

The Mechanism of Digital Inclusive Finance Empowering Rural Revitalization

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Abstract

In order to solve the increasingly prominent "agriculture, rural areas and farmers" problems in our country, our country has put forward a targeted rural revitalization strategy. Comprehensively promoting rural revitalization is a major strategic deployment made by the Party Central Committee and the State Council, and financial services, as the internal driving force and key chain of rural revitalization, have brought vitality to the construction of modern agricultural and rural economies. As the process of rural revitalization accelerates, rural financial institutions are constantly innovating and actively seeking changes, constantly enhancing the inclusiveness and convenience of serving rural economic construction, and assisting rural revitalization. At present, digital inclusive finance is facing many difficulties in serving the rural revitalization strategy. This article explores the internal mechanism of digital inclusive finance in promoting the realization of common prosperity, and tries to improve the coverage of digital inclusive finance and reduce the cost of obtaining funds for relevant entities in rural areas, improve the availability of funds for agricultural-related entities, and put forward specific policy suggestions.

Keywords

Rural Revitalization, Digital Inclusive Finance, Mechanism of Action.

1. Introduction

The 20th National Congress of the Communist Party of China proposed the long-term goal of common prosperity. Since my country is a country with a large population, regional differences are large, income gaps fluctuate at high levels, urban and rural income distribution is relatively uneven, and the problem of unbalanced development still exists. The fruits of development are shared by the people, which has become an arduous and complex important issue. As the new blood of the modern economic system, the emergence of digital inclusive finance has greatly alleviated the financial exclusion problem existing in traditional finance, broke the barriers of traditional financial institutions in serving rural industries, and provided an important guarantee for the prosperity and development of my country's rural economy. Compared with other financial resources, digital inclusive finance is more inclusive and inclusive, and is of great significance in promoting the common prosperity of farmers. In addition, digital inclusive finance breaks the geographical constraints of financial services, enhances the correlation of economic activities between regions, and provides a strong guarantee for the cross-regional flow and reorganization of production factors. Therefore, it is of positive significance to explore the aggregation and diffusion effects brought about by digital inclusive finance on rural revitalization and development.

2. The impact mechanism of digital inclusive finance empowering rural revitalization and development

2.1. The perspective of industrial prosperity

The development of digital inclusive finance is conducive to the construction of a modern agricultural system, thereby promoting industrial revitalization. First, digital inclusive finance reduces service costs and improves the availability of capital with the help of digital and other information technologies. It develops online financing products based on the needs of business entities and creates a low-cost and convenient credit system for farmers, effectively solving the financing difficulties of farmers and meeting the needs of rural residents for financial services and products. Second, by leveraging "Internet +" and blockchain technology, we can create models such as "online supply chain finance" and "Internet financial platform + farmers + enterprises" to help rural areas innovate production and operation models and promote the optimization and upgrading of the industrial chain, which in turn helps to improve the comprehensive benefits and competitiveness of the industry.

2.2. From the perspective of ecological livability

Digital inclusive finance can optimize the ecological environment, improve the efficiency of ecological resource allocation, and promote rural areas to become ecologically livable. First, by optimizing the allocation of financial resources, digital inclusive finance has filled the gap of insufficient government supply of public goods to a certain extent, provided strong financial support for the realization of ecological livability, and is conducive to promoting rural infrastructure construction and strengthening rural areas. Comprehensive management of environmental issues. Second, digital inclusive finance can promote the organic integration of finance and ecology by playing a guiding role in funds, and promote the flow of production factors such as funds and talents to green and low-carbon industries and environmental pollution control projects, which is conducive to optimizing the rural ecological environment and promoting rural green cycles. economic development.

2.3. The perspective of rural customs and civilization

Digital inclusive finance improves rural culture by developing and protecting excellent rural culture. First, digital inclusive finance uses digital technology to build a rural credit system and actively popularizes financial education among farmers, which helps guide farmers to establish a sense of integrity and compliance and create a new rural look of mutual trust and win-win. Second, digital inclusive finance has promoted the development of "culture + industry integration" by promoting industrial prosperity, improving farmers' living standards, allowing the majority of farmers to not only gain material satisfaction, but also improve their spiritual concepts and abandon backward customs and habits, improve the level of rural civilization and shape the rural style of harmonious development.

2.4. Perspective of rural governance

Rural governance covers many aspects such as politics, economy, and culture. First, digital inclusive finance can help improve rural credit construction, expand the scope of credit reporting, build an effective platform for rural economic and social development, promote the diversification of rural social governance subjects, improve rural governance capabilities, and make management more efficient. Second, the development of digital inclusive finance can promote the popularization and application of network information technology, promote digital governance methods, improve rural governance capabilities and efficiency, and then promote the construction of a new effective governance pattern of co-governance and sharing.

