



## Research on the Development of Rural Inclusive Finance in China: A Case Study of Gutian County, Fujian Province

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**Abstract:** In recent years, the central government has been emphasizing the importance of inclusive finance in national economic construction. In 2020, China's inclusive finance international forum was grandly held. Chen Yuan, vice chairman of the 12th CPC National Committee and chairman of the CF40 Standing Council, pointed out at the meeting that inclusive finance can accurately meet the financial needs of small and medium-sized weak economies, so that every eligible poor person can easily obtain capital loans; so that every small and medium-sized economic organization with entrepreneurial dream can enjoy financial services in time, and then create a new situation for domestic economic development. Taking Gutian County of Fujian Province as an example, this paper studies the development of rural inclusive finance in China, analyzes the relevant policies of Gutian County local government and the changes of Gutian County's economic data, further discusses the possible problems in the development of inclusive finance in the villages of eastern Fujian, and tries to provide solutions that can be extended to the whole country.

**Keywords:** Rural Inclusive Finance; Gutian County; Supply-side Reform.

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### INTRODUCTION

The financial industry plays a central role in modern economy, and the great success of poverty alleviation cannot be achieved without financial assistance. Continuously improving the availability of financial services is one of the important ways to enhance and improve the living standards and quality of rural residents. To this end, the United Nations put forward the concept of "inclusive finance" at the 2005 International Year of Microfinance conference, which defined inclusive finance as "a financial system that can effectively and comprehensively provide services for all social strata and groups, especially the poor and low-income population". With the development of finance, inclusive finance has been endowed with more connotations. First, the positioning of inclusive finance has been further improved. Inclusive finance

is not only to build a financial system, but more importantly to provide inclusive and sustainable financial services for the society. Second, inclusive finance serves a wider range of customers. The service object of inclusive finance is not only the poor and low-income people, but also some underdeveloped areas, small enterprises, entrepreneurs lacking capital, and vulnerable industries. Third, financial inclusion has become more diversified. In addition to the traditional financial model, inclusive finance has also expanded the Internet model. Under the impetus of Internet information technology, China introduced the policy of inclusive finance in August 2018, which has been gradually implemented to all administrative levels in line with the principle of benefiting the people and achieved certain results. In recent years, inclusive financial service coverage in Fujian has been steadily

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expanding. The types of banking institutions continue to be diversified, the number of business outlets has grown rapidly, and a diversified and extensive inclusive financial service network has been basically established.

**1. DEVELOPMENT STATUS OF INCLUSIVE FINANCE IN GUTIAN COUNTY**

Gutian County inclusive finance experienced from scratch, in the gradual improvement of the content gradually enriched, the system gradually mature. According to the actual situation of Gutian County, the government summarizes its advantages and disadvantages and characteristics, and gives full play to the characteristics in the process of practice.

**1. 1 Rural Financial Institutions Provide Characteristic Loans for Gutian County**

Thou farmland county in recent years, the full response to the national policy, the development of the rural financial, pratt & Whitney has obtained the remarkable result, is our country rural pratt & whitney financial representatives and microcosm, therefore, in this paper, the thou farmland county rural pratt & whitney financial conditions are analyzed, and by the year 2019, the county a total of 2 streets, eight town, 4 township, 12 residents' committees, 275 village committees, It has a permanent population of 422,800. In recent years, Gutian County has strengthened the innovation of financial products and financial services, enhanced the financial services for agriculture, rural areas and farmers, small enterprises and vulnerable groups of inclusive, capital availability, and constantly expanded the coverage of gutian county's financial services, improve the degree of penetration. By the end of December 2020, the balance of agriculture-related loans from financial institutions in Gutian County reached 201 million yuan, up to 254 million yuan from the beginning of the year, and 53 million yuan from the same period last year. Rural inclusive

finance has become an important direction in the development of banking industry.

In recent years, gutian county area overall economic development to maintain stability. Give full play to its advantageous resources; vigorously develop green ecological agriculture and ecological agriculture with Chinese characteristics, so as to make its national economy develop rapidly and healthily. By 2019, the total annual industrial output value of Gutian county towns reached 19. 680 billion yuan, an increase of 7. 3 percent over the same period last year.

Rural financial institutions, as the main component of residents' access to financial services in urban areas, play a role in promoting the development of rural financial economy and activating the endogenous power of rural economy. Rural financial institutions in Gutian county are mainly Rural Commercial Bank, rural subsidy organization, Postal Savings Bank and Agricultural Bank. Rural Commercial Bank is the only rural financial institution in some areas, while rural subsidy organization is a financial institution that has carried out targeted poverty alleviation work in rural areas in the past two years.

With the continuous promotion of the reform of the national rural financial institution system and the financial support of the national financial policy this year, the number of personnel in rural financial service institutions continues to increase, and the number of employees and total fixed assets will also grow at a certain speed. This has laid a solid foundation for the extensive development and application of inclusive consumer finance in rural China. Further healthy development of financial inclusion is also an important development path. But generally speaking, the investment proportion of large rural financial service institutions in Gutian County has not significantly increased.

