Pattern of National Financial Industry along the Belt and Road with China Strategy

F J Li¹, Q Liu¹,², S C Dong¹, H Cheng¹, Y Yang¹, A Bilgaev¹,², T Boldanov¹,², B Tsydypov³ and A Ayurzhanaev³
¹Institute of Geographic Sciences and Natural Resources Research CAS, China, Beijing
²University of Chinese Academy of Sciences, China, Beijing
³Baikal Institute of Nature Management SB RAS, Russia, Ulan-Ude

E-mail: chenghao0011@163.com

Abstract. "Silk Road Economic Zone" and "21st Century Maritime Silk Road" strategic conception is China's response to today's complex international geopolitical and economic situation, to combat the international economic crisis, to build a sustainable development of the new international political and economic order Major strategic conception. The implementation of the strategy of "one way" provides an important strategic opportunity for the construction of a new international financial industry in China and a new pattern. Through the analysis of the development pattern of the financial industry along the area and way, the possible future development trend and potential, proposed: to promote the financial opening up, and build our leading overseas financial organizations; implementation of cross-border financial support program, focusing on " Field and people's livelihood projects to carry out cross-border financial assistance; take the initiative to participate in the reform of the international monetary system to speed up the international development of the RMB; conducive to cross-border financing integration of specialized and systematic financial system and other strategic countermeasures and suggestions. It is of great practical significance and decision-making reference value to play a better role in supporting the "one way" strategy and promoting the implementation of the strategy of "one way".

1. Introduction
Finance is an important driving force of world economic growth, and the impact of the world financial order on the global economic and political pattern is crucial [1-4]. The implementation of “The Belt and Road Initiative” is an important milestone in the evolution of the global geopolitical framework, and is of great significance to the win-win development of all regions along “The Belt and Road”. [5-8]. Therefore, this study is based on the strategic needs of “The Belt and Road Initiative” and the strategic opportunities for the development of China's financial industry, and put forward the countermeasures of China's “The Belt and Road Initiative” financial strategy, which has better practical guidance and practical reference value for the better promotion of “The Belt and Road Initiative” strategy [9-10].
2. Models and methods
This study uses the statistics provided by the World Bank and apply the ARCGIS spatial analysis technology and software to analysis the overall level and strategic pattern of the development of the regional financial industry in the Belt and Road.

3. Results and discussion

3.1. The development pattern of the financial industry in the countries along “The Belt and Road”

3.1.1. Emerging economies in Europe and East Asia constitute the two growth poles of “The Belt and Road” financial sector. The perfection and activity degree of capital market is the direct embodiment of the development level and vitality of the financial industry. Judging from the total stock market transactions of all countries along “The Belt and Road” in 2015, Western Europe, Southern Europe, East Asia and South Asia ranked the top four. In terms of the total capital of listed companies, Germany in Western Europe and China in East Asia ranked first and second, respectively. Europe and China, as the start and ending point of “The Belt and Road”, have gathered the largest financing platform and market in the region along the route, and are the two cores of “The Belt and Road” financial industry. In the middle of the two cores, Central Asia, Western Asia and Eastern Europe, the development of the financial industry in the vast area is lagging behind and become a low-lying zone of the “The Belt and Road” financial industry (figure 1).

![Figure 1. Total trading volume of countries along the belt and road.](image)

3.1.2. The position of the traditional developed countries in Western Europe and Southern Europe in the financial market of “The Belt and Road Initiative” is decreasing. From the fundamentals of the financial and insurance industry, since 2012, the annual growth rate of financial and insurance imports and exports in Western and Southern Europe has declined, and by 2015, although the situation had picked up, it was still generally lower than the annual growth rate in East, South-East and South Asia during the same period (figure 2, figure 3). This shows that the financial markets in the developed countries of Europe are still unable to fully recover from the world financial crisis, and the core position of the world financial industry is still facing a downward trend.
3.1.3. Rapid rise of financial and insurance industry in emerging economies in East, South and South-East Asia. In recent years, the total savings of countries in East, South and South-East Asia have been steadily rising, the proportion of total debt has been declining, the level of debt security has increased year by year, the corporate governance of financial institutions has been improved, the ratio of non-performing assets has been declining, and the stability of the financial and insurance system has been strengthened. At the same time, these regions have the world's most important and largest sovereign wealth funds. China, India, Singapore and Malaysia and other 9 major countries in Asia Pacific region along “The Belt and Road” accounting for more than 50% of the total reserves.
3.2. Development potential, trends and opportunities of regional financial industry along “The Belt and Road”

