Research on the Green Finance Cooperative Development Mechanism of Beijing-Tianjin-Hebei Urban Agglomeration

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Abstract. The development of green finance is one of the key points to improve the level of ecological environment in the Beijing-Tianjin-Hebei Urban Agglomeration. There are problems such as small volume, low proportion, fragmentation of management, imperfect market trading mechanism and low social participation in green finance of Beijing-Tianjin-Hebei Urban Agglomeration. In view of the dilemma of green finance in Beijing-Tianjin-Hebei Urban Agglomeration, this paper designs the green financial “Government-Market-Society” comprehensive management mechanism of Beijing-Tianjin-Hebei Urban Agglomeration, and proposes countermeasures from the perspectives of government, market and society.

Introduction

Comprehensively promoting the cooperative development of Beijing-Tianjin-Hebei Urban Agglomeration is conducive to improving the level of regional economic development. However, the pollution of the ecological environment is seriously threatening the development of the Beijing-Tianjin-Hebei Urban Agglomeration. Green finance organically combines financial markets with ecological governance and enhances the quality of economic development. In order to solve the problem of regional ecological governance and promote the coordinated development of Beijing-Tianjin-Hebei Urban Agglomeration, it is urgent to support the green industry and design an innovative mechanism for the cooperative development of green finance.

Some scholars have designed the green financial mechanism. However, at this stage, few scholars have studied the development mechanism of green finance from the perspective of regional cooperative development. This paper starts with the cooperative development of green finance in Beijing-Tianjin-Hebei Urban Agglomeration, and explores the new mechanism of green finance development.

The Analysis of Green Financial Development in Beijing-Tianjin-Hebei Urban Agglomeration

Green finance is still in the early stage of development in China. At this stage, green financial products and services are mainly concentrated in green credit, green bonds, green stocks, green insurance, green funds and carbon finance. Green credit has the highest proportion. At the end of 2017, China's green credit balance reached 8.2 trillion yuan, accounting for 95.1% of the total balance of various green financing. In 2007, the “Opinions on Implementing Environmental Protection Policies and Regulations to Prevent Credit Risks” was promulgated. Many provinces and municipalities began to implement green credit. The amount of green credit is increasing year by year.
There is a lower proportion of green credit in total credit. Although the green credit balance is on the rise, the growth rate is not stable. From December 2015 to December 2016, the growth rate of the year-on-year growth rate was relatively large, while the growth rate of total credit during the same period was flat. The signs at the beginning of 2018 also indicate that green financial growth is in a platform period and that further incentives for green credit need to be strengthened.

The overall amount of green finance in the Beijing-Tianjin-Hebei Urban Agglomeration is higher than the national average. Although it has introduced a number of policies to support the development of green finance, the proportion of green finance in the region is still low, which is difficult to match with the huge green financial demand.

At the end of 2016, the total amount of various green financial projects in the country was 15.53 trillion yuan. The total amount of green financial projects in Beijing-Tianjin-Hebei Urban Agglomeration was 2.19 trillion yuan, accounting for 14.09% of the country. In terms of the overall amount of green finance, although the Beijing-Tianjin-Hebei Urban Agglomeration has increased its policy support, the proportion is still not high.

Problems in the Coordinated Development of Green Finance in Beijing-Tianjin-Hebei Urban Agglomeration

The current development of green finance in Beijing-Tianjin-Hebei Urban Agglomeration is relatively low in volume and synergy. There are many problems in the coordinated development of green finance.

Firstly, the absence of a synergy system makes it difficult to implement policies. The green financial markets in Beijing-Tianjin-Hebei Urban Agglomeration are separated from each other and lack a resource allocation system for interconnection. Beijing, Tianjin and Hebei have their own emissions trading, but in actual operation, the green financial markets are separated from each other. There are many problems in green finance, such as regulatory fragmentation, unclear definition of power and responsibility of green financial institutions, and untimely approval of green projects.

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1Data source: WIND
2Data source: WIND
The lack of a green financial synergy development system weakens the market's role in the allocation of resources and fails to achieve efficient flow of green financial resources.

Secondly, the failure of the market mechanism has led to inefficiency. The Beijing-Tianjin-Hebei Urban Agglomeration has not established a unified emission trading platform, and the degree of marketization of financial products is low. The lack of reward and punishment mechanisms has led to the inefficiency of green finance in Beijing-Tianjin-Hebei Urban Agglomeration. In addition, the single-type green financial product system in Beijing-Tianjin-Hebei Urban Agglomeration has resulted in lower capital investment in green industries and projects than market standards. The lack of a green information sharing platform and a complete green project performance evaluation system in the Beijing-Tianjin-Hebei Urban Agglomeration has made it difficult for financial institutions to distinguish which green projects are truly worthy.

Thirdly, social welfare organizations have not actively guided private organizations to invest in green finance projects. Although social organizations are actively offering ideas and providing new ideas for green financial development and innovation, the actual results are still limited. In addition, although some wealth management projects are based on green industries, public's environmental awareness and green financial knowledge are insufficient. When investing, they will not pay too much attention to green financial products.

**Designing of the Coordinated Development Mechanism of Green Finance in Beijing-Tianjin-Hebei Urban Agglomeration**

The economic and ecological development of Beijing-Tianjin-Hebei Urban Agglomeration is inconsistent, and the ecological collaborative governance system is fragmented. In response to this problem, this paper refers to the three different collaborative development paths of government, market and society proposed by Wang Jiating and Cao Qingfeng (2014). In addition, this paper combines the three dimensions of government, market and society into one, and establishes a “Government-Market-Society” comprehensive management mechanism for the coordinated development of green finance to solve the problem of imbalance in the development of green finance in Beijing-Tianjin-Hebei Urban Agglomeration.

Firstly, the governments play the role of regulator and leader. They regulate and guide through legislation and the establishment of full-time departments to review whether banks provide green credit in accordance with regulations. Improve green financial services by introducing accountability mechanisms and incentives. Secondly, the market trading mechanism promotes the efficient allocation of resources. Finally, at the social level, the development of green finance is promoted by cultivating a sense of green development.

**Countermeasures for the Coordinated Development of Green Finance in Beijing-Tianjin-Hebei Urban Agglomeration**

The key to the coordinated development of green finance is to implement the “Government-Market-Society” mechanism. By implementing the reward and punishment
mechanism, encouraging private capital to invest in green projects, it will promote the coordinated development of green finance in Beijing-Tianjin-Hebei Urban Agglomeration.

Firstly, government departments should improve the legal framework for green financial supervision and enforcement. Promote green finance development by strengthening top-level design and supervision, encourage companies to develop green projects and absorb social funds to invest in green financial products. The government should incorporate green finance into the regional economic development assessment system. At the same time, the government should strictly investigate financial institutions that provide financial products illegal. In the process of policy implementation, the government should clarify the responsibilities of various regions and departments and establish an internet complaints platform.

Secondly, establish a unified ecological product trading platform. Reduce the risk of information asymmetry by establishing a green financial information sharing platform. It is necessary to speed up the process of green financial product innovation and provide financial subsidies for enterprises that adopt green financial products. In addition, the government should improve the green channel of IPO.

Thirdly, we should cultivate a sense of social green financial investment. Social welfare organizations should extensively absorb social resources such as capital and manpower and invest in green projects. In addition, green financial wealth management products suitable for personal investment should be designed to attract individuals to invest in green projects. We must increase the propaganda of green finance, so that investors can better understand the superiority of green financial products.

References