**Table 1: Indicators of economic development in Gutian County**

The index name	In 2018	In 2019	Year-on-year growth (%)
Gross Regional Product (100 million yuan)	183. 41	196. 80	7. 3%
Primary industry (100 million yuan)	45. 05	46. 85	4. 0%
Secondary industry (100 million yuan)	43. 96	52. 05	18. 4%
Tertiary industry (100 million yuan)	94. 76	97. 89	3. 3%
Per capita GROSS Regional Product (yuan)	55038. 98	59277	7. 7%

**Data source: 2018-2019 Statistical Yearbook of Ningde Bureau of Statistics**

**1. 2 Innovate and Expand Credit Business**

As the main source of income of inclusive finance, credit business is very important for the overall operation of inclusive finance. Therefore, credit management is very important, whether before, during and after the loan, there should be a

systematic management mechanism. Gutian Inclusive finance uses communication technology to establish voice special lines to realize the telephone handling of credit business, which can not only solve the problem of unreasonable credit classification, improve and perfect the internal control system of

inclusive finance, and establish a sound database and information management system for customers. It can also integrate the risk management process, risk management mechanism and review mechanism matching the five-level classification of loans.

For now, high-yield pratt & whitney finance through the establishment of the customer database, information management system, improve to the implementation of the credit risk management system, improve the high-yield pratt & whitney credit financing way, and on the basis of high-yield, implementation of the rural "two rights" mortgage according to law, and simplify loan procedures, strengthen the loan risk control. To provide basic support for the normal operation of mortgage loans, thus protecting the legal rights of gutian county residents.

### **1. 3 Establish a Network of People's Wealth Centers Connecting the Government, Banks, Cooperatives and Peasant Households**

In December 2015, The State Council issued the Development Plan for Inclusive Finance (2016-2020), defining the concept and service objectives of inclusive finance [1]. Broadly speaking, financial inclusion covers all social levels of financial need, and it is particularly critical to build networks connecting all social levels. In October 2020, Inclusive finance built a full-function inclusive finance service network with Ningde characteristics in Gutian County, which is an important innovation carrier for the construction of ningde Inclusive finance reform pilot zone. To this end, Gutian County took the lead in building the inclusive financial service network of the people's wealth center connecting the government, banks, cooperatives and farmers in Ningde City. The Minfu Center is a practical research project of the United Nations Development Program (UNDP), the Ministry of Commerce, and the People's Bank of China on Building an Inclusive Financial System in China. Since its establishment, gutian County People's Wealth Center has helped to incubate and standardize specialized farmer cooperatives, guided financial institutions to provide wholesale loans and supporting financial services to members of specialized farmer cooperatives, realized the availability and low cost of production funds for farmers, and fundamentally broke through the bottleneck of rural financial development. In the past two years, the network of "Minfu Center" has been connected at three levels in Gutian County, township and village, connecting the government, banks, cooperatives and farmers, and forming a comprehensive service platform integrating convenient services, industrial development, financial services and targeted poverty alleviation.

## **2. INNOVATION CHARACTERISTICS OF INCLUSIVE FINANCE IN GUTIAN COUNTY**

The development of inclusive finance in China has three characteristics. First, it is universal. No matter the target is the poor class or the rich class, everyone can enjoy the services provided by finance. Secondly, every financial product has certain risks. In order to develop new products, there must be some shortcomings. Finally, convenience the development of social science and technology in China determines the convenience of inclusive finance. The main body of financial activities has gradually changed from customers to large groups. Gutian County has the following performance on the specific innovative characteristics of inclusive finance.

### **2. 1 Hierarchical Service System**

Was promulgated in 2019, the People's Bank of China on rural financial services the revitalization of the guidance of ", and thus puts forward to need to be more financial resources in the society in the villages and towns, according to the characteristics of the counties and weak links, to targeted the country revitalization strategy, for the future rural revive strategic better hierarchical financial needs to have laid a solid foundation. The emergence of Gutian County's people-wealth center network is no different from playing a key role in promoting urban-rural integration, which is shown as follows:

First of all, by guiding customers to the network service system of Minfu Center, the incoming line pressure of Gutian County's inclusive finance call can be relieved, and the incoming call volume can be effectively divided, so as to improve the service level [2]. And with the help of voice system optimization, guide more customers in Gutian County to accept and use self-service voice service, in order to effectively divert incoming calls. Secondly, in terms of the optimization of short message service, the scope of the business content that can be sent short message and the relevant short message template can be defined through the comprehensive evaluation of the CNFC network. For example: website address, relevant bank customer service phone number, marketing activity introduction and other information that does not involve customer privacy, customer service specialists can independently send SMS messages for customers, so as to reduce the time for checking online with customers and shorten the call duration. In addition, as the transaction volume of online payment continues to rise, the online customer service of MINfu Center network can split the volume of calls and provide network synchronization service for customers. Moreover, this service can help customers solve related

financial problems more intuitively. In order to better adapt to the current development trend of social media, minfu Center network can increase its brand influence by opening micro blog public service account and we chat public service platform, on the one hand, it can also popularize the inclusive financial knowledge of Gutian County, so that the public can have an in-depth understanding of relevant financial knowledge.

