

Study on the strategy of financial support to enhance the competitiveness of Shandong peninsula

Xin Kuang *, Xinzhen Zhang

Shandong University of Science and Technology, Jinan, Shandong, 250031, China

*Corresponding author email: kx06241523@163.com

Abstract. Shandong Peninsula is an important economic development area in China, and its superior geographical location and abundant resources provide a good foundation for rapid economic development. In order to further enhance the economic strength of Shandong Peninsula and the regional competitiveness of Shandong Peninsula city cluster, it is inevitable to strengthen the financial and fiscal support for the peninsula, integrate the financial structure and further expand the Shandong Peninsula Blue Economy Demonstration Zone within the national economic circle. influence. Starting from the significant problems in financial support on the Shandong Peninsula, this paper presents the problems of the peninsula city cluster in three aspects: financial resources, financial supervision, and urban-rural integration. The corresponding solution measures are also proposed to add another hand to the economic level of Shandong Peninsula.

Keywords: Shandong Peninsula; financial support; urban competitiveness; digital inclusive finance.

1. Introduction

Nowadays, under the background of financial global integration, the change of national productivity is inseparable from financial support and technological innovation. Strengthening the development and construction of regional city clusters and providing more financial support are effective means to improve regional productivity and optimize financial structure. Shandong Peninsula is the backbone of contributing to the national GDP. Among them, the peninsula city cluster, mainly Jinan, Qingdao and Yantai, is the highlight of Shandong Province's economic development, which has greatly driven the economic development of China's Yellow River Basin, and the total economic volume of the city cluster has been increasing in recent years (the total GDP of Shandong Peninsula is 8.31 trillion yuan in 2021). However, there is still a considerable gap compared to the Yangtze River Delta and the Pearl River Delta, which were opened up earlier and have high population density and dense urban distribution. (In 2012, the total GDP of nine cities in the Pearl River Delta exceeded 10 trillion yuan; the Yangtze River Delta even more cities with a total GDP of 27.6 trillion yuan). Looking into the reasons, it is easy to find that the structure of the financial system and the slow pace of financial development in the Shandong Peninsula city cluster may be the reason for this gap. Because of its unique geographical location, relying on the Yellow River impact plain and located near the Yellow and Bohai seas, with rich land resources and marine resources, in 2013 the Shandong Provincial Government officially promulgated the "Shandong Golden Reform 22", to strive to further develop and strengthen this economic and agricultural province into a financial province. The 13th Five-Year Plan for National Economic and Social Development proposes to accelerate the development of urban agglomerations and enhance the level of open competition in the Shandong Peninsula urban agglomeration. As a powerful catalyst for the economy, it is necessary to analyze the favorable impact of financial support on the economic development of the Shandong Peninsula and thus strengthen the government's financial support and financial structure reform of the Shandong Peninsula urban agglomeration, in order to develop the economy of the peninsula in a long-term manner, enhance the competition level of the peninsula urban agglomeration, and catch up with the first-tier urban agglomeration.

It has been proposed in the literature that financial development has a positive impact on economic growth and their relationship is linear. Among all the pending indicators of financial development, there is a solid two-way Granger causality between financial development and economic growth.[1] Based on an extended neoclassical growth model, an endogenous mechanism between financial

structure and economic growth is derived. In the process of economic development, there exists an optimal financial structure that is used to meet the different demands of the real economy. The panel data of 29 provinces in China from 1996 to 2013 are also used to derive the important role of financial structure on economic growth, which shows an inverted "U" shape.[2] The study of regional competitiveness is a new direction in regional economics, and regional competitiveness is not only a controversial and emerging academic issue, but also a matter of increasing political deliberation and action. The concept of regional competitiveness itself is complex and controversial, and policy makers everywhere are strengthening regional and urban competitiveness.[3] Given the economic situation in global financial markets, it is possible for regions to provide financial support for entrepreneurs to achieve sustainable financial growth, and financial support lays the foundation for long-term regional competitiveness. Supporting the financial stability of the regional system facilitates entrepreneurial activity and contributes to the development of the regional economy.[4] With the rapid development of the real economy, the financial deepening reforms in the quality economic environment have greatly contributed to the ability of financial services to the real economy. For enterprises, access to financial support can improve technological progress and expand production scale. However, the overall efficiency of financial support is still at a low level and the development of enterprises is unstable.[5] Drawing on the economic growth base of other city clusters, the Shandong Peninsula city cluster can continuously improve the core competitiveness of the peninsula city cluster and promote economic construction by enhancing financial support.

