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Study of the Impact of Competition on Common Wealth in Rural Commercial Banks in County Areas

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Abstract

Chinese-style modernization is a modernization in which all people share the common wealth. Despite China's historic achievements and changes in the field of agriculture and rural areas, problems such as the weak foundation of rural economic development and the large income gap between urban and rural residents still exist. While rural commercial banks, as financial intermediaries, play a crucial influence in rural economic development, this paper innovatively considers county areas that are closely related to rural economic issues, and through theoretical analysis, examines whether and how competition among rural commercial banks in county areas is related to common prosperity, and therefore selects the 2000-2021 period that involves 23 provinces, 225 cities, and 1004 counties within the 8647 data from 989 rural commercial banks to empirically analyze the relationship between competition and common wealth in county rural commercial banks. The study finds that competition among rural commercial banks in counties is not only conducive to promoting economic growth, but also helps to close the income distribution gap, which in turn has a positive effect on the common wealth, and there is regional heterogeneity in all of them.

Keywords

County Rural Commercial Banks; Bank Competition; Common Affluence; Entrepreneurial Activity; Level of Urbanization; Upgrading of Industrial Institutions.

1. Introduction

Common prosperity is an essential requirement of socialism with Chinese characteristics and a long-term historical process. We should insist on realizing the people's aspirations for a better life as the starting and ending point of modernization, strive to maintain and promote social justice, strive to promote common prosperity for all people, and resolutely prevent polarization. Finance is the core of the modern economy, and financial support is indispensable to realizing common prosperity. Finance has the functions of resource allocation and risk management, and further enhancing the financial accessibility of farmers is an important hand in promoting economic growth, narrowing the income gap, and realizing common prosperity, as well as a modernization of the common prosperity of all the people, which is a specific requirement for the road of financial development with Chinese characteristics. Rural commercial banks, as the main force of "three rural" financial services born in the countryside and rooted in the countryside, have the conditions and responsibilities to respond to the call of the state, implement the work of the higher authorities, and go all out to support the implementation of the strategy of rural revitalization in the new era of rural reform.

According to the financial license information published by the General Administration of Financial Supervision and Administration (former CBIRC), the number of rural commercial bank branches in China has increased from 1,078 in 2000 to 113,351 in 2023, which is a significant increase in the number of rural commercial bank branches. In view of this this paper

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from the perspective of the county, aims to study the relationship between rural commercial bank competition and common wealth, synthesize the existing relevant theories, analyze the impact mechanism between the two, and then empirically analyze the role of rural commercial bank competition on the common wealth and put forward targeted countermeasure suggestions from different dimensions, to provide reference for rural financial institutions to better support the common wealth.

2. Literature Review

2.1. Relevant Studies on Shared Prosperity

In analyzing the grand proposition of common prosperity, some scholars have focused on the economic and material aspects of accumulation and distribution patterns. However, another group of researchers suggests that the vision of common wealth should go far beyond this scope, and that it should be integrated with cultural diversity, the soundness of the security system, and other aspects in order to comprehensively interpret the profound significance of common wealth. Zhou Wen and He Yuqing (2022)[1] suggest that “common” and “affluence” highlight the intrinsic connection and interaction between relations of production and productive forces, with “common” emphasizing the importance of cooperation and sharing. The term “common” emphasizes the importance of cooperation and sharing, while “affluence” embodies the results of productivity enhancement. The two complement each other, and together they form the theoretical cornerstone for realizing the sharing of the fruits of development by all people and promoting the progress of society as a whole. Yu Jianxing and Ren Jie (2021)[2] The realization of common wealth lies in the laying of a solid developmental foundation; its core objective is to focus on sharing, manifesting the principles of “fairness” and “full participation”; and the process must follow the requirements of sustainability to ensure developmental and sharing aspects. The process must follow the requirements of sustainability to ensure that development and sharing go hand in hand, and jointly construct a long-term and stable prosperity situation. Liu Peilin et al. (2021)[3] analyze the scientific interpretation of the concept of common prosperity from three dimensions: political dimension, common prosperity highlights the core concept of the socialist system with Chinese characteristics, which embodies the respect for the people's subjective position and the unremitting pursuit of fairness and justice; economic dimension, common prosperity not only implies an abundance of material wealth, but also encompasses spiritual enrichment; and the concept of shared prosperity also includes a spiritual dimension. In the economic dimension, common prosperity not only implies the abundance of material wealth, but also encompasses the richness of the spiritual dimension; in the social dimension, common prosperity implies the construction of a social pattern with the middle-income group as the main body, and such a structure helps to enhance social harmony and promote the long-term stability and prosperous development of the society. Yang Jing and Lu Shucheng (2018)[4] argued that in the journey to realize common wealth, spiritual poverty has become a significant obstacle, which urgently requires great attention. Therefore, in the process of promoting common prosperity, it is necessary to pay full attention to and solve the problem of spiritual deprivation in order to ensure the realization of comprehensive development.

