

Research on the Behavior Choice of Rural Financial Subject based on SCP Paradigm

—Taking Wuhan Rural Commercial Bank as an Example

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Abstract. The rural financial reform has exposed many problems, such as the insufficient supply of rural funds, the difficulty of farmers' loans and so on, which has hindered the development of rural economy. Based on SCP paradigm, taking Wuhan Rural Commercial Bank as an example, this paper studies the behavior of the main body of China's rural financial market, in order to guide its behavior standardization through market and policy, improve the rural financial market, and support the development of rural economy. As an important part of China's financial system, rural finance is an important part of rural economic construction and Rural Revitalization Strategy. To deepen rural financial reform, improve financial services and promote rural financial innovation, we need to regulate the behavior of rural financial subjects, and improve the credit support for Rural Revitalization and poverty alleviation.

Keywords: Rural; Financial subject; SCP paradigm; Behavior choice.

1. The Current Situation of Rural Financial Market in China

1.1 The Market Share of Rural Commercial Banks is Constantly Increasing, and the Financial Market Structure is More Reasonable

For a long time, the resource allocation rate of rural financial market is low, which limits the diversified development of rural financial institutions and leads to the lack of competitiveness of rural financial system. In recent years, with the reform of rural financial system, market entry barriers have been reduced, private capital and foreign capital have begun to enter the rural financial market, the market share of agricultural commercial banks has been increasing, and the financial market structure is more reasonable. With rural credit cooperatives as the main force, it has formed a multi-body coexistence pattern, including Agricultural Bank of China, Agricultural Development Bank of China, postal savings bank and new rural financial institutions.

1.2 The Rural Financial Market System has been Continuously Improved

On the one hand, the formation of diversified financial subjects in rural areas has broken the monopoly pattern of rural financial market, and the financial market competition, market service and market management are more scientific and reasonable. On the other hand, rural financial institutions have strengthened their innovation in agricultural products, and agricultural financial products have been increasing, which can better meet the rural financial needs. The amount of credit for consumers in rural areas has increased, and the legal awareness and credit awareness of financial activities have been enhanced. Relevant laws and regulations need to be further improved. The rural financial market ecology has been further optimized.

1.3 Access to Rural Financial Markets has been Reduced

In terms of policies, we will continue to increase policy based financial support, relax the pilot scope of access policies for banking financial institutions in rural areas, provide financial, tax and monetary policies for new rural financial institutions through local governments and local banking departments at all levels, provide risk control and other support, develop financial pilot publicity programs, and fill the gap in financial services for financial institutions For strong support. At the same time, since 2003, China has allowed the establishment of new rural financial institutions, such

as rural commercial banks and rural cooperative banks. More and more financial institutions have set up outlets in rural areas, while informal rural financial institutions have obtained more and more financial business licenses through application, becoming an organized rural formal financial institution. Through the development of rural financial market in recent years, more and more funds began to flow to rural areas.

2. An Analysis of the Reasons for the Nonstandard Behavior of the Main Body of Rural Finance in China

2.1 The Opportunity Cost of Irregular Behavior of Rural Financial Subjects is Low

First, the interaction between rural financial institutions and the government traditional rural financial institutions are guided by government policies, lack of competitiveness and low efficiency of agricultural economic activities. In order to limit the economic behavior of rural financial institutions, the government financial sector has strict regulatory policies on rural financial institutions and high market access barriers, which lead to the formation of a monopoly structure in the rural financial market. Second, rural financial institutions interact with farmers. China's rural financial institutions are affected by the urban and rural layout and economic development, and the structural imbalance is serious. Compared with the central and western regions, in the developed coastal and economic areas of eastern China, the layout of rural financial institutions is more reasonable, and the number of financial institutions is large, which can provide effective financial supply services for farmers and rural small and micro enterprises. The uneven distribution of rural financial outlets, single product types and strict mortgage procedures make it more difficult for farmers to obtain financial services. Third, the behavior preference of rural financial institutions. At present, the financial market in rural areas is mainly composed of four major state-owned banks and rural savings banks, while other banks are mainly for profit, unwilling to set up outlets in rural areas, or even do not handle farmers' loan business, resulting in a small amount of rural financial funds related to agriculture.

2.2 The Main Body of Rural Finance is Greatly Influenced by the Profit Orientation of Policy

On the one hand, the process of market-oriented reform is slow, the main body of rural finance is different, the rural financial institutions are affected by government policies, business driven and economic guidance, which reduces the financing enthusiasm of farmers and small and micro enterprises, the product and service mode is single, it is difficult to meet the demand diversification of rural areas, the market flexibility is not high, and there are many business blind areas. On the other hand, with the rapid development of urbanization, it is difficult for rural social habits to enter into the matching financial market system in a short time. The efficiency of agricultural economic activities is low, the transaction cost is high, and the competitiveness is lacking. Small farmers' economic production is relatively scattered and small-scale, which is not conducive to promoting the financial subject to carry out business in line with it.

2.3 The Rural Financial Supervision System is not Perfect

At this stage, the risk response policies and market supervision system of rural financial institutions are not perfect, the relationship between the market and the government is not clear, and the relevant government departments lack of supervision on financial subjects. The lack of credit supply in rural areas leads to the emergence of non-governmental finance, and the lack of supervision system leads to the disorder of rural financial market system.

