How Does Inclusive Finance Serve the Innovation and Development of Small and Micro Enterprises with High Quality in The Post-Epidemic Era -- Taking Zhenjiang as An Example

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Abstract. With the development of our country's digital economy, the living conditions of small and micro enterprises have been improved because of the inclusion of finance, but it still faces insufficient effective demand, incomplete recovery of production capacity, financing difficulties, high financing costs. This paper takes small and micro enterprises in Zhenjiang City as an example to conduct field research and analysis. By analyzing the survey data, the paper studies the operation status of small and micro enterprises in the post-epidemic era and the effectiveness of government policies in helping small and micro enterprises to resume production and operation. According to the existing problems in the operation of small and micro enterprises, the paper further puts forward some suggestions on the high quality service and innovative development of small and micro enterprises.

Keywords: Post-Epidemic era, Small and Micro enterprises, Inclusive finance, High-quality development.

1. Introduction

The resumption of work and production of enterprises and the accelerated recovery of various industries are the main theme of China since the beginning of 2023. According to the relevant data of China's Industry and Commerce Bureau in 2022, China's small and micro enterprises account for 95% of all types of enterprises in the country, and provide more than half of GDP and tax revenue. Therefore, in the post-epidemic era, vigorously improving and optimizing "HP Finance" is an important way to achieve economic growth. Taking Fengjie County of Chongqing as an example, 4,837 re-loans were issued to support agriculture and small businesses, with a total loan amount of 2.472 billion yuan, an increase of 1.295 billion yuan, or 109.96%, compared with the same period last year, and a growth rate of 6.6 times the national average [1]. Therefore, China's banking system will tilt more credit resources to small and micro enterprises [2], so as to solve the most urgent needs of small and micro enterprises at present and the appropriate development path [3].

Inclusive finance has been developed in China for more than ten years, indicating that the top-level design of inclusive finance in our country is becoming increasingly perfect, and we are gradually trying to deepen finance and technology to achieve a digital inclusive financial system [4]. There is also research on the experimental area of digital credit reporting for small and micro enterprises, which can provide more convenient digital inclusive financial services for small and micro enterprises through credit reporting interconnection [5]. At present, under the background of the vigorous development of the digital economy, the digital transformation of smes has become an urgent topic. [6] The traditional financial system uses relatively rigid models in credit evaluation, which makes it difficult to fully understand and evaluate the innovation and future potential of micro, small and medium-sized enterprises, thus making it difficult for enterprises in digital transformation to obtain sufficient financial support [7].

However, some studies have pointed out that most small and micro enterprises are private and individual economy, and most of them are concentrated in the service industry, retail industry and primary processing and assembly industry, and the enterprises have poor adaptability and are prone to business risks [8]. Moreover, it is believed that the internal information of small and micro

enterprises is not open and transparent, and the financial system and supervision system are not particularly perfect. At present, small and micro enterprises are subject to many restrictions in the financing channels [9]. The structure of financial services is still not reasonable and the supply is still insufficient [10].

Through the "post-epidemic" era, various small and micro enterprises are facing difficulties. In-depth analysis of the innovation opportunities that digital inclusive finance can bring to small and micro enterprises, including the development of digital products and services, market expansion and ways to acquire new customers [11].

