

# Research on Rural Commercial Bank Serving the Real Economy Under the Background of Rural Revitalization Strategy

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## ABSTRACT

Based on the research of rural commercial bank serving the real economy under the background of rural revitalization strategy, it's analyzed the present situation of commercial bank serving the real economy and proposed some relevant suggestions on improving the level of serving the real economy under the background of rural revitalization strategy in this paper. Therefore, the financial development can meet the internal needs of the real economy by focusing on serving the real economy and further exploring the key areas of national development, perfecting the customer management system of the company, defining the goals of customer development, and optimizing the management mode of serving the real economy. It also needs strengthen the support to the original enterprise, and optimize the credit structure of the rural commercial bank.

**Keywords:** rural commercial bank, rural revitalization, real economy

## 1. INTRODUCTION

By strengthening the development of rural commercial banks not deviating from serving the development of real economy and rationally allocating financial resources to the real economy, the factors influencing rural commercial banks to serve the real economy will be explored, and the development of rural commercial banks and their roles and orientation in the development of new-type urbanization can be furthered clarified under the new normal conditions, which will provide targeted policy suggestions for guiding all kinds of financial resources to effectively enter the rural real economy, optimizing the allocation of financial resources under the new normal conditions, improving the path of serving the real economy and innovating the modes of service [1-2]. The inclusive financial supply will be increased targeted, the level of rural financial service will be improved, and more financial resources will be allocated to the key areas and weak links in rural economic and social development, so as to promote the all-round revitalization of rural areas.

## 2. BACKGROUND ANALYSIS OF RURAL COMMERCIAL BANKS

### 2.1. Issues Related to Agriculture, Countryside and Farmers

The issues related to "agriculture, countryside and farmers" are fundamental to China as they directly concern our

country's stability and our people's wellbeing. The General Secretary Xi Jinping emphasized: "If China wants to be strong, agriculture must be strong. If China wants to be beautiful, the countryside must be beautiful. If China wants to get rich, the farmers must get rich." The report of the 19th CPC Central Committee puts forward the rural revitalization strategy, which is a major strategic plan made by the CPC Central Committee with a view to building a well-off society and a socialist modern country in an all-round way, and is a general guideline for socialism with Chinese characteristics to enter the work of "agriculture, countryside and farmers" in a new era. The development of rural economy is the foundation of rural revitalization [3]. As the core of modern economy and the lifeblood of real economy, finance plays an important role in opening up the investment and financing channels and strengthening the investment in rural revitalization. For rural commercial banks, to support rural revitalization is not only the mission of serving the real economy in the new era, but also a great opportunity to develop the inclusive financial services. New-type urbanization and rural revitalization should be promoted simultaneously, and new-type urbanization is the path and way for rural revitalization. As the General Secretary Xi Jinping has pointed out, we should promote the development of urbanization, and the development of agricultural modernization and new countryside construction should also be promoted, because synchronous development can complement each other.

## **2.2. Background of New Economic Development in Rural Areas**

The "Rural Revitalization Strategy" is one of the seven development strategies proposed in the report of the 19th CPC Central Committee in 2017. Rural revitalization is to solve the inadequate development of rural areas and agriculture and the uneven development between urban and rural areas. Here, the concept of "village" is put forward, which is to treat rural areas as towns and cities for construction and governance. It is to not only change the structural mode of economic development, but also popularize the high-level services in public services, so as to reduce and eventually bridge the gap between urban and rural areas [4]. In this sense, rural revitalization is consistent with the new-type urbanization development strategy proposed in the 18th CPC National Congress.

To actively support rural revitalization can not only make it possible to better integrate and support regional economic development, but also a great opportunity to accelerate its own transformation and development. It is the fundamental foothold of bank operation to realize its own development while providing service and support for the development of local economy. It is of great significance to improve the quality of rural commercial banks serving the development of real economy in rural areas and promote the long-term and stable development of real economy in rural areas.