In summary, although there is a diversity of interpretations of the specific connotation of common prosperity among academics, its core elements can be roughly summarized into two aspects: first, a significant increase in productivity, and second, a more just and reasonable distribution of income.

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2.2. Studies Related to Bank Competition

The report of the Twentieth Party Congress clearly states that the next five years will be a critical period for building a modern socialist country in a comprehensive manner, and that making a new breakthrough in the high-quality development of the economy is one of the main goals and tasks. At the current critical moment when China's economy is moving towards a high level of development, the effective allocation of resources in the financial sector has become a crucial driving force. As the core pillar of the financial ecology, the role of banking institutions is particularly prominent in the precise placement and configuration of financial factors. Stepping into a new stage of development, the banking industry is in the midst of an unprecedented flood of change, facing unprecedented opportunities and meeting unprecedented challenges. In this fierce market competition, the competition and game between major banks is increasingly escalating, they must continue to innovate strategies, optimize services, in order to stabilize their position in the rapidly changing market environment and seek new breakthroughs.

On the macroeconomic chessboard, the internal competition within the banking industry will profoundly change the flow and layout of capital elements, a process that is particularly evident in the regulation and intervention of the implementation of monetary policy, which in turn has a profound and complex impact on the overall economic operation. According to Guo Ye et al. (2019) [5], the competition among banks will change the way of operation on the bank side, increase the availability of loans for low-income groups, and boost financial resources to support the development of disadvantaged areas. With the intensification of bank competition, it will strengthen the bank's “profit-seeking behavior” and “leverage amplification” effect, which will prompt the bank to take a higher level of risk. Li Shuangjian and Tian Guoqiang (2020) [6] believe that the emergence and development of bank competition will cause banks to rely more on the results of monetary policy, and this reliance is mainly reflected in the risk.

Focusing on the microeconomic domain, intense competition within the banking sector becomes an important force driving firms' operations and growth. This competitive dynamic plays a critical role in energizing firms and driving their growth and development, and profoundly affects their trajectory and market performance. First, bank competition makes banks more willing to lend, on the basis of which firms with capital needs are also more willing to go to banks for loans, while increasing the pass rate of bank loan approval (Fraisse H et al., 2018)[7]. Secondly, stronger competitive pressure among banks prompts financial institutions to accelerate information collection and analysis, thus weakening the information asymmetry between banks and enterprises and enhancing the convenience of enterprises in obtaining funds (Jiang Fuxiu et al., 2019)[8]. In addition, the decline in the cost of corporate financing also promotes its innovation ability, improves the quality and efficiency of investment, optimizes operational performance, and expands the scale of assets and liabilities (Gao H and Ru H, 2017; Li Zhisheng and Jin Ling, 2021; Chen Rong and Zhang Jie, 2022) [9-11]. Finally, the mutual competition among financial institutions can reduce the possibility of enterprises being unable to repay their loans, and in the severe market competition, banking institutions will bring enterprises richer and more flexible ways of capital financing, which greatly alleviates the difficulties of enterprises' capital financing, and then inhibits the impulse of enterprises to engage in inappropriate speculation through high leverage. In addition, Li et al. (2023)[12] point out that market competition will incentivize financial institutions to enhance their debt supervision and management processes, thus increasing the economic burden of enterprises attempting to improperly operate through leverage.

