

Reflections on the Innovation Model of China's Rural Financial Services

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Abstract

China's rural financial institutions have played an important role in promoting the expansion of rural production, increasing farmers' income and increasing agricultural deposits in the construction of China's new socialist countryside. However, in recent years, there has been a great change in China's agricultural organization and agricultural production and operation structure. Although China's rural financial system has undergone several changes, the development status of rural financial institutions is still not in line with the development trend of agriculture. This paper summarizes the development history of rural financial services in China, analyzes the existing problems in the development of rural financial services, discusses the causes of the problems, and puts forward specific measures to promote the development of innovative models of rural financial services and improve farmers' income.

Keywords

Rural; Finance; Services; Innovation.

1. INTRODUCTION

China's rural economy plays a key role in the development of the national economy and has always been a key concern for the government. With the continuous development of China's market economy, the traditional way of managing the rural economy has failed to meet the needs of the current development. Therefore, it is necessary to analyse the defects of the current management mode, and then put forward reasonable measures to solve them, and choose a scientific way to develop rural financial services, so as to promote the development and growth of the economy of the whole rural area.

2. RURAL FINANCE OVERVIEW

2.1. Definition and Characteristics of Rural Finance

Rural finance refers to all activities related to the lending and circulation of rural funds. The main characteristics of the rural financial market are: firstly, the demand for funds has a specific timeliness and seasonality. Agricultural products are the basic products of rural production and development, but the uneven temporal distribution of rural financial demand is not sustainable due to the cyclical and seasonal changes in agricultural production activities in rural areas. The timeliness of financial needs also requires the adjustment of agricultural investments within a certain period of agricultural production, which is a major problem in terms of timeliness and seasonality [1]. Second, profits are reduced. The profitability of financial organisations in rural financial markets is significantly lower than in urban financial markets, influenced by the weakness of farmers' agricultural production activities and the uneven scale of the agricultural economy. Third, transaction costs are high. The development of information technology,

transport and other hardware equipment in agriculture lags behind that in cities due to the relative dispersion of rural population living there. The market prices of agricultural products are heavily influenced by natural factors and prices fluctuate, with imbalances and uncertainties. This leads to a large investment by financial institutions in the management and analysis of information related to rural funds, as well as in the specific monitoring and implementation process.

2.2. The Relationship Between Rural Finance and the Rural Economy

The development of the rural financial sector is inseparable from the development of the rural economy. The rural economy is the main pillar of China's rural finance industry, and the scale, speed and quality of development of the agricultural economy also determine the development of rural finance. At the macroeconomic level, rural finance occupies a central position in the modern market economy, and rural finance is also an important part of China's macroeconomic composition [2]. The way finance works determines the overall quality and efficiency of a country's economic operation. China is promoting and deepening reforms in all areas, especially in the "three rural areas". The transformation of China's traditional agriculture and the development of modern agriculture have become the focus of China's reforms. Building a new socialist countryside is an important task for China's economic and social development. In this context, the scale, speed and quality of the development of rural financial services will become the key to the construction of a new rural area.

3. ANALYSIS OF THE CURRENT SITUATION OF THE DEVELOPMENT OF FINANCIAL SERVICES IN RURAL CHINA

3.1. Failure to Develop A Sound Rural Financial Services System

Since the reform and opening up, China has gradually increased the importance attached to the economic development of rural areas. Combined with the current situation, the relevant departments have also taken some corresponding measures to improve the rural financial system. Although the implementation of this policy has achieved certain results, it is difficult to develop and improve the rural financial service system if only relevant policies are considered. Influenced by this factor, most rural financial institutions only regard our policy as an auxiliary measure, which is not conducive to their own stable development [3]. Good financial practitioners are reluctant to work in rural areas because of the lack of resources and the average remuneration for their work. This makes most rural economic managers not highly skilled and lacking in extensive work experience, and their management model lags behind, which is not conducive to the development of the rural financial services system.

