



RESEARCH ARTICLE

COUNTERMEASURES FOR THE DEVELOPMENT OF GREEN FINANCE IN WESTERN CHINA

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ARTICLE DETAILS

Article History:

Received 16 November 2021
Accepted 20 December 2021
Available online 23 December 2021

ABSTRACT

This article first describes the development of green finance in the western region in china, and then discusses the main problems in the current development of green finance in the western region in china. The study found that the western green finance has problems such as lack of predictability, insufficient motivation, insufficient talents, standards to be improved, and insufficient innovation. Finally, it puts forward relevant countermeasures to promote the development of green finance in the western region in china.

KEYWORDS

Western Region, Green Finance, Development, Countermeasures

1. INTRODUCTION

Along with the implementation of the national modernization strategy, the behavior of blindly pursuing economic development and destroying the environment is not uncommon, which has caused irreversible consequences to the ecology. With the increasingly tight constraints on resources and the environment, green development and sustainable development have become new requirements for development. In recent years, the party and the state have attached great importance to green finance and regard it as a core component of the financial system reform, with a view to promoting the development of the financial industry through green finance reform (Zhilian et al., 2018). It can be seen that vigorously promoting the development of green finance has become a major direction for the long-term development of the financial industry, and it has been incorporated into the national policy level. Compared with the economically developed eastern region, the western region does not have inherent advantages in terms of talents, capital, infrastructure, etc. If the financial system is to achieve leapfrog development on this land in the western region, we must firmly grasp the "green" (Dasheng, 2017).

2. THE STATUS QUO OF GREEN FINANCE DEVELOPMENT IN WESTERN CHINA

The western region has a vast territory, and the development status of different cities within the region is different. In general, the development level of western cities is not as good as that of eastern cities. In 2017, the state officially designated Guizhou, Xinjiang, Guangdong, Jiangxi, and Zhejiang as innovative pilot regions for green finance reforms. Among them, Guizhou and Xinjiang are cities in the western region (Jinping et al., 2014). Within the western region, there are Sichuan-Chongqing regions with relatively leading economic development, as well as the underdeveloped regions such as Gansu.

2.1 A series of guiding policies are promulgated

Local governments in the western region have issued a series of green financial policy guidelines. The awareness of green development has gradually attracted the attention of the people in the western region. The

acceleration of the development of green financial products and businesses has also begun to be put on the agenda in various regions. The construction of green finance-related systems has also begun to take action gradually.

2.2 Expanding the scale of green credit in the western region

Taking Sichuan Province as an example, from the perspective of the scale of green credit in some parts of Sichuan Province in recent years, there has been an overall upward trend. Green credit accounted for approximately 1/4 of total loans. The regional green credit balance is 88.152 billion yuan.

2.3 The development of green finance business in some areas of the region is good

At present, many groups in the western region have set foot in the green sector. Here we take Sichuan Province as an example. As of the end of 2016, there were 33 listed companies in the green sector and 92 companies on the "New Third Board" in the province, covering new energy and other green projects. At the same time, green bonds in the western region are also developing (Pengsyu and Jingjing, 2012). This article uses Wuhai Bank in Wuhai City, Inner Mongolia as an example. At the end of 2016, the state allowed it to issue green financial bonds worth 500 million yuan. The following year, the bank used bookkeeping to build files. The successful issuance of green financial bonds with a total value of 500 million yuan to the society by means such as centralized allotment and so on. This marks the first successful issuance of green financial bonds in western China. Has also launched its own green bond business one after another.

2.4 Development status of the carbon trading market in the western region

In my country, the western region is rich in mineral resources and coal resources, and has broad development prospects. If we want to achieve social progress, economic growth, reduce environmental pressures, and promote the upgrading and transformation of industrial structure, we should actively promote the transformation and upgrading of economic structure (Qingxing, 2018). Responding to the national call to join the

Quick Response Code



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Website:
www.egnes.com.my

DOI:
10.26480/egnes.01.2022.16.18

carbon emissions trading system. At the end of 2017, the National Development and Reform Commission promulgated the "National Carbon Emission Trading Market Construction Plan (Power Generation Industry)". The plan identified Chongqing as the first carbon market capacity building area in western China, which greatly promoted the development of the western carbon trading market. The carbon trading volume in Chongqing in 2017 totaled 7,436,603 tons.