China's rural commercial banks, which were transformed from rural credit cooperatives in the past, are still in the early stages of development in terms of key competitive capabilities and have great potential. Only by achieving significant enhancement in their core competitive advantages can they provide better and customized financial solutions to farmers in the wave

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of rural revitalization. According to Yi Yanhong and Feng Guozhen (2013)[13], financial institutions are able to seize the leading position in the fierce market competition by skillfully utilizing the surrounding resource conditions.

He Guangwen et al. (2018)[14] argued that the mismatch between the need and supply of financial services in rural areas will hinder the progress of the countryside to a certain extent. In order to solve the problem of the lack of rural financial resources, the government has taken a series of innovative financial policy measures. He Guangwen and Feng Xingyuan (2004)[15] showed that the financial system in rural areas can intensify market competition through the introduction of multiple forms of financial entities or the development of diversified financial activities, and thus solve the mismatch between the demand and supply of financial services. Inspired by this idea, the former CBRC and the Central Bank joined hands to promote a new round of financial institution establishment program. In 2006, the former CBRC would help establish three brand-new rural financial service institutions; by 2008, it also cooperated with the central bank to launch a nationwide pilot program for microfinance companies, aiming to attract all kinds of financial institutions and private investment to enter the rural financial market, in order to expand the coverage and supply of financial services (Hong Zheng, 2011; Jiang Yuansheng and Xu Guangshun, 2019) [16-17].

Although the government has adopted mandatory institutional adjustments to promote the addition of financial institutions, this initiative has not completely solved the thirst for financial services in rural areas. Influenced by the natural profit-seeking attributes of capital and the rapid development of Internet technology, an emerging Internet financial model has spontaneously risen, effectively filling the gaps in financial services for economic agents in rural areas. War Minghua et al. (2018)[18] and Guo Pin et al. (2019)[19] believe that with the rise and vigorous development of Internet finance, financial behavior has become more demanding for the quality of individuals, and at the same time, the requirements for banks' hardware and software have become more demanding, which has made the competition more prevalent.

As rural commercial banks continue to grow, scholars have begun to explore in greater depth the development challenges they face after restructuring, and to study how to enhance their ability to compete in the market in the future, so as to ensure that it is able to better assume the important responsibility of serving agriculture, rural areas and farmers. Han Xiaoyu (2018)[20] pointed out in a report on the evaluation of the competitiveness of rural commercial banks that rural commercial banks are still insufficient in terms of capital accumulation and are at a relative disadvantage, while those state-owned and joint-stock banks, which are few in number but have a wide range of business coverage, occupy a leading position in the market by virtue of their own advantages. Mao Qiang et al. (2018)[21] found through their research that rural commercial banks generally lag behind urban commercial banks in terms of dynamic comprehensive competitiveness, and this gap has a tendency to continue to expand. Huo Hui-Hui (2018)[22] argues that rural commercial banks should find their own unique market positioning, and enhance their competitive strength in the market through strategies such as proactive changes in profitability and accelerating the establishment of risk prevention and control mechanisms.

3. Mechanism Analysis and Research Hypothesis

The concept of common wealth includes the meanings of “common” and “wealth”, and common wealth aims to realize the fair distribution of wealth, so that all people can participate in social and economic development, and share the fruits of economic prosperity. China's financial exclusion phenomenon exists for a long time, this phenomenon increases the threshold of financial institutions and low-income disadvantaged groups, unable to realize the vast number of disadvantaged groups can easily and quickly access to financial services, is not conducive to

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the realization of the common wealth. Bank competition to the disadvantaged groups to bring effective, convenient, affordable financial services support, broaden the income channels, better support for agriculture and small, so that the entire population to enjoy the convenience of financial services, financial exclusion phenomenon has been greatly alleviated, which is in line with the common wealth in the "common". The theory of inclusive growth emphasizes that competition among financial institutions is not only a market process, but also a key mechanism that can promote the overall well-being of society and economic development. The result of such competition should be that the vast majority of people are able to enjoy the convenience and benefits of financial services, and it must be ensured that financial resources are allocated fairly and accurately to where they are most needed and where they can yield the greatest benefits. Through the implementation of such a capital allocation model, the efficient use of resources can be realized, thereby accelerating the pace of economic development of society as a whole, promoting economic prosperity, narrowing the gap between the rich and the poor, so that the fruits of growth to benefit a wider range of people. Therefore, this paper proposes the following hypotheses:

Theoretical Hypothesis : Competition in agribusiness banks can directly have a positive impact on common wealth.

