Suggestions on the Improvement of County Financial Ecological Environment of Hubei Province

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Keywords: Hubei Province, County Financial Ecological Environment.

Abstract. The study on the problem of county financial ecological environment is playing an important part on the scientific outlook on development and the overall harmonious socialist construction theory and practice. Hubei is an important province in the strategy of rising central China. An encouraging development of county finance plays a vital role in the development of regional economy and society. In recent years, Hubei Province has had a great development of county finance. But the development of county financial ecological environment is imbalanced greatly, which hindered the sustainable development of county economy and society. This paper puts forward some suggestions on optimizing the financial ecological environment from 4 aspects: building the harmonious county financial environment, building a sound county credit environment, optimizing the county financial and ecological environment policy, and construction of a sound county financial operation system. A stable county financial ecological environment includes the harmonious economic environment and financial environment, high quality legal system, credit environment, and the harmonious social environment. For the current situation and problems of county financial environment, this paper puts forward the following measures and suggestions according to the above analysis.

1. Construction of Harmonious County Economic Environment

Strive to develop the county economy. The improvement of county financial environment should fundamentally depend on the healthy development of county economy. Only county economy grow and develop continuously, can the supply of funds of financial institutions will increase, and the demand of the enterprises and individuals will increase too. And then, we can increase the efficiency of the use of funds in the county and money. Finally, we can achieve a stable, healthy and orderly circulation in county economy environment, and change the county financial ecological environment fundamentally [1].

Especially for the county, we should continue to promote the economy especially about development of characteristic economic. In this process, first of all, we should strive to develop the county economic infrastructure construction, and increase science and technology, capital and policy input to enhance the potential and competitiveness of industry development. At the same time, we need to increase the income of residents, improve people’s livelihood. We can promote the development of county financial ecological environment by improving the economic base.

1.1 Improve the industrial system

In the process of transforming the mode of industrial development, we can utilize the advantages of projects to attract capital inflows to promote industrial optimization and upgrading, and to promote the county’s superior industries and pillar industries and key projects in construction and development. Domestic and foreign financial practice has proved that with the market mechanism, the risk of the non-standardized loans is less because the relationship between small and medium-sized financial institutions and small and medium-sized borrowers is adjacent. Therefore,
we can start from the need demanding, and taking the support of small and medium-sized financial institutions for small and medium enterprises as the leading, to promote small and medium enterprises being bigger and stronger, in order to promote economic development.

1.2 Speed up the process of marketization

Theory and practice have proved that, so far, the market economy is the most efficient mechanism for resource allocation. County market economy refers to that all the economic activities in the county take the market as the center, and establish a sound county economic market system to improve the county market operation mechanism, and to regulate the county market relations, and to establish market competition and the macro-control county market economic system orderly. Make the market mechanism and market behavior penetrate the county economic activities in all aspects, in order to promote the sustainable and healthy development of the county economy. Through the cultivation of the autonomy of the county market economy micro-subject, introducing the county financial market funds, insurance and other financial products. Speed up the marketization of county economic market is very important not only to solve the problem of economic development, but also to provide a good economic environment for optimizing the county’s financial and ecological environment [2,3].

All in all, building a harmonious county economic environment is the core factor to improve the county’s financial and ecological environment. By promoting the process of urbanization to achieve the coordinated development of urban and rural economy in a balanced and balanced manner, and to eliminate the “dual structure” to promote the county’s economic development, and promote the county industrial structure optimization, and to increase farmer income, fundamentally enhance the county economy, County financial and ecological environment to improve the provision of fundamental support.

2. Build a Sound County Credit Environment

Good social credit system is to maintain the market economic order and to improve the protection of the credit environment. A good credit environment can improve the quality of financial assets and reduce the risk of financial transactions, in order to achieve a balanced financial supply and demand and to improve the effectiveness of macroeconomic regulation and control and financial market efficiency. According to this, to create a good county credit environment is to improve the county financial and ecological environment of the effective measures. Build a sound county social credit system is to optimize the county financial and ecological environment based guarantee. The credit environment is an important criterion for measuring the merits and demerits of the financial environment. It generally includes two aspects: credit culture and credit system:

2.1 Credit culture construction

First, perform a wide range of credit publicity and education activities to strengthen the credit concept and awareness. Strengthening the moral education of citizens and cultivating the credit culture system is the prerequisite for perfecting the credit system. It is also the cornerstone of the survival of the county credit system. Inheriting and carrying forward the traditional virtues of honesty which is standardized by trustworthiness and trustworthiness and morality. Through moral standards and norms to purify the living environment of the credit system and to regulate government behavior, the establishment of honest government, and to improve the awareness of the demonstration effect on credibility of the government.

