

Research on the Path of Green Finance Supporting Ecological Urbanization in China

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Abstract: Green finance, which takes environmental protection as the starting point and foothold, comprehensively considers the potential environmental pollution problems in financial business activities and investment and financing decisions, and then promotes the sustainable development of green industries by guiding social and economic resources. Taking this as a starting point to promote the development and innovation of ecological urbanization in China will help to place the construction of new urbanization in a more prominent position, and more effectively unleash the practical value of new urbanization construction in benefiting people's livelihoods, cultivating new driving forces, filling gaps, and adjusting structures. Based on this, this article mainly discusses the practical path of using green finance to accelerate the construction of ecological urbanization in China in the new era, in order to continuously promote the deepening development of ecological urbanization construction.

Keywords: Green finance; Ecological urbanization; Research Strategy

I. Introduction

With the acceleration of industrial transformation and urbanization construction, the ecological environment is becoming increasingly severe. Since entering the new era, China has increasingly attached importance to the construction of ecological civilization and recognized the importance of environmental protection. In the new era, guided by the concepts of innovation, coordination, green, openness, and shared development, the construction and development of ecological urbanization in China place greater emphasis on coordination and sustainability. In this context, the concept of "green finance" has emerged, promoting the optimal allocation of resources in the process of ecological urbanization construction. Relying on green finance to support the construction of ecological urbanization has become an important task for China to implement sustainable development strategies in the new era.

At the same time, promoting the construction of ecological urbanization through green finance is in line with the basic concept of the "dual carbon" strategy. Dual carbon "is the abbreviation for carbon peak and carbon neutrality. Our country's "dual carbon" strategy advocates a green, environmentally friendly, and low-carbon lifestyle, emphasizing the promotion of low-carbon transformation in industries such as construction and transportation. In the process of promoting the "dual carbon" goal, green technology plays a crucial supporting role. Obtaining financing from banks and other financial institutions is a stabilizer to ensure the orderly promotion of green innovation. However, in urbanization construction, traditional financial activities are difficult to effectively support the green development and transformation upgrading of industries, buildings, and other fields, and also cause pollution to the surrounding ecological environment. China has included the construction of new urbanization in the overall development goal for 2035. While accelerating the construction of urban infrastructure and effectively promoting the transfer of surplus rural labor to urban areas, the construction of new urbanization will increase the emission demand of high carbon industries. Therefore, leveraging the supporting role of green finance in industrial green transformation and upgrading can effectively reduce the pollution caused by high carbon industries to the environment during the process of urbanization construction, regulate the carbon emissions of urbanization construction, and highlight the quality and efficiency of ecological urbanization construction.

II. The Impact of Green Finance on Ecological Urbanization Construction

Since the new era, ecological civilization construction has undergone historic, transformative, and global changes. This change has enhanced the coupling coordination between ecological urbanization and green finance, and the support of green finance for China's ecological urbanization construction is becoming increasingly prominent.

1. Helps promote industrial transformation and upgrading

Ecological urbanization refers to the process of integrating ecological civilization construction into urbanization construction, achieving harmonious coexistence and coordinated development between humans and nature, society and the environment. Therefore, the inherent essence of ecological urbanization construction is to promote the transformation and upgrading of industrial structure, and to build a new model of ecological production and consumption. In the stage of new economic development, the optimization of industrial structure requires the reconfiguration of resources among various departments. Resource allocation, as the core function of green finance, has a positive impact on promoting the transformation and upgrading of the industrial structure of ecological urbanization. On the one hand, guided by the concept of green finance development, facing the new situation of social and economic development, traditional industries have been improving their production efficiency and promoting the transformation and upgrading of their industrial structure through "reducing production capacity and lowering costs". In this way, the industrial structure supporting the construction of ecological urbanization has been optimized and adjusted, and its economic development model has also completed the transformation from high-speed to high-quality. On the other hand,

the leverage efficiency of green finance can transfer funds to low-energy and low pollution green industries in the process of optimizing resource allocation, promoting independent innovation of urban industries around energy conservation and environmental protection. This not only improves the efficiency of utilizing social resources, but also helps the green industry in urban areas achieve an organic combination of stock optimization and incremental improvement.

2. Helps promote capital allocation and management

With the increasingly coordinated development of economic development and environmental protection, China has gradually formed a development model of “less resource input and higher economic output” in the process of new urbanization construction. In order to reduce the impact of socio-economic development on the ecological environment, under the background of green finance, relevant departments should implement strict environmental law enforcement to ensure that green development projects achieve high returns while promoting rational and optimized allocation of funds through price mechanisms. Providing tilted financial policy support for green industries in this way will help gradually improve the productivity level of green industries, promote the continuous progress of new urbanization construction towards the goals of resource conservation and environmental protection, and achieve green growth in urbanization economic construction.