Previous literature usually explains the role of financial support for economic growth and its numerous impacts on promoting the real economy, industrial economy, and rural revitalization, but lacks analysis of specific regions and typical cases. This paper adds to this accordingly. Taking Shandong Peninsula city cluster as an example, it reflects the positive impact of financial support on the development of the city cluster. From the perspective of the study, by analyzing the macroeconomic level and combining the overall situation of Shandong Peninsula, we grasp the overall development of Shandong Peninsula urban agglomeration, compare the overall differences and synergistic development issues with other developed urban agglomerations, and then better identify the problems of financial support in Shandong Peninsula that need to be strengthened and addressed. From the aspect of research revelation, this paper puts forward certain suggestions on financial support for Shandong Peninsula urban agglomeration through the dimensions of economic development, environmental development, social development, and policy revelation to strengthen the level of urbanization, implement rural financial revitalization, and enhance financial efficiency. Vigorously develop the marine blue economy and make full use of resources. Strengthen government input financial support, fiscal expenditure and enhance social credit. Introduce financial talents and provide intellectual support. Thus, strengthen the core competitiveness of the city cluster and rank among the first-tier city clusters.

2. the problems of the Shandong Peninsula in financial support

2.1 Uneven distribution of financial resources and difficulty in financing SMEs

SMEs are important promoters of national economic growth and job solutions. In the post-epidemic financial era, the government has adopted a prudent monetary policy in order to curb the rapid rise in price levels. However, due to the solidified pattern left behind by the traditional financial model, state-owned banks and other large financial institutions are more willing to provide loans to state-owned enterprises, and due to the structural characteristics of SMEs themselves, the problem of difficult financing has been the bottleneck affecting the rapid and healthy development of SMEs. With the development of market economy, SMEs as the main dependent form of private economy, the lack of financial support for SMEs has largely affected the development of real economy, especially the development of manufacturing-based real economy and related micro-enterprises and sectors. At the same time, the unbalanced distribution of financial resources tends to discourage SMEs' investment and business development, which has a great negative impact on the rapid growth

of China's economy. On the one hand, it increases the social unemployment rate and is not conducive to the innovation and upgrading of enterprise development, on the other hand, it hinders the restructuring process of state-owned assets, increases the dependence of SMEs on foreign capital, further proliferates underground financial activities and greatly increases financial risks, and seriously jeopardizes the synergistic development of the regional economy. The credit rating of SMEs in Shandong Peninsula is low and their ability to resist financial risks is poor. Generally speaking, the credit rating of an enterprise matches its own corporate quality, business management, financial status and debt-servicing ability. The number of companies that can be financed through listing is relatively small, with only 68 companies listed on the SME Board and a total of 44 listed on the GEM, accounting for only 5% of the total. Lacking a strict internal hierarchy and an imperfect financial management and disclosure system, they have little creditworthiness of their own, poor ability to resist risks, and little access to financial resources, and rarely develop into larger-scale enterprises. For most SMEs, financing is more often obtained through the issuance of corporate bonds, and the high threshold and cost of obtaining financing through banks keeps 60% of small businesses out of the market. The financing channel is single and high, and for large state-owned enterprises and SMEs, banks give significantly different loan rates and preferential policies. Lacking financial support, enterprises receive substantial impact in terms of industry, technology and innovation.