2.5 The current problems in the development of green finance in the western region

2.5.1 The concept of green finance has not been deeply rooted in the hearts of the people and lacks foresight

After the promulgation of laws and regulations related to green finance, the development of green finance is still in the exploratory stage in the western region. The proportion of green finance in the financial industry is not high, and green finance-related laws and regulations play more of a guiding role, without compulsory restraint, and lack of pertinence. In terms of development status, the western region as a whole lags behind the eastern developed regions, and heavy industry is the main component of the industrial structure in the western region. Some polluting enterprises can often bring considerable tax revenue to the local government (Ran, 2017). The need to relax restrictions on these high-emission enterprises, which are the pillars of the local economy, is contrary to the nature of green finance because of the need for fiscal revenue. The positive role of green finance in promoting economic development, ecological environment protection and resource conservation has not yet attracted the attention of local governments and people.

2.5.2 Insufficient momentum for the development of green finance, narrow channels and small scale

The western region is a key area for the country to carry out targeted poverty alleviation. It has social and economic problems of this kind. The economic development of some poor areas has not kept up with the pace of the times. Under such circumstances, the level of green development is still relatively low, and most of them are passive development. And passive investment, the development of green finance has not been paid attention to in financial institutions, it does not have sufficient priority, and has not actively learned from the experience of green finance pioneers in eastern cities such as Beijing and Shanghai (Bei et al., 2019). The current green finance business in the western region exists Distinguishing features of small variety and small scale.

2.5.3 Large funding gap and insufficient relevant talents

According to the authoritative report issued by the national authority, in the next five years, my country should support 3-4 trillion yuan in green finance every year, 15% of the budget can be borne by the state financial funds, and the other 85% It cannot be solved by government funds, but by the market. It can be seen from this that the development of green finance in our country requires a huge amount of funds to support. For the western region whose economic development has not kept up with the eastern region, the western region does not have the advantage in terms of capital, and the development of the financial industry is not perfect. Under the situation of limited capital supply, as the development progresses and develops The further expansion of the scale of development will only create a greater gap in funds and talents (Meimei et al., 2017). In our country, green finance is still in the exploratory stage. There are very few interdisciplinary talents who can fully understand the meaning of green finance and integrate green finance-related concepts with actual operations. The entire country is almost in a blank state in this respect, and it is difficult to have Professionals provide guidance on development. In addition, my country has not formed an atmosphere and environment for cultivating talents related to green finance, especially in the west. Therefore, it has added an obstacle to the development of green finance in the west.

2.5.4 Information asymmetry, green finance evaluation standards need to be improved

In the development of green finance in the western region, in order to enable green credit and other green finance-related businesses to be carried out in financial institutions in various regions, an appropriate information communication mechanism is needed to understand the relevant risks that may exist in the enterprise. This mechanism should be effective. The enterprise provides information functions such as evaluation mechanism and environmental certification. The reason for the high risk and low efficiency of the current green financial business development is information asymmetry, and information asymmetry may even directly affect the profit and loss of financial institutions themselves. Improve green finance evaluation standards, strengthen supervision, and

use a sound information exchange platform to attract investors to promote the development of green finance in the western region.

2.5.5 The green product market in the western region lacks in-depth innovation that suits its own characteristics

Nowadays, some enterprises in the western region have tried to put green finance products on the market, but for green finance-related products and services, there are still the characteristics of small scale, narrow channels, and lack of deep-level innovation in line with their own characteristics. There is still a big gap in comparison with foreign leading regions and eastern developed cities. Green finance often takes green credit as the main form, and has not tried enough in green securities and investment banking business.

