Research on the Integration of Green Finance and Rural Revitalization Assisted by Banks: A Case Study of "Village Huizhou"

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Abstract. In recent years, China the country has issued several policies to increase the support of commercial banks for rural revitalization. In addition, Huizhou architecture belongs to intangible cultural heritage. Therefore, the Mount Huangshan Branch of the Agricultural Development Bank of China proposed the "Village Huizhou" project, mainly to drive the development of the local economy and increase people's income to finally achieve rural revitalization. According to the PEST model analysis, this scheme is feasible. The bank helps the development of culture and tourism, which not only drives the economy of Mount Huangshan but also promotes the repair and protection of villages. It is also a reference for other regions. At present, the project is gradually expanding, so the bank needs to continuously strengthen cooperation with the government and conduct research on local green finance needs. In the future, banks can increase their credit support and loan issuance efforts, further strengthening their support for rural revitalization strategies. With the joint efforts of the government, banks, enterprises, collectives, and villagers, this project aims to achieve financial empowerment for rural revitalization, integrating the protection of traditional culture with modern economic development. The "Mount Huangshan Model" formed by the project can continue to expand the province and even the whole country in the future, to accelerate the process of national rural revitalization.

Keywords: Green finance, rural revitalization, model innovation, commercial bank.

1. Introduction

In the report of the 19th National Congress of the Communist Party of China in 2017, the national strategy for rural revitalization and green development was proposed, taking the path of rural green development. The 2019 Guiding Opinions on Financial Services for Rural Revitalization pointed out the need to adhere to the correct direction of rural financial reform and increase the support of commercial banks for rural revitalization. In 2023, the Opinions of the Central Committee of the Communist Party of China and the State Council on Doing a Good Job in the Key Work of Comprehensively Promoting Rural Revitalization in 2023 pointed out the improvement of the linkage mechanism between government investment, finance, and social investment. The "Equator Principles" proposed in October 2002 provided the earliest standard for the sustainable development path of banks. Some scholars have indicated that commercial banks can better promote social and economic development while enhancing their core competitiveness through green finance and other means. Industrial Bank is one of the earliest commercial banks to explore green finance [1]. Among them, the Qingdao branch uses methods such as rural revitalization financial clusters to promote the combination of rural revitalization and green finance.

It is precisely under the encouragement of such a large environment that Mount Huangshan City, with profound cultural heritage, has also started the development of rural revitalization. Mount Huangshan City is the birthplace of Huizhou culture, with beautiful scenery and many intangible cultural heritage. At present, it is proposed that Huizhou District of Mount Huangshan City has developed red resources to promote rural revitalization [2]. The concurrent promotion of the integration of cultural and tourism industries serves to facilitate rural revitalization, exemplified by initiatives such as the Huizhou Corridor Project [3]. Now, on the basis of maintaining the previous development, Huizhou District of Mount Huangshan City insists on integrating green finance into it.

Since 2023, Mount Huangshan Branch of Agricultural Development Bank of China has adhered to rural green finance and rural revitalization around the national strategy. At the same time, based on the local economic development, it has organically combined the protection and utilization of Huizhou ancient villages with the protection of rural original ecology and the enrichment of new agricultural forms. Because the Hui-style buildings in Mount Huangshan City have very traditional characteristics, there is little research on their protection at present. Therefore, based on the research on the "Village Huizhou" project proposed by the Agricultural Development Bank of Huizhou District, Mount Huangshan City, Mount Huangshan Branch, this paper explores the development path of how to integrate economic development and green finance in rural areas.

This article specifically explains the reasons for choosing the village of Huizhou, including cultural significance, popularity, and policy support. Subsequently, the implementation process of the project was analyzed in chronological order. It specifically introduces the innovative "384" working method of the project. Subsequently, through its impact on the people, the local community, the financial sector, and macro development, it was concluded that the project has achieved significant results and can serve as a reference for other regions. This article also uses the PEST model to analyze the development of the project, summarizes its shortcomings, and proposes corresponding improvement methods. The discussion of these issues is of great significance to the later rural revitalization and development in the Huizhou District of Mount Huangshan City, as well as the support measures of commercial banks in other regions for rural revitalization.