2. Data analysis and perspective

2.1. Data analysis

Under the active response of Zhenjiang City to the national policy on promoting financial services for small and micro enterprises, Zhenjiang City launched the innovative financial service model of "bank + Chamber of Commerce", which effectively improved the quality and efficiency of financial services and reduced the financing cost of small and micro enterprises. At the same time, Zhenjiang City through a comprehensive financial support plan, not only the implementation of the "Golden sail plan", around financial institutions to attract, local legal financial institutions to cultivate and grow, the development of local financial organizations, but also launched the "nectar action", specifically to support the development of small and micro enterprises and individual industrial and commercial households. In addition, Zhenjiang Municipal Bureau of Finance actively declared the provincial inclusive financial development special funds, through online training, active docking and strict audit, to ensure the effective use of funds and the healthy development of enterprises. Based on the above reasons, we take Zhenjiang City as the research object and analyze the relevant data. Based on the data analysis of Zhenjiang City, it can be seen from the loans of inclusive small and micro enterprises in Zhenjiang in 2023. According to the data, the loans of ICBC to small and micro enterprises are 6.935 billion yuan, the loans of Rural Commercial Bank to small and micro enterprises are 17.052 billion yuan, and the loans of Bank of China to small and micro enterprises are 13.017 billion yuan. China Construction Bank lent 10.583 billion yuan to small and micro enterprises, Bank of Communications lent 3.231 billion yuan to small and micro enterprises, and Postal Savings Bank lent 7.85 billion yuan to small and micro enterprises.

The indicators listed in Figure 1 are Zhenjiang Puhui small and micro enterprise loans in 2023.

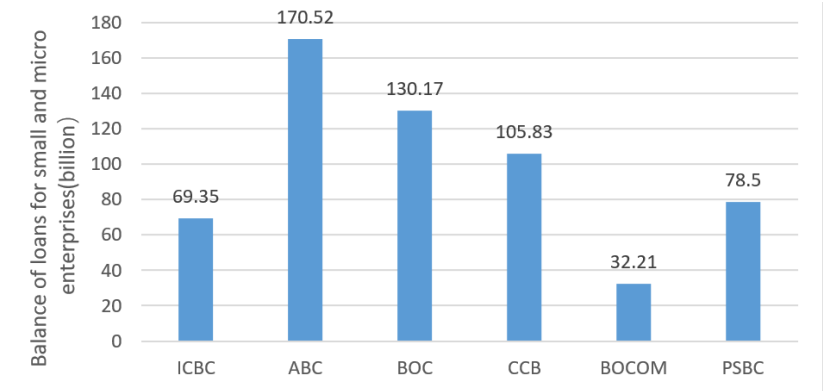

Figure 1. 2023 Inclusive small and micro enterprise loans in Zhenjiang City

In response to the inclusive loan business, major cities in Zhenjiang actively implement the work policy of inclusive business, hold a special meeting on inclusive peak season marketing, and require all departments and branches to deploy in advance and increase marketing efforts for key markets and high-quality customers. At the same time, an effective special assessment plan will be formulated, the system of leading the inclusive work will be implemented, the peak season target tasks will be refined, a linkage mechanism will be formed, and the inclusive business will be vigorously expanded.

Zhenjiang City has always adhered to the development of inclusive finance as an important means to stabilize economic operation and improve the quality of development. It continuously improves the urban-rural financial service system, vigorously promotes comprehensive financial service platforms, fully implements financial policies that benefit enterprises and the people, actively carries out activities such as bank enterprise negotiations, financial services for rural revitalization, and financial assistance for enterprises, providing strong financial support for epidemic prevention and control and economic and social development. As of the end of February 2023, the balance of loans in key areas of inclusive finance in the banking industry in Zhenjiang city was 101.017 billion yuan, an increase of 4.72% compared to 96.462 billion yuan last year.

The interest rate of loans for inclusive small and micro enterprises continued to decrease by 0.09 percentage points on the basis of a decrease of 0.36 percentage points from the end of last year. As shown in the figure, during 2023, major banks in Zhenjiang City will continuously increase their lending efforts for small and micro enterprises, increase the loan amount, and promote the deep development of small and micro enterprises in Zhenjiang City.