2.2 Weak financial regulation and defective financial mechanism

Due to the continuous development of financial liberalization in the 21st century, various local financial institutions and financial products are abundant and diversified, such as various financial products and money funds, which provide residents with better financial services and quality financial experience, but the relaxation of financial supervision makes financial fraud, illegal money laundering, illegal fund raising and other activities continue to emerge, disrupting the financial order and corrupting the open and transparent financial market. This disrupts the financial order and corrupts the openness and transparency of the financial market, and reduces the trust of the public in the financial system. To strengthen financial supervision and ensure the steady development of finance is a major issue facing the financial industry, the establishment of a multi-level financial supervision system is an important foundation for the stability and efficiency of the financial industry, in the case of Shandong Peninsula, the financial system still has a large deficiency, the enrichment and establishment of financial institutions, not only help the financial market of various types of resources to complement each other, facilitate the rational allocation of resources, but also provide better services to the real economy. The establishment of financial institutions will not only help the financial market to complement each other, but also provide better services to the real economy. For the time being, the regulatory authority of Shandong Peninsula regulators is not clear. When the local government is faced with major financial incidents, it is stuck in the problem of "who is in charge" and "how to control", and cannot contact and dock with the central regulator well, which leads to the central regulator not being able to understand the local problems in a timely manner, resulting in low speed and efficiency in handling incidents. The speed and efficiency of dealing with accidents are very low. In addition, there is a lack of relevant legal documents, and the development of the characteristics of the regional economic system cannot be separated from the introduction and supervision and regulation of specific legal documents. Specifically, the Shandong Peninsula, as one of the pilot projects of green finance, has integrated the concept of green finance into its financial development system to promote the sustainable and stable development of the environmental protection industry and the new energy industry, as well as to strengthen the rational allocation of funds and promote the sustainable development of financial enterprises. However, the current legislation in Shandong Peninsula shows that the protection of regional finance is still unsound, mainly based on policy documents and regulations, with no precise legal documents or administrative law provisions. The law is an important pillar to support financial supervision, and only a few cities in the country have introduced corresponding laws and regulations to regulate the financial market and financial operations, while the differences in the level of economic development in various places,

the majority of the documents introduced there is a certain degree of variability, and the lack of central consent organization, easy to appear loopholes in supervision, so that lawless elements have the opportunity to take advantage of, it is easy to let some illegal financial institutions and "Greenwashing" and other illegal financial activities to seize the loopholes, resulting in financial risks, jeopardizing the development of regional finance.

2.3 Financial support for the development of urban-rural integration is not strong enough, and the gap between urban and rural areas is still large

In recent years, the rapid development of urbanization has provided a great boost to the development of China's economy. Shandong Peninsula, as a strong builder of urban-rural integration, has made great progress in total economic volume, but because of the influence of the traditional financial model, the government still puts more funds into the construction of urbanization when allocating resources, causing the urban-rural gap to be narrowing but the speed of rural economic development still needs to be improved urgently. Financial revitalization of rural areas is undoubtedly the next major task in the construction of China's economic development. However, rural information is relatively closed, the basic conditions are poor, most rural enterprises are small in scale, mainly in agriculture and handicrafts, while lacking standardized business processes and financial disclosure, making it difficult to attract capital and quality talents, lacking core competitiveness, and having an unstable position in the financial market. Most of the financing channels come from rural credit cooperatives, lacking the presence of large state-owned banks, with large influencing factors of capital sources receiving geographical and natural environment, and information asymmetry between investors and financial institutions, which cannot dominate the investment activities. The business of rural financial institutions is still mostly access business, with low trust and acceptance of financial products and high difficulty in financing. Moreover, it is difficult to reasonably assess the credit of rural investors, and information collection is difficult. Rural areas are difficult to access and update information, households are widely distributed, mainly elderly people and children, and the population moves frequently, so it is impossible to replenish and update data and information backstage in a timely manner, and the main assets are biased toward agricultural facilities, such as land, housing and mechanized farming equipment, etc. Insufficient financial collateral resources make it difficult to obtain large amounts of financial support. All of the above can show that the degree of support for rural finance is not enough. As the coordinating planner of urban development, the government's short-term development strategy of focusing support on urban areas with better basic conditions is certainly feasible to achieve short-term rapid development of the regional economy, especially in the eastern coastal areas including the Shandong Peninsula, where the phenomenon of cities as the center of development is particularly obvious. The urban tendency of financial resources brings problems for the future that can only increase the difficulty of rural revitalization and create an imbalance between urban and rural development.

3. Countermeasures

3.1 Vigorously develop digital inclusive finance to help urban and rural integration

In recent years, the proposal and rapid development of digital inclusive finance has become an important driving force for the high-quality development of the regional economy. In the current situation of Shandong Peninsula, there are a large number of small and medium-sized enterprises, and the economic development of small and medium-sized enterprises is a key force to drive employment and people's livelihood. Digital inclusive finance combines the concept and characteristics of large database and financial inclusion, which can develop the most suitable financial service solutions for customers with different conditions and greatly improve the quality and efficiency of financial services. The implementation of digital inclusive finance can vigorously promote the high-quality development of the regional economy, optimize the market structure, and effectively solve the problems of difficult financing and narrow financing channels for small and

medium-sized enterprises. Especially the development of rural finance is a great driving force to enhance the role. Effectively exaggerate the coverage level of financial services, broaden the access to information of rural customers, lower a certain financial threshold, so that rural customers can also choose a variety of financial products, so as to obtain a higher income and drive the overall economic growth. Recently, Shandong Province has increased its investment in the development of inclusive finance and digital finance, which has achieved certain social benefits. Shandong Peninsula should also seize and follow the provincial government's policy to create a new opportunity for the development of Shandong Peninsula city cluster and achieve leapfrog development. The following is a shallow analysis of the promotion of digital inclusive finance to the development of urban-rural integration with the overall data of Shandong Province.