2. The Specific Implementation of the "Village Huizhou" Project in Huizhou District, Mount Huangshan City

2.1. Selection of Research Cases

Firstly, the project chose to study Huizhou ancient villages because of their cultural significance. These Huizhou architectural arts, profound cultural heritage, and harmonious natural landscapes constitute the treasures of traditional Chinese culture and are intangible cultural heritage. Therefore, combining its cultural and economic benefits to the fullest is in line with the current theme. The second reason for choosing the "Village Huizhou" project is because it is different from well-known Huizhou villages such as Nanping, Hongcun, Chengkan, and Xidi, and its location is in Xixi South Village. It is precisely because of this project that this village has gradually become known to tourists in recent years. Finally, it is because the project implements the concept of green finance assisting rural revitalization, focusing on the "Five Revitalizations". Integrating the protection and utilization of Huizhou ancient villages with the protection of rural original ecology, and transforming rural assets into operational capital, driving the development of village-level collective economy and increasing farmers' income.

2.2. Main Practices of Banks Promoting the "Village Huizhou" Project

The 20th National Congress of the Communist Party of China proposed to comprehensively promote the construction of a beautiful China and accelerate the modernization of harmonious coexistence between humans and nature, and green finance is an important measure to achieve green development. So Mount Huangshan City, in combination with the local reality and characteristics,and led by the municipal local financial supervision bureau, together with the Agricultural Development Bank of China Mount Huangshan Branch, Huishang Bank and others, the city launched a green financial project to comprehensively promote "village Huizhou" in the whole region. The project first needs to inventory the available asset resources within the rural area, and register them according to specific types, such as asset type, management right type, brand value type, etc., and establish an asset ledger. Secondly, there will be professional surveying and mapping evaluations by experts. Evaluate the company's inventory of transferable assets, establish a list, and use it as village collective capital. After the preliminary work is completed, to clarify the operating entity and attract social capital, and to drive the company through equity acquisition or capital increase and expansion. Subsequently, the project began preliminary pilot work in April 2022, and the total investment for the first phase is 477 million yuan. Of which, the credit of Mount Huangshan Branch of Agricultural Development Bank of China was 380 million yuan, and this fully demonstrates the bank's support for the village Huizhou project through its policy financial funds. Because the project has achieved certain results in the past year, it will continue to expand in 2023.In the second phase, Huishang Bank became one of the financial institutions providing special support for the "Village Huizhou" project. Supported Mount Huangshan "Village Huizhou (Phase II)" with a project credit of 550 million yuan. By November 2023, a loan of 235 million yuan had been disbursed. In August 2023, the Dalingshan Tourist Resort project was launched and completed in March 2024.The idea is to turn the "Dalingshan" project into a new highlight of "Village Huizhou" and become a new model for banks to assist in rural revitalization, as shown in figure 1.

To better achieve its goals, the project has innovated its operational model, and a unique "384" work method has been formed for state-owned enterprises to operate rural areas. "3" refers to three types of capital, namely state-owned capital, village collective capital, and social capital, and combine them to form an economic consortium, achieving maximum advantages. "8" refers to 8 links, including linkage, business planning, village planning, project introduction, industry implantation, brand marketing, image enhancement, and talent cultivation. I hope to achieve effective operation of rural industries through this link. "4" refers to the ultimate goal, which is to enrich the masses, increase collective income, increase state-owned assets, and achieve social win-win goals.

