

## **Study on the Optimization of Financial Ecological Environment for the Development of Small and Micro Enterprises in Jilin Province**

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**Abstract:** Jilin province is the old industrial base of China, but its economic development is relatively backward, especially the development of the financial industry and the domestic developed areas have a big gap. The study of the financial ecological problems in Jilin province can help us understand the external environment of the financial operation in Jilin province, and that can put forward operable suggestions for improving the financial ecological environment for Jilin province, so as to improve the economic competitiveness of Jilin province and promote the harmonious economic and social development of Jilin province. This paper takes small and micro enterprises as the research object, discusses whether the financial ecological environment will affect their growth and development, and studies how the financial ecological environment should be established and improved to optimize the external growth environment for the development of small and micro enterprises in Jilin province.

### **1. Financial Ecological Environment and Small and Micro Enterprises**

#### **1.1 Financial Ecological Environment**

The concept of financial ecological environment can be said to be an innovation of financial theory, which is to integrate the familiar ecological theories into the financial field. It was proposed by professor Bai qinxian firstly in 2001. It is a benign operation and development model established by referring to the Bionics principle. It can be said that it is a category with Chinese characteristics. Broadly speaking, from a macro perspective, financial ecological environment refers to external development environment, including economic environment, political environment, technological environment, cultural environment and legal environment. In a narrow sense, it is defined from a micro perspective, including all kinds of financial resources, legal support, credit system construction and government services. It can be said that the level of financial ecological environment construction plays a crucial role in the development of small and micro enterprises in a province.

#### **1.2 Small and Micro Businesses**

The concept of small and micro enterprises was firstly put forward by Chinese economist professor Lang xianping. It is the collective name of small and micro enterprises and family workshop enterprises and individual industrial and commercial households. At present, it mainly refers to the economic structure and organization with fewer employees, less production scale and output value, highly unified management right and property right, and relatively single product and service category.

#### **1.3 The Relationship Between the Financial Ecological Environment of Jilin Province and Small and Micro Enterprises**

The optimization and development of the financial ecological environment will not only improve the overall economic strength of Jilin province, but also provide a better platform and soil for the development of small and micro enterprises. At the same time, for the problems that small and micro enterprises develop in the financial ecological environment, relevant departments can also solve the problems with a clear target, and effectively prevent financial market risks. Jilin province

has always been at a disadvantage in terms of financial development. Therefore, in combination with the national "One Belt And One Road" strategy for development, solving various problems restricting the financial ecological environment imbalance in Jilin province can greatly accelerate the financial and economic development, and can also solve the social environment on which the development of small and micro enterprises depends. The development of small and micro enterprises can better promote the large logistics distribution center with Chang-Ji-Tu financial pilot zone as the core and the preparation of new financial function zone with the goal of applying for the establishment of Asia Infrastructure Investment Bank branch to improve the financial ecological environment in Jilin province and even along the "One Belt And One Road".

## **2. The Status of Financial Ecological Environment for the Development of Small and Micro Enterprises in Jilin Province**

In the growth process of small and micro enterprises, expanding the scale of production and operation is closely related to financing. However, it is difficult for small and micro enterprises in Jilin province to achieve ideal results under the current financing environment. This financial ecological environment is embodied in the following aspects:

### **2.1 Economic Environment**

In 2018, the macroeconomic performance of Jilin province has been stable, the quality and efficiency have been improving, new progress has been made in high-quality development, and new steps have been taken in comprehensively and comprehensively revitalizing the economy. GDP growth picked up quarter by quarter. The annual GDP of the whole province reached 1507.462 billion yuan, an increase of 4.5% over the previous year in terms of comparable prices. The growth rate was 2.3 percentage points higher in the first quarter, 2.0 percentage points higher in the first half and 0.5 percentage points higher in the first three quarters. In terms of industries, the added value of the primary industry increased by 2.0%, the secondary industry by 4.0% and the tertiary industry by 5.5% over the previous year. Jilin province financial market development speed is also fast, the financial market activity is also high.

### **2.2 Financial Resources**

#### **2.2.1 Financial Institutions Have Quantitative Advantages and a Large Total Amount in Jilin Province**

On the basis of traditional state-owned Banks, many local and urban commercial banks are springing up, and the number of financial institutions in Jilin province is rising steadily.

#### **2.2.2 Diverse financial institutions**

In the financial operation environment, in addition to the dominant commercial banks, the types of financial institutions are increasing. Such as: insurance companies, financial leasing companies, consulting companies and management companies. At the same time, these financial institutions for small and micro enterprises financing and development guidance to provide a variety of alternative channels and advice guidance.