## 2. 2 Segmentation of Risk Control System

Establish a new risk control model reconciliation center, including issuing and collecting statements, checking reconciliation balances, verifying reconciliation seals and recording reconciliation results in the system, etc. Deal with the transfer of reconciliation data with outsourcing enterprises on a regular basis, urge outsourcing enterprises to make, send and collect statement according to regulations, and deal with the receipt according to regulations; Responsible for summarizing and dealing with the non-conformity of account reconciliation results, the absence of reserved seal on receipt, and the non-return of address, etc. , and supervising the business authorities or outsourcing enterprises to deal with timely; Responsible for supervising the business authorities to contact customers and timely modify the reconciliation address; Responsible for summarizing and summarizing. Reconciliation data of the statistical management organization; Responsible for sorting out and keeping reconciliation receipt and other information; Responsible for formulating assessment methods of outsourcing agencies, and regularly settle outsourcing fees with outsourcing agencies.

The optimization of business processing procedures, the segmentation of the prevention and control system, and unified bill making, delivery and recovery to a third party outsourcing work, is conducive to the optimization and solution of personnel structure. Through the professional teaching of the staff, so that it has a clear understanding of the post, work process and method, but also can make the normal state of the training examination, regular training examination; improve the operation ability of all. In the business assessment, a long-term mechanism can be established for the assessment and management of off-book business of banks and enterprises to strengthen the inspection and supervision of daily accounting business of banks and enterprises. The establishment of bank and enterprise accounts is the establishment of bank and enterprise accounts. Flexible use of reconciliation and improvement of financial supervision system will greatly promote the segmentation of risk control system.

## 2. 3 Digitalization of financial services

In recent years, especially after the end of the great journey of poverty alleviation in 2020, the rapid development of China's banking industry and the requirements of internal risk control and external supervision have been increasingly strengthened. However, as a result, the process of counter transaction becomes more and more complex, the transaction time is significantly prolonged, the processing efficiency of counter business is reduced, and the customer's product experience will gradually deteriorate. Therefore, in the context of the urgent market demand for the transformation of modern banking network structure, inclusive connected finance can effectively meet the different needs of bank customers, realize the integration of bank resources, the innovation and reconstruction of business development pattern, and accelerate the development pace of technological innovation of bank products.

At present, the digital transformation of Inclusive finance implements three principles. First, business is the core, technical service is the main, and planning and business positioning are combined. Second, based on the back-end capabilities of traditional banks and on the basis of unified core system, counter system, payment system and network resources, develop the digital transformation strategy with inclusive finance characteristics. The third is to reduce the operation team labor compound, reduce costs, expand customer coverage, effectively achieve the acquisition of customers and live guests. The establishment of digital transformation of financial service standard system can not only optimize the internal operation process of Inclusive finance in Gutian County, It can effectively solve the problems in development strategy, organizational structure, operation mode, marketing customers, products and services, risk control and other aspects. It can also realize the online and offline integration development of Gutian Customers and Gutian Inclusive finance, stock data mining, data marketing analysis, and realize business driving and process reengineering. We can effectively collect all kinds of customer data, deepen characteristic applications at different levels, break through the island of original data, and make efforts in precision marketing to achieve the effect of moving up the platform and sinking the application. Centering on the digital transformation of the government, on the basis of the existing agency business, strengthen cooperation with health and transportation departments, such as promoting the construction of "medical community" and "smart scene" projects, expanding electronic social security card, credit medical treatment, ETC smart travel and other service scenarios, by fully tapping the potential of customers, Achieve batch

acquisition and effective collection of customer flow, capital flow and data flow, and consolidate the foundation of financial services.

### **3. PROBLEMS EXISTING IN RURAL INCLUSIVE FINANCE**

In recent years, our country has been committed to improve the rural financial, pratt & whitney for complete comprehensive eliminate poverty, and then build a well-off society in an all-round way, xu li, but due to some historical problems and the development of internal problems, system, makes the rural financial service born, with some fickle kinds strong financial institutions are reluctant to set foot in the high risk and high cost of features, Therefore, its development has been limited.

#### **3. 1 Low Participation in Financial Services and Prominent Payment Security Problems**

Ningde city, to which Gutian county belongs, is an area of "old people, young people, border areas, islands and poverty", and one of the country's 18 concentrated contiguous poverty-stricken areas. According to the quantitative calculation, Ningde city, to which Gutian County belongs, was one of the most serious financial exclusion cities in Fujian province in 2018, and its financial exclusion index (IFE) showed an upward trend from 2014 to 2018. Rural education in the early years has not been popular, combined with the rural left-behind population is sick more vulnerable populations, such as they exist in many low-income people cultural level is not high, these people not only have the basic ability to enter the field of financial investment, don't trust the service ability of financial markets, value-added capital preservation ability, and accept new things more slowly, Cognitive and functional abilities are therefore limited. The survey shows that 87. 8% of the permanent rural residents in China only have a junior high school education level or below, and the average education level in Fujian province is even lower for various reasons. Finance has certain requirements for its service objects, which require them to understand and accept the dual properties of profitability and risk of financial products. Obviously, people in rural areas do not have such quality conditions. At the same time, as these vulnerable groups have little demand for finance, the cost of providing services for them increases, which to some extent leads to the decline of profit margins of financial institutions and is not conducive to promoting inclusive development. The comprehensive quality of rural financial practitioners will to some extent influence the development of pratt & whitney financial, staff awareness of business degrees, service consciousness and management level is not gao will lead to small micro enterprises and rural customers

suspicious for the use of financial products, to some extent, limits the farmers desire to know and contact with financial services, thus affecting its confidence in the financial [3].