Secondly, strengthen the positive publicity and public opinion to guide the establishment of dishonesty publicity mechanism. To regulate the credit order and optimize the credit environment through the moral disciplinary propaganda, public opinion and other means. The construction of the county credit system should use the way of strengthening the positive propaganda and education of the credit to strengthen the concept of honesty and credit of the citizens. And establish credit model for credit individuals, businesses, cities and towns to implement preferential loans, interest rates and other financial incentives.
2.2 Credit system construction

Combining the construction of new enterprise management system, to establish the multi-level, multi-form agricultural credit system. In this process, we must improve the corporate and personal credit registration system and the establishment of corporate and personal credit files firstly.

Establish a coordinated credit database to improve the credit information publishing platform. Create a shared credit information publishing platform. The perfection and development of credit system can not be separated from the support of modern technology. Establishment of rural credit rebate system and publicity platform. Establish the corporate and personal integrity reward and punishment system, publish the business and personal dishonesty, and establish the county credit information system, publish and recover the enterprises and individuals who have untimely and full repayment of loans, improve the supervision system of public opinion. Enterprise blacklist system, using a variety of media on the malicious expropriation of corporate debt exposure and taking appropriate penalties.

In conclusion, the establishment of a sound credit environment is an important factor to improve the county financial environment. The improvement of corporate and personal sense of integrity and risk awareness, the construction of county social credit system is conducive to the formation of the main investment rights and responsibilities clearly. Interests and risks should bear the market constraint criteria together to save economic activity transaction costs and improve economic efficiency, and improve the county financial ecological environment and regional economic development.

3. The Policy of Optimizing County Financial Ecological Environment

In China, administrative power plays the leading role, and almost all the elements of the county financial ecological environment are strongly influenced by local government behavior, such as the legal environment, the economic base and the local financial development. Therefore, it is necessary to well achieve the top-level design of financial support system, to focus on utilizing the guidance of government, to define the responsibilities of government, financial institutions and enterprises and to improving the sustainable development of county finance county economy.

3.1 Change the governmental functions and establish the platform for the performance of financial institutions

Innovating policy to guide the investment and financing mechanism of financial capital in the process of establishing the dynamically balanced financial ecosystem. Encourage commercial financial institutions to increase the supply of financial services through the compensatory institutional arrangement. The government should change the functions according to the requirement of market economy development. On the one hand, respect the operating principles of financial institutions, and avoid excessive government intervention for truly separating government and enterprise. On the other hand, play the basic functions of social management and public service to build a good platform for the entry of financial capital.

3.2 Integrate government resources and establish risk compensation mechanism and accordingly support the development of micro, small and medium sized enterprises

Now, many government departments have special subsidies for micro, small and medium enterprises, but the direction of use is dispersed, so the support effect is not obvious. It suggests government concentrating the scattered the special subsidy funds of micro, small and medium enterprises, and making a uniform use policy and phased use plan for highlighting the focus of periodical support. Meanwhile, in support mode, it suggests playing the leverage of financial capital for guiding more banks and social capitals to support the development of local micro, small and medium enterprises through cash deposit as collateral, liquidated damages, interest discounts and other methods. At the same time, the government should improve the financial service risk compensation mechanism of micro, small and medium enterprises in county. The measures are
followed. Establish risk compensation fund. For example, extract funds from the local fiscal revenue or the taxes of micro, small and medium enterprises every year according to a certain proportion to establish risk compensation fund for offsetting the loss of the financing of micro, small and medium enterprises. Launch the tax relief policy. For example, if the credit ratio of micro, small and medium enterprises of the financial institution reached a certain proportion, the government can attempt to exempt the business tax and income tax of loan interest income of micro, small and medium enterprises, and the capital exempted by government is used in the financing losses and loan write off fund of micro, small and medium enterprises. Enlarge the scope of financial discount. It suggests enlarging the scope of financial discount to those enterprises accord with national industrial policy, having good prospects of the development.

