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Research on the mechanism, Dilemma and Countermeasures of green finance Promoting Rural Revitalization——Take Jiangxi Province as an example

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Abstract:

Taking the green financial reform pilot zone of Ganjiang New Area in Jiangxi Province as an example, this paper analyzes the mechanism of green finance promoting rural revitalization, but due to the unbalanced development of urban and rural finance and the late development of green finance at this stage, there are still some difficulties in green finance supporting rural green development. Based on this, this paper puts forward corresponding countermeasures and suggestions on the innovation of green financial products and services, talent training and introduction, risk management and internal control mechanism construction, policy convergence and synergy, as well as the construction of green financial infrastructure and supporting services, in order to promote green finance to better serve Rural Revitalization.

Key words:

Green finance; Rural Revitalization; Jiangxi Province

Following the first proposal of the Rural Revitalization Strategy in the report of the nineteenth National Congress of the Communist Party of China, the report of the 20th National Congress of the Communist Party of China clearly emphasizes Promoting Rural Revitalization in an all-round way, and the people's Bank of China and the banking and Insurance Regulatory Commission have also launched a series of policies and guidance to guide financial markets and financial institutions to actively and orderly participate in Rural Revitalization. It is imperative to use green finance to help rural revitalization, which is not only conducive to financial institutions to expand new business and achieve green transformation, but also conducive to the formation of a greener and low-carbon ecological, production and living space in the countryside, and consolidate the green ecological background of Rural Revitalization. In 2017, the people's Bank of China and other seven ministries and commissions jointly issued the overall plan for the construction of green financial reform and innovation pilot zone in Ganjiang new area, Jiangxi Province, which clearly took the lead in carrying out green financial reform and innovation pilot projects in Ganjiang new area, Jiangxi Province. Taking the green financial reform and innovation pilot zone in Ganjiang new area, Jiangxi Province, as the research object, this paper aims to clarify the impact mechanism of green finance promoting rural revitalization, analyze the difficulties and obstacles existing in practice, and put forward countermeasures and suggestions to solve the problems.

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1. Analysis on the mechanism of green finance Promoting Rural Revitalization

Rural Revitalization should not only consider the issue of economic development, but also take into account the issue of ecological environment, that is, to promote economic development on the premise of continuous optimization of ecological environment, which coincides with the concept of green finance. The capital flow of green finance not only considers the feasibility of the project, but also examines the sustainability of the ecological environment. Compared with traditional rural finance, green finance pays more attention to environmental protection and social responsibility. Therefore, in the process of integrating into rural revitalization, green finance optimizes and innovates traditional rural finance, and promotes rural revitalization through capital supply, risk aversion, industrial transformation and upgrading, and resource allocation optimization.

（1）Provide capital supply

Green finance provides direct financial support for rural development and promotes industrial prosperity, ecological livability and affluence. On the one hand, financial institutions can provide rural residents with living loans based on green credit to improve the living standards of farmers; On the other hand, financial institutions can also provide green operating loans to rural merchants, fill the capital gap for merchants, but also provide guidance for their business activities, promote rural merchants to enrich rural industries while making rational use of rural property resources, and promote rural revitalization by promoting industrial prosperity. In addition, the government, banks and other institutions and entities provide green investment to rural areas, help rural areas carry out green agriculture, transportation, pollution prevention and control and other infrastructure construction, help rural ecological sustainable development, and create a livable environment.

（2）Enhance risk aversion

Environmental problems restrict the sustainability of rural industry and bring great uncertainty to rural development. In order to solve this problem, banks and other financial institutions, according to the actual situation in different rural areas, constantly innovate financial products and services, combined with traditional agricultural insurance products, develop new green agricultural insurance with local characteristics and adapt to new rural industries. On the one hand, it not only meets the demand for insurance in the rapidly developing rural industry, but also helps farmers avoid various risks in the process of production and operation, and provides economic support for the development, operation and transformation of rural industry; On the other hand, the new green agricultural insurance is more in line with rural reality, which is not only conducive to the promotion and popularization of green insurance in rural areas, but also conducive to the green and sustainable development of rural industries.

（3）Promote industrial transformation and upgrading

The continuous innovation of green finance can not only meet the capital and insurance needs for green development in rural areas, but also empower the transformation of rural industries and promote the development of rural industries. On the one hand, green finance encourages enterprises to eliminate the traditional production mode of high energy consumption, high pollution and high emissions, and vigorously promotes

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enterprises to develop more advanced and environmentally friendly high-tech industries, which can not only effectively reduce and disperse the risks of enterprises in the R&D stage, but also promote enterprises to carry out cross period R&D transformation. On the other hand, in order to obtain greater green financial support, the agricultural business model in rural areas is also changing, from the traditional single and decentralized business model with family as the unit to the business model of group development and collective cooperation with industry as the unit. Green finance not only promotes the large-scale transformation of rural industry, but also gives financial support in the transformation of rural industry, reduces the risk of transformation and improves the efficiency of transformation. Therefore, green finance enables rural industrial upgrading, promotes industrial development and helps rural revitalization.

