

Research on the Innovative Path of Green Finance to Empower SME Development

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Abstract

The global economy is in the process of transformation to low energy consumption, environmental protection and other industries, and China is entering a critical stage of social and economic transformation, how to achieve green economic development has become a problem. Small and medium-sized enterprises have the problems of large number, small scale, and fragmented management, and in some small and medium-sized manufacturing industries there is the problem of environmental pollution, small and medium-sized enterprises as an important subject to practice the concept of green development, how to use green financial tools to support the transformation and development of small and medium-sized enterprises, analyze the problems of green financial support for the development of small and medium-sized enterprises, from the institutional protection, financial institutions green financial product innovation, small and medium-sized enterprises credit system We analyze the challenges of green finance in supporting the development of SMEs, and propose specific innovative paths in terms of institutional guarantee, green financial product innovation of financial institutions, credit system of SMEs, and green financial awareness of the public, in order to provide certain ideas for practicing green development and realizing the transformation of SMEs.

Keywords

Green Finance; SMEs; Innovation and Development.

1. Introduction

The report of the 19th National Congress of the Communist Party of China mentioned that ecological civilization is the millennium plan for the