The main population in rural areas is the elderly, teenagers and children, who have weak tolerance for risk loss and are vulnerable to fraud by criminals. Rural word-of-mouth information transmission way, will also make a family cheated, the whole village wary, easily affected by negative public opinion. In recent years, financial institutions have drastically reduced their rural branches and staff, and financial publicity in rural areas has also been reduced. Villagers are vulnerable to illegal elements because of their low education level. According to the survey, rural areas have been the hardest hit by telecom fraud and lending accounts for rent, and their payment security risks are prominent.

#### **3. 2 Credit Risks Caused by Information Asymmetry**

The development of rural inclusive finance is highly affected by credit risks, among which the information asymmetry between service objects and financial institutions is an important factor that hinders the innovation of financial institutions and further affects the loan access level of rural residents. Firstly, information acquisition channels in rural areas are single and inefficient, and the cost of information acquisition is much higher than the cost of its use, so it is difficult to timely update information. The resulting information asymmetry is likely to cause unnecessary losses to rural financial institutions. Secondly, due to the relatively backward management system of small and micro enterprises in Fujian province and even the whole country, the financial system of family-run township enterprises and individual industrial and commercial households is not sound, and the information disclosure is not formal, so it is difficult for the outside world to judge their credit status through financial statements and other materials. Although fintech represented by big data helps to improve the degree of information collection, such information asymmetry still has great potential credit risks. Thirdly, the lack of sufficient credit records and collateral of long-tail customers is also one of the important reasons for the risks faced by financial institutions. When risks are exposed, farmers have low willingness to repay and lack effective collateral disposal, thus their ability to resist risks is weak [4]. Finally, the uncertainty of expected agricultural returns will also bring risks to financial institutions' lending. Due to the special geographical location of Fujian Province, floods and typhoons are highly likely to occur every year. Without any insurance measures, small financial

institutions in rural areas are likely to face the reality of losing all their money just like farmers.

### **3. 3 Local Governments do not Pay Enough Attention to the Development of Inclusive Finance**

Although the People's Bank of China and the banking regulatory authorities have introduced differentiated monetary and credit policies and financial regulatory policies to solve the market failure problem, the cooperation of local governments is still very important to realize the sustainable development of inclusive finance. Modern financial system is designed for the modern enterprise, a lot of laws and regulations are introduced on the basis of the actual situation of cities, these regulations need to adjust measures to local conditions, local governments need to be further introduced to effectively solve the problem of rural financial demand and the existing regulations, and in terms of overall planning, organization and coordination, policy support to guide, Thus promoting the sustainable development of inclusive finance. Like ningde now policies include the ningde pratt & whitney financial development guidance ", "pratt & whitney financial development special funds management method", "ningde pratt & whitney financial development implementation opinion" and so on, but microfinance institutions so far still no legal status, lack of complete and systematic local decrees unified specification for microfinance market; Other agriculture-related financial institutions are also facing the problem of inadequate supervision [5].

The hierarchical examination and approval system of financial institutions in China leads to the inadequacy of many rights of rural financial institutions in Fujian province in the process of examination and approval of financial services, and rural inclusive financial institutions do not have sufficient rights to issue loans to rural areas. The legal mechanism is not sound, the supervision system is not in place, the loans of financial institutions to small enterprises cannot be effectively dispersed risk, small and micro enterprises also lack guarantee companies and collateral and other risk control measures. Big supply of agricultural products surface at the same time, there are financial institutions to beg for the phenomenon of farmers loans, but the fact is supply and demand do not match, the villagers needed is small, short, debris, periodic obvious loans, and financial institutions is not practical to develop innovative products, the government should encourage financial institutions to further investigation, to form a good circulation of supply and demand.

For example, in the eastern fujian rural areas, the lack of development of new rural industries caused by the lack of integration of the three industries and the problems of low added value hinder the modernization process of rural areas, so that the competitiveness of financial services is obviously weaker than that of areas with better integration; Lack of industrial integration and technical talents will also make the rural harvest poor, or increase the probability of bad debts and bad debts of financial institutions, hindering the entry of financial institutions; Production labor costs remain high, the income of planting food crops has a big gap compared with the process of labor, which reduces the enthusiasm of farmers to participate in food production; Irresistible natural disasters not only bring production risks to rural areas, but also increase the task of disaster prevention and mitigation of local governments. Some environmental problems that have not been solved will also affect the harvest of crops. For example, the random discharge of poultry excrement, chemical fertilizers and pesticides, and domestic sewage and garbage will affect soil and water quality, thus reducing the quality and yield of crops. These problems with obvious regional characteristics should be solved by local governments in accordance with local conditions. Inclusive finance is different from targeted poverty alleviation, which is characterized by sustainable business.