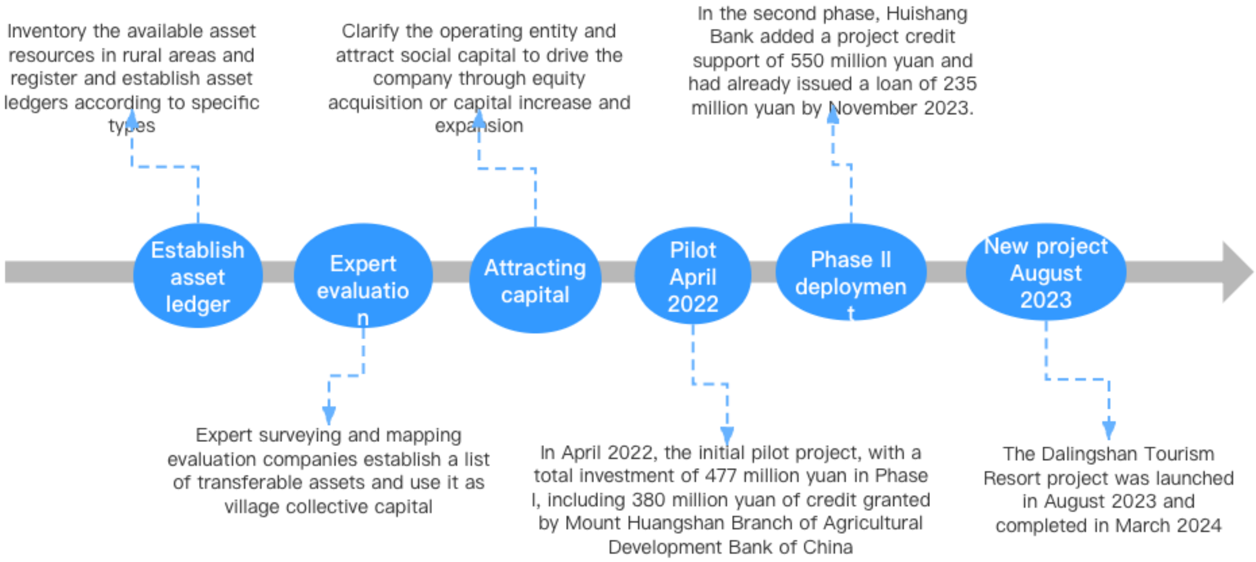

Fig. 1 The practical process of the "Village Huizhou" project

2.3. The Main Achievements of Banks in Assisting "Huizhou Village"

With the assistance of banks and the integration of culture and tourism, the local community has fostered rural revitalization. This has been achieved by effectively combining site preservation with the cultivation of novel local enterprises, such as the development of distinctive dining and cuisine, vacation homes, and other commercial formats. Revitalizing the rural assets of local people not only enables them to acquire more skills but also increases their income. It is understood that each household can receive an additional income of 40000 yuan per year from the land transfer and residential compensation of the project, as well as an additional income of about 10000 yuan from emerging industries. According to relevant experts, it is expected that after the completion of the first phase of the project, the average annual income of local residents related to the project will increase by about 50000 yuan.

Firstly, this project has brought many talents back to their hometowns, bringing fresh blood, advanced technology, and unique methods to the local community, moreover, it has promoted the gentrification of traditional villages and rural areas, and promoted rural socio-economic reform [4]. The successful implementation of this project has promoted the development of the local cultural and tourism industry, as well as increased its reputation, thereby increasing local income. Through the implementation of four sub-projects and 18 small projects in the first phase, more than 4800 acres of land, tea gardens, and over 90 idle households in the village have been deeply revitalized. For example, during the May Day holiday in 2023, Mount Huangshan City in Anhui Province received 3.325 million tourists, an increase of 313% year on year and 32.76% year on year, and the total tourism revenue was 2.256 billion yuan, a year-on-year increase of 832%, and an increase of 34.77% compared to 2019.

Due to the significant achievements in the early stage and the provision of policy funds, many well-known enterprises and high-quality capital have been attracted to come here for inspection and negotiation, resulting in an increase of nearly 1 billion yuan in planned social capital investment. For example, Jiangsu Lihe Group plans to invest 320 million yuan in the high-end resort hotel project on the Gushan plot. Truly realizing the transformation of green mountains and clear waters into mountains of gold and silver.

The project integrates all kinds of resources, blends with green finance and inclusive finance, explores a new path of green finance enabling rural revitalization, and forms a "Mount Huangshan Model" jointly built and shared by the government, banks, enterprises, collectives, and villagers. Therefore, this project has played a wide-ranging demonstration role and has been continuously promoted throughout the city and surrounding areas. In June 2023, the Mount Huangshan Municipal Government issued the Notice on the Implementation Plan of Promoting the "Village Huizhou" Green Finance Project Mode throughout the City, specifying that the municipal level should set up a special class for deepening the promotion of the project. As of 2023, the Agricultural Development Bank of China has approved 7 such projects with a loan amount of 3 billion yuan and a total investment of 1.333 billion yuan. Huishang Bank has also granted 6 credit projects with an amount of 2.46 billion yuan in Mount Huangshan City and has invested 4 projects with an amount of 913 million yuan, as shown in Table 1.Subsequently, the case of the Central Organization Department overcoming difficulties and the case of the National Development and Reform Commission realizing the value of ecological products also paid attention to this model. At present, the project has changed from a village to a typical case for promotion throughout the province.