4. Empirical Design

4.1. Sample Selection and Data Source

Since the data of county statistical yearbooks in each region are updated slowly, this paper selects 989 rural commercial banks from 2000 to 2021 as the research sample, and the original data of rural commercial banks' competitiveness comes from the financial license information of financial institutions nationwide released by the China Banking Regulatory Commission (CBRC). The data related to common wealth and control variables are obtained from China Rural Statistical Yearbook, China Population and Employment Statistical Yearbook, China Urban and Rural Construction Statistical Yearbook, China Education Statistical Yearbook, China Urban and Rural Statistical Yearbook, China Social Statistical Yearbook, China County Statistical Yearbook, Wind Database, and China's Economic and Social Big Data Research Platform. Some of the mediator variable indicators were obtained from TIANYUANCHA. After matching the above data and excluding regions with incomplete data, a total of 8,647 sample data from 23 provinces, 225 cities and 1,004 counties were obtained.

4.2. Indicator Construction and Variable Selection

Explained variable - Common Wealth: Reviewing the previous literature, the measurement of common wealth is not consistent among research scholars. In this paper Common Wealth (COM) as an explanatory variable, its measurement covers both economic growth and income distribution. For the measure of economic growth (gdp), this paper selects the logarithm of per capita GDP; and for the measure of income distribution (gap), in the case of insufficient county data, this paper selects the logarithmic form of the urban-rural income ratio to reflect the problem, i.e., the logarithm of the per capita disposable income of urban residents/per capita disposable income of rural residents, as an indicator to show the problem of the disparity between urban and rural income distribution.

Core Explanatory Variable - Degree of bank competition: In the quantitative assessment of industry concentration, the HHI index plays a pivotal role, which is a widely adopted tool for measuring market concentration. The index is theoretically based on structural analysis and is very sensitive to changes in market share. Compared with other indicators, Herfindahl is more reflective of the degree of competition of county agribusiness banks. Therefore, based on the previous analysis and the availability of data of county rural commercial banks, this paper

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adopts the Herfindahl index (HHI index) to measure the degree of competitiveness of county rural commercial banks. This paper constructs the Herfindahl Index (HHI) using the share of the number of branch outlets of each rural commercial bank in the county, and uses this index to measure the competitiveness of rural commercial banks.

Control variables: In order to more accurately determine the impact of rural commercial bank competition on the common wealth, it is also necessary to control other variables that affect the common wealth, the control variables in this paper are selected as follows: Rural employment level (emp): rural employment level reflects the utilization of rural labor resources, affecting the economic development of rural areas in terms of agricultural production. The level of rural employment is measured by the logarithm of the number of rural employees; The level of agricultural machinery (pow): the level of agricultural machinery refers to the extent of the use of machinery and equipment in the agricultural production process, reflecting the technological progress of agricultural production. The level of agricultural machinery is measured by the logarithm of the total power of agricultural machinery; The level of development of primary industry (ind): the level of development of primary industry refers to the total value created by agricultural production, reflecting the contribution of agricultural production activities to the national economy. The level of primary development is measured by the logarithm of the value added of the primary sector; Level of financial development (LOA): the level of financial development refers to the scale of loan investment and credit investment by financial institutions, reflecting the support of financial institutions to the real economy. The level of financial development is measured by the logarithm of the balance of loans from financial institutions at the end of the year.