2.5. The perspective of living a prosperous life

Improving the economic level is the most basic goal of rural revitalization. The development of digital inclusive finance will help expand farmers' income channels and increase farmers' income. First, digital inclusive finance meets the diverse needs of farmers by providing diversified financial products, opens up sales channels, boosts rural economic development, and then drives farmers to increase their income and become rich. Second, through innovative financial tools, we should expand financing channels for rural infrastructure construction and tilt social capital towards social services such as rural medical care, education, and elderly care, so as to further enhance farmers' sense of happiness and gradually realize the beautiful vision of farmers' prosperity.

3. Analysis of the development status of digital inclusive finance and rural revitalization in China

3.1. Current status of digital inclusive finance development

Nowadays, the application scale of China's digital technology is expanding day by day. The development level of electronic payment and e-commerce ranks first in the world. The number of online payment users has also increased from 292 million in 2011 to 768 million. These are all factors for the vigorous development of digital inclusive finance in China. Provides strong protection. The development of digital inclusive finance has improved the availability of financial services and effectively improved the problems of " financing difficulty " and " expensive financing ". Especially after the outbreak of the COVID-19 epidemic in 2019, the convenience and efficiency of digital inclusive finance have made a huge contribution to China's economic development. On the one hand, relying on digital financial platforms has effectively alleviated the " short-term, small, urgent and frequent " financing needs of business entities such as family workshops, which is conducive to precise support for enterprises and small farmer groups, and is conducive to promoting the resumption of work and production after the epidemic. On the one hand, in response to the impact of the epidemic, our country has formulated a number of incentive policies. For example, the government encourages and supports financial institutions to expand online business and improve the digitalization level of financial services. At the same time, it also brings new development opportunities to digital inclusive finance.

3.2. Current status of rural revitalization in China

Since my country entered the new economic normal, the problem of unbalanced and inadequate urban and rural development has become increasingly prominent. To solve this problem, we need to promote the transformation and development of rural areas.

From the perspective of industrial prosperity, the total output value of China's agriculture, forestry, animal husbandry and fishery has increased from 7883.6 billion yuan in 2011 to 13778.2 billion yuan. The unit grain output in 2021 will reach 5905 kilograms, an increase of 1.2% over 2020 and an increase over 2011. 11%. Overall, my country's agricultural development is in good shape, and the level of industrial prosperity is on the rise. From the perspective of ecological livability, more than 95% of rural domestic waste in the country has been effectively processed, street lighting projects are constantly advancing, and the rural ecological environment has improved significantly. From the perspective of rural culture and civilization, the per capita expenditure on culture, education and entertainment in rural areas of China is on the rise, rising from 396 yuan in 2011 to 1,308 yuan. The people's spare time life is also constantly enriched, the types of cultural activities are constantly innovated, and the number of cultural stations and cultural squares is increasing year by year. It can be seen that the level of rural customs and civilization in my country's rural areas continues to improve.

From the perspective of rural governance, China's urban and rural affairs expenditures have continued to rise in recent years, accounting for about 10% of fiscal expenditures. In addition, through the creation of "Democratic and Legal Demonstration Villages", it has played a radiating and leading role, and the level of rural governance in our country has also been significantly improved. From the perspective of living affluent, China's rural Engel coefficient dropped from 40.4% in 2011 to 32.7%. Per capita disposable income has reached 18,931 yuan in 2021 from 7,393 yuan in 2011. The gap in disposable income between urban and rural areas has decreased from 2.9 to 2.5, and the consumption level between urban and rural areas has also dropped from 3.3 to 1.9. It can be seen from this that the living standards of farmers are gradually improving, and the gap between urban and rural areas is also constantly narrowing. In recent years, my country's rural development has been in good shape and has achieved a series of achievements. However, there are also many problems. First, in terms of rural industrial development, my country's rural economy is still at the end of the development of the entire market economy. The transformation of the rural economy is supported by talents and Financial environment, infrastructure and other constraints. In addition, the scale of agricultural development is small, the awareness of collective management is weak, and family farming is still the mainstay, resulting in weak market competitiveness and restricting the development of agriculture and rural areas. Second, in terms of ecological environment, due to the relatively remote geographical location of rural areas, incomplete water, electricity, road and other infrastructure, inadequate government supervision, and insufficient garbage disposal facilities, the rural ecological environment has been polluted and the appearance of the village has been affected. Third, in terms of farmers' lives, my country's rural areas are now severely hollowed out and a large number of people are outmigrating, resulting in a shortage of labor force, which is not conducive to rural development. In order to promote the integrated development of urban and rural areas and realize farmers' vision for a better life, it is also necessary to actively implement the rural revitalization strategy, promote agricultural development, strengthen ecological and environmental protection, break old stereotypes and bad habits, and continuously improve the quality of farmers' lives.