Table 1. Huishang bank and agricultural development bank of China have invested in this project

Bank	Approve this type of project	Loan amount	Investment funds
Agricultural Development Bank	7	3 billion	13.33 billion
Huishang bank	6	24.6 billion	9.13 billion

3. Analysis of Banks Promoting the Integrated Development of Green Finance and Rural Revitalization

3.1. Political Factors

Since 2012, the country has continuously introduced policies to support the coordinated development of urban and rural areas, striving to build beautiful and livable rural areas. The 2019 Guiding Opinions on Financial Services for Rural Revitalization pointed out the need to adhere to the correct direction of rural financial reform and increase the support of commercial banks for rural revitalization. The report of the 20th National Congress of the Communist Party of China in 2022 proposed the development strategy of "comprehensively promoting rural revitalization". It is evident that the country's support for rural revitalization also indicates that green finance has become a trend in assisting rural construction. Therefore, some scholars are continuously deepening their research on the assistance of green finance in rural revitalization. Given the prosperity of the Internet industry in recent years, some scholars proposed that five models, including "digital inclusive finance", "agricultural industry upgrading," green enterprise development" and "effective rural governance", have improved rural digital infrastructure and people's financial concepts [5]. Scholars have also applied the most basic strategies and methods of green finance, such as green credit, green bonds, green insurance, and green funds, to rural areas to promote the comprehensive development of rural revitalization strategies [6]. Due to global climate change and the dual carbon background, the importance of green finance has become increasingly prominent. Scholars have pointed out that due to the development of the secondary industry in rural areas for many years, this strategy can be implemented in rural areas. It is necessary to establish a financial security system, enrich and optimize low-carbon tools, and other methods [7]. These indicate that banks are a powerful force in supporting rural revitalization, both in terms of government decision-making and the current research directions of scholars.

3.2. Economic Factors

(1) Green finance has broad prospects for development

Currently, China has become the world's largest green credit market and the second-largest green bond market, while banks are also experiencing growth in profitability in the context of green finance. For example, the operating revenue of a certain bank in the past five years was 171.926 billion yuan, 192.956 billion yuan, 219.534 billion yuan, 262.732 billion yuan, and 308.564 billion yuan, respectively. This indicates that under the background of green finance, the bank's revenue scale has significantly increased. From the development of this bank, it can be seen that many banks are actively integrating into the green finance environment and want to further develop. The "Village Huizhou" project has been launched from the initial pilot project of Huizhou District and Mount Huangshan Branch of the Agricultural Development Bank of China to the expansion of credit and lending, and now Huishang Bank and other banks have also joined the project. It is evident that green finance, as a financial activity that supports the environment and sustainable development, is playing an increasingly important role. Therefore, overall, implementing a green finance strategy can be a win-win situation for both rural areas and banks.

(2) Bank assistance has shown initial results

Firstly, the digital wallet service launched by banks, as well as their cloud computing, indicate that banks are moving towards digital transformation. Subsequently, the bank will implement effective risk assessment and management work to reduce financial risks. For example, the "Village Huizhou" project will initially have experts conducting professional surveying and evaluation, and the evaluation company will assess the tradable assets. In addition, banks will also enter new markets, expand their market share, and enhance their market competitiveness. For example, this project involves banks investing in the field of green finance, while meeting market demand and helping rural revitalization. At the same time, banks strive to launch new products to meet market demand, such as the Bank of China's launch of "green credit" products. Its purpose is to provide preferential interest rate loan support to environmental protection enterprises, and the Industrial Bank has also launched a "low-carbon credit card" to encourage consumers to reduce carbon emissions in their daily lives.

Therefore, it can be seen that the integration of banks and green finance has become a trend, and at the same time, the wave of banks assisting rural revitalization has emerged and achieved certain results, especially with the Huizhou project in the village as a typical case, where banks assist rural areas, provide funds, and drive development. Secondly, the Agricultural Development Bank of China Chongqing Branch is using the 1+6 model to support the tea oil industry in Youyang County. The Industrial and Commercial Bank of China's headquarters has innovatively focused on assisting county finance and other projects, reflecting the trend of banks supporting rural revitalization.