### **3. 4 Fintech is Slightly Behind**

The financial development in rural areas does not have the development power of big cities, and its scientific and technological innovation ability is insufficient, scientific and technological means are backward, and many of the technologies used are already behind The Times, so the operation procedures are complicated and the business efficiency is low [6]. In addition, rural inclusive finance still has many technical and security risks. Pratt & whitney financial as a blue ocean, is there to attract financial institutions, but the lack of real capital group is impoverished masses micro and small enterprises, the disadvantages of financial institutions, in the final analysis is because of excessive exposure also difficult to control costs, can earn profits cannot meet the needs of the financial institutions.

By giving full play to the advantages of new financial means such as Internet finance and fintech, people can reduce their demand for traditional bank outlets and traditional financial services and turn to online operations, so that some areas that are difficult to be covered by traditional bank outlets can also enjoy financial services. At the same time, Internet technology can quickly analyze customer information, eliminating the cost of traditional

operation of information input, integration, network construction and so on, so as to improve the coverage of financial services. However, the development of Internet finance has both advantages and disadvantages. If there is no perfect supervision and protection mechanism for the large amount of personal information obtained by the network platform through the provision of services, there will be illegal acts such as information leakage, which will further threaten the property security of users.

On the one hand, although the Internet penetration rate is on the rise, it is still lower in rural areas than in cities. According to statistics from the China Internet Network Information Center, as of June 2020, the Internet penetration rate in urban areas was 76.4 percent, while that in rural areas was only 52.3 percent. Ningde agri-businesses bank on creating the national first batch of "sea fishing zone" credit provides the optimizing credit environment of the new way of thinking, but when declare to create work, spend a lot of time on the visit to the masses, more than 270 days visiting more than 600 households, if the residents consciously fill in the online is the way, you can save a lot of manpower and material resources, reduce the cost, Relatively higher profits [7].

On the other hand, Internet financial platforms also have certain risks. The suspension of Ant Financials listing shows that China's financial technology companies are constantly trying to obtain high financial returns under the cover of technology companies, but the risks behind them are also incalculable. Its marketing process has incomplete information disclosure, focusing on the publicity of benefits, but not to reveal the hidden risks to financial consumers; On the other hand, there are some irregularities in the lending procedures. The simplified examination procedures and the lack of comprehensive consideration of the credit rating of the borrowers may bring serious financial crises to farmers and even affect the whole financial system. For example, Ant Group has more than 1 billion individual users and 80 million institutional users, and the digital payment transaction scale reaches 118 trillion yuan. Once risk exposure occurs, it will cause serious systemic risk. Financial development of science and technology at the same time also can cause some micro-level financial risks, due to the mismatch maturity and currency mismatches caused by issues such as liquidity risk appearing along with the development of the financial digitized degree, the Internet platform deposits has an open and high interest rate sensitive features, deposit stability is far lower than the offline, which increased the difficulty of the

liquidity management of small and medium-sized financial institutions [8].

#### **4. SUGGESTIONS ON IMPROVING AND DEVELOPING INCLUSIVE FINANCE IN RURAL AREAS NATIONWIDE**

The above problems in rural inclusive finance are not unsolvable. The contradiction between the lack of payment function and the growth of payment demand can be improved by optimizing the structure and establishing a payment supply system matching the demand. The hidden danger of payment security can be solved by exploring new agriculture-oriented technologies to assist rural financial services and enhance rural residents' recognition and judgment of financial risks.

##### **4.1 Reduce Financial Exclusion and Promote the Concept of Preferential Value**

According to the Consumer Financial Literacy Survey and Analysis Report (2019), the average accuracy rate of rural consumers on all financial literacy questions was only 55 percent. Low financial literacy and inappropriate financial decisions may lead to financial crises [9]. Poverty alleviation requires the support of wisdom first. From the experience of countries around the world in developing inclusive finance, Bangladesh provides financial knowledge training for lenders, Mexico even helps clients hire technical consultants and train employees, and small and micro financial institutions in Latin America are also providing consulting services and knowledge for clients. The distrust of finance in rural areas due to educational problems and cognitive impairment needs to be addressed. It is necessary to provide intelligent services for the poor and let rural people know the advantages of finance. This not only needs to strengthen the rural community to the villagers in the basic field of financial knowledge popularization, but also needs to reduce the occurrence of vicious financial thunder. Only by making villagers trust finance can finance serve the countryside to a greater extent and better. For the financial knowledge popularization of villagers, we should select the publicity form preferred by villagers. According to the Survey of Consumer Financial Knowledge Survey and Analysis Report (2019), consumers acquire financial knowledge through the distribution of promotional materials in financial institutions, accounting for the largest proportion, up to 59.74%. Therefore, in the promotion of financial knowledge in rural areas, education should not only be carried out through some new media means, such as TV, newspaper, mobile phone, board newspaper and other propaganda means related to the daily life of rural villagers, but also offline knowledge promotion activities organized by