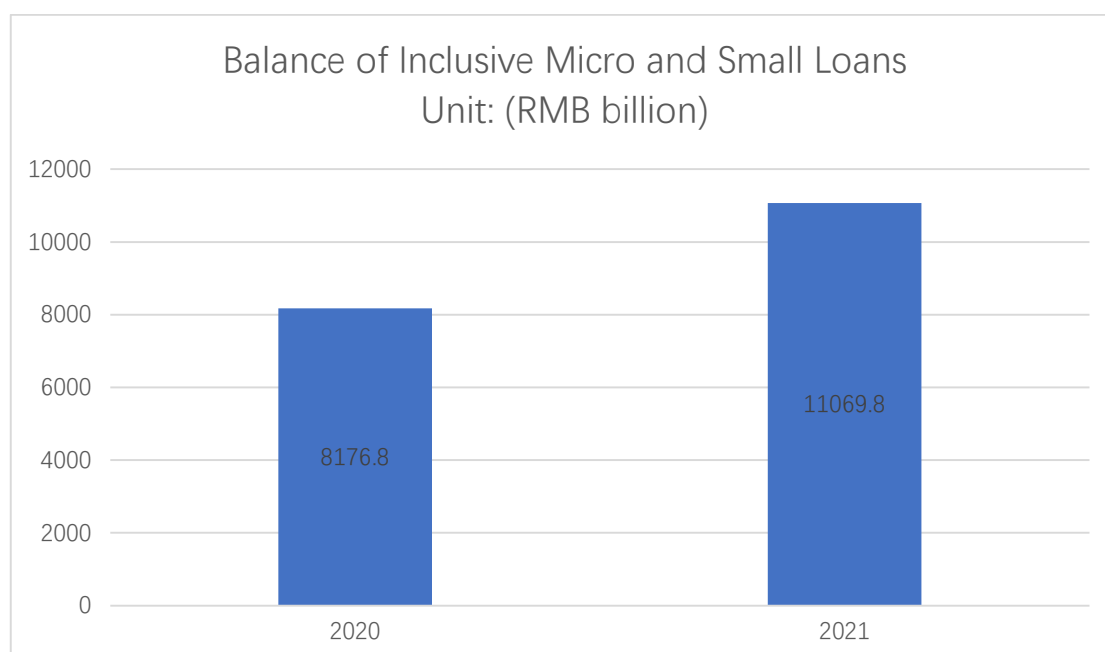


Figure 1. Inclusive micro and small loans balance in Shandong Province

Stepping up the development of digital inclusive finance, the data from 2021 shows that inclusive finance is growing rapidly, with an increase of 289.33 billion yuan in loan balance compared to the previous year, an increase of 35.4%.

Table 1. Loan balances of financial institutions in Shandong Province

Year	Increase in social financing scale Unit: (billion yuan)	Year-end balance of domestic and foreign currency loans to financial institutions Unit: (billion yuan)	Of which the balance of agriculture-related loans Unit: (billion yuan)	Micro and small loans balance unit: (billion yuan)
2019	13405.3	86325.6	26980.4	16174.6
2020	20108	97880.6	29580.4	17096.7
2021	20831.7	111035.4	32361.1	19751.4

The data shown in the chart above also shows that the total amount of social financing loans in the Shandong Peninsula has been rising year by year, including the balance of agriculture-related loans, which has increased by 19.94% between two years. It can be seen that the government's attention to rural finance is gradually rising, and the financial support given to accelerate the development of rural finance, the Shandong Peninsula should retain such advantages and continue to promote the development of urban-rural integration.

