

Path Analysis of High-Quality Development in Art Financial Market

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Abstract. art financialization is the inevitable result of the change of people's needs at a certain stage of economic development and the trend requirement of cultural industry development. The development of art market promotes the birth of art finance. Art finance has a remodeling function for both financial and especially the art market. The future development of China's art financial market should not only strengthen the synergistic mechanism in the current major four art financial markets, but also develop at different levels in the art consumption market, art assets market and art derivatives market. Art financial derivatives such as art creation and copyright trading have further enriched and deepened the art financial market on the basis of art consumption and art asset allocation.

1. Introduction

The total size of the art market has maintained steady and rapid growth in recent years. With the rapid development of the art market and amazing trading figures, the global collection value in 2016 is about 1.6 trillion US dollars. On the one hand, wealth growth has a positive impact on the art and collections market as a whole. China's high net worth individuals prefer to invest. About 19% of their total wealth is used for art investment and the compound annual growth rate of investment exceeds 25%. The increasing consuming desire of cultural and artistic works brings great opportunities for development and investment to the market. On the other hand, as to the rapid development of the capital market, a large number of capitals need to find new investment directions which also promotes the rapid growth of the art market.

In addition, with the transformation of China's economic structure, the domestic consumption structure has entered a new period. Spiritual consumption has gradually replaced material consumption into just need and become a new support for the market of cultural and artistic works. With the steady and rapid growth of the global art market, it will be further developed, especially in Asia. Therefore, the market demand for art finance is also growing.

2. The External Causes of the Development in Art Financial Market

2.1. The Driving Force of Economic Development

China is an unmatched cultural power with rich and huge cultural and artistic assets as well as strong contemporary cultural and artistic creativity. It has accumulated considerable industrial strength. On the one hand, these cultural and artistic assets need to be "revitalized" and need an export to transform into productivity and profit, releasing its accumulated strength. On the other hand, in the transformation and upgrading of traditional industries, the scientific and technological innovation and cultural creativity become the key factors and this factor is bred in the cultural industry supported by creativity and innovation. At the same time, it has been proved that the emerging economies with high growth tend to be gathered in the fields of light assets and high value-added industries, which is exactly in line with the characteristics of cultural industries.

With the rapid economic development and the soaring wealth of China, the national cultural literacy has not been effectively improved. In terms of international reputation, China needs a cultural image and voice matching the total economic volume and a strong "national image". So, there are high-level and urgent expectations for China's "cultural export". In this sense, cultural industry is China's "national strategy" in the future.

2.2. The Driving Force of People's Demand

When the per capita GDP reaches 8000 US dollars, the consumption structure will enter a period of rapid transformation. In this transformation, spiritual consumption occupies a very important proportion. In spiritual consumption, the works of art consuming is a very important component. This is why many art market researchers have invested in exploring the research field. Many people find that in the whole art consumption market many contents can be subdivided, such as gift market, collection market, investment (including speculation) market, low-end consumer market and so on. It is undoubtedly a popular choice to invest in artworks, which can not only benefit from wealth investment, but also can enjoy spiritual aesthetics, as well as a fashionable way of life.

2.3. The Driving Force of Good National Policy

In 2007, the Seventeenth National Congress put forward the call of "speeding up the development of cultural industry and strengthening the soft power"; in 2009, through the "Planning for the Revitalization of Cultural Industry", it marked the rise of cultural industry as a national strategy. In 2010, nine ministries and commissions jointly issued the Guiding Opinions on Financial Support for the Revitalization and Development of Cultural Industries; in 2011, the Sixth Plenary Session of the Seventeenth Central Committee issued the Decision of the Central Committee of the Communist Party of China on Several Major Issues Concerning Deepening the Reform of Cultural System and Promoting the Great Development and Prosperity of Socialist Culture, which established for the first time. In 2012, the Eighteenth National Congress of the Communist Party of China (CPC) made it clear once again that "to promote the rapid development of cultural industry and build a well-off society in an all-round way. By 2020, cultural industry will become a pillar industry of the national economy."

Since 2013, the state's policies and support measures for cultural industries have been promulgated frequently with unprecedented strength: in November, the Third Plenary Session of the Eighteenth Central Committee put forward many important statements, such as "establishing a multi-level market for cultural products and factors, encouraging the combination of financial capital, social capital and cultural resources"; in December, the National Art Fund of 20 billion yuan was established and the Constitution of the National Art Fund (Trial Implementation) was promulgated on May 1, 2014. In April, 2014, the State Council issued the Notice on Transforming Commercial Cultural Institutions into Enterprises and Further Supporting the Development of Cultural Enterprises in the Reform of Cultural System. At the same time, the Ministry of Culture, the Central Bank and the Treasury Department jointly issued Opinions on Further Promoting Cultural and Financial Cooperation, which is more specific and detailed than the Opinions four years ago. The most critical thing is to establish the national strategy of financial support for cultural industry and the development of cultural industry into a "pillar industry of national economy" have been established as "the top priority of national strategy".