reliable financial institutions should be actively carried out. Such as "financial knowledge into the thousands", "send financial knowledge to the countryside", "backpack bank" and so on. For financial concept, function and operation law popularization, let pratt & whitney financial target people understand the basic financial knowledge, especially education typical financial fraud cases, let the villagers set up the basic financial security awareness and correct financial idea, which will be conducive to improve the customer's ability to repay, reduce operational risk of financial institutions; Promote the application of modern payment methods such as mobile payment and online banking, and improve the accessibility of financial products and service applicability. In addition to the popularization of financial knowledge, it is also necessary to actively mobilize the enthusiasm of farmers to participate in the initiative of poverty alleviation. Farmers should have a sense of ownership of the matters benefiting their own lives. Farmers are the main participants in rural revitalization and the beneficiaries of rural revitalization.

In order to reduce consumers' distrust of financial products, a sound, unified and complete protection system for financial consumers' rights and interests is also an indispensable part. Due to guarantee rural financial health of a wide range of financial consumer groups, many stakeholders, the local governments at all levels, silver insurance regulatory commission, people's bank has set up relevant institutions to safeguard the rights and interests of consumers, but there is no clear responsibility division, the lack of limited coordination mechanisms, will make the problem of financial creditor's rights real hit, The phenomenon of "kicking the ball" between government departments, regulatory departments and public departments appears. Therefore, it is necessary for a unified and dominant organization to safeguard the rights and interests of financial consumers to formulate unified standards in the industry, so as to effectively reduce the problem of "slow execution and slow response" when the debt problems occur, and curb financial violations and infringements.

At the same time, the talent team is the endogenous driving force of rural development. Financial service personnel working at the grassroots level also need to select talents. Their professional level and professional quality also need to be restricted to some extent. In 2019, the Fujian Branch of the Industrial and Commercial Bank of China (ICBC) established the Inclusive Finance School. Through the influence of state-owned enterprises, the service personnel can be stimulated to serve the grassroots people better, rather than

making the villagers in need of loans turn away because the service personnel lack the concept of serving low-income people.

#### **4. 2 Improve the Guarantee System and Credit Investigation System to Reduce Credit Risks**

##### **4. 2. 1 Introduce Financial Linkage System to Reduce Information Asymmetry between Lenders and Borrowers**

Relevant studies have found that rural intermediary is divided into two forms, one is information intermediary with the function of transmitting information, the other is risk intermediary. The former are people with social prestige in rural communities, mutual fund organizations, and agricultural cooperatives and so on. They can replace financial institutions for information search, which can not only reduce the physical distance of information communication, but also shorten the psychological distance between farmers and farmers due to their innate affinity to the people and effectively reduce the cost of obtaining information. The latter can share the losses of post-loan risks that farmers may incur to reduce the risks faced by rural financial institutions [10].

In the development process of rural inclusive finance, information asymmetry needs to be solved urgently. On the one hand, the financial institutions concerned do not conduct in-depth investigations into small companies and may blindly believe the embellished financial statements provided by companies, leading to adverse selection. On the other hand, due to the delayed transmission of information in rural inclusive finance, its supply-side reform faces the point-like implementation dilemma of "information island" [11]. To break the current rural information fragmentation and realize rural financial interconnection by combining point and line has become the key work of rural inclusive finance supply side reform. To this, the relevant government departments can be dominated by establishing rural credit information database, positive leading leading role, in the process, prestigious organizations or individuals in the country has a comparative advantage in the information search, coupled with the intervention of the Internet, the realization of urban rural credit information sharing, reasonable compensation related to credit information involved in the main body, It can significantly reduce the cost of information search required by financial institutions.

#### **4. 2. 2 Accelerate the Improvement and Unification of the National Credit Investigation System**

At present, the credit investigation platform in China's financial system needs to be improved urgently. The People's Bank of China has established a credit investigation system mainly based on its own credit investigation information system, supplemented by various credit institutions. However, the credit investigation data does not cover the whole government department. The credit data of public security organs, people's courts and other credit data need to be integrated, and the credit data of widely used wechat and Alipay platforms also need to be connected and shared. First of all, the establishment of rural credit investigation standards and information sharing system, and the formulation of national unified information related standards will be more conducive to the comprehensive control of financial risks, accurate marketing of financial products and services, so as to better risk control; Secondly, new technology advantages such as big data should be used to strengthen the transparency of credit information and timely identify customers with good credit and repayment ability. Such pre-loan review and post-loan monitoring can help reduce the non-performing loan ratio. Finally, at the same time improve the credit system, the development of information technology innovation and resources sharing, and can avoid the regulatory repetition, reduce the time-consuming traditional offline way of collection, reduce the cost of information collection, to provide all kinds of capital to participate in the pratt & Whitney financial more favorable conditions, also can form the integrity of incentives, for breach of the virtuous cycle of punishment of financial environment.