#### **2.2.3 The Quality of Financial Resources Needs to be Improved**

Although the financial institutions show a trend of diversification in Jilin province, the loan quality of the major financial institutions has not been significantly improved. As the non-performing loan ratio of some large state-owned enterprises in traditional banks increases, the quality of financial resources is not high.

### **2.3 Legal Environment**

The supporting construction of the rule of law of the financial industry plays a vital role in the development of the financial industry. It is not only a constraint on the development of financial subjects, but also a powerful weapon to defuse financial risks and ensure the stable development of

financial market environment. In 2018, the number of closed cases of first instance criminal cases tried by Jilin provincial people's court fluctuates, and there is no obvious law to be observed. The number of closed cases of first instance criminal cases fluctuates. Although there is no rule to follow, from the case conclusion, the law enforcement is constantly improving in Jilin province, and the legal environment is constantly improving. These will increase financial support for small and micro enterprises, help the steady growth for the economy of Jilin.

## **2.4 Credit Environment**

A good credit environment is an important guarantee for financial security and sustainable and healthy development. Credit is the foundation of business, if the lack of credit will restrict the operation of the entire economy. Assessment of credit environment is an important index of non-performing loan ratio, in general, credit environment of Jilin province showed a trend of decreasing year by year, while success than in previous years credit construction, but the situation of Jilin province outflow of young labor force in recent years, constantly, lead to rural families of older women stay at home or older people who are lack of credit registries. Therefore, the non-performing loan ratio of other provinces is still high, which indicates that the overall credit level of Jilin province is not high.

## **2.5 Administrative Environment**

The financial resource allocation in principle should be based on financial markets in Jilin province, capital supply and demand determine the financial resources allocation, but in many cases, commercial banks will be under the government's intention to lending policies tend to be large and medium-sized enterprises, and in the process of economic development in Jilin province, small micro enterprise also played an indispensable role.

# **3. Problems Exist in the Financial Ecological Environment for the Eevelopment of Small and Micro Enterprises**

## **3.1 Economic Operation Environment of Jilin Province**

Because Jilin province is the big grain province in our whole country all the time, accordingly, the gross product of natural agriculture is higher. Jilin province should give full play to this advantage in future economic development and financial ecological environment construction. On this basis, we should do a good job in the transformation of industrial development, especially for the state-owned enterprise reform needs to take a more determined pace, while giving consideration to the development of small and medium-sized enterprises. Jilin province has always been at a disadvantage in the development of the tertiary industry. The proportion of the output value of the tertiary industry in the GDP is an important index to evaluate the level of industrial structure optimization, which indicates that Jilin province has great potential in economic development. It is necessary to adjust the industrial structure according to local conditions and promote the construction of a harmonious financial ecological environment.

## **3.2 The Problems in the Financial Operation Environment of Jilin Province**

### **3.2.1 Information Disclosure of Financial Institutions in Jilin Province is not Timely**

At present, although most financial institutions have made information disclosure in accordance with China's financial regulatory laws and regulations in Jilin province, but many financial institutions' information disclosure is delayed, and this information asymmetry directly leads to many investors' insufficient understanding of the financial market situation and blind investment.

### **3.2.2 The Non-Performing Loans of Financial Institutions Keep Increasing**

Due to financial institutions is the specialized agencies handling loan business, so the phenomenon of bad loans is normal, but from the current financial institutions non-performing loans gradually increasing trend in Jilin province, the state-owned large and medium-sized

enterprises non-performing loan ratio and the phenomenon of the default rate increased, the problem is derived from the special economic structure characteristics of Jilin province. Jilin province is an old industrial base in northeast China. Due to the inherent thinking of relying on the government and banks in the planned economy, many large and medium-sized enterprises keep increasing the loan amount and the default rate keeps increasing. In this case, major financial institutions are more reluctant to lend to small and micro enterprises.

### **3.2.3 Imbalance between Supply and Demand of Financial Market Liquidity**

Because the inflation rate is higher than the bank interest rate, the financial institutions cannot obtain the deposit liquidity support. The slow economic growth of Jilin province in recent years is, in the final analysis, due to the limited amount of liquidity provided by the financial market of Jilin province, and the economic construction and liquidity support are inseparable. In particular, the financing demand of small and micro enterprises is far greater than the supply. In addition, the financing platforms in the financial market is lack of diversity in Jilin province. Especially for private capital, they are not attractive at all. The financing methods are relatively simple, and they basically rely on traditional commercial banks and stock exchanges to achieve traditional financing methods. Nowadays, internet-based financing methods are constantly innovated, which is undoubtedly a challenge to the traditional banking business. Without new financing methods, idle private funds cannot be attracted, which will seriously hamper the economic development of Jilin province.