2.6 Accelerate the development of green finance in the western region

2.6.1 Promote green development, expand the publicity of green finance, and create a good green finance environment

The western region as a whole is in a period of rapid development. Most local governments are still pursuing rapid economic growth, while ignoring the emphasis on the word "green" in the development process. Heavy industry is a key part of the industrial structure in the western region. Often in the process of its development, it does not pay attention to the protection of the environment, which has caused an irreversible negative impact on the environment. The western region has a vast territory and complex topography. If the original ecological balance and surface structure are destroyed just for economic growth, it will be difficult to make up for the damage.

Based on the consideration of environmental protection, local governments and relevant financial institutions in the western region should pay more attention to "green development", correctly handle the relationship between rapid economic growth and ecological environmental protection, expand the coverage of green finance publicity, and make people fully aware Environmental protection is of great significance to individuals and the country, so that the concept of "green development" can be implemented in the heart of every citizen, and strive to create a good green financial environment. At the same time, local governments should actively develop local low-carbon environmental protection and other green industries, increase the rate of return on investment in related industries, and attract capital to flow into these green industries. Relevant financial companies should carefully study national policies and implement them.

2.6.2 Create a green financial information exchange platform and improve the information disclosure mechanism

Information asymmetry is a big mountain in the development of green finance in the western region. The problem of information asymmetry is not limited to the western region. This problem exists in the development of green finance in the country. To promote the development of green finance, we must strive to attract related investments to green industries. In investors' investment decision-making, the degree of acquisition of financial and environmental information in related industries is an important factor that cannot be ignored and can often influence investors' decision-making. In order to solve the high risks caused by information asymmetry, local governments should actively communicate and establish a comprehensive green financial information exchange platform to provide financial institutions with intuitive and reliable data, so that financial institutions can make green finance-related investment decisions. Only by improving the information disclosure mechanism can we attract more funds to the west and make up for the gap in green investment funds.

How to evaluate the feasibility of a green project, a complete green financial evaluation system is often indispensable, evaluate all aspects of the project, quantify the feasibility of a green financial project, and use intuitive data to support financial institutions' decisions. Quick and intuitive decision-making and judgment. The establishment of a green financial evaluation system should fully learn from the excellent experience of success at home and abroad, and explore a set of green financial evaluation system that is in line with the characteristics and development of the western region and belongs to the comprehensive system of the western region.

2.6.3 Strengthen the training and introduction of talents

At present, green finance is still in its infancy and initial stage. It is very different from common financial businesses. Green finance business requires interdisciplinary talents who can master financial knowledge, environmental protection, governance knowledge, and resource

utilization knowledge. Its complexity is higher than that of traditional financial business, and it requires extremely high professional quality of relevant personnel. Compared with the eastern region, the western region does not have the advantage of attracting more outstanding talents. Given the extreme shortage of relevant talents, sufficient attention should be paid to the cultivation and introduction of talents. First of all, financial institutions in the western region will conduct theoretical and practical training for personnel related to green finance, forming a good atmosphere to carry out research, discussion, and innovation of related green projects. Secondly, actively attract senior talents in green finance, and give substantive policy inclination to relevant senior talents. In order to gain an advantage in the talent competition with the eastern developed cities, it is necessary to formulate a sound talent introduction plan and introduce relevant preferential policies to support it.

2.6.4 Play a typical leading role

Due to the influence of natural and historical conditions in the western region, there is a big gap between the development status of the western region and the eastern region. Even within the western region, there are obvious differences in economic development between the east and the west. Therefore, in the development of green finance in the western region, You can first select some areas with relatively better conditions to try: financial institutions in some provinces and cities with relatively leading economic development (such as Sichuan and Chongqing) will take the lead in piloting green finance, and play a typical leading role after achieving results. The experience brought to other cities in the western region, and in this way, step by step, comprehensively and deeply promote the development of green finance in the western region.

ACKNOWLEDGMENTS

Thanks for the Chongqing Social Science Planning Project (No.2018PY74), Science and Technology Project of Chongqing Education Commission (No.KJQN202000506). This paper is grateful to the reviewers for helpful comments.

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