#### **4. 2. 3 Encourage the Participation of Insurance Institutions and Credit Guarantee Institutions**

In order to effectively control the potential endogenous risks of rural inclusive financial reform, we should not only solve the problem of information asymmetry, but also actively build a financial risk mitigation mechanism. The vast majority of rural residents only buy policy insurance and their income is mainly from crops, whose harvest is directly affected by seasons, natural environment and natural disasters. Once such agriculture-related loans are exposed to risks and disasters, the ability of farmers to repay the loans will be seriously affected and it is easy to form non-performing loans. Strengthen the construction and development of agricultural insurance, dig potential, the safeguard function of insurance industry and credit to the government, insurance, banking, guarantee agencies to provide better cooperation channels, and improve the financing guarantee mechanism, perfecting

agricultural reinsurance and catastrophe risk disperse mechanism, the natural disaster and risk of market fluctuations caused by crop prices to pass on, To prevent and control the endogenous risk of reform and improve the guarantee level of risk of characteristic agricultural production. In the rural credit that has been formed, financial institutions, lenders and guarantee institutions need to jointly divide a reasonable proportion of loss sharing, so as to achieve a win-win situation among the three parties and achieve the purpose of reducing credit losses jointly by the three parties. In addition, the responsibility sharing mechanism can be used to mobilize the enthusiasm of the responsible parties, reduce the endogenous risks of rural inclusive finance and promote the supply-side reform of rural inclusive finance under the condition of minimizing financial risks.

We will introduce a guarantee mechanism for small loans. Relevant financial institutions can use non-new ways to improve the credit grade of rural residents and meet the credit needs of farmers. In the process, efforts should be made to attract social capital to guarantee financing for small and micro financial institutions and improve their guarantee capacity. Furthermore, the scale advantage of rural economy should be effectively played in the guarantee mechanism, which is conducive to strengthening the competitiveness of rural inclusive financial market. People rich center and the council for the promotion of microfinance development become a linkage with the government credit guarantee agencies, financial institutions and credit guarantee institutions to promote common cooperation, strengthening the construction of the township area of rural credit system, through the network credit system unicom the information sharing, expand the pratt & whitney financial business scope of radiation, improve the efficiency of credit system construction, reduce cost and improve the risk control mechanism.

The construction of a good ecological financial environment is conducive to the orderly development of inclusive finance. Therefore, the government must establish a perfect guarantee system, insurance system, and establish a credit sharing mechanism. In the process of building inclusive financial system, the role played by rating agencies, credit investigation agencies and industry associations should be fully considered to build a fair, objective and principled inclusive financial market. At the same time, strengthen the policy guarantee system, the current development of the government investment financing guarantee institutions, promote the "three rural industry", the construction of "small micro enterprise", national financing guarantee fund, and develop the policy of

rural microfinance institutions, make up the coverage problems of large and medium-sized financial institutions, for the more vulnerable groups to provide financial services.

#### **4. 3 Develop Local Laws and Regulatory Policies that are tailored to Local Conditions**

At present, most rural cooperative financial institutions have not received more precise support from the government in their operation. Policy incentives are the basis and key to the development of rural inclusive finance, especially in areas dominated by agriculture [12]. Therefore, it is one of the effective means to promote the development of inclusive finance in rural areas to strengthen the construction of rural credit environment, introduce policies to give certain preferential compensation, and provide favorable market environment for rural financial institutions.

The promulgation of sound rules and regulations, laws and regulations of inclusive finance can not only regulate the illegal operation of lawbreakers and seize the fruits of inclusive finance, but also promote the further development of inclusive finance. According to the development stage of inclusive finance and the degree of integration with all aspects, a supervision system of development, guidance and supervision should be carried out to give inclusive finance a better space for development.

By the first half of 2018, China's 40 million small and medium-sized enterprises, is accounting for 99.7 percent contributed 60 percent of GDP, 50 percent of tax revenue and 80 percent of urban employment. The survey shows that the economic contribution of small and medium-sized enterprises in Fujian province has reached more than 70%. The characteristic of "two thirds" pattern of Fujian economy makes private enterprises play a very important role in the economic development of Fujian province. In the novel Coronavirus pandemic of 2020, many micro, small and medium-sized enterprises are under great pressure to survive. To stabilize employment and ensure people's livelihood, we should stabilize these small and medium-sized enterprises that provide a large number of jobs, simplify the loan application procedures for small enterprises and open the green channel to small and micro enterprises and farmers with good credit records. Don't let good small businesses lose their chance of survival because they don't get the money they need. Encourage all kinds of financial institutions to set up inclusive business units, based on rural characteristics, to establish a rural lending mechanism independent of urban financial system; Local financial institutions should give full play to their advantages as independent

legal entities in the province, flexibly adjust their business models, promote financing facilitation, grant greater management authority to agricultural inclusive financial institutions, reduce the cost of the real economy, improve the speed of review and the efficiency of resource allocation, and improve the availability of financing. When issuing loans, financial institutions should take into account the development potential and solvency of enterprises, improve differentiated credit services, and introduce more new measures to shorten financing chains and reduce fees.

