

Thinking About Risk Prevention and Support For Real Economy Of Rural Financial Subject Under New Situation

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Abstract: For a long time, "three rural questions" are important issues that puzzle our country's economic and social development. Rural finance is not only one of the important drivers to solve the problems of agriculture, rural areas and farmers, but also an integral part of the overall development of financial institutions. With the development of society, especially the later rural credit cooperatives turned into rural commercial banks, the development of rural finance has made great progress. But at the same time, there are some problems that can't be ignored, which easily lead to rural financial risks. The real economy is the foundation of a country's economy and an important cornerstone of economic and social development. It directly creates material wealth. As the lifeblood of the real economy, finance serves the development of the real economy. The development of modern economy cannot be separated from finance.

Keywords: Rural Finance; Real Economy ; Credit problem

1. Risks faced by rural finance under the new situation

1.1 Risks in the Operation of Agriculture

Generally speaking, agriculture is a high-risk industry with unstable returns, while modern agriculture is facing dual risks from nature and social economy.^[1] Traditional agricultural production can not meet the demand for capital, many commercial banks are just taking this into account, reluctant to let the capital flow into rural areas, and even capital outflow. This phenomenon is more common especially for traditional smallholder production. Most loans to farmers are to engage in breeding or planting, which generally have a long production time, during which the factors that can affect it increase with the extension of time. Once there is a bank run, it will be a devastating blow to the rural financial structure.

1.2 Lack of Innovation Motivation

With the development and progress of The Times, the rural financial model should also have the corresponding innovation. However, some rural financial institutions only focus on adapting to the temporary financial model and focusing on the development of short-term economic interests, thus ignoring the innovation of rural finance and failing to strengthen the guidance and training of the innovation ability of the staff of financial institutions.^[2] Many leaders of financial institutions do not even have the consciousness of innovation. Most of them are comfortable with the current financial development model and do not realize the important role of innovation in promoting the development of financial institutions. Banking and finance work has always been one of the main topics discussed by people. Many people, especially college graduates, choose finance work under the double pressure of graduation and life. They may lack enthusiasm for this job from the beginning.

1.3 Internal Management Lags

Influenced by their own system, rural financial institutions have many problems left over from history, and the total amount of non-performing loans is large.^[3] The division of work among departments within the organization is not clear, and there is no clear division of rights and responsibilities among staff, which makes quite a few people have a fluke mentality and can not really

implement their rights and responsibilities to each post. The chaos of internal management will also affect the development of normal financial business and greatly reduce work efficiency, which will hinder the development of financial institutions themselves.

1.4 Contradiction of Loan Reputation

The quality of credit greatly affects the development of rural finance and is a major problem to be solved urgently in rural finance. According to the investigation and research, at present the main profit of rural finance in our country still comes from the interest generated by loans. It can be imagined that once the credit credibility of financial institutions appears, it is bound to affect its normal operation. After the farmer loans, may not be able to repay the debt within the specified time, once the "can not pay" situation, at this time their credibility in the financial institutions will appear crisis, affecting the normal life. Rising returns and risks will make non-performing assets account for a larger and larger proportion, from one to another in a vicious cycle. When it comes to lending, financial institutions will simply be wary of lending or even refusing to lend to farmers. And farmers themselves have limited funds, coupled with funding obstacles, then eventually will affect agricultural production.

2. Solution

2.1 Perfect Credit Mechanism and Improve Loan Conditions

Problems often occur in rural finance loans, the fundamental reason is that the credit mechanism is not perfect and the lender attaches less importance to the credit. As for the lenders, they consider the "default" to be temporary, and the delay will not affect them much. At this time, we should clarify the division of responsibilities, both the staff of the financial institution and the lender should recognize their responsibilities, rather than after the loan can rest on their shoulders. In the process of handling credit business, for every necessary procedure should be put in place and strengthen the approval process, can not be perfunctory. For borrowers, financial institutions can establish corresponding management mechanisms. On the one hand, incentives can be given to the creditworthy lenders, while penalties should be imposed on those who do not repay loans for a long time, including but not limited to limiting the amount of future loans and more strictly controlling the approval process. After the coexistence of rewards and penalties, the pressure on financial institutions can be eased to a certain extent. Generally speaking, the strength of rural financial institutions is relatively weak and may not be able to meet the high demand for capital lending. In this case, they can cooperate with large banks, which provide financial support, and rural financial institutions can act as middlemen for lending business, so as to achieve a win-win situation.

2.2 Strengthen the Construction of Innovation Culture of Rural Financial institutions

It is necessary to carry forward the spirit of innovation in rural financial institutions, especially to encourage the innovation of financial development mode. Rural financial institutions need to innovate. Only with innovation can there be new development momentum, and no one wants to work in a twilight environment all day. By strengthening the construction of innovation culture, financial institutions have gradually established a new environment with strong atmosphere, in which staff are influenced by the environment and the awareness of innovation is deeply rooted in the people's heart. In this way, there will certainly be more exchanges and communication among people within the institution, and everyone will put forward their own views and insights, so that the collision of ideas can promote the development of financial institutions.

2.3 Strengthen Internal System Management

Rural financial crimes mostly occur inside the system. Some bank staff take advantage of their internal information and loopholes in the financial system to take risks and seek profits for themselves through illegal means, while rural financial institutions are also negligent in risk control, resulting in frequent rural financial crimes, with the amount involved reaching tens of millions at most. They have caused huge losses to the financial assets of the state and the collective, and more importantly, they have disturbed the already unstable financial order in the countryside.^[4]

3. Development Status of The Real Economy

Since reform and opening up, our country has vigorously carried out the reform of economic system, and the development of real

economy has made remarkable achievements. The economic development presents the trend of "multi-stability" pattern, continuous improvement of supply quality and continuous improvement of supply system quality. At present, however, there are still some obstacles to the development of the real economy. The tasks of stabilizing growth, adjusting the structure, promoting reform, improving people's livelihood and preventing risks remain arduous. For example, many labor-intensive industries have moved out of China to India, Vietnam and other places as China's labor costs rise, enterprises' operating costs rise and profits fall. In addition, the emergence of virtual economy is the result of the development of real economy. However, nowadays, our economic development is facing the danger of "decoupling from real to virtual", and the real economy development falls into a predicament.

4. Rural Finance Contributes to the Development of the Real Economy

The development of finance and the real economy is a symbiotic relationship. As the main force serving the rural real economy, the rural financial institutions must fundamentally realize that to promote the transformation of the development mode and upgrade the industrial structure of the rural real economy by means of farmer's finance is the need to boost the development of the social real economy with financial power, and also the inevitable requirement to ensure the sustainable development of business. Rural financial institutions should strengthen tool innovation, especially get rid of the previous single cash settlement method, gradually introduce diversified settlement tools, adapt to the development of digital economy, and constantly innovate rural financial service methods.

5. Conclusion

Generally speaking, the development of the real economy cannot be separated from the support of rural finance, especially for the rural real economy. And rural financial institutions to obtain considerable progress and development, reform is imperative.

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