3.2.1. Regional financing demand along “The Belt and Road” is strong, and the potential for financial development is huge. With the continuous development of human economy and society, the financial and insurance industry has become an important bloodline of the sustainable economic development of all countries in the world today. Especially “The Belt and Road Initiative” strategic concept put forward, will make the financial industry more rapid penetration into all aspects of “The Belt and Road Initiative” construction.

At the same time, lack of funds and poor financing is also “The Belt and Road” along the national construction and development of the primary problem. People's livelihood protection, education and medical care, modern transportation system improvement, information network construction and other aspects have huge demand gap. In particular, Eastern Europe, Central Asia and other “The Belt and Road Initiative” middle part countries, long-term in the low-lying areas between the financial core of Europe and Asia. Affected by the geopolitical and economic environment, the weak national financial capacity, high degree of economic dependence, people's livelihood security and infrastructure construction pressure are enormous, eager to get the financial core radiation drive.

3.2.2. Double-growth pole radiation game leads to the formation of a "point-axis" growth pattern. “The Belt and Road Initiative” will link the two financial clusters and Central Asia, Eastern Europe and other relative depressions, forming a similar "dumbbell type" of development pattern. The two core financial areas, mainly in Western Europe and East Asia, constitute the "dual-core" growth pole of the development of “The Belt and Road” financial industry. Two world-class financial centers are growing continuously expand the radiation range in the development, forming a competitive trend of mutual game on a global scale. At the same time, according to the "dot axis" development theory, active economic factors converge on “The Belt and Road” at both ends of the growth pole. In the future, with increasingly frequent economic ties and factor exchanges between the two poles. In the future, with the increasingly frequent economic ties and factor exchanges between the two poles, the two core financial services will take the lead in the rapid spread and radiation along the “The Belt and Road” main line of transportation and continue to drive the growth and development of the financial industry in low-lying areas such as Central Asia and Eastern Europe. Thus, forming more and more regional and national financial centers along the East-West transportation trunk lines, and gradually building up the two major growth cores of developed countries in Western Europe and emerging economies in East Asia. Taking “The Belt and Road Initiative” East-West traffic channel as the skeleton, taking the regional financial centers as the node of the "point-axis-network" financial industry network system. Point axis drive, driving “The Belt and Road Initiative” financial system rapid development.

In this process, the East Asian financial radiation forces represented by the Asian Infrastructure Investment Bank, under the strategic guidance of “The Belt and Road Initiative” strategy, pay more attention to interaction with Central Asia and Eastern European countries. While the slow trend of economic recovery in Europe will still limit the external expansion of European financial radiation power to a large extent in the next five to ten years. More favorable to China's financial industry overseas exports, and gradually form a new financial order based on China's currency.

3.2.3. “The Belt and Road Initiative” provides an important strategic opportunity for the establishment of a world financial structure dominated by me. Although the whole area is still in the international financial system dominated by the US dollar. It has been influenced by the EU, the Soviet Union, China and other huge economies in the past. Besides the US dollar, there are long-term international currency transactions such as Euro, RMB and Russian Ruble. With the onset of the financial crisis, Brexit and other new events, new situations emergence, the United States dollar, the euro in “The Belt and Road” region of the international influence and credit level has decreased. Due
to the long-term economic sanctions imposed by Western countries, Russia's financial control capacity in the former socialist camp countries such as Central Asia and Eastern Europe has been weakening. The exchange rate of the ruble has also been in an unstable trend for a long time. This provides a huge space for the increasingly strong RMB to grow into an international trading currency. Especially with the implementation of “The Belt and Road Initiative” strategy, the Chinese-led AIIB plays an increasingly important and leading role in “The Belt and Road Initiative” capital organization and export. China's influence and control in the development of the international region is increasing. As an international currency form, the RMB will have wider application prospects in “The Belt and Road” area in the future. This provides an important strategic opportunity to establish a new international financial order in “The Belt and Road” region with the RMB as its core (figure 4).