3.3. Social Factors

(1) There are many rural and traditional villages

In China, rural areas are a very large market. With the promotion of the rural revitalization strategy, infrastructure such as rural roads and rural housing renovation needs to be renovated or expanded, thus requiring a large amount of medium - and long-term financial support. At this time, banks need to cooperate with them to provide financial support [8]. The number of ancient villages in Mount Huangshan City of this project ranks second in the country, with 310 national traditional villages, 492 provincial traditional villages, 4072 historical buildings, including Huizhou District of Mount Huangshan City, with 4 famous historical and cultural towns and villages in China, 11 traditional Chinese villages, 8 national cultural relics protection units, and 3 5A scenic spots. Therefore, protecting these traditional villages is beyond doubt, and selecting appropriate methods is crucial because the protection of ancient villages requires significant human, material, and financial resources. Collaborating with banks can effectively solve the initial funding problem and facilitate better village protection. Truly achieve the transformation of green mountains and rivers, green bricks and tiles into mountains of gold and silver.

(2) People's awareness of green finance and development has increase

With the increasing emphasis on environmental protection and sustainable development in society, the public not only has a growing demand for green financial products but also is more willing to invest in green financial products, such as green bonds, green funds, etc. The same goes for rural people, who have improved their understanding and desire for development. They want to break free from the contradictory shackles of "protection and development" instead of sticking to the old ways. Therefore, people take the initiative to use ancient traditional villages as homestays and strive to turn local culture into nonheritage cultural and creative. With the promotion of the project, people's awareness of development has improved. With the help of the bank, people have access to development funds. According to statistics, Mount Huangshan Branch of Agricultural Development Bank of China has realized a loan of 806 million yuan in 2023, including 308 million yuan in key areas of rural revitalization, and The balance of loans for serving rural industries is 1.715 billion yuan, the balance of loans for supporting rural construction is 1.068 billion yuan, and the balance of loans for serving the development of cultural and tourism industries is 2.834 billion yuan. People are gradually accepting modern models and striving to combine protection and utilization, thus forming a good homestay industry cluster. In 2021, the entire village received 500000 tourists.

3.4. Technical Factors

Because of the historic and special nature of Mount Huangshan villages, Mount Huangshan City insists on attaching equal importance to the protection of village structure texture and landscape pattern and promotes the construction of harmonious villages. The Provincial Department of Housing and Urban-Rural Development has issued the "Technical Guidelines for the Construction of Huizhou style Residential Buildings in Villages" as a reference, clarifying the construction methods of 12 distinctive elements of Huizhou style architecture to prevent traditional buildings from losing their characteristics due to renovation. The implementation of this project not only did not damage the building but also brought in the power of the bank to better protect and restore the building with distinctive features. Firstly, it focuses on the "one ring and three areas" and promotes the centralized and contiguous protection and utilization of traditional villages. To better leverage the unique features of traditional villages, a special plan has been implemented.For example, ecological restoration of ancient villages, protection of individual ancient buildings, etc., while keeping up with hot topics and creating unique IPs.Adhering to the principle of revitalizing and utilizing, preserving as much as possible, and restoring the old as before, people will renovate the treasure sites and idle areas of traditional villages.

