On the Development of Rural Internet Finance and Countermeasures

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Abstract: This article analyzes the degree of the Internet development in rural areas, discusses the current development status, and provides some feasible suggestions of economic, policy, and public issues in the development, so as to promote the development of rural Internet finance. It also summarizes its current development situation.

Keywords: Internet; Urban and Rural Development; Informatization

1. Introduction

In 2017, Xi Jinping put forward in the report of the 19th National Congress of the Communist Party of China an important deployment plan for rural rejuvenation and promoted the development of rural finance. It is an important part of improving rural economic conditions and overall economic level. Now that the Internet is popular. Internet finance, as an emerging part of rural finance, is the future direction of rural development with the Internet as the medium of rural financial transformation, which has vigorously promoted the degree of economic prosperity of rural towns. Due to its short development time, Internet finance under the rural financial system faces many problems that need to be solved and analyzed. It also needs to continuously innovate and reform.

2. Development status of rural internet finance

Nowadays, the further penetration of the Internet from urban to rural areas has formed a variety of new models of "Internet +" traditional industries, which has gradually increased the number of the Internet users in rural areas. Internet finance such as the rural Internet of Things, big data, and rural e-commerce have gradually emerged. In the eyes of the public, and with a lot of policy support, rural Internet finance has become more and more hot. Rural Internet finance faces both challenges and opportunities.

The challenges facing rural internet finance are: first, rural internet finance is derived from the transformation of urban internet finance, so it cannot adapt well to rural economic development; second, because the rural financial system is still based on rural credit It is dominated by various savings banks in social agencies and towns, and the system is relatively simple, which further makes the funds scarce. Third, because policies for rural financial development are issued by higher-level governments and issued to lower-level departments for implementation, the corresponding policies have decreased due to the level of the department. Weakening, without a certain motivation, is difficult to implement.

The opportunity period for rural Internet finance is now. First, the countryside has abundant local resources, which can diversify production and sales, and diversify marketing, and meet the needs of the Internet. Second, there is no time
and space restriction for the development of Internet finance and is far superior to fixed outlets such as financial institutions. It can sink Internet finance to remote areas and promote the further development of inclusive finance. Third, the continuous promulgation and emphasis of policies since 2013 has led to rural Internet finance. Continuous innovation has deeply reflected the importance of rural Internet finance.

3. Analysis of problems in development

3.1 The level of rural economy is low, and financial talents are scarce

Internet finance, as an emerging industry, has a relatively short development time and fewer talents to adapt to it. In particular, there are fewer composite talents who can integrate the two sections of rural finance and Internet finance, even if there are such talents. In addition, because the rural conditions and treatment are greatly different from those in cities, they will not be able to engage in rural Internet finance, making it difficult for the development of rural Internet finance to break through in financial innovation, financial reform, and inclusive finance.

3.2 The number of farmers is large and the overall quality is not high. It is difficult to attract attention among them

Since it is rural Internet finance, it serves farmers. The nature of China leads to a large farmers base, low education level, and weak financial awareness. Many farmers have not even touched financial-related businesses. The time cost required is very high if let them accept the concept by their own. Because of the relatively backward infrastructure in rural areas, the organization's operating costs and capital costs are high. Farmers do not pay attention to the development of Internet penetration. The development of the Internet was relatively slow in the early stage, and it was difficult to promote its popularity, so that rural Internet finance always lags behind the traditional financial industry.

3.3 Imperfect financial credit system and weak financial supervision

There is much news about Internet fraud. Rural areas, as a less backward area, most of the credit information is concentrated in traditional large rural banks, such as agricultural banks and savings banks. Information for rural users is severely lacking. In fact, Internet finance business is far more than traditional banking business. As a developing financial direction, financial supervision lacks good supervision and risk for these businesses, whether they are explicit or invisible intermediate business links. Higher, there are more "information traps", so when Internet financial institutions carry out corresponding business in rural areas, it is easy to face obstacles.

3.4 The risks of borrowing and financial transactions on various internet financial platforms are relatively high

Under the background that rural areas are dominated by primary industries, the demand for credit is actually very large. From the previous point, we can see that data in the credit system of farmers is very lacking. When there is a relationship with Internet financial institutions, it may be exist only one common real-name authentication and bank card account number, which has very serious information asymmetry. The rural and urban areas are different. There is no collateral in the traditional sense as a guarantee. In addition, agriculture is a more risky industry. In the case of natural disasters and longer crop planting cycles, farmers cannot pay their debts on schedule, which causes more credit risk.

4. Countermeasures to promote rural internet finance

In order to better solve the problems of the Internet in rural finance, the following suggestions are made:

4.1 Improve the construction of the rural financial system and increase supervision

There are two parts of the rural Internet financial system that need to be improved, one is the risk control system
and the other is the credit system. The construction of the risk control system: First, through multiple identity authentication to ensure that the information is correct and the transaction is safe. For large-scale financial transactions, security authentication must be performed at the beginning, progress and end to ensure the security of funds and strengthen supervision; Second, to promote contact with third-party service providers, such as docking with rural service providers, relying on the accumulation of rural service providers for many years, they have rich data on rural users, can assess risk levels, and can open services that meet the needs of rural users. Other businesses, such as small loans, wealth management, expand the industrial chain and reduce risks. To improve the credit system and mechanism: First, the government needs to formulate reasonable laws and regulations, formulate unified industry standards, raise the barriers to entry, generate more high-quality rural users, and encourage farmers to independently improve their personal information. For severely dishonest users, punishment to a certain extent, and for users with better credit, rewards of preferential subsidies. Second, to realize data sharing and establish a credit big data platform. Third-party platforms such as Alibaba, e-commerce platforms, and local industrial and commercial bureaus and tax offices comprehensively integrate data with each other to form a better Internet financial credit database for a relatively objective analysis. The credit of various farmers, establish credit ratings, and publicly disclose information.

4.2 Integrate the media, strengthen publicity, and improve the comprehensive quality of farmers

First, village cadres must take the lead in allowing all cadres to carry out popularization activities, increase the propaganda of the advantages of the use of the Internet through the media, make full use of the advantages of the Internet to promote the rectification of rural development and construction, and extend the knowledge of the Internet to rural. Second, it can also allow rural communities to conduct regular studies and send knowledge youths to popularize Internet knowledge in rural areas. Through a period of study, farmers can more fully understand the economic benefits that Internet finance can bring in the future. Internet finance can also improve the overall quality of farmers. Third, organize active farmers to reflect the relevant business of Internet finance, and when they have learned from it, they will also voluntarily publicize, reducing costs and increasing farmers' Credit, better promote the advancement of Internet finance.

4.3 Establish a suitable platform to train financial talents for rural areas

First, the local government formulates a talent training policy. First, it invests a large number of teacher education platforms to optimize the education of rural children and rewards students who have been admitted to key universities. Second, the government establishes talent training with higher education institutions and social institutions The platform is intended to attract outstanding foreign financial talents and conduct comprehensive training on Internet-related knowledge to increase the number of composite talents. Second, employees of existing Internet financial institutions must also improve their financial quality. In terms of innovation consciousness and laws and regulations, we will strengthen training and train a number of high-quality Internet finance teams.

5. In conclusion

To sum up, rural Internet finance is still a complex issue in current development. We can effectively solve the existing problems through policy support, government construction, and a good system and infrastructure. so that rural Internet finance can be more standardized and efficient, maximize the economic benefits and improve rural economic level.

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