Innovative Application of Internet Finance in Rural China

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Abstract. The rapid development of Internet technology in recent years has laid a good foundation for the application of financial services in rural areas. However, due to the lack of supply and poor cognitive environment, the application of Internet based financial services has encountered difficulties in rural areas. This paper puts forward countermeasures to optimize the development of Internet finance, hoping to promote agricultural production, improve not only farmers' lives but also rural development.

Keywords: Internet Finance, Agriculture, E-commerce, Innovation

1. Introduction
Rural areas are always weakness of domestic financial services [1]. Although the financial service entities such as rural credit cooperatives carry out financial services with the help of their large number of outlets in rural areas, they are often unable to cope with the vast geographical and scattered rural areas [2]. The vigorous development of Internet finance has brought dawn to the problem-solving. Its advantages of low-cost, low threshold and high efficiency can well meet the urgent needs of rural areas for financial services, and become the power engine to promote the economic development of rural areas and improve people's livelihood [3].

2. The Precondition of Internet Finance in Rural Development

2.1 Rural Financial Demand Gap
At present, the trend of "eliminating small-scale agriculture" in China’s agricultural production is increasingly obvious [4]. The new agricultural business entities represented by large professional households and family farms are developing rapidly. Compared with the traditional ones, the demands of these new agricultural operators are more diversified [5]. In addition to the general seedlings and fertilizers, higher requirements are put forward for farming, processing, storage, transportation and other agricultural machinery and agricultural tools. These requirements are finally reflected in the more urgent demand for agricultural funds.

With the rapid development of urbanization, the number of migrant workers in rural areas is increasing rapidly, which brings about a large number of consumption needs of migrant workers in housing, children's education and other aspects [6]. In addition, the new generation of migrant workers has different consumption concepts and habits. [7] Therefore, the future consumption demand growth of farmers will be very considerable. In addition, at the national level, transportation, communication and health care are also an important part of consumption expenditure, which leads to the survival
consumption gap of low-income rural families and the large consumption growth of high-income families, which also puts forward higher requirements for the development of rural financial services.

2.2 The Network Infrastructure in Rural Areas
According to the report of CNNIC, as of June 2018, China's rural Internet penetration rate was 36.5%, and the number of rural Internet users reached 211 million, an increase of 1.0% over the end of 2017. In addition, the proportion of mobile Internet users in China has risen to 98.3%. In rural areas, mobile phones have become the main tool for rural residents to use the Internet. With the continuous promotion of "broadband China" strategy, the improvement of rural information infrastructure conditions will promote the improvement of rural Internet financial services [8].

3. The Application of Internet in Rural China

3.1 Internet Financial Business Promoted Rapidly
In 2006, Internet financial services represented by P2P network loans began to rise in China. Rural areas began to become the arena for Internet financial enterprises. In 2015, JD.com proposed the "3F" strategy of e-commerce, including the rural financial strategy (Finance to Country) [9]. From 2015 to 2016, JD’s rural financial business has reached cooperation with many agricultural enterprises to serve customers in the whole industry chain, including more than 100 thousand shopkeepers / farmers, more than 40 agricultural enterprises, etc. It covers more than 300 thousand administrative villages in 1500 counties.

3.2 Insufficient Supply of Rural Internet Financial Services
At present, the financial demand in rural areas is still concentrated in productive financing. Because of the low anti risk ability, high service cost and limited income of agricultural related projects, to a certain extent, it deviates from the business goal of maximizing the interests of Internet financial enterprises. Therefore, the number of Internet financial enterprises that really serve "agriculture, rural areas and farmers" is still very small. In addition, China's rural areas have not yet established an effective credit system, the lack of mortgage guarantee has become an important factor in the current lack of rural financial supply [10].

3.3 Farmers Lack of Awareness of Internet Finance
Although Alibaba, JD.com and other e-commerce giants have accelerated their distribution in rural areas in recent years, many rural residents still lack Internet and financial knowledge. As of June 2018, the Internet penetration rate in rural areas of China was 36.5%, significantly lower than the urban level in the same period. The limitation of educational level and age are the important reasons for rural residents' disconnection from the network. The lack of public cognitive foundation is also not conducive to the promotion and application of Internet Finance in rural areas.

4. Innovation Path of Internet Finance in Rural China

4.1 Development Environment Optimization
The primary task of popularizing Internet Finance in rural areas of China is to improve the cognition and recognition of Internet finance among rural residents. In this regard, we can use traditional media such as radio and newspaper to strengthen publicity, and we can also take special publicity means such as wall advertising in rural areas. At the same time, government departments can also cooperate with commercial banks and Internet financial enterprises to carry out the activity of "financial knowledge going to the countryside". When conditions permit, the government can popularize the types and characteristics of Internet financial products to rural residents by means of on-site propaganda, on-site experience and on-site Q & A. In addition, we should continue to strengthen the construction of
Internet infrastructure in rural areas, especially the layout of mobile base stations, eliminate signal blind areas, and open up the "last kilometer" of "network village to village access".

4.2 Duties of Traditional Financial Institutions
For commercial banks, it is too expensive and unrealistic to expand the number of physical outlets to deepen the grassroots financial services, which leads to the lack of motivation to expand business in rural areas. Internet technology provides a good way to break through this dilemma.

Aiming at the problem of high service cost in remote and poor areas, traditional financial institutions can take the form of "rural financial service station". After evaluating the conditions of poor village population, financial needs and convenient transportation, financial service stations should be set up in villages and towns with relatively concentrated population but far away from the financial institutions, and intelligent financial terminals should be installed, and staff should be stationed or regularly arranged. It provides convenient financial services such as deposit and withdrawal, transfer and payment.

4.3 Product and Service Improvement

The innovation path of Internet Finance in the field of agricultural production. Internet financial enterprises should take advantage of their own information advantages, integrate services into all aspects of agricultural production, rely on mobile Internet to provide market supply and demand information, guide farmers to reasonably plan agricultural production, eliminate information asymmetry, avoid risks, and provide timely financial product support that meets the needs of farmers.

At the same time, banks can complete the credit evaluation of enterprises according to the real production, order and transaction data of enterprises, so as to promote the establishment and improvement of credit system in rural areas to a certain extent.

The innovation path of Internet Finance in the field of rural consumption. At present, the rural consumption market has become the battlefield of the major Internet financial enterprises. They all attach great importance to the cultivation of rural residents' credit consumption habits. On the one hand, it helps to improve the credit reporting system in rural areas, and on the other hand, it is also to understand the consumption trend of rural areas through technical means, so as to provide personalized and scene based consumer financial services for the follow-up.

The innovation path of Internet Finance in the field of rural financial management. Compared with urban residents, the financial management field of rural residents is almost blank. Internet financial enterprises should fully consider the rural life and consumption habits in product design, pay attention to the convenience of transaction operation, and introduce the third-party deposit, deposit insurance and other security systems to ensure that rural residents can get better excess returns on the basis of capital security.

5. Conclusion
Starting from the statistical data and cases, this paper puts forward the innovative path of optimizing the development environment of Internet finance, traditional financial institutions using network technology to carry out inclusive financial services, and improves the level of Internet financial products and services from agricultural production, rural consumption and rural financial management, so as to promote agricultural production, improve farmers' lives and help rural development.

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