4. The Reference Role of Banks in Promoting Rural Revitalization for Other Rural Areas

For Anhui Province: The "Village Huizhou" project first drew inspiration from the "Ten Million Project" approach in Zhejiang Province and further combined with the deployment requirements of Anhui Province. When implemented locally, local governments are responsible for system construction, agricultural development banks are responsible for evaluating market-oriented financing, market entities are responsible for operation, village collectives are responsible for providing land, and villagers are responsible for housing supply. Each link is interconnected, making the project quickly implemented and the model clear. By 2023, Anhui Agricultural Development Bank has approved 8 such projects, with an amount of 3.6 billion yuan and an investment of 1.5 billion yuan, to achieve full coverage of all districts and counties in Mount Huangshan City and promote them to the neighboring old Huizhou area, which is today's Jixi County, Xuancheng City. Xuancheng happens to have the second largest ancient village in Anhui, in addition to Mount Huangshan, which ranks first. Therefore, it also needs to use appropriate methods to protect and utilize the village. The promotion of this project to Jixi County in Xuancheng has achieved certain results. At the same time, the "Central Organization Department's Difficulty Case" and the "National Development and Reform Commission's Ecological Product Value Implementation Case" have also paid attention to the Huizhou project in the village and its unique models, making it a typical case for promotion throughout the province. From the current trend, bank assistance has become a development trend. For example, Huishang Bank has provided 2.555 billion yuan of credit support and 1.693 billion yuan of loans for 13 rural cultural and tourism-integrated development projects, including Mount Huangshan, Anqing, Xuancheng, Tongling, Suzhou, Fuyang, Ma'anshan and other places, covering a variety of business types, including village protection and utilization, rural cultural and tourism towns, featured homestays, integrated development of primary, secondary and tertiary industries, etc. The development of the Huizhou project in the village is considered relatively successful, thus giving these places directions for development.

For the whole country: There are not a few towns and villages with traditional villages like Mount Huangshan City and Anhui Province, such as Yunnan, Zhejiang, Hunan, and Guizhou. This project can provide a reference for these regions. With the assistance of banks, green finance is combined with rural revitalization, helping these villages promote the gentrification of traditional villages while strengthening the integration of various resources. It integrates with green finance and inclusive finance, exploring a new path of rural revitalization empowered by green finance, and forming a unique model of joint construction and sharing among the government, banks, enterprises, collectives, and villagers. At the same time, a universally applicable approach has also emerged: finding the main industry and seeking characteristic homesickness; Protect the village and environment, and forming the cornerstone of homesickness; Mastering and inheriting culture, guarding the bond of homesickness; Activate available resources and preserve the source of homesickness; The integration of banks promotes development, firmly grasping the foundation of homesickness.

5. Conclusion

A case study of "Huizhou Village" provides a compelling example of its immense contribution to the development of the Huangshan urban area within the Huizhou region. Notably, it has significantly boosted local income and popularity, while also safeguarding traditional villages in accordance with local conditions. At the same time, the project integrates various resources, blends with green finance and inclusive finance, explores a new path of rural revitalization enabled by green finance, and becomes a typical case of Mount Huangshan City Bank helping rural revitalization. However, there are still some shortcomings in this project. Firstly, there is information asymmetry, and local villagers are unable to fully recognize the correctness of this approach, as well as a lack of understanding of green financial services. Therefore, there may be property rights issues or villagers may not be able to express their ideas in appropriate ways, which may slow down the progress of project implementation. Secondly, there is a lack of talent. Because Mount Huangshan is a tourist city, few expert teams will settle here. Especially in the villages in Huizhou, the popularity of the villages is not as high as that of Xidi Hongcun and other villages, which makes it more difficult to attract experts or complex financial talents, leading to the detour of the project. Finally, it is difficult to repair the ancient villages. Due to the lack of protection awareness in the early stage, the damage rate of ancient buildings in Mount Huangshan District is high, coupled with early urbanization, a large number of young people have left their homes and rarely come back, making it more difficult to discuss the repair of ancient villages. If the project wants to further develop, the above issues need to be addressed first. It is possible to conduct peer-to-peer information dissemination, increase attention to villagers, and recruit composite professional green finance talents to build professional teams. At the same time, it is also possible to combine "Baogu Village" with "Lixin Village", while retaining the original architectural style, to strengthen infrastructure construction and enhance attractiveness. Subsequently, banks and local governments should strengthen cooperation, conduct timely research on local green finance needs, and truly achieve the protection and utilization of buildings and sustainable economic development. At present, the project has been showing a positive trend with the joint efforts of the government, banks, enterprises, collectives, and villagers. Therefore, in the future, banks can increase credit support and loan issuance to gradually expand the project and further promote rural revitalization. At the same time, the path of banks assisting rural revitalization is practical and effective, so this characteristic path can be extended to the whole province, and even the whole country in the future. For example, Xuancheng and other villages with similar backgrounds and needs to Huizhou District of Mount Huangshan City can learn from this project plan to meet their own development needs, thus accelerating the process of rural revitalization throughout the country.

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