

THE INTERNATIONAL JOURNAL OF BUSINESS & MANAGEMENT

Present Situation and Development of the Financial Industry in Heze

Mei-xiang Hong

Lecturer, Department of Economic and Management, Heze University,
Heze City, Shandong Province, China

Abstract:

As the core industry to serve the local economy, development and operation of the financial sector to the local economy plays an important supporting role. In order to improve the development ability of real economy financial support in Heze city as the research subject, starting from the analysis of the current situation of economic development in Heze City, first briefly expounds the status of Heze city and the total economic growth rate in the province's economic development; secondly, through the selection of the past 10 years in Heze City, the three industrial development change, Heze the financial institution loan balance data and Heze insurance business data, a comparative analysis of the change of industrial structure in Heze City, deposit and loan balance changes and the development of insurance business, describes the development of the financial industry and economic background; on this basis, summarizes the factors affecting and restricting the Heze City, the financial support of the real economy, thus to further improve the coordination of financial and economic development, give full play to the financial support for the real economy, and puts forward some policy suggestion..

Keywords: *GDP of the Region, Scale of Financial, Structure of Financial, Financial Efficiency*

1. Induction

The 12th Five-year plan had to financial development put forward specific ideas, including: promote financial reform, opening up and development and construction of diverse organizations, efficient service, prudential supervision, risk control of the financial system, and constantly enhance the function of financial market, to better to speed up the transformation of economic development mode. 45 planning, though not yet announced, but according to the policy continuity and coherence, I believe basic idea for the financial development is still relatively consistent. Finance is not economic activity in the optional link, but to the economic and social development goals can successfully play a crucial role. Finance and economy is mutual promotion relations, local financial circulation resource allocation in the local economy, risk management, market information provision plays an irreplaceable role, provides the premise and motive force of the development at the same time and for the development of the financial development of the local economy. In every stage of development, how to realize the coordinated development of local economy and local finance, strengthen the role of local finance to the local economy and enhance the ability is of great significance.

Shandong Province as the underdeveloped areas, the economic development of Heze city for decades has been far behind in most cities, become the bottleneck of economic development of the province have long been a difficult. Causing the development status of factors are in many aspects, both of the history of the formation of the system to tie him down, including geographical and regional and other objective factors. In recent years, the third industry in Heze developed rapidly, but the coverage is slightly low. The third industry is rich in content, especially in the financial industry, other types of industrial catalyst, an important driving force is to support the development of local economy. Based on this, the project in Heze City Finance and economy as the research object, through the relationship and rule between analysis and quantification, find out the deficiencies existing in the development process, thus to put forward corresponding development ideas, in order of Heze City, the financial industry and economic development provide some effective suggestions.

2. The General Situation of Financial and Economic Development in Heze

2.1. Total Economic Growth

This paper takes the name GDP as the main indicator of economic growth in Heze City, and selected per capita GDP and GDP growth aided description.

First of all, based on the data of 2004-2014 of Heze's economic development, a comparative analysis of the economic development in more than 10 years in the city of Heze. As shown in table 2-1.

Table 2-1GDP during 2004-2014 in Heze

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
GDP (Billion yuan)	370.44	450.85	539.96	686.02	842.31	957.31	1227.09	1556.52	1787.36	2050.01	2222.19
The growth rate	—	0.22	0.20	0.27	0.23	0.14	0.28	0.27	0.15	0.15	0.08

Table 1

Data source: Shandong statistical information network

By table 2-1 can be seen in nearly 10 years, Heze City Economic Growth expanding the total, from 2004 370.44 billion yuan of growth to 2014 2222.19 billion yuan, fixed base growth rate to nearly 600%. Growth trend, the economy growing at the same time, the growth amplitude in the continuous slowing down.

Secondly, the index of GDP in 2014 of 17 cities in Shandong province's GDP and per capita production area, a comparative analysis of the status of Heze economic development level in Shandong province and related areas in the.

