended, the more time these orders need, the greater the loss will be. Thus, until these orders have been finished, the company may obtain no profit, further to cause funds shortage. On the other hand, some animation companies invested in product promotion and extension but have not achieved the desired profits, resulting in funds shortage.

Second, the main products of the animation industry are comics publication, animation television work, animated movies, enterprise animation LOGO and the relevant extended products, are all belong to creative categories intangible assets. Besides, for animation products, it shows a small target market, huge investment, long project cycle and slow fund return. For other creative industries, big-budget means high return; but for the animation industry, the return is not guaranteed due to the target audience and subject, which makes most investors less willing to invest in animation industry or product.

Third, preferential policy. Although the rapid development of Jilin animation creative industry, its speed of development still lags behind tourist industry and art & culture industry, which means animation industry's difficult to obtain a large financing advantage where governmental resources are limited. The special funds and serval developmental policies are mainly for well-known enterprises in animation creative industry. For small animation companies, governmental support is far from enough.

Forth, the main method of Jilin animation creative companies obtaining funds from financial institutions and commercial banks is microfinance. The government has tried to build a relationship between companies and serval financial institutions by negotiation meeting, but for some reasons, the loan amount, loan tenure and loan credit and other aspects are still not satisfactory. For example, when a small animation creative company has a financing intention due to the development of a big online game, but it is not able to obtain enough funds from financial institutions effectively, then it may only ask for short-term microfinance. Apparently, the later developing will show weak, the product developing has to stop, at last, the cost can be returned.

5.2. The Countermeasure of Jilin Animation Creative Industry Financing Problem.

Based on the proposed countermeasure system, Jilin animation creative industry shall focus on the following aspects to solve the financing problem:

First, for enterprises, they shall continue to grow and develop, develop themselves into Jilin band-name enterprises, thereby increasing their competitive strength. Those animation companies

who lose their competitive strength will be eliminated, and other animation brands of international development capacity will be supported and finally build animation Enterprise brands and images with the characteristics of Jilin. Meanwhile, these enterprises shall enhance their technology content, devote to establish an animation Public service technology platform in Jilin, build famous animation and online game brands with independent intellectual property rights.

Second, the government shall establish special creative funds, but only for a project instead of a company. As long as a good-quality project, the government will provide certain funds and Policy Support. Moreover, Jilin provincial government shall be directed against business management, disposal of land and asset, social security, capital input and industry incubation to offer reasonable and long-lasting policy guarantee. At the same time, special supportive policy on the development of animation culture industry and the construction of talent team shall also be established, so that provides a better policy environment for the development of animation industry and institutional reform.

Third, financial institutions shall encourage private and foreign investments. For solving the animation industry's capital allocation problem and optimising the solution, relevant supportive policies shall be established to promote animation projects by encouraging and absorbing private and foreign investments. Besides, encouraging financial institutions to develop new financing products, such as government-leading "small and medium animation enterprises collective bond", solving the creative industries' financing problem at a certain degree. Also encouraging animation enterprises invest and develop strategic and proactive cultural industry projects by bank loan, or issuing corporate bonds.

Forth, as for the external environment, it shall establish a tripartite partnership among the government, enterprise and financial institution (commercial bank) under the supports of the relevant policies of the government, in addition, introducing third-party assessment & guarantee companies or venture capital firms to assess or guarantee the animation enterprises' creative products, all the parties share the financing risk. Moreover, encouraging financial institutions to launch a pledge business pilot unit.

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