Among many branches of the cultural industry, the art industry is the most abundant one, with the simplest industrial chain and the most flexible branch of business. Guided by the Guiding Opinions on Financial Support for the Revitalization and Development of Cultural Industries and Opinions on Further Promoting Cultural and Financial Cooperation, the "Art Finance Industry" grew rapidly in 2009 with well-grounded development.

3.The Internal Causes of the Development in Art Financial Market

Art finance is the way of transforming artworks into financial instruments and incorporating financial assets into personal and institutional financial management. Its main forms are: art property rights transaction, art fund, Art Bank and trust, art mortgage, art rental etc. At present, the mainstream of the market is securitized art property rights trading and privatized art funds.

3.1. The Integration of Finance into Art

The first is the change of investment environment: the stock market is depressed and the growth of real estate is stagnant. Apart from the stock market and real estate, artworks are the safest investment as a hedging tool. A large number of people with hot money and wealth pour into the art market. Secondly, the change of participating groups and the transformation of collections into investments. The market is no longer led by traditional collectors, but by financial capital. The number of real collectors in China is very small. The new wealth class has squeezed out the remaining experts. If they sell all the goods they have, they will be out of the market. Traditional collecting groups are declining rapidly, and the groups that pay attention to investment efficiency are becoming larger and larger. Capital leaders and hot money have become the main players in the market.

3.2. The Combination of Art into Finance

Art market is an oligopoly market with low participation. China's art market needs to find new impetus for development, build a credit mechanism relying on the power of capital, establish pricing mechanism as soon as possible and expand the exit mechanism. there are at least two advantages in art financialization: First, it greatly

lowers the threshold of art participation. Investors invest and trade in the form of financial share of art assets which can be large or small. Art finance really makes art into the "ordinary people's home". Second, the art market has introduced "Internet thinking" and accelerated the platform development. After the Internet, a new trading platform has been born on the basis of traditional galleries (primary market) and auction companies (secondary market). The rules of the platform are Internet based, that is, online terminals, free trading and big data system management forming a brand-new evaluation pricing mechanism. The "mouse's final say" mechanism makes the whole transaction process more transparent and fairer. From this point of view, art finance is the landing and practice of Internet thinking in art industry.

4. The Path Deduction of High-Quality Development of Art Financial Market

The speed and ability of art finance to promote market development and innovation are constantly increasing. At this stage, many industrial forms and formats are constantly emerging. For example, there are many new and cross-border formats in the art market, such as centralized insurance, certification and traceability, which are actually the result of the promotion of art finance. Overall, the depth and breadth of capital market intervention in art market still need to be strengthened and improved.

4.1. Regional Synergy Mechanism of Domestic Art Finance Sub-Market

Beijing and Tianjin, Hong Kong, Macao and Taiwan, the Yangtze River Delta and the Pearl River Delta are the fastest and richest regions in China's economic development, as well as the four key regions in China's art market. The art market is positively correlated with wealth and education. These areas are the concentrated areas of Chinese art creation, exhibition and trade. There is a strong demand for appreciation, collection and investment in artistic works. In the future, the development of art financial market centered on Beijing, Shanghai, Shenzhen and Hong Kong will not only maintain its own characteristics, but also strengthen the synergistic linkage mechanism among the markets. At the same time, it will promote the development of art financial market in the surrounding cities and form a good radiation mechanism.

Beijing, as a trading center in the Chinese art auction market, together with Hong Kong and Shanghai, supports nearly 80% of the total auction volume in China. The pure art volume in Beijing area accounts for nearly half of the Chinese market, ranking first. Beijing's strong cultural and historical atmosphere ranks first in the country and has accumulated high-quality art academic and market resources as well as perfect art industry chain for a long time. Beijing not only has the largest number of galleries in the country, but also has many exhibition halls and art parks. There are galleries, art shops, artist studios or exhibition centers in 798, Song Zhuang, grasslands and wineries, which are famous for their contemporary artistic creativity at home and abroad. Beijing has many of the best universities and research institutes in the country, with remarkable advantages in regional humanities. As an immigrant city, Beijing has attracted the best critics, artists and collectors from all over the country. In Beijing's museums, galleries and expositions, world-class exhibitions continue throughout the year. At the same time, Beijing is also a financial center, which not only has a large number of banks, securities, trust, insurance, funds and other financial institutions but also gathers the largest number of high net worth people and funds in

the country.