3.2 Strengthen financial supervision and improve the multi-level financial market mechanism

The International Monetary Fund (IMF), in its "Assessment of the Stability of China's Financial System" report, has given a positive assessment of China's rapid and durable economic development in recent years as well as its efforts to carry out financial system reforms and maintain financial stability. Shandong Peninsula should respond positively to the country's economic transformation and shape a new face of multi-level diversification of the financial system. Vigorously carry out the characteristic marine economic system, provide characteristic financial services to small and medium-sized enterprises in marine economic industries such as marine transportation, coastal tourism and marine fishery, such as combining their capital needs with the characteristics of cyclicity and obvious seasonality, and formulate corresponding loan policies to meet the capital needs of such enterprises and promote the development of characteristic economic industries. At the same time, a special supervisory department should be set up to monitor the flow of funds under the characteristic loan policy, so that the allocation of financial resources is more reasonable, open and transparent. In order to maintain the stable economic growth, it is necessary to strengthen the supervision of the financial industry, requiring the government of Shandong Province to actively respond to the call of the central government to formulate and introduce corresponding laws and regulations, increase financial support for small and medium-sized enterprises, and reduce the cost of financing. Set up formal and independent supervisory institutions, rationalize the allocation of financial resources, give full play to the regulatory and coordination role of policy banks, and improve the construction of credit guarantee system for SMEs. Shandong Peninsula can strengthen the development and support of the province's special banks like Bohai Yin Hai and Bank of Qingdao, develop more favorable loan policies for special enterprises, provide unique financial support, promote the innovation and upgrading of the insurance system of the marine industry, encourage SMEs to obtain funding sources through multiple channels, and reduce their dependence on bank loans. At the same time, taking state-owned enterprises as the leader, drive the development of the surrounding small and medium-sized enterprises to form a linkage effect, fundamentally prevent the generation of financial chaos, so that the economy continues to develop in the direction of marketization. At the same time, the government of Shandong Province should pay attention to fulfill its responsibilities, not only not to interfere too much with the market-oriented development of the economy, but also to provide appropriate and strong legal support. Create a good financial environment to ensure the continuous and rapid development of the city cluster.

3.3 Strengthen the training of high-quality financial talents to promote the strong development of science and technology finance

The development of the country cannot be achieved without outstanding talents. In order to increase the economic effect brought by scientific and technological talents, on the one hand, Shandong Peninsula should attract top financial scholars from home and abroad by increasing the treatment of highly qualified talents so as to provide a boost to the further development of the regional economy. On the other hand, the training of existing talents should be strengthened and the growth of local talents should be emphasized in order to retain intellectual support. Combined with digital inclusive finance, vigorously promote the development of science and technology finance, seek innovative points, or propose further innovative ideas on existing science and technology, so that technology and finance can be effectively combined. Also develop new financial products to broaden the financing channels of SMEs and lower the financial threshold. Can learn from the Yangtze River Delta, the Pearl River Delta talent introduction program, first of all, Shandong Peninsula to improve the talent training mode, according to the local economic development characteristics of Shandong Province and the development of regional industry planning, adjusting the structure of disciplines and specialties, to create special disciplines and constantly expand their advantages and influence. Focus on the cultivation of talent skills, strengthen the training of applied and innovative talents, and provide the necessary support for financial education. Good policies and strong life support are beneficial to attracting and recruiting talents. The Peninsula Economic Zone can introduce preferential policies for

innovative and high-quality talents to solve employment, housing and children's schooling, and give policy subsidies and provide support for research funds to outstanding graduates with overseas study background. Make local outstanding talents in Shandong willing to stay in Shandong Peninsula, and foreign high-quality researchers willing to join the economic construction team in Shandong Peninsula.

References

- [1] Nguyen H M, Thai-Thuong Le Q, Ho C M, et al. Does financial development matter for economic growth in the emerging markets? [J]. Borsa Istanbul Review. 2021.
- [2] Liu G, Zhang C. Does financial structure matter for economic growth in China [J]. China Economic Review. 2020, 61: 101194.
- [3] Michael Kitson, Ron Martin & Peter Tyler (2004) Regional Competitiveness: An Elusive yet Key Concept?, Regional Studies, 38:9, 991-999.
- [4] Mishchenko, K., Shevchenko, D.A., & Abramyan, A.A. (2019). Business Financial Support Institutions in the Context of Enhancing the Competitiveness of the Regional Economy. Economics and Management.
- [5] Yuan Lü Z, Zhang M. Evaluation on financial support efficiency of new generation high-tech industry in China [J]. Procedia Computer Science. 2022, 199: 254-261.