4. Policy recommendations on using digital inclusive finance to boost rural revitalization

4.1. Strengthen digital inclusive financial supervision

The digital technology characteristics of digital inclusive finance are a double-edged sword. On the one hand, relying on digital technology improves the coverage of inclusive finance. On the other hand, digital technology also accelerates the spread of risks within the financial system. Therefore, my country's financial regulatory agencies should focus on the risk characteristics of digital inclusive finance, follow the new regulatory system of "one bank, one bureau, one council" and use technologies such as blockchain, big data, and artificial intelligence to strengthen risk warnings for digital inclusive finance, and adopt a penetrating supervision method to increase dynamic supervision of capital flows and achieve real-time supervision of digital inclusive finance. At the same time, combined with agricultural production and operation risks and farmers' risk preferences, establish a risk isolation mechanism, improve digital inclusive financial supervision and prevention measures, and reduce the actual impact of risks on agricultural production and farmers. Risk supervision of financial institutions should also be increased. For digital inclusive financial services carried out by financial institutions in rural areas, historical data and industry data should be compared and analyzed to determine whether the products developed by financial institutions are in line with the rural financial services of the region. Matching needs and combined with comparative data analysis, through the agricultural-related financial products supermarket platform, the products on the shelves

are prompted, and financial institutions are required to mark the possible risks of different financial products in a clear position, as well as the risks level so that farmers can fully understand the product during the loan process.

4.2. Innovate digital inclusive financial products and improve financial coverage

4.2.1. Focus on innovative products in key areas

On the one hand, combined with the extension of the agricultural product industry chain, we develop inclusive financial products related to the agricultural product industry chain. County-level governments can take the lead and cooperate with Internet financial companies and traditional financial institutions to sign cooperation agreements on digital inclusive finance to support agriculture and guide financial institutions to innovate enterprises related to the refinement, industrialization, and scale of agricultural products. On the other hand, it is necessary to combine the characteristics of the village-level economy, set up special loan projects for the development of village-level collective economic organizations, and explore the issuance of financial bonds to support the development of village-level enterprises.

4.2.2. Use ecological resources to innovate products

Green ecology is a valuable asset in rural areas and a "gold and silver mountain" that supports rural revitalization. We can innovate the existing green financial product system in my country, continuously improve the environmental protection financial project library, include more projects related to rural revitalization and development into the project library, and push the projects to relevant financial institutions to provide them with credit support. Organize stewards related to finance, policy, legal affairs, and ecology to regularly provide necessary intellectual support for green project certification, carbon-neutral investment and financing, and ecological environment insurance in rural areas. Innovate directly to green-related projects, link credit funds with the carbon emissions of agricultural-related enterprises and cooperatives, and combine agricultural-related financing and other financial policies to build a complete green credit system of "ecological credit + finance + finance".

4.3. Accelerate the development of digital inclusive finance and activate the endogenous power of rural revitalization

The digital financial inclusion index and rural revitalization index show that my country's digital financial inclusion and rural revitalization are developing rapidly. At the same time, the personalized needs of villagers are also constantly emerging. In order to better promote the development of rural digital inclusive finance and promote rural revitalization, it is necessary to accelerate the development of digital inclusive finance and activate the endogenous power of rural revitalization.

4.3.1. Accelerate digital transformation

First, major financial service institutions should improve their digitalization level, expand data dimensions, continuously improve the construction of online banks, and provide farmers with more convenient online services. Second, we need to optimize the credit structure, increase the promotion of online loans, broaden the coverage of financial services, and improve service efficiency. Third, we must focus on customer experience, continuously develop specialty products, develop exclusive financial products and services for rural revitalization, use technological means to simplify operating procedures, promote the transformation and upgrading of traditional businesses, and provide rural residents with an easy-to-operate financial service system that meets the needs of rural residents. Agricultural development needs to support the integrated development of rural industries.

4.3.2. Strengthen the promotion of digital inclusive finance

At present, the majority of left-behind elderly people in China's rural areas generally have low knowledge levels among villagers. Due to the lack of financial and other related knowledge, phone and online fraud incidents occur from time to time. Out of concerns about personal property, many farmers are not interested in online financial services and Product resistance. Therefore, it is necessary to promote the development of digital inclusive finance in rural areas by setting up training and publicity centers to popularize financial knowledge, enhance residents' understanding of finance and risk prevention. In addition, we must focus on publicizing China's financial policies to benefit farmers, guide social forces to participate in rural revitalization, and increase villagers' acceptance of digital inclusive financial services , thereby attracting migrant workers to return to their hometowns for employment, attracting young students to return to their hometowns to start businesses, and promoting population return. Break through the constraints of rural talents and promote rural development. In addition, it is necessary to strengthen the publicity and popularization of the agricultural insurance system, enhance villagers' insurance awareness, and encourage villagers to purchase agricultural insurance, thereby protecting the vital interests of farmers, reducing farmers' investment losses, and alleviating investment anxiety, thereby promoting the investment of financial resources in the countryside and promoting rural agricultural development.

5. Conclusion

This article explores the theoretical basis of digital inclusive finance and rural revitalization by combing through relevant domestic and foreign literature and related theoretical concepts, and concludes that my country's rural revitalization index has shown an upward trend over time, and the growth is relatively stable, but overall The level is relatively low and needs further improvement. In rural revitalization, digital inclusive finance can cover agricultural entities and farmers, reduce the exclusion effect caused by financial services, promote the rational allocation of urban and rural financial resources, thereby increasing the income of rural residents and promoting the realization of common prosperity.

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