From the development of economy, GDP of 2014 in Heze City although slightly higher than three cities of Zaozhuang, Rizhao, Laiwu, but still far below the average level of the province (3514.01 billion yuan), more greatly behind the developed cities in the east of Qingdao, Yantai, Jinan etc. Considering the factors of population, in 17 cities in the province, Heze City of GDP per capita living in the bottom, even in the western economic uplift belt (Zaozhuang, Jining, Linyi, Dezhou, Liaocheng), still have a comparative advantage.

2.2. Comparison of the Structure of Economic Growth

The analysis of the structure of economic growth in Heze City, mainly is nearly 10 years of three times industry accounted for changes in the proportion of GDP, to find out promote GDP growth of the main factors. Since 2004, Heze city economic structure has been optimized, the first and the two industry proportion has been reduced, increasing the proportion of the third industry. The analysis has shown that the contribution of Heze City, the third industry to continue to increase the degree of economy, and finance is an important part of the third industry, therefore, vigorously develop the financial sector to support the economy. In addition, compared with other cities, Heze City, the proportion of the third industry in GDP is still relatively low, the need for the development of the third industry in order to optimize the economic structure.

2.3. The Development of Financial Industry

The financial sector including banking, capital market, insurance and other non-bank financial institutions and other fields. This paper from the three aspects of banking, insurance and securities business to Heze financial market overview.

This paper selects Heze City deposit amount and loan deposit ratio to illustrate banking development loans. The so-called deposit ratio (Loan-to-deposit ratio), just as its name implies is refers to the commercial bank loans divided by total deposits ratio, namely bank loans / total deposits. From the perspective of bank profitability, loan ratio must better. Because of the savings to pay interest to the depositor, the banks in terms of form the cost of capital, if a lot of deposits in a bank loans seldom, it means that its capital cost is high, and less income, bank profitability is poor. From the banks to reduce operational risk point of speaking, bank's loan to deposit ratio should not be too high, because the bank would also like to meet the needs of customers' daily cash withdrawal and daily clearing, which requires the bank to keep some cash. If the bank loan ratio is too high, lack of liquidity will, resulting in bank faced with payment crisis, so the bank loan ratio is not the higher the better.

The past 10 years, Heze City, the balance of deposits and loans and GDP to maintain rapid growth. From the quantitative point of view, balance of deposits is much higher than the loan balance; from the point of view of growth, the growth rate of deposits and loans remained the same; from the deposit loan ratio remained stable at the same time each year declined slightly.

Premium income, indemnity and payment is an important index for measuring the state of development of the insurance industry, this paper selects Heze city of premium income, 2004-2014 payments expenditure analysis. Heze City, the insurance premium income and expenses paid increased year by year, the reason is mainly due to substantial growth in personal insurance income as of 2014, the insurance premium income 7 billion 163 million yuan, up 17.6%. The insurance industry insurance premium income 1.584 billion yuan, growth of 20.1%, people life insurance premium income 55.79 billion yuan, growth 17.0%.

The foregoing analysis available, Heze in terms of economic growth and financial development has greater progress, but compared with other cities of the province there are still large gaps. In terms of financial development mainly face the following problems: one is financial system needs to be further improved and the Heze financial market to the banking industry, banking and workers and peasants in the built four state-owned joint-stock commercial banks as the main body, although in recent years, rural credit cooperatives and all kinds of city commercial banks continue to emerge, but has not yet formed effective competition in the market; second, financial concentration need further, the Heze financial aggregation degree is not enough, there is no greater influence on the financial functional district in order to promote economic development.

3. Problems of the Financial Industry in Heze

As underdeveloped area, the economic structure of Heze is mainly based on agriculture, compared to the province of other developed cities, mainly rely on the resources and labor-intensive enterprises, in the process of economic development, the need for financial support. The scale of financial development is relatively large, but cannot effectively play an important role in economy to improve the efficiency of financial development may fall into a vicious spiral. This is because financial institutions considering risk, income and other factors, lend to a better business or economy, while the number of such enterprises in the region is very small. Most enterprises because of the technical level, income level are relatively low, difficult to obtain credit funds, and lack of access to credit