3.3 Accelerate the transformation of financial support and make full use of the function of the financial guiding the investment of financial capital

Firstly, accelerate the transformation of financial support combining with the adjustment of government functions, and gradually promote the integration of financial projects at all levels, taking the county level as first. Secondly, strive to increase the proportion of financial input, such as discount, substituting subsidies with reward and other means for playing the guiding role of finance. Mobilize financial and social capital to actively participate in the modernization of the local dominant industries for realizing the integration of investment, guarantee, loan, discount and reward. First of all, the government should improve the legal sanction of support policy and push the implementation in the country. Meanwhile, it suggests the financial sector taking preferential and subsidy policy with more pertinence to the county financial service combining the market characteristics of county. For example, implement the policy about the business tax exemption or reduction of the income of loan interest of industrialization leading enterprise, and improve the loan income for changing its weak position in the credit market, further improving the credit creation ability of county financial institutions.

4. Establish a Perfect County Financial Operation System

The construction of county financial system refers to the integration of the original county financial institutions and the functional optimization. It has great significance to the development of county finance in China and the circulation of county financial ecological environment. So the government promotes the construction of commercial banks, policy banks, rural credit cooperatives, other private capital organizations and other forms of financial institutions for forming a county financial system with consummate function, rational division of labor, clear property right, orderly competition, effective supervision, wide range and functional diversity based on the consideration of the characteristics of county finance and economy, taking the improvement of the efficiency of financial resources allocation, the promotion of the safe and orderly operation of the finance in the future, stimulating the development potential of finance as the basic principles. So that it can improve the county financial ecological environment.

4.1 Accelerate the legislative process and make full use of the important role of policy finance in the development of county economy

The government should formulate a special budget for the policy finance and establish the regulations of policy bank as soon as possible. The financial sector should put a portion of the budget to the compensatory financial expenditure and provide discount funds to the institutions which have policy finance business, make up their loss of bad debts. Moreover, policy bank is a special legal entity, and the commercial bank law does not apply to it, so it must quickly formulate the Policy Bank Law, presenting its non-profit features and its tenet of not compete with commercial banks in statutes. Then the policy banks can operate in accordance with the law.
4.2 State owned commercial banks and joint-stock banks should improve the level of resource allocation of the country

The previous analysis shows that there is a great difference in the degree of support of the county economic development in each institution. The rural commercial banks and the rural credit cooperatives have the highest degree of investment in the county while the state owned banks having the lowest degree of investment in the county, reflecting the potency dimension of various types of financial institutions in the county economic development. In the future, they should make full use of their superiority to farthest provide financial support to the county development.

4.3 Continue to accelerate the pace of the reform of rural credit cooperative stock system

In the early stage of hard exploration, we deeply understand that rural credit cooperatives are not cooperative anymore influenced by the county economic system, the economic and social development level of the county and the historical development path of rural credit cooperatives. Whether it is necessary to achieve the regeneration of this kind of system, or to promote the innovation of rural financial system, we need to rebuild the property system of rural credit cooperatives in accordance with the principle of joint-stock reconstruction. The government guides rural credit cooperatives continue to strengthen the construction of service ability and the construction of economic development and to set up the branch in the country, especially the blank town of financial institution. Provide extended service, support to increase financial services innovation under the premise of effective risk prevention, improve service quality and continuously improve the availability, transparency and convenience of the rural financial services.

4.4 Accelerate the development of new rural financial institutions

The previous analysis shows that county new rural financial institutions only accounted for 0.91% after the publishing of “some opinions of the CBRC o on adjusting and relaxing the access policy of banking financial institutions in rural areas for better support the building of a new socialist countryside” of CBRC in 2006. It indicates that the development of new rural financial institutions in Hubei province is slow, and it should accelerate the development of county economy to provide more convenient financing channels.

References