4.3. Model Construction

The benchmark regression model constructed in this paper is as follows:

$$COM_i = \beta_0 + \beta_1 HHI_i + \beta_2 cov_i + \varepsilon_i \tag{1}$$

In equation (1), COM_i is the common wealth level of county i (measured by both economic growth and income distribution); HHI_i is the degree of competition of rural commercial banks in county i; cov_i is the control variable; ε_i is the random disturbance term.

5. Empirical Test

5.1. Benchmark Regression and Analysis

This paper uses Stata16 to empirically examine 989 rural commercial banks with a total of 8,647 pieces of data from 2000 to 2021. Given that the indicators of common wealth are divided into two parts: economic growth and income distribution, we first conduct a benchmark regression on the economic growth indicators that reflect “wealth” in common wealth. The following table shows the results of the regression:

The table above reports the effect of rural commercial banks' competitiveness on economic growth, i.e., the “affluence” effect in the context of common wealth. In model (1), no control variables are added, and from model (2) to model (5), four control variables, namely, the level of rural employment, the level of agricultural machinery, the level of development of the primary industry and the level of financial development, are added sequentially, and all the variables are significant at the 1% level of significance. From model (2) to model (5), it can be seen that the coefficient of the core explanatory variable HHI does not change significantly in the process of adding control variables step by step, and R^2 increases gradually, which shows that the model is robust.

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Table 1. Baseline estimate result-gdp

variable	economic growth(gdp)				
	(1)	(2)	(3)	(4)	(5)
HHI	1.1514*** (0.0758)	1.1928*** (0.0843)	1.1279*** (0.0784)	1.2784*** (0.0696)	1.4721*** (0.0542)
emp		-0.1040*** (0.0109)	-0.4173*** (0.0138)	-0.6996*** (0.0141)	-0.6689*** (0.0107)
pow			0.4249*** (0.0128)	0.1563*** (0.0132)	0.0599*** (0.0101)
ind				0.5658*** (0.0141)	0.2989*** (0.0114)
loa					0.4819*** (0.0073)
Constant	9.9384*** (0.0085)	10.9967*** (0.1308)	13.3170*** (0.1406)	10.9811*** (0.1376)	8.0357*** (0.1135)
Number	8647	8647	8647	8647	8647
R^2	0.026	0.041	0.194	0.367	0.635

Standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

The estimated coefficients of the core explanatory variable bank competitiveness (HHI index) are positive in models (1) to (5) of the economic growth table, that is to say, there is a positive correlation between the competitiveness of rural commercial banks and economic growth, which reflects that the intensification of the competition of the rural commercial banks in the county is conducive to the promotion of economic growth through the direct effect, which will have a positive effect on the "rich" in the common wealth. This reflects that increased competition among rural commercial banks in the county is conducive to promoting economic growth through direct effects, which in turn has a positive effect on "affluence" in common wealth. Among them, the direct effect of rural commercial bank competition on economic growth accounts for 99.14% of the total effect.

Next, a benchmark regression is conducted on the income distribution indicators that reflect "common" in the common wealth. The table below shows the results of the regression.

Table 2. Baseline estimate result-gap

variable	income distribution(gap)				
	(1)	(2)	(3)	(4)	(5)
HHI	-0.3135*** (0.0312)	-0.2446*** (0.0365)	-0.1924*** (0.0341)	-0.2441*** (0.0318)	-0.1590*** (0.0322)
emp		0.0735*** (0.0047)	0.0688*** (0.0060)	0.1659*** (0.0065)	0.1629*** (0.0064)
pow			-0.1981*** (0.0056)	-0.1058*** (0.0060)	-0.0957*** (0.0060)
ind				-0.1945*** (0.0064)	-0.1663*** (0.0068)
loa					-0.0511*** (0.0044)
Constant	0.9609*** (0.0035)	1.8963*** (0.0566)	0.8440*** (0.0611)	1.6472*** (0.0628)	1.9576*** (0.0675)
Number	8647	8647	8647	8647	8647
R^2	0.012	0.049	0.218	0.323	0.338

Standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

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The table above reports the effect of the degree of competition of rural commercial banks on income distribution, i.e., the "common" effect in the context of common wealth. In model (1), no control variables are included, and from model (2) to model (5), four control variables, namely, the level of rural employment, the level of agricultural machinery, the level of primary sector development, and the level of financial development, are included, all of which are significant at the 1 percent level of significance. The estimated coefficients of the core explanatory variable bank competition (HHI index) are negative in models (1) to (5) of the income distribution table, that is to say, there is a negative correlation between the degree of competition of rural commercial banks and the income distribution, which reflects that the increase in the competition of agribusiness banks can help to bridge the gap of the income distribution, and then have a positive effect on the common wealth. Among them, the direct effect of rural commercial bank competition on income distribution accounts for 98.58% of the total effect. As can be seen from models (2) to (5), the coefficient of the core explanatory variable HHI does not change significantly during the gradual addition of control variables, and R^2 increases gradually, which shows that the model is robust. From the above two tables, it can be seen that the hypotheses are verified.

5.2. Heterogeneity Test

This paper divides the research sample into three sub-samples: western, central and eastern, to explore the heterogeneity of the impact of bank competition on common wealth among different samples.

First, the indicators of economic growth in common wealth are tested for regional heterogeneity, and the results are shown in the table below:

Table 3. A test of regional heterogeneity in economic growth

variable	Western Region(1)	Central Region(2)	Eastern Region(3)
HHI	1.051*** (0.204)	0.973*** (0.088)	-0.330** (0.130)
Constant	9.732*** (0.014)	9.890*** (0.012)	10.540*** (0.015)
Number	2633	3571	1868
R^2	0.010	0.033	0.003

Standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

The results in columns (1) to (3) show that the coefficients of HHI in the western and central regions are positive and pass the test of significance level of 1%, which suggests that the competition of rural commercial banks is conducive to promoting economic growth. While the coefficients of the eastern region are all negative and pass the test of significance level of 5%, which is possibly because the eastern region is economically developed and significantly urbanized, and the rural commercial banks themselves are in a less competitive situation, and the main impetus for economic growth does not come from the development of the rural or primary industries. It is worth explaining that the regression coefficient value of the three regions shows "West (1.051) > Central (0.973) > East (-0.330)", which means that there is a difference in the effect of the competition of agricultural and commercial banks on the economic growth of the three regions. The reason for this lies in two main points: first, the financial market in the eastern region is relatively developed, with a wide variety of financial institutions and exceptionally fierce competition. In this case, it may be difficult for rural commercial banks to stand out in the competition, and their market share and influence are limited, so the

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promotion of economic development is relatively weak; compared with the eastern region, the western region may have more serious rural financial exclusion due to the relatively weak economic foundation. As an important part of the rural financial system, rural commercial banks, through competition, can promote the extension of financial services to a wider range of rural areas and reduce financial exclusion, thus improving the financial environment in rural areas and promoting economic development. Second, in the western region, through competition, rural commercial banks can more effectively identify and meet the financing needs of local enterprises and farmers, and promote the flow of capital to areas and projects with development potential, thus driving economic growth.

Second, the indicators of income distribution in the common wealth are tested for regional heterogeneity, and the results are shown in the table below:

Table 4. A test of regional heterogeneity in income distribution

variable	Western Region(1)	Central Region(2)	Eastern Region(3)
HHI	-0.256*** (0.068)	-0.173*** (0.039)	0.042 (0.047)
Constant	1.122*** (0.005)	0.953*** (0.005)	0.769*** (0.006)
Number	2633	3571	1868
R^2	0.005	0.006	0.000