2.4 The Financing Consciousness of Farmers is not Strong

The thought of small-scale farmers is deeply rooted, the education level of farmers is uneven, the legal consciousness is not strong, and the interpretation of relevant financial policies is different, which is limited to the cash flow in a short period of time. Financial demand from their own household

consumption to agricultural production, the type and quantity of collateral is insufficient, and valuation is difficult.

3. SCP Paradigm Analysis of Wuhan Rural Commercial Bank

Overview of SCP theory. SCP theory is a theory of industrial organization analysis founded by Harvard University Scholars in 1930s. It uses empirical research as a means to analyze the industry according to structure, behavior and performance, and believes that market structure determines the competitive state in the market, and determines the behavior and strategy of each enterprise, and ultimately determines the enterprise performance.

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3.2 The Market Orientation of Wuhan Rural Commercial Bank

As the product of rural financial reform, the total assets of rural commercial banks continue to expand, the proportion in the total proportion of banking financial institutions continues to rise year by year, the total number of business outlets of agricultural financial institutions continues to grow, and the proportion in the future business outlets of agricultural financial institutions will rise to the first place. Wuhan Rural Commercial Bank has always adhered to the orientation of serving agriculture, rural areas and farmers, serving small and micro businesses and serving the people's livelihood. It has successfully achieved the work goal of "step up business, level up transformation and level up management". Its business scale has leaped to the "first square array" of Wuhan financial industry. More than 200 outlets throughout the bank are located in urban and rural areas, and Xianning branch, Yichang Branch, Huanggang branch and Guanggu branch have been set up in Hubei Province, and more than 70 village banks have been set up in six provinces including Jiangsu, Guangdong, Yunnan, Hainan, Hubei, Guangxi, etc.

3.3 The Market Behavior Analysis of Wuhan Rural Commercial Bank.

In terms of business behavior, Wuhan Rural Commercial Bank further promoted the entity, built an online payment platform, and successfully launched online shopping mall, with the replacement rate of electronic business transactions reaching 79%. The cooperation mode of "Bank + government + insurance company" is adopted, with agricultural assistance and designated assistance. In terms of risk control behavior, Wuhan Rural Commercial Bank has done a good job in MPA dynamic monitoring, strict credit management and audit management, took the lead in the pilot of "security real right realization procedure" clearing mode in the city, strengthened the construction of centralized operation platform operation system, strengthened multi-level education and training, successfully launched the centralized operation platform, and efficiently completed the relocation of remote monitoring center to ensure the operation safety.

3.4 Wuhan Rural Commercial Bank Market Performance

From 2011 to 2017, the overall performance of Wuhan Rural Commercial Bank shows a steady growth trend year by year, with total assets increasing from 88.674 billion yuan in 2011 to 272.165 billion yuan in 2017; deposit balance increasing from 77.865 billion yuan in 2011 to 228.41 billion yuan in 2017; loan balance increasing from 53.103 billion yuan in 2011 to 124.32 billion yuan in 2017; net profit after tax increasing from 1.112 billion yuan in 2011 to 2.499 billion yuan in 2017.

3.5 Results - The Mechanism of Behavior Selection

With the deepening of China's rural financial reform, the overall concentration of rural financial market shows a downward trend, and the market share of rural financial institutions tends to be rationalized. With the enhancement of market competition, the structure of rural financial market is becoming more and more diversified. Wuhan Rural Commercial Bank should continue to maintain its competitive advantage and adhere to the positioning consciousness of serving the real economy. We should stick to the market positioning, improve the effect of service entities, seize the major development opportunities of the construction of Wuhan, optimize the credit structure, and highlight our own highlights in science and technology finance, agriculture, rural areas and green finance. We should adhere to the innovation awareness led by financial science and technology, strengthen cooperation with third-party platforms, deepen the integration of online and offline channels, and accelerate the construction of smart banks. Establish the goal consciousness of high-quality development, stick to the bottom line of high-quality development, and improve the accountability mechanism.

4. Suggestions on Standardizing the Behavior of Rural Financial Subjects

4.1 Clear Market Positioning

To develop business in areas less involved in rural credit cooperatives and other financial institutions, with the help of large-scale financial institutions to shrink rural branches and adjust business strategies, accelerate development and improve competitiveness. We will increase cooperation with large and medium-sized financial institutions, give full play to our advantages, and provide better services to meet the financial needs of rural customer groups.

4.2 Reduce Administrative Intervention

According to the existing business adjustment and improvement, according to the market policy and situation adjustment, the local government should fully respect the independent management right of rural financial institutions, and promote the development of small-scale agriculture economy.

4.3 We Will Increase Supervision Over New Rural Financial Institutions

Guarantee the legalization and improve the sense of responsibility. Encourage new rural financial institutions and local rural credit cooperatives to establish a credit information sharing mechanism, and formulate corresponding loan policies for different loan farmers to avoid the negative impact caused by excessive lending. The new rural financial institutions should develop new products according to their own advantages, differentiate their products from other financial institutions, improve their marketing attitude and level, and meet the local needs, involving more rural microfinance needs.

4.4 Improve Various Mechanisms

We should improve the market withdrawal mechanism of rural financial institutions, establish a deposit insurance system, and deal with the post problems in a timely manner, to avoid the drawbacks caused by the imperfect system.

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