III. The Practical Path of Green Finance Supporting Ecological Urbanization Construction

1. Establish a green finance governance mechanism

The essence of green finance is policy driven finance. Therefore, in the process of promoting ecological urbanization construction, relevant government departments in China should provide strong support to the financial sector and lead relevant institutions and enterprises to work together and actively cooperate in digital transformation and development by building a sound green finance system. However, the construction and practice of green finance system is still in the development stage, and the relevant policy guidance system also needs to be improved. Establishing and improving the top-level design of green finance, strengthening its institutional guidance, is the primary task that China should complete in building eco-towns. Specifically, the government should take law as the starting point, fully integrate green finance into the construction of laws and regulations such as banking law and trust law, strengthen the constraints on enterprise production and operation behavior through a sound legal system, and guide enterprises to actively assume their social responsibilities and obligations within the framework of sustainable development. In addition, relevant government departments should continuously strengthen law enforcement efforts, leverage modern information platforms, and achieve close cooperation between financial institutions and law enforcement agencies through resource sharing, thereby effectively playing the guiding and supporting role of the green finance system in the construction of ecological urbanization.

2. Cultivate green consumption habits

From an economic perspective, consumers' consumption concepts and behaviors are not only decisive factors affecting the allocation of production factors, but also important factors influencing the direction of socio-economic development. In the process of promoting ecological urbanization construction, the issue of structured human development is the core of urbanization construction. Therefore, based on the concept of green finance, leading consumers to form positive and correct green consumption views and behaviors plays a very important role in implementing sustainable development strategies and accelerating the construction of ecological cities. In addition, based on the dual guidance of green finance concept and the “dual carbon” goal, more and more financial institutions are paying more attention to innovative financial service models, actively exploring the practical path of providing green finance innovation guidance and services to the consumer end, and focusing on stimulating consumers' green demand.

Encouraging green consumption is an important driving force for stimulating industries to achieve green and low-carbon transformation in the new era. The growing demand for green consumption will inevitably force enterprises to undergo green transformation in the production process through the product market, inspiring them to further improve their own green industry chain. However, in the process of promoting ecological urbanization construction, although the green consumption space in most consumption areas is continuously expanding, the green transformation in some consumption areas is still relatively slow, and even there is a mismatch between supply and demand structure in the industrial structure transformation. Its green consumption potential still needs to be further explored. In response to this phenomenon, financial institutions, mainly banks, are actively exploring innovation and development of green finance for the consumer end. For example, by introducing various preferential policies to encourage consumers to actively participate in the digital economy and public welfare activities. This helps to effectively lead the consumer group to update and transform their own consumption patterns. This is also beneficial for breaking down consumers' improper understanding of green finance, improving their ability to identify green finance products, and ensuring the healthy and efficient growth of ecological urban economy.

3. Implement biodiversity finance

Traditional urbanization construction focuses on increasing the number of towns and expanding the size of cities. This extensive urbanization construction model has caused serious damage and pollution to the surrounding natural environment. The construction of ecological urbanization in the new era emphasizes ecological balance, coordinated development, and differentiated development, and attaches great importance to handling the relationship between environment, nature, society, economy, and resources. The implementation of biodiversity finance is in line with the core concepts of ecological urbanization and green finance development, which helps to maintain the diversity of ecosystems, species, and genes in specific regions, promote coordinated regional development, and improve the quality of ecological protection urban construction. The ecological urban construction from “quantity” to “quality” clearly demonstrates the key

content of China's economic construction in the new era, which helps to achieve harmonious coexistence between humans and nature. Currently, multiple countries worldwide are facing a widespread biodiversity crisis. The biodiversity crisis not only leads to the imbalance of natural ecosystems, but also seriously restricts the process of China's new urbanization construction, affecting the quality and efficiency of China's social and economic development. The root cause of this crisis lies in a series of unscientific and unreasonable decisions made during the process of urbanization development and construction.

Maintaining biodiversity is a natural attribute of promoting ecological urbanization in China. The early extensive urbanization construction model has led to the loss of its natural advantages in ecological urbanization, seriously affecting the livability of people's living environment and making it difficult to effectively protect people's health and well-being. Therefore, with the two-way promotion of green finance and ecological urbanization construction, building biodiversity finance not only effectively ensures biodiversity in the process of economic construction, maintains the ecological balance of nature, but also accelerates the green transformation of economic development and lifestyle, creating more benefits for the people.

The impact of finance on biodiversity has a dual nature. On the one hand, relevant financial institutions have not effectively assessed the impact of certain project constructions on biodiversity, and have directly provided financial support to them. This inappropriate financial support behavior has indirectly caused a biodiversity crisis; On the other hand, financial institutions have fully utilized their "green" guidance attributes, by fully evaluating the comprehensive impact of projects on the surrounding environment, and providing protection for the construction of biodiversity projects. For example, investment, underwriting, and loans are specific manifestations of financial institutions' ability to allocate funds, and their capital flow reflects the key development areas during a certain stage. Therefore, in the process of green transformation of industrial structure, banks and other financial institutions should include biodiversity in the loan approval of enterprise projects, guide enterprises to actively pay attention to the impact of their production and operation behavior on biodiversity, and promote the construction of ecological urbanization.