## **3. CURRENT SITUATION OF RURAL COMMERCIAL BANKS**

### **3.1. Coexistence of Opportunities and Challenges**

Under the strategic background of rural revitalization, more financial resources investment and preferential policies will be available in rural areas. Therefore, the vitality of rural economy will be enhanced, and economic factors will flow into rural areas, which will slow down the speed for economic resources and factors in rural areas to flow into cities and towns for a long time to some extent, so that financial markets will obtain more business opportunities. This is a development opportunity for rural commercial banks under the background of rural revitalization. At present, the structure of rural finance system is simple, and commercial banks are in a very important position. Therefore, in the Troika (securities, bank and insurance), the commercial bank has the leading-edge advantage, which can make business layout in advance, enjoy the reform and development dividend of rural revitalization, and promote the rapid development of rural economy. Besides, under the strategic background of rural revitalization, the increase of business opportunities in rural financial market will gradually attract more and more commercial banks to set up outlets in rural areas. The competition among rural commercial banks will be

intensified increasingly, which is a big challenge for rural commercial banks, and the competitiveness of rural commercial banks themselves is relatively weak. At the same time, there is great uncertainty in the economic development at home and abroad and the risk uncertainty in financial market is enhanced. Therefore, the country will take more severe measures in financial supervision, which is a threat to rural commercial banks.

### **3.2. Impact of Financial Institutions on Rural Commercial Banks**

With the deepening of reform and opening-up and the constant promotion of urbanization, the central government is paying more and more attention to the issues related to "agriculture, countryside and farmers". More and more financial institutions are focusing on the rural areas, and the rural financial markets in Heilongjiang Province are also facing fierce competition. Major commercial banks are beginning to extend their business to rural areas. Especially, the rapid development of internet finance has brought unprecedented impact on the operation of rural commercial banks. Rural areas are the main battlefield of rural commercial banks. It is the historical responsibility and fundamental direction of rural commercial banks to support the "agriculture, countryside and farmers". How to consolidate and develop the rural market and realize its own sustainable management has become the main issue faced by the rural commercial banks.

Rural commercial banks are restructured from rural credit cooperatives with some historical problems such as unreasonable internal structure, backward infrastructure and insufficient innovation ability, thus leading to the high information cost and transaction cost of rural financial institutions and the low return on investment. Meantime, they are subject to the influence of large-scale development, cross-regional operation and financial innovation, which leads to the low market share of rural commercial banks at present. Among them, the traditional business accounts for a relatively high proportion, the business of the bank is single, and the quality of the employees is low, which further hinders the profitability of rural commercial banks.

## **4. PROPOSALS**

### **4.1. Focus on Serving the Real Economy and Further Explore the Key Areas of National Development**

The 19th CPC National Congress has set specific directions for China's development, and there will be unlimited potential for development in the major development and construction areas. Rural commercial banks should stand at the top of the national strategy to

serve the real economy, accelerate direct financing, provide financing services for rural areas, emerging industries as well as the central and western regions, and provide financing for the construction of "The Belt and Road" and free trade. Innovate the services and focus on the development of green finance, technology and finance, inclusive finance, poverty alleviation finance and other financial fields.

Under the new financial environment, rural commercial banks should adapt to the general situation of banking reform, stabilize the large and medium-sized customers, accelerate the development of inclusive finance and serve small and medium-sized enterprises. It shall promote all-round financial services, enhance the integration of financial technology and key areas, integrate the financing channels, provide practical and effective use of services, accelerate the handling of investment with banks, and rely on the advantageous areas to further develop and cover the whole industrial chain, so as to provide convenient, efficient and high-quality services to the enterprises.