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

The results of columns (1) to (3) show that the coefficients of HHI in the western and central regions are negative and pass the test of significance level of 1%, which indicates that the competition of agribusiness banks is conducive to narrowing the income gap between urban and rural areas. However, the test results in the eastern region are not significant, which may be due to the following two reasons: firstly, the eastern region is economically developed and the financial market is highly competitive. In addition to agribusiness banks, there are many large state-owned commercial banks, joint-stock commercial banks, foreign banks and other financial institutions. This highly competitive market environment makes financial institutions pay more attention to efficiency and profit in providing financial services and may neglect the financial needs of rural areas and low-income groups. The second part of agribusiness banks may pay more attention to business development in urban areas or non-agricultural industries and neglect the financial needs of rural areas and agricultural industries, and the gap between urban and rural areas widens. However, the absolute value of the regression coefficient shows “West (0.256) > Central (0.173) > East (0.042)”. This may be due to the fact that compared with the eastern and central regions, the industrial structure of the western region is relatively homogeneous, mainly dominated by resource-intensive industries such as coal and oil. The degree of agricultural modernization is relatively low, agricultural production efficiency is not high, and the income level of farmers is limited. Due to the “urban-rural division system” formed by historical reasons, urban residents have long enjoyed more favorable policies in terms of job opportunities, income levels and social benefits. In addition, the introduction of the concept of “bringing the rich before the rich” has, to a certain extent, affected the distribution of income between regions, thus giving rise to the above phenomenon.

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6. Summary

Chinese-style modernization is a modernization of common prosperity for all people. Since the reform and opening up of China, the economy has developed rapidly, but the gap between urban and rural areas, regional development and income distribution is wide. The key to advancing the construction of common prosperity lies in realizing the material and spiritual prosperity of the people in the process of promoting high-quality economic development. Finance is the core of the modern economy, and finance plays an important role in promoting high-quality economic development. From the empirical results, agricultural commercial bank competition can significantly increase the level of common wealth development in the region. In this paper, 989 rural commercial banks within 23 provinces, 225 cities and 1004 counties from 2000 to 2021 are selected as the research sample, and a total of 8647 data are obtained. In the benchmark regression results, it can be seen that the estimated coefficient of the core explanatory variable bank competitiveness is positive in the economic growth table and negative in the income distribution table, which reflects that the competitive development of rural commercial banks is not only conducive to the promotion of economic growth, but also helps to bridge the gap in income distribution, which in turn has a positive effect on the common wealth. Meanwhile, the robustness test of adding control variables was done in the benchmark regression, and the results were consistent with the main regression model, and the coefficients of the core explanatory variables did not change significantly, indicating that the main conclusions of this paper are robust and reliable. After testing for regional heterogeneity, it can be seen that in the western and central regions, agribusiness bank competition still has a positive effect on promoting economic growth and narrowing the urban-rural gap. In the eastern region, agribusiness competition is not effective in promoting economic growth and is not related to the urban-rural gap, which is likely due to the fact that the eastern region is more prosperous and rapidly urbanizing, and the competitiveness of rural commercial banks in the region is relatively weaker, while the main driving force of economic growth is not from the development of the rural or agricultural sector.

After analyzing the relationship between agribusiness competition and common wealth theoretically and empirically, this paper concludes that agribusiness competition has a facilitating effect on the promotion of common wealth. Based on the conclusions drawn in this paper and the current reality, this paper gives the following policy recommendations: first, the reform process of the rural financial system should be deepened, focusing on strengthening the construction of rural financial institutions, committed to expanding the number of banking service outlets in rural areas, reducing the barriers and restrictions through the orderly competition among rural commercial banks, encouraging the entry of new banks into the market, and at the same time preventing the undue monopoly in the market, lowering the Financial service costs, deepen the level of financial services, and then activate rural production factors, encourage rural residents to join the local non-agricultural industry, to obtain a stable wage income, and at the same time, promote the transfer of land, enhance the income level of rural residents. Second, rural commercial banks should focus on their own development and strive to improve their service capacity and level. Develop inclusive finance in the vast countryside, form a benign competition pattern in the rural financial market, and enhance the popularization of financial services. Promote the business layout and expansion of various types of banks, especially village banks, in rural areas to alleviate the exclusion phenomenon in the rural financial sector. Third, on the basis of encouraging moderate competition among rural commercial banks, the government must strengthen the enforcement power of the regulatory agencies, establish a set of complete and detailed laws and regulations aimed at restraining and guiding the operational activities of the banking industry, and ensure that every participant in

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the market strictly follows the norms of laws and regulations, so as to curb the phenomenon of banks blindly engaging in cross-border operations.

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