2.2. Perspective

2.2.1 Banks in Zhenjiang will continue to step up lending

In response to the national inclusive financial policy, Zhenjiang actively implemented the national policy on promoting financial services for small and micro enterprises, and through the efforts of the Zhenjiang Central branch of the People's Bank of China, the balance of inclusive small and micro loans reached 85.15 billion yuan by the end of April 2022, an increase of 24.9% year-on-year, 1.5 percentage points higher than the national growth rate. The successful practice of Bank of Jiangsu Zhenjiang Branch in the field of inclusive finance has demonstrated the application of financial technology means, such as big data, mobile intelligence and other technologies, launched online financial products, realized the online management of the whole process of inclusive financial services, and improved service efficiency and customer experience. Zhenjiang Municipal Bureau of Finance actively declared the provincial inclusive financial development special funds, through online training, active docking and strict audit, to ensure the effective use of funds and the healthy development of enterprises, and actively carried out the fund declaration and audit process. In addition, the problem of information asymmetry has also been solved. Zhenjiang City has solved the problem of information asymmetry between financial institutions and micro, small and medium-sized enterprises through the "Xinyi Loan" financing platform and the use of big data and credit information sharing mechanism, which has enhanced the confidence of financial institutions in lending to micro, small and medium-sized enterprises.

2.2.2 The strength of industry development varies

Banks will determine their support efforts for different industries based on their own types and relevant national policies,indicating significant differences in the development of industries in Zhenjiang City. As shown in figure 1, the loan amount of Agricultural Bank of China is 170.52 billion yuan, indicating that Zhenjiang City focuses on developing agriculture.

2.2.3 High-quality development will pay off

The Bank of Zhenjiang City has provided strong financial support for the economic and social development in the post epidemic era.As shown in figure 1, Agricultural Bank of China, Bank of China, and Construction Bank have contributed over 50% of their loans. The financial support has solved the problem of funds for small and micro enterprises in Zhenjiang City, promoted the new type of industrialization and high-quality development of Zhenjiang City, and comprehensively promoted the construction of a powerful country with Chinese-style modernization.This will promote the deep development of small and micro enterprises in Zhenjiang City.

3. Results

3.1. Influence aspect

3.1.1 Affected by regulators

The People's Bank of China (Zhenjiang Branch) carried out Mandew action (documents), town credit (reflecting the credit information of Zhenjiang enterprises), government procurement loans (government procurement platform), and reloans and rediscounting (reducing the financing cost of the bank side, thereby promoting the reduction of enterprise financing costs; Logistics industry:) and other projects

Manlu Action: "In terms of activating the 'new engine' of finance for the people, Zhenjiang has effectively played the leverage role of central bank funds in serving the private economy by setting up a special quota of central bank funds and using structural monetary policy tools," said Sun Wen, deputy governor of Zhenjiang Branch of the People's Bank of China. These initiatives not only provide more favorable financing conditions for small and micro enterprises, but also promote the innovation and development of financial services. In view of the financing problems faced by small and micro enterprises, the Zhenjiang branch of the People's Bank further deepened the Manlu action. Through close cooperation with the Federation of Industry and Commerce and the Association of Commerce, we will comprehensively promote the "whole association credit" credit service model. At present, the city has 22 banks and 98 business (association) pairs, serving nearly 6,000 members, for the chamber of Commerce as a whole credit of 18.712 billion yuan, the loan balance of 14.507 billion yuan, this initiative effectively solved the small and micro enterprises, individual industrial and commercial enterprises "financing difficulties" this restriction of high-quality development of enterprises and obstacles.

Local Financial Supervision Bureau, Zhenjiang financial service platform: by the end of 2023, the total number of registered enterprises on the platform reached 45,400, the balance of the platform's inclusive small and micro enterprises was 47.207 billion yuan, and the coverage of credit services reached 38%, an increase of 7 percentage points compared with the end of 2022.

First, the balance of the platform for small and micro enterprises continued to grow, and the balance of the platform for small and micro loans of eight banks, including the Zhenjiang Branch of Agricultural Bank, was larger, more than 2.5 billion yuan. Second, the coverage of the platform's enterprise credit services continues to expand, and by the end of 2023, the platform's inclusive credit coverage has reached 38.57%. Third, the number of payments for small and micro enterprises on the platform was further increased, and the number of payments was 10109, with a wide range of services.