The government provides targeted RRR cuts, policies continue to support, but why it is difficult to implement loans. From the experience of countries around the world in developing inclusive finance, Bangladesh's "five-person team" model, Germany's KfW loan transfer model and Mexico's NAFIN innovative products all reflect the continuous innovation of services for this group and meet the actual financing needs of small and micro enterprises and poor people in combination with their uniqueness. Pratt & Whitney financial goal in the final analysis, is to traditional financial service special groups, the demand of the special group and traditional financial can provide is not overlap, so the operation mode, business process, all aspects of product design in class ShiCe, new, this kind of person to provide a full range of financial services. Direction of rural financial market in China should be based on the requirement of the farmers, the actual situation in the rural economy, promote the traditional financial institutions and Pratt & Whitney financial institutions cooperation, give full play to the post office bank, agricultural bank and the advantages of traditional Chinese agricultural bank in rural areas, to further strengthen rural Pratt & Whitney financial structural reform, the supply side to send specialized personnel further investigation, Financial products that truly meet and respond to the needs of villagers should be formed, and more customized financial forms such as "one product for one village" and "one plan for one characteristic industry" should be encouraged [13].

#### **4. 4 Using the Advantages of Internet Finance and Other Technologies to Develop Inclusive Finance in Rural Areas**

China's digital inclusive finance cannot be separated from the development of Internet technology, and is closely related to the cloud storage of information and data and cloud computing technology. Therefore, the preservation and supervision mechanism of information security must be improved to ensure the privacy security of customers. For rural inclusive financial institutions themselves, an information disclosure system should be established. At the beginning of

establishment, the institutions need to pass the examination and approval of the regulatory authorities and put on record, which can save the audit cost for the regulatory authorities in the later stage. Financial institutions must submit applications to the relevant regulatory authorities when innovating financial products and modes, and the regulatory authorities must conduct audits strictly in accordance with market standards.

We will encourage e-commerce in rural areas, realize coordinated development with Internet finance, and promote the transformation and upgrading of inclusive finance in rural areas [14]. Encouraging e-commerce to sink the rural financial market and promoting "industry to the countryside and agriculture to the city" can increase the financial demand in rural areas and further provide certain market demand for the supply-side reform of rural inclusive finance, laying a solid foundation. For example, relying on shongrong electronic service platform, Gutian County Construction Bank signed a comprehensive strategic cooperation agreement with Gutian County Edible fungi Industry Association, and with the help of online platform, gutian edible fungi market has been expanded to all parts of the country. At the same time, with the help of developed Internet cloud computing, search engines and other modern information technologies, e-commerce can accumulate a large number of data of commodity trading and financial activities, which can be used to initially establish the financial market environment and form a large number of personalized credit information. For the construction of high-quality rural credit environment, e-commerce layout in rural areas can play a huge role, become a powerful accelerator.

## CONCLUSION

During his inspection tour in Shaanxi, General Secretary Xi Jinping pointed out that "finance is the pillar of a country and the lifeblood of the national economy", which fully demonstrates the importance attached by the CPC Central Committee to the role of financial development in improving people's livelihood. Inclusive finance attaches importance to eliminating poverty and realizing social equity, which is consistent with the essence of socialism.

This paper finds that there are still many problems in the development of inclusive finance in rural areas of the kingdom. For example, financial exclusion still exists; the credit risk caused by information asymmetry can be further reduced. The power of local governments and their ability to adapt to local conditions need to be improved. Fintech has yet to be brought to rural areas. Based

on these problems, this paper puts forward the following suggestions:

First, financial knowledge should be widely popularized and publicity forms suitable for villagers should be selected. Due to the low level of economic development and relatively poor educational resources in rural areas, the distrust of finance caused by educational problems and cognitive impairment is widely seen. It is necessary to provide intelligent services for poor people and let rural people understand the advantages of finance, so as to actively participate in rural financial construction.

Second, the government actively supports and regulates the activities of financial institutions. First, small and micro financial institutions should be encouraged to set up shop in rural areas. Second, large and medium-sized financial institutions should be encouraged to carry out reform and innovation in response to the needs of rural inclusive finance. Of course, in the process of pushing forward, supervision should also be strengthened to protect the financial construction.

Third, information is more open while strengthening the construction of social credit investigation and social security system. The biggest obstacle facing the development of rural economy is information asymmetry. Therefore, first, people with certain prestige in rural areas and a correct understanding of finance should be cultivated as agents to promote inclusive finance. At the same time, farmers have small economic source channels and weak ability to bear risks, so it is essential to introduce risk intermediary. Finally, a sound credit investigation system can not only improve the attention of the whole society on credit, but also reduce the cost of some financial construction.

Fourth, strengthen the analysis of the local market, combined with the local economic and political development, formulate effective laws and regulations. Laws can play a role in cracking down on lawbreakers and regulating economic behavior, but in some specific times, they will have a reaction that restricts development. Therefore, daily supervision activities should be targeted.

Fifth, combine the Internet and other advanced science and technology. With the rapid development of science and technology, e-commerce can be seen everywhere. We should encourage e-commerce in rural areas, promote the transformation of rural economy, improve rural financial demand, and lay a solid foundation.

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