## **3.3 Supporting Issues of the Financial Ecological Environment and the Rule of Law in Jilin Province**

### **3.3.1 The Construction of Laws and Regulations is Lagging Behind**

In today's financial times, the internet for small micro enterprise financial products innovation is more, but also produced many new forms of financial default dispute, because of the lag of laws and regulations, so lack of reasonable and appropriate explanation, although some of the new trading platform such as the raise and the P2P relieves the small micro enterprise financing difficult problem, but a lot of disputes emerge in endlessly, financial regulation appear trouble, this is also the new challenge for the law.

### **3.3.2 Long Implementation Time and Low Settlement Rate of Laws and Regulations**

In China, courts and people's procuratorates at all levels are mainly responsible for the handling of all kinds of cases. Although local laws and regulations are formulated in accordance with the spirit of the central government, problems such as long time and low settlement rate arise in the process of implementation. Especially for small and micro enterprises, some loan default and bankruptcy applications and other issues can not be made a clear judgment.

### **3.3.3 Lack of high-quality Legal and Regulatory Professionals**

It is not difficult to see from the enrollment majors of higher education institutions that law majors are almost all over the schools in Jilin province. From the perspective of quantity alone, such a huge talent resource can meet the employment needs of Jilin province. However, this method of using quantity to meet demand is likely to cause problems such as low quality of professional training, weak professional ability of graduates, and disconnection between theory and practice.

## **3.4 Problems Existing in the Construction of the Credit System in the Financial Field of Jilin Province**

### **3.4.1 Credit Record Missing Risk**

Although the situation of rural population transfer to the city in Jilin province, but the rural resident population still has a large proportion. As rural residents do not often use the internet to consume, it is difficult to obtain their credit records. In some new lending methods, credit status is an important reference index of borrowing ability, so the lack of credit records will increase the risk

of loans.

### **3.4.2 Insufficient Guarantee Institutions**

Small and micro enterprises in the process of development, the more the lack of funds, the more the need for mortgage capital in Jilin province. Since guarantee institutions need to meet the capital standards stipulated by the state when they are established, but due to the serious shortage of guarantee institutions in Jilin province, they cannot provide reasonable guarantee for small and micro enterprises.

### **3.4.3 The Government is Too Dominant in Credit Collection**

In the whole process of collecting credit information in Jilin province, the government has played a major role. However, the government allows certain errors in the information input for large and medium-sized state-owned enterprises, but for small and micro enterprises the requirements for the collection and collation of data is too high, which makes the small and micro enterprises with financing difficulties in a disadvantaged position in credit rating.

## **3.5 The Problems in the Financial Service Level of Jilin Provincial Government**

### **3.5.1 Government Financial Services Tend to be Provided to Large and Medium-Sized Enterprises**

Jilin province government is the main guarantee of state-owned large and medium-sized enterprises unit, for financial institutions, credit level is higher, it is easier to provide financial support, and when occurrence problem of state-owned large and medium-sized enterprises unable to repay the loan, the government can guarantee and show of commitment, but small micro enterprises have no way to obtain the guarantee.

### **3.5.2 The Authority of Relevant Financial Functional Departments of The Government is Not Clear**

On the whole, there are some vague elements in the establishment and authority setting of government functional departments. Even after the reform, the problem cannot be solved well. Because there is a large amount of capital involved in the financial field, every functional department will avoid risks once they occur, so that the function originally serving the financial industry is not fully played.

### **3.5.3 Dislocation of Government Financial Functions**

Jilin province government appeared when exercising functions of financial management method the characteristics of the administrative instruction and documents, local protectionism is relatively serious, that leads to the local economy and the power of the government, therefore, although government welcomes diversified financial institutions to enter, but they asked them to obey the government's administrative instructions after entering, this led to a market economy did not play the function of optimizing the allocation of real resources.

## **4. Analysis on Countermeasures to Improve the Level of Regional Financial Ecological Environment in Jilin Province**

### **4.1 Focus on the Development of Small and Micro Businesses to Lay the Foundation for The Financial Ecological Environment**

#### **4.1.1 Support the Development of Small and Micro Enterprises Strongly and Strive to Make Jilin Province to be a gathering place of modern service industry**

In order to adapt to the new normal of national economic development, the deepening reform of Jilin province should also be based on this starting point. Jilin province should focus on information technology, tourism industry, pension service and logistics industry, give some preferential policies and support policies to small and micro enterprises in tax policy and loan issuance, encourage small

and micro enterprises to innovate and develop, and make them play an important role in economic development.