3.1.2 Affected by local government

Finance proposed a number of projects such as financial assistance loans (risk sharing), discount interest (discount interest for the first loan of science and technology enterprises, discount interest for enterprises with epidemic difficulties), and the establishment of an inclusive financial development risk compensation fund (small and micro loans and other products). The supporting role of other government functional departments in inclusive finance: the Science and Technology Bureau launched Jinshan Yingcai Loan and Suke Loan; The National Development and Reform Commission launched Sumao Loan and Sufu Loan; Agriculture and Rural Bureau launched Sunnongdai; The Intellectual Property Office launched Suzhidai (joint finance to give small and micro enterprises 1% discount interest); The Quality and Technical Supervision Bureau launched Suzhidai (joint finance to give small and micro enterprises 1% discount interest).

3.1.3 Influenced by commercial banks

Enrich products, reduce financing costs for enterprises, jointly guarantee companies to provide credit enhancement measures for enterprises, and strive to solve the problem of difficult financing for small and micro enterprises. Achievements of commercial banks in Zhenjiang City: Icbc Zhenjiang Branch relies on the "New Generation Operation fast loan" to help the development of inclusive small

and micro enterprises. As of the end of January 2024, the bank has granted 398 million yuan of credit to 1,016 individual industrial and commercial households and small and micro enterprises, with 404 loan households and 84 million yuan of loan balance, and all indicators are among the top in the province. It greatly helps the capital turnover needs of small and micro enterprises and individual industrial and commercial households, and is highly recognized by customers; Bank of China Zhenjiang Branch focus on the county industry deep Yun, as of the end of 2023, the bank is under the jurisdiction of the three county sub-branch inclusive loans balance 4.196 billion yuan, accounting for 46.9% of the total inclusive loans, compared with the beginning of the new 1.166 billion yuan, an increase of 33.49%, the new amount accounted for 44.34% of the new inclusive loans.

In 2023, Zhenjiang Branch of the People's Bank of China and Zhenjiang Federation of Industry and Commerce organized the city's banking financial institutions and merchants (associations) to continue to promote financial support for small and micro enterprises, and continuously improve the level of service to private enterprises, achieving an increase in the amount of financial services, expansion of coverage, quality improvement and price reduction.

3.2. Propose countermeasures to the problems

3.2.1 Problem

(1) The innovation consciousness of banks needs to be strengthened

Banks still have some shortcomings in innovation, such as insufficient acceptance and application of new technologies and new models, insufficient sensitivity to customer needs and market changes, and inadequate internal innovation mechanism. These problems limit the innovation ability of banks, and also affect their service level and market competitiveness.

(2) The main access risk of small and micro enterprises is high

Small and micro enterprises often face the problem of information asymmetry. As the corporate governance structure of small enterprises is not perfect, the financial management is not standardized enough, and the information transparency is low, it is difficult for commercial banks to obtain the operation and credit data of small and micro enterprises accurately and timely. This information asymmetry increases the difficulty for banks to evaluate and grant credit to small and micro enterprises, thus increasing the access risk.

(3) The targeted services of banks are weak

The reason is that there are significant differences between small and micro enterprises and large and medium-sized enterprises in terms of operation scale, credit history, financial status, etc. However, banks often fail to fully take these differences into account in terms of service model, product design and risk assessment.

3.2.2 Counterplan

(1) Explore innovative models and enhance the practicability of service solutions

Use linkage digital inclusive finance to help small and micro businesses. The Internet platform is used to provide "point-to-point" assistance to small and micro enterprises with operating difficulties. The government uses blockchain and Internet technology to build a relevant credit information processing platform to realize a digital, transmissible and tamper-proof credit management system. At the same time, through data tracking and process evaluation, the operation and credit status of related small and micro enterprises are monitored in real time. At the same time, the information processing system can be used to help small and micro enterprises recover and improve their credit rating, and credit repair can be carried out for small and micro enterprises that have trust-breaking behaviors or bad credit records during the epidemic period. To apply for credit repair or removed from the list of abnormal small and micro enterprises, do a good job of consulting answers and business guidance.