(4) Guide, standardize and optimize resource allocation

Green finance has a guiding effect. Under the guidance of green financial policy, rural merchants tend to obtain low-cost green financial support through their own environmental protection behavior, which not only improves the attractiveness of green finance to rural merchants, but also improves the concept of green management and green development of rural merchants, so that they have more environmental protection and green awareness, and pay more attention to the sustainability of enterprise development and resource utilization, so as to continuously promote the green development of rural industry and investment and promote ecological livability. On the other hand, in the process of promoting and popularizing green finance, while encouraging farmers to learn green finance knowledge, they will also guide rural residents to actively participate in the construction of Rural Revitalization.

Green finance has a normative effect. The promotion, popularization and application of green finance can standardize the production and operation activities of rural merchants. On the one hand, in the process of issuing farmers' personal credit, credit audit and post loan management can not only promote the construction of rural credit system, but also enhance the credit awareness of rural residents, improve the effectiveness of grass-roots governance, and promote the construction of rural civilization. On the other hand, in the process of integrating green finance into the construction of beautiful countryside, it can gradually improve the rural financial infrastructure, timely and effective information disclosure and financial laws and regulations can regulate the production and operation behavior of rural merchants, promote merchants to adopt a business model more conducive to social benefits, and promote Rural Revitalization.

Green finance can optimize the allocation of resources. With the support of green finance, rural areas will gradually form a new type of agriculture covering intensive development such as planting, aquaculture and tourism. Green finance has added profound "green" elements to new agriculture. This new development model contains great vitality and vitality, but it also has a stronger demand for funds. Green finance further promotes rural development by changing the distribution of funds between cities and villages and optimizing the allocation of resources.

2. Practice of green finance Promoting Rural Revitalization in Jiangxi Province

As a pilot area of green financial reform, Ganjiang new area of Jiangxi Province has carried out in-depth

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practice in Promoting Rural Revitalization by green finance and achieved a series of remarkable results. The following is a detailed description of the practice of green finance Promoting Rural Revitalization in Jiangxi Province, taking Ganjiang New Area as an example:

（1）Building an organizational system of green finance to support rural green development

Ganjiang new area has issued supporting policies to support the development of green finance, encouraged green finance to invest in rural revitalization projects, and formed the agglomeration effect of green finance. First, attract financial institutions to gather, encourage all kinds of Chinese and foreign financial institutions to enter, in order to build a full license financial institution system, for eligible enterprises, the new area supports the establishment of licensed financial institutions and other quasi financial institutions in Ganjiang new area. Second, we should encourage the development of innovative financial organizations, actively promote the development of financial institutions such as financial leasing companies, fund management companies, financial companies and asset management companies, and focus on supporting the development of green industries. At the same time, the new area also encourages all kinds of equity investment funds, venture capital funds and other private equity funds to participate in green investment. Third, through the reward and subsidy policy, we should attract and support banking financial institutions to set up green financial departments or green sub branches. Up to the latest data, the new area has gathered more than 200 financial institutions, of which 12 are green financial franchised institutions, including the first seven "green sub branches" in China. These financial institutions have provided strong financial support for Rural Revitalization.

（2）Broadening the financing channels of rural green industry with the innovation of green financial products

Financial products are assets with economic value and tradable cash in the financial market. Good financial products can directly improve the efficiency of capital circulation, hedge investment risks and meet diversified financing needs. Ganjiang new area combines the development plan of rural industry and the characteristics of various financial products to promote the innovative design of green financial products such as credit and insurance, control financial risks and broaden the financing channels of rural industry.

First, the innovation of green credit products. Ganjiang new area actively develops green credit products such as energy efficiency loans and special loans for energy conservation and emission reduction, and promotes green credit product innovation in environmental protection, water conservation, energy conservation, clean energy, clean transportation and other fields. For example, Jiujiang bank has developed green credit products such as "solid waste loan" in Ganjiang new area to support the development of waste disposal and environmental protection industry. The second is green insurance innovation. Ganjiang new area has fully implemented environmental pollution liability insurance and aquaculture feed price futures insurance, and improved the compensation mechanism for environmental damage. Such as "livestock and poultry intelligent clean breeding loan" and "carbon currency loan", which provide risk guarantee and financial support for Rural Revitalization. These insurance products not only help to enhance the ability of agricultural production to resist risks, but also promote the improvement of rural ecological environment.

（3）Establish a value realization mechanism of ecological products based on carbon finance business

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Carbon finance is an important part of green finance and an important financial tool in the field of low-carbon economy, mainly manifested in trading and investment and financing activities in the carbon market. Ganjiang new area has made bold innovations in carbon financial products, and launched financial products such as carbon emission right pledge financing loans and carbon neutral investment funds. These products not only help enterprises obtain low-cost funds for technological upgrading and new energy layout, but also expand the channel of ecological value transformation by introducing social capital to participate in carbon sink investment. By promoting the development of green industries and the value of ecological products, Ganjiang new area provides more employment opportunities and sources of income for rural areas, which helps to improve farmers' living standards and happiness.