3.2. Uncoordinated Development of Rural Institutions and Financial Institutions

Agriculture occupies a high position in the process of rural economic development, therefore our government departments attach great importance to the development of rural economy. Combined with the current situation, the high demand for capital by small and medium-sized enterprises and individual entrepreneurs in the rural economic market is reflected in rural financial institutions and the gradual formation of different financial models, which has changed the rural economy [4]. In addition, there is a serious debt phenomenon in rural financial institutions. For rural areas, a strong economic development cannot be achieved without the support of adequate resources. Agricultural products are the main source of the rural economy, and once the economic income from agricultural products does not match the economic development, the problem of financial debt will arise.

3.3. Failure to Strengthen Supervision and Management of Rural Financial Markets

By analysing the current situation of financial development in China's rural areas, we find that there is still a lack of strict regulation in the market and that development is relatively slow. The main factor in this situation is the generally low level of education of our farmers and their lack of direct contact with the Chinese financial market. Farmers' production is a major source of economic income and, given the wide distribution and small size of China's rural arable land, the main sources of economic income for farmers are relatively limited. The imperfect regulatory system also constrains the stable operation of rural finance [5].

4. THE DEVELOPMENT PATH OF INNOVATIVE MODELS OF RURAL FINANCIAL SERVICES

4.1. Strengthening the Improvement of the Rural Financial System

At present, there are still some problems in the construction of China's rural financial system, so it is necessary to urgently accelerate the construction of the financial management system in rural areas. First of all, in order to strengthen the development of financial services in rural areas, we should focus on strengthening the construction of rural information infrastructure systems when carrying out financial service operations. Through the mobile Internet, new media websites and other information dissemination channels to popularize information technology in rural areas, so as to improve the effectiveness of rural financial information collection and management, and to implement a unified assessment of the credit rating of users of rural financial institutions. Secondly, optimize the rural financial information management system. Information staff of rural financial institutions should adhere to banking standards, raise awareness of information protection and strictly enforce the personal responsibility system to prevent theft and absence of personal information. Finally, while innovating the development model of rural financial services, the local government should also give full play to its role of supervision and guidance. By strengthening financial investment and policy support for some local industries, the sustainable development of China's rural financial services can be promoted. At the same time, the insurance industry should also be encouraged to invest in the development of rural finance, so as to reduce the risks that may exist in the process of rural users' participation in financing. In the process of improving the rural financial system, as managers of the financial industry and government officials should improve the corresponding talent training system. In the process of promoting the development of rural financial services, the government can also provide political support for local research institutes and universities to provide financial protection for the construction of rural talent teams [6].

4.2. Strengthening the Management of Rural Financial Products

In the process of promoting the development of rural financial services, we should also do a good job in the management of rural financial products. Local banks should identify their own development advantages, determine their development goals, and combine them with local financial policies to carry out reasonable development and application of rural financial products. Based on this, China's rural financial institutions need to study the local economic situation in advance, collect the development trend of the rural economy and financial information in recent years, combine the characteristics of local users and business needs, and actively seek the direction of industrial innovation. In the process of developing rural financial products, financial institutions should regularly carry out technological innovation and structural adjustment management of rural financial services products according to the changing trends of farmers' needs. Further optimize the strength of rural financial products to provide more comprehensive and faster rural financial services for local financial users. It is worth noting that the government must pay attention to the improvement of the rural financial

risk prevention system and supervision and inspection mechanism in the process of supervision and management of rural financial products. The relevant departments need to continue to focus on whether the risk management system of financial products is sound and reasonable, and need to continue to develop effective ways of product management to maximize the protection of the rights and interests of the public.