![Financial growth pattern along “The Belt and Road”](image)

**Figure 4.** Financial growth pattern along “The Belt and Road”.

### 4. Conclusion

Based on the above analysis, we provide strategic countermeasures for the development of China's financial Industry under “The Belt and Road Initiative” Strategy.

**4.1. Promote financial opening to the outside world and actively build China-led overseas financial organizations**

Encourage and support more domestic financial institutions in China to actively "go out" to explore and carry out overseas business. For financial institutions carrying out overseas business, the relevant government departments should give policy tilt in terms of taxation, loan provision, etc. Relevant government departments and our embassies and consulates abroad should provide education and training services for financial institutions with insufficient experience in overseas business, and provide information services such as national risk analysis, policy guidance, macroeconomic or industrial development research reports for domestic financial institutions to guide and serve domestic institutions in overseas business.

**4.2. Implementing cross-border financial support plan, focusing on cross-border financial assistance in the field of "five links" and livelihood projects**

According to the current quantity of China's foreign exchange reserves and the demand of all countries along “The Belt and Road”, focus on the national development strategies and development needs along the line. Aiming at infrastructure interconnection, passenger and cargo transport, people's livelihood security and other fields, there is a selective increase in the scale of China's foreign
financial assistance. It is aimed at the key countries or regions along “The Belt and Road” with weak economic foundation, large demand for projects and funds, good diplomatic relations with our country, sustainable business, controllable risks and good credit record.

4.3. Take the initiative to participate in the reform of the international monetary system and accelerate the international development of RMB

According to the economic and trade cooperation between China and the countries or regions along “The Belt and Road Initiative”, the advantages and disadvantages of the bilateral trade base, the strength of the negotiating position and other factors. Classifying of key countries to promote RMB internationalization, and then according to the characteristics of bilateral economic and trade cooperation and the degree of difficulty to determine the geographical path of the development of RMB nationalization. Through the relaxation of interest rate restrictions on cross-border RMB loan business, the launching of the establishment of the RMB International Economic Cooperation Fund or other types of economic and financial organizations. We will continuously enhance the impetus for foreign institutions and domestic financial institutions to carry out cross-border RMB financing business, and promote cross-border RMB use through multiple channels, multi-form and Multidirectional.

4.4. Building a professional and systematic financial system conducive to cross-border financial communication

We should be based on the common interests of all parties, by providing more benefits to promote the innovation and systematic construction of the financial system in the spirit of inclusive and open. We will integrate the complex interests of the countries along “The Belt and Road”, build an integrated mechanism of financial interests that bring together the needs and expectations of all parties, and provide strong support for “The Belt and Road Initiative” transnational financing. Establishing a specialized and developed currency circulation system, realizing the scientific collocation of local currency settlement, currency swap, offshore market, interest rate, exchange rate, reserve ratio and other financial instruments, and creating conditions for the smooth currency circulation. Strengthening financial and regulatory cooperation among countries along “The Belt and Road Initiative”, establishing efficient coordination and supervision mechanisms in the region, establishing regional financial safety nets for early warning, prevention and crisis management as the main content, and forming a cooperative mechanism to deal with risks and crises of cross-border capital flows. We will promote the systematic integration between traditional financial forms and emerging financial forms, and then integrate traditional industries, traditional finance and Internet finance into the overall planning of “The Belt and Road Initiative” financial system, and provide strong institutional support for the deepening of cooperation between “The Belt and Road Initiative” financial and insurance industry.

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