4. Develop digital inclusive finance

Under the "dual carbon" goal, financial institutions have become an important lever to promote the green transformation of China's industrial structure. Digital inclusive finance is a practical path for expanding financing channels for ecological urbanization construction in the stage of new economic development, and has significant practical significance for promoting ecological urbanization construction. Currently, the amount of "green" in digital inclusive finance is becoming increasingly abundant. The economic logic of digital inclusive finance is manifested in providing more efficient, convenient, and extensive financing opportunities for agricultural enterprises, small and micro enterprises, and ecological agriculture through advantages such as application services and scenario management. In this context, the integrated development of green finance and digital inclusive finance not only promotes independent innovation and technological progress of enterprises and industries, but also effectively enhances residents' awareness of green environmental protection. To this end, banks in various regions are actively innovating green finance financing models, and have developed characteristic financial products for the green transformation and development period of enterprises, such as "sustainable development linked loans", targeting green production, energy conservation and emission reduction. With the support of digital inclusive finance, small and medium-sized enterprises, as well as ecological enterprises, not only receive lower loan interest rates, but also achieve coordinated and unified environmental protection and economic development under the guidance of relevant government departments.

From this, it can be seen that banks actively play a guiding role in the construction of ecological urbanization, providing comprehensive digital financial services for small and medium-sized enterprises, alleviating their financing constraints, and effectively ensuring their technological progress and equipment updates. With the development of ecological urbanization, assisting small and medium-sized enterprises and providing financial support for the development of green circular industries in the region has become an important function of banks in the context of green finance development. Moreover, in this way, enterprises will not have the idea of coordinated production due to insufficient funds, and will increase the supply of high-quality products and services to the market, providing a good and healthy development environment for the construction of ecological urbanization.

IV. Analysis of Successful Cases

Under the construction of ecological towns, the forestry carbon sink with green development concept as its core has shown great development prospects. It can not only help enterprises obtain certain economic benefits in production and operation activities, but also help them overcome financing difficulties in the process of green transformation and upgrading. Therefore, in order to solve the financing difficulties of agricultural enterprises, banks in various regions have explored the path of innovating green financial service systems by pledging the expected income rights of forestry carbon sinks, and have achieved good benefits in implementation.

In Wulong District, Chongqing, a company obtained a loan of 50 million yuan from a bank by pledging the expected returns of forestry carbon sinks. In order to promote regional ecological protection and economic development in a coordinated manner, in 2022, Wulong District will begin to promote rural revitalization, environmental beautification, and ecological maintenance projects, with plans to expand afforestation areas. However, there is a huge shortage of funds in the specific implementation of the project. A certain agricultural enterprise is unable to obtain loans from Chongqing Three Gorges Bank through traditional modern models due to a lack of collateral. To help the agricultural enterprise solve its funding problem, Chongqing Three Gorges Bank has decided to activate forest resources and assist in the implementation of green development projects. The so-called forestry carbon sink refers to the participation in forestry resource trading

through market-oriented means, that is, through activities such as afforestation and strengthening forest management, reducing the content of carbon dioxide in the atmosphere, and allowing enterprises to complete carbon sink trading in accordance with relevant rules. In this way, forestry resources will generate additional economic benefits. So, how did the agricultural enterprise obtain bank loans by pledging the expected income rights of forestry carbon sinks?

Firstly, the enterprise and the bank jointly assessed the total forestry carbon sequestration generated by the forestry resources in the area during a certain period of time, and then effectively evaluated the expected carbon sequestration benefits of forestry resources in the same period of time in the future by referring to the market value of carbon sequestration trading in Chongqing. Secondly, the borrower of the agricultural enterprise has pledged and registered the expected income rights of the forestry carbon sink through the unified registration and publicity system of the People's Bank of China Credit Information Center for movable property financing, while Chongqing Three Gorges Bank has effectively supervised its carbon sink account through the carbon sink trading platform. Finally, Chongqing Three Gorges Bank issued a special loan of 50 million yuan to the borrower's agricultural enterprises based on their pledged assets. Financial institutions have innovatively launched a pledge loan model of "forestry carbon sequestration expected return rights+forest rights" around green finance, fully leveraging the positive significance of green finance in promoting the green transformation and upgrading of enterprises and industries, as well as high-quality socio-economic development. Moreover, the financial support system of exchanging "carbon" for "loans" effectively solves the financing difficulties of loan subjects, broadens the financing channels of forestry industry and agricultural enterprises, and injects sustainable development vitality into the construction of ecological towns.

V. Conclusion

In summary, finance is the lifeblood of socio-economic development and plays an irreplaceable role in promoting the construction of ecological urbanization. Effective and innovative green finance is undoubtedly an important support for the construction of ecological urbanization. Faced with the contradiction between traditional urbanization construction and environmental protection, integrating green finance is an inevitable choice to promote high-quality construction and development of ecological urbanization. Therefore, in the new era of socio-economic development, governments and financial institutions should focus on the inherent operational logic of green finance, continuously explore innovation in green finance products and services, and effectively activate the endogenous vitality of ecological urbanization construction.

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