4.3. Strengthening Supervision and Management of Rural Financial Markets

The government needs to strengthen the regulation of China's rural financial market. By establishing a sound regulatory system, local government departments will actively collaborate with financial institutions to effectively regulate the market. This will create a favourable environment for the development of the rural financial services industry. At the same time, when local financial institutions obtain effective information about the local market, they should also promptly pass it to the local government's supervisory department, which will send special inspectors to supervise and manage the information. In the process of establishing a rural financial market, the focus should be on effective monitoring of fraudulent activities and the prevention of misconceptions about investment. A system of risk compensation should also be established to reduce financial risk by means of sharing or equity participation, in order to deal with the risks posed by the use of over-protected products by government institutions. In addition, the government should set reasonable limits on the interest rates on savings and loans in the financial system, so that local financial institutions can be guided to set prices freely and promote the free play of rural financial services. In terms of the supervision and management system of rural financial institutions, local regulators should increase resources to support them, for example, by strengthening the human resources of rural financial institutions to improve the overall quality of the staff of rural financial institutions, so as to provide sufficient talent reserves for the development and establishment of rural financial institutions. In addition, local supervisory authorities can also establish and apply diverse supervisory and management tools, including risk control, functional monitoring and review control, to implement effective supervision, so as to resolve the risk problems of rural regional markets in the process of supervision and management and promote the establishment of new rural financial institutions [7].

4.4. Assembling An Excellent Management Team

In order to promote the development of rural financial services in all aspects, we must pay attention to and play the role of talent. From all aspects of the introduction of talent, the introduction and cultivation of talent, the ultimate rural human resources reserves and talent development training. And establish an excellent rural financial reform team. By recruiting highly qualified professionals to form a service team, it is possible to provide more specific business counselling to promote modern rural development. Regular technical training should be provided for financial staff to further improve their overall qualifications. Secondly, a talent mechanism should be formed to encourage outstanding technical personnel in more ways than one, and to reward outstanding talent for promoting modern rural development [8].

4.5. Choosing A Sustainable Development Model

To achieve sustainable development, rural financial institutions can adopt a "holding company and head office branch system" development strategy. By reforming the operation mode of rural financial institutions, the viability of rural financial institutions can be improved. At the same time, rural financial institutions should actively build a corporate governance structure, expand the total capital of rural financial institutions and establish an effective corporate governance mechanism. In addition, rural financial institutions should actively participate in mismatched competition and provide differentiated financial services; secondly, rural financial institutions should reach out to rural life, strengthen public awareness, enhance

farmers' confidence in rural credit institutions and improve the ability of rural credit institutions to attract social capital.

4.6. Regulating the Management System

In order to promote the sustainable development of rural finance in China, it is imperative to standardise the rural management system. The first step is to reform and innovate the management system for the actual situation of each rural area in China, and to standardise the management system. Professional managers must be familiar with rural management, which also needs to be managed in a reasonable manner, while filling in some of the complex management gaps. In the process of dividing up the day-to-day affairs of the countryside, it is important that each person's expertise is broken down so that they can fulfil their respective roles and responsibilities. In the development of our countryside, the principle of people-centred development has always been implemented, and village cadres are at the service of the people. Therefore, in order to make farmers more familiar with the actual situation of the development of China's rural financial services, it is necessary to make the rural economic situation public. Government staff can publicise the economic situation in the countryside and use radio to attract public attention. After economic announcements have been made, staff can answer farmers' questions through surveys. Openness in the rural economy not only allows villagers to know the actual state of agricultural development, but also allows government inspectors to monitor agricultural operations [9].

4.7. Strengthened Financial Payment Controls

In the process of managing financial risks, payment controls should be strengthened to ensure the sustainable development of the investment business. In the process of carrying out various businesses, enterprises should set up internet software, constantly improve the influence of enterprises on the internet and ensure the rationality and legality of funds in the process of circulation by carrying out all-round control of some payment platforms. In the process of setting up the payment of funds, the transaction interface should also be supervised in all aspects to ensure that the operations of the enterprise in the process of running the transaction system are safe.

5. CONCLUSION

In summary, rural finance is still a relatively weak link in the overall rural reform process. In the process of developing rural financial services, we need to pay attention to the problems that exist and take targeted measures to solve them. We should promote financial development by strengthening the improvement of the rural financial system, enhancing the management of rural financial products, strengthening the supervision and management of the rural financial market, and choosing a sustainable development model. In this way, the development of China's rural finance can be adapted to social development, thus promoting the development of the rural economy.

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