#### **4.1.2 Take Advantage of the Strategic Opportunity of "Changchun-Jilin-Tumen Guide Area"**

Geographically, although there is no and the unique advantage of Heilongjiang province, Liaoning province, Jilin province but " Changchun-Jilin-Tumen Guide Area" is a national key program, in line with the strategy and policy advantage as a springboard to set up small and medium enterprises or private bank, financial institutions can realize regional advantage complementary, achieve the goal of resource sharing.

#### **4.2 Improve the Efficiency of Financial Resources Allocation in Jilin Province**

Improving the efficiency of financial resource allocation is actually improving the symmetry of information. And the biggest obstacle on this development path is the backward technical level. With the rise of the Internet technology, artificial intelligence and big data analysis technology effectively to improve the speed of access to information and channels, so for financial institutions, can get rid of the situation to provide capital for state-owned large and medium-sized enterprises, the money supply effective to perform small micro enterprise financing demand match, small micro enterprises of all kinds of data can be a better service. At the same time, on the basis of systematic supervision, third-party payment, P2P and crowdfunding are adopted to make up for the deficiency of traditional financial financing methods.

#### **4.3 Improve Financial Laws and Regulations, and Establish a Sound Financial Order**

The important guarantee for the construction of financial ecological environment in Jilin province is the construction of reasonable financial laws and regulations and the establishment of good financial order

##### **4.3.1 Establish and Improve Laws and Systems Related to Finance**

In the turbulent economic tide, there must be laws to follow in the financial market, so as to ensure the stable operation of the entire financial market in case of problems. Jilin province should further improve the financial creditor's rights information exchange system, small and micro enterprises restructuring monitoring and reporting system, small and micro enterprises enterprises evading and canceling debts notification system, financial creditor's rights management inspection system, financial creditor's rights management President of the joint meeting system.

##### **4.3.2 Strengthen Law Enforcement and Improve the Efficiency of Law Enforcement**

In terms of improving the construction of financial ecology and the rule of law, the judicial department of Jilin province should strengthen the law enforcement and improve the efficiency of law enforcement, especially the case settlement rate. In particular, attention should be paid to the financial rights protection of small and micro enterprises and the handling of enterprise bankruptcy cases. At the same time for enterprises to break faith, especially small and micro enterprises do not comply with the industry regulations, should be given severe punishment. At the same time, Internet technology should be widely used to share the financial dishonesty of enterprises on the platform, and joint sanctions should be imposed on all kinds of illegal behaviors.

#### **4.4 Improve the Credit Investigation and Evaluation System and Create a Harmonious Credit Environment**

Credit construction is an important part of the whole financial ecological environment construction. From the perspective of perfecting the credit investigation and evaluation system of Jilin province, the application of Internet technology must be attached importance to, so as to improve the accuracy of data collection and timeliness of release. Now most people cannot leave the network communication, so under the background of big data, seemingly disorganized information, but it is hidden very useful information, therefore, Jilin province should establish a sound credit data system as soon as possible, to large and medium-sized enterprises, small and

micro enterprise, public security, finance, taxation, insurance, such as part of the credit information collecting, forming a multidimensional, cross enterprise credit and personal credit of multi-level three-dimensional social credit system, to realize information resources sharing.

#### **4.5 Improving Government Functions and Improving the Financial Ecological Environment**

The development of finance must be controlled by the macro-control of the government. In order to reform the functional level of financial service departments of Jilin provincial government, it is necessary to change the thought of official standard of government functional departments, and take the market as the driving force of financial development according to the principle of market rules. With the guiding principles of "supervision" and "encouragement", we will transform government functions and improve government services in the financial sector. At the same time, government staff should be strengthened to participate in learning and training, so that they can have a deep understanding of the mission of the work, and provide financial enterprises with help within their capacity to form a service-oriented government. All in all, the government in improving the regional financial ecological environment play a crucial role in the process, simply rely on market mechanism to regulate the financial ecological environment is not desirable, therefore to develop local financial service level must rely on the government to fully exercise the functions of the social, economic and cultural, jointly create a harmonious social atmosphere, to promote and improve the Jilin province small micro enterprise financial ecological environment improvement.

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