Shanghai Art Fair, West Bank Art and Design Fair, ART021 Art Fair have distinctive features and brand effect has begun to emerge. Shanghai Art Expo presents different levels of consumer groups and the art market begins to be subdivided. At the end of 2017, the Shanghai Municipal Committee and the Municipal Government launched the "Several Opinions on Accelerating the Innovation and Development of the City's Cultural and Creative Industries" ("50 Articles of Wenchuang"), clearly proposing the construction of an international important art trading center. We should optimize the structure of the art industry, encourage innovation in the art industry and strive for the open policy of free trade zone. We should introduce internationally renowned art institutions, auction companies and art expositions, facilitate customs clearance and margin relief and other preferential policies for the world's top art expositions to Shanghai to hold exhibition fairs. We will explore the policy of extending the validity period of temporary import customs clearance documents for artworks through pilot projects. We will expand the function of bonded exhibition of art works on the West Bank of Xuhui. The policy of tax refund or exemption shall be applied to artworks that meets the requirements of national export tax refund or exemption. The landing of these policies will comprehensively enhance the competitiveness of Shanghai art market.

Young Shenzhen not only has a per capita GDP of more than 27,000 US dollars in 2017, but also has hundreds of listed companies and many high-tech enterprises. Economic activity, international vision, market regulation and financial technological innovation are the labels of Shenzhen. Shenzhen's youth lies not only in the city itself, but also in its population structure. Shenzhen, which is close to Hong Kong, is sensitive to new things. Contemporary art has a broad and profound acceptance group and better resonance. In the future, Shenzhen art market will probably grow into an important art market in China.

As the fourth largest pure art trading center in the world after New York, London and Beijing, Hong Kong has the world's top auction houses such as Sotheby's and Christie's, as well as the best art fair in Asia. As a famous offshore financial center in the world, Hong Kong has unique advantages. Hong Kong's linked exchange rate system with the US dollar has greatly reduced the exchange rate risk of large-scale art transactions, facilitated the conclusion of long-term contracts and stabilized the monetary environment. Hong Kong is an international free trade port with relatively low tax rates. Hong Kong's financial center can conduct 24-hour transactions with companies in London, New York and other places, facilitating financial arrangements for collectors and enterprises. Hong Kong is highly globalized, with a large pool of capital and talent, well-developed information, and a mature and standardized legal structure, business system and professional ethics.

4.2. The Development Path of Sub-market in Art Financial Market

The Art Consumer Market. As to consumption structure has changed from survival type to enjoyment and development, commodities with creative design and aesthetic elements have entered people's work and life and the trend of consumption upgrading is obvious. Individualized customization, branding, intelligence and green consumption continue to grow. Art hotels, art shopping malls and art real estate have become the options for

enterprises to compete differently. Design consumption is the prelude of art consumption and generally accepted by people. As an important part of consumption upgrading, the consumption of cultural and artistic works has good market prospects.

The Art Asset Market. The upgrading of art consumption is mainly reflected in two aspects. First, art works as collection and investment are purchased or paid attention by more wealthy people. Art works have become one of the important choices for their collection and asset allocation, with high-end art as the main choice. Second, more emphasis on consumption reflects that more and more people are participating in the field of art. New young artists' works, art reproductions and derivatives become their main choices. With the upgrading and precipitation of the consumption process, some art consumables have been transformed into art assets through art rental, derivatives consumption, public consumption and long-term consumption. Excellent works with permanent charm make art consumption go on for a long time, and the long-held art consumer goods have actually been transformed into art assets.

The Art Derivatives Market. In recent years, the Chinese art market has been in a period of adjustment. On the one hand, the secondary market represented by the auction market has gradually become rational, and the confidence index needs to rise. On the other hand, the public's enthusiasm for cultural activities has continued to rise, the cultural industry has developed vigorously with the support of the government and the emerging art consumption market is taking shape. By means of the path of literary creation and laying the foundation of art consumption, art can be closely related to public life and truly make it sustainable in modern life. The marriage of art, brand and fashion is a common form in modern society. At this year's Basel Art Exhibition in Hong Kong, the exhibition "Lady Dior As Seen By" brought by its brand partner Dior shows the interpretation of Lady Dior handbags by various famous artists, including the works of several famous artists. Moreover, art derivatives have long stepped from the "1.0 era" of simply printing works on T-shirts, tea cups and mouse pads to the "2.0 era" of multi-dimensional display, development and dissemination based on institutional collections themselves. At the same time, in the art copyright market, some art derivatives are also developing towards a large-scale direction.

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