funds, makes these economies unable to obtain capital accumulation, cannot be realized to upgrade the technology level, into a vicious circle of a situation. Through this period of financial system to solve the financial constraint economies cannot limit its development, which is also the development scale of Heze City financial growth, but not the main reason to promote the level of economic efficiency. In economically developed cities, financial institutions can play a function of resource allocation, and in less developed areas, financial institutions are basically savings mobilization and cannot make the play function of capital accumulation, so as to promote efficiency and improve the level of. The economic development of better city, economy, the perfection of the financial market, financial liberalization to promote the development of the level of economic efficiency, but on the contrary in underdeveloped areas. The level of financial structure can promote enterprise innovation, transformation and upgrading in the developed city, but on the contrary in less developed regions. Financial development in the economic efficiency of different cities showed a different effect, the financial demand with diversification, in the less developed regions, single supply pattern dominated by state-owned banks in the financial system, cannot fully meet the social and economic development level.

Heze City belongs to from agriculture to industry and gradually change the regional economy, low level of agricultural development, and industrial development in low level, the backwardness of the development of the tertiary industry, financial development in the whole structure and economic development are consistent, and subject to the economy, market, technology and other reasons, if there is no appropriate intervention, tend to fall between financial development and economic growth cycle of the situation.

4. Conclusion

Finance is the core of economy, along with the development of modern economy, the increasing importance of the financial sector in the economy. But at the same time, financial development also has a huge risk, the outbreak of the 08 years of the global financial crisis in the global economy is still weak. Appropriate use of local government macro-control function, strengthen the guidance of local government on finance, scientific management of local finance, is of great significance to promote the rapid development of local economy.

In the process of rapid development of economy in Heze, a large number of small and medium-sized enterprises gradually grow, the demand for the rapid expansion of credit funds. The commercial banks to develop business of small and medium-sized enterprises to meet the credit needs of small and medium-sized enterprises, promote the economic development of Heze, increase local economic vitality. At the same time, the development of small and medium-sized enterprises to develop business in the banking sector have played a more important role. With the accelerating trend of financial differentiation, the intensification of competition in banking industry, as well as to promote market-oriented interest rate reform, the large customers of the commercial bank loan spreads shrinking. Therefore, banks must conduct business adjustments, find new profit growth point, to achieve sustainable development. In this case, the development of small and medium-sized enterprise business for commercial banks is particularly important. Compared with the previous commercial bank customers, small and medium-sized enterprises have their own unique attraction.

Insurance plays an important role in the local financial system, healthy development of the market economy plays an important role, in the maturity of the local financial system, insurance is one of the three pillars of the market and the other two pillars are banking, securities. At present our insurance market has not been fully developed, the role of social stabilizer has not been fully exploited. To promote the rapid development of the insurance market, will help improve the financial market system and realize the rational allocation of financial resources.

At present in Heze City financial industry is given priority to with the bank, the development of the insurance industry is gradually improving, securities industry started late, which makes financial market structure is not reasonable, financing channel is narrow, cannot give full play to the role of local financial markets. Recommended to adopt specific measures: one is to establish and perfect the different levels of financial market system, the different scale, different types and in different growth stages for the relevant enterprises to provide differentiated financial services, to accelerate its development. The two is to encourage and support small and medium-sized enterprises especially high-tech enterprises listed overseas financing. Three is to improve the legal system, strengthen law enforcement, strengthen the supervision team construction, improve the efficiency of supervision. The four is to promote financial market culture construction, strengthen investor education, the construction of health equity culture, cultural and environmental integrity bond. The five is to perfect the property market, guide the existing property rights trading institutions according to market principles, function division and standardized operation reasonable.

5. References

- i. Hong mei-xiang. Effect and Path of Financial Development of Economic Growth in China, *The International Journal Of Business & Management*, vol.3, no.4, pp.318-322, 2015.
- ii. Wang Dingxiang, Xu Ruiheng. An Empirical Research on the Influence of Financial Development on Economic Growth in Shandong Province[J]. *Economic and Management Review*, 2013 (1): 86-91.