3. The dilemma of Green Finance Supporting Rural Revitalization in Jiangxi Province

(1) Challenges of green financial product and service innovation

Although Ganjiang new area has made some achievements in the innovation of green financial products and services, compared with the diversified needs of rural revitalization, the pace of innovation of green financial products and services still needs to be accelerated. At present, green financial products are mainly concentrated in traditional areas such as green credit and green bonds, while the development of new green financial products such as green insurance and green funds is relatively lagging behind. In addition, the design and service mode of green financial products also need to be further optimized to better meet the actual needs of Rural Revitalization.

(2) Shortage of green financial talents and demand for improvement of professional quality

The field of green finance needs talents with interdisciplinary knowledge and professional skills, but there is a shortage of green financial talents in Ganjiang new area and surrounding areas. This limits the in-depth promotion and application of green finance in Rural Revitalization. At the same time, because green finance is an emerging field, the professional quality and business ability of existing financial practitioners in green finance need to be improved.

(3) Difficulty of risk management and internal control

The financial needs of rural areas are diverse and complex, and their risk characteristics and evaluation methods are quite different from traditional financial projects. This makes the risk management of agricultural green financial products more difficult, and requires financial institutions to have strong risk management and internal control capabilities. However, at present, some financial institutions still have shortcomings in risk management and internal control, which is difficult to effectively cope with the risk challenges of green financial products in rural areas.

(4) Insufficient policy convergence and synergy

The connection and synergy between green financial policy and Rural Revitalization policy need to be strengthened. Although the national and local governments have issued a series of green finance and Rural

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Revitalization policies, there are still shortcomings in the connection and synergy between the policies, which limits the practical effect of green finance in supporting rural revitalization. In addition, the incentive and restraint mechanism of green financial policy also needs to be further improved to stimulate the enthusiasm of financial institutions to participate in green financial business.

(5) Insufficient green financial infrastructure and supporting services

The green financial infrastructure in Ganjiang new area and its surrounding areas is relatively weak, including the construction of green financial information system and green financial service platform, which still needs to be strengthened. At the same time, green financial supporting services such as green financial consultation and green financial evaluation also need to be further improved to better support the development of green finance in Rural Revitalization.

4. Countermeasures and suggestions on green finance Promoting Rural Revitalization in Jiangxi Province

In order to overcome the above difficulties, the government, financial institutions and all sectors of society need to work together to strengthen the innovation of green financial products and services, enhance the professionalism of green financial talents, improve risk management and internal control mechanism, strengthen policy convergence and synergy, and strengthen the construction of green financial infrastructure and supporting services.

(1) Strengthen the innovation of green financial products and services

First, enrich the types of green financial products. Ganjiang new area should further enrich the types of green financial products. In addition to traditional green credit and green bonds, it can also explore the development of new green financial products such as green insurance and green funds to meet the diversified needs of Rural Revitalization. The second is to optimize the green financial service mode. Financial institutions should optimize the green financial service mode according to the actual situation in rural areas, such as providing customized and differentiated green financial solutions to improve service efficiency and satisfaction.

(2) Strengthen the training and introduction of Green Financial Talents

First, we should strengthen the training of green finance talents. Ganjiang new area should strengthen cooperation with universities and financial institutions, jointly train talents with green finance professional knowledge and practical experience, and provide talent guarantee for the development of green finance. The second is to introduce high-end green finance talents, attract high-end green finance talents at home and abroad to work in Ganjiang new area and enhance the overall level of green finance by formulating preferential policies, providing a good working environment and career development prospects.

(3) Improve risk management and internal control mechanism

First, to strengthen risk identification and assessment, financial institutions should establish a sound risk identification and assessment system, conduct a comprehensive risk assessment of agricultural green financial

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products, and ensure that business risks are controllable. The second is to improve the internal control mechanism, strengthen the construction of internal control system, standardize business processes, improve risk management capabilities, and ensure the steady development of green financial business.

（4）Strengthen policy convergence and synergy

First, we should strengthen policy communication and coordination, and the government should strengthen communication and coordination with financial institutions to ensure the effective convergence and synergy between green financial policy and Rural Revitalization policy, so as to form a policy synergy. The second is to improve the incentive and restraint mechanism. The government should formulate and improve the incentive and restraint mechanism of green finance, and stimulate the enthusiasm of financial institutions to participate in green financial business through financial subsidies, tax incentives and other measures.

（5）Strengthen the construction of green financial infrastructure and supporting services

First, we should improve the green financial information system, strengthen the construction of the green financial information system, improve the efficiency of information collection and processing, and provide strong information support for the development of green finance. The second is to build a green financial service platform, build a green financial service platform, provide convenient and efficient green financial services for financial institutions and rural areas, and reduce transaction costs and time costs. Third, we should strengthen the publicity and popularization of green finance, strengthen the publicity and popularization of green finance through holding green finance forums, training courses and other activities, and improve social awareness and participation in green finance.

To sum up, Ganjiang new area, Jiangxi Province, needs to take various measures to promote rural revitalization by green finance, strengthen the innovation of green financial products and services, talent training and introduction, risk management and internal control mechanism construction, policy convergence and synergy, and the construction of green financial infrastructure and supporting services, so as to promote green finance to play a greater role in Rural Revitalization.

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