(2) Set up a special plan to help the seed industry enterprises to develop strong

The risk rating and credit evaluation for small and micro enterprises applying for loans, and the past business situation of the enterprises is investigated, and then the risk tolerance of the enterprises applying for loans is comprehensive, so as to provide a green channel for credit loans for related small and micro enterprises. For small and micro enterprises without collateral for short-term loans from banks, the government conducts unsecured credit guarantee for small and micro enterprises with high credit level through credit rating, so as to help small and micro enterprises to get loans faster, so as to solve the urgent need of capital shortage.

(3) Set up special channels, multiple lines of cooperation to improve efficiency

Through the evaluation of relevant small and micro enterprises, investigate the assets and liabilities and operating conditions of small and micro enterprises, and provide targeted special loan services for them. At the same time, small and micro enterprises can also choose the financial services they need according to their own conditions, so as to enhance the professional services of relevant financial institutions and improve the efficiency of financial institutions.

4. Conclusion

4.1. Practical significance

Our research findings can provide reference suggestions (guidance) for the practice of inclusive finance in the Zhenjiang area. By analyzing how inclusive finance can effectively serve small and micro enterprises in the post pandemic era, financial institutions, policy makers, and relevant stakeholders can better understand and implement inclusive finance strategies, thereby promoting the healthy development of small and micro enterprises in the Zhenjiang area.

In addition, our research findings can provide decision-making references for policymakers in Zhenjiang City and even more widely. By conducting in-depth research on the impact and mechanisms of inclusive finance on small and micro enterprises, empirical support can be provided for policymakers to promote the formulation of more precise and effective policies to support the development of small and micro enterprises. Moreover, this paper can encourage financial institutions to pay more attention to the needs of small and micro enterprises, and improve the quality and efficiency of financial services. By deeply analyzing the service models and strategies of inclusive finance, financial institutions can better understand and meet the financial needs of small and micro enterprises, and improve service quality and efficiency. Finally, our research findings can better promote academic research in the fields of inclusive finance and small and micro enterprise development. Through in-depth exploration of how inclusive finance serves small and micro enterprises, it can provide theoretical basis and practical experience for subsequent research.

4.2. Future outlook and development

In the future, Zhenjiang will promote the optimization and upgrading of industrial structure, support the development of small and micro enterprises, promote the development of Zhenjiang's industrial structure towards high-end, intelligent, and green directions, and enhance the city's competitiveness. In addition, local government support will be further strengthened, and the government will continue to introduce more policy measures to support the development of small and micro enterprises, including fiscal subsidies, tax incentives, loan guarantees, etc. These policies will effectively reduce the financing costs of small and micro enterprises, improve the availability and convenience of financial services, and provide strong guarantees for the healthy development of small and micro enterprises. By providing financial services to small and micro enterprises, we support their expansion of employment and income, thereby improving people's well-being and enhancing social stability.

Finally, inclusive finance will place greater emphasis on sustainable development and create a green inclusive financial ecosystem. In the future, the central bank will continue to encourage

financial institutions to assist small and medium-sized enterprises in issuing green bonds, green development funds, innovative carbon neutrality bonds, and sustainable development linked bonds, establish a risk sharing mechanism for agricultural carbon reduction, strengthen financing guidance for technology-based enterprise bonds, and promote the coordinated development of green finance and inclusive finance. Inclusive finance will pay more attention to environmental protection, social responsibility, and other issues, promoting small and micro enterprises to achieve green, low-carbon, and sustainable development.

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