#### ***4.2. The Company's Customer Management System Will be Improved, and the Goals of Customer Development Will be Clarified. The First is to Establish a Marketing Strategy System and Make Clear the Goals of Customer Development***

A comprehensive customer operating system which conforms to the characteristics of rural commercial banks will be formulated. The management mechanism of the system will be deepened and built. The development goals of enterprises at different levels and categories are very different: if the traditional credit activities are reduced, the development goals must be more clearly defined. Secondly, the analysis of big data captures the business scenarios of small and medium-sized micro-channels and multi-channel customers. The big data analysis is used to select high-quality companies, determine the entry point of customer value and services for small and medium-sized enterprises, and capture the current diversified business scenarios through various channels; The innovative products that combine the characteristics of "industrial chain", "business district", "bank and administration", "science and technology" and "finance" are developed. The core customers of the industrial chain are grasped and a comprehensive industrial chain service platform for the whole industry is built, which can realize the all-round development of the traditional credit business, transaction bank and investment bank. Thirdly, innovate the business model and establish the main purpose and demand network of franchised small customers. The customers of micro, small and medium sized enterprises in the urban and rural areas will be integrated and managed through the online services of the whole financing process; Carry out innovations to meet the customer's demand for e-commerce enterprises, provide financing and service

methods for the start-up technology enterprises, provide Internet financial services, and provide in-depth technical financing for the micro, small and medium sized enterprises.

#### ***4.3. Optimize the Management Mode of Serving the Real Economy by Means of Financial Technology***

First, improve the ability to attract customers on the basis of financial technology. Help rural commercial banks to improve their management efficiency and increase the customers' rigidity through financial technology. Through the transaction business of the bank, a platform serving the real economy can be built, which is conducive to improving the customers' compliance to rural commercial banks. At the same time, it can serve the real economy more effectively. Second, it is the in-depth integration of big data, block chains and corporate businesses. The big data is used to build the customer's database and index system, the block chain is used to expand the cross-border financial business, and the Internet finance is used to innovate and carry out transactions on bank-related products and services. Third, improve the customer's management team. A complete communication and information sharing mechanism shall be established and a team of hardworking customer managers shall be built so that they can cooperate with each other to realize mutual benefit and sharing; through extensive publicity and learning, the customer managers can better understand the meaning and methods of serving the real economy. Fourth, establish a perfect incentive mechanism for classified evaluation. Establish and perfect the incentive mechanism to evaluate traditional banking and investment banking business of the enterprise, cooperate with the relevant weight, support the development of key areas, establish the global system of customer contribution index, and analyze the contribution of different customers to the company quantitatively.

For the commercial banks, it is the foundation of their business to serve the real economy. To support rural revitalization is not only the mission of serving the real economy in the new era, but also a great opportunity to develop the inclusive financial services. The rural commercial banks can improve the investment and financing level and efficiency of the real economy, which can determine the efficiency of resource allocation, drive the transformation of financing by its development, and also exert a positive impact on the efficiency of investment. In this regard, we should strengthen the economic endogenous mechanism. Good financial services play an important role in the economic development of a region. When serving the real economy, rural commercial banks should combine the local conditions to choose the corresponding development plans according to the different economic conditions and characteristics of each region. For some local rural areas with poor economic development, some convenient conditions shall be created targeted and

the financial and economic development shall be supported strongly.

Second, it is necessary to have the determination to face the tradition, maintain the confidence in the traditional enterprises, accurately grasp the direction of improving the supply-side system reform, strengthen the support to the original enterprises, and optimize the credit structure of the rural commercial banks. We should adhere to serve the "agriculture, countryside and farmers" in the long term, and provide services for the rural areas and the "macro and small-sized enterprises". On the one hand, we should take the innovation system and mechanism as the guarantee to continuously strengthen the financial service level of "agriculture, countryside and farmers". On the other hand, we should give top priority to the optimization of the service model, and focus on solving the financing difficulties of macro and small-sized enterprises. If the development of finance cannot keep pace with the times and cannot fit with the internal demands of the real economy of our country, such financial system will disappear in the long history because it cannot support the rapid development of the economy.

## 5. CONCLUSION

Currently, there are still many shortcomings for the rural commercial banks due to their own development, whose comprehensive competitiveness, service level and service modes still need to be strengthened and improved. The measures to serve the real economy still need to be continuously explored in light of the actual situation. Therefore, the key for rural commercial banks to serve the real economy is to fully understand local economic environment and the situation of the real enterprises based on the actual situation, accelerate the business innovation,

provide high-quality, high-efficient and low-cost integrated business services for the real economy, and provide strong support for the development of the real economy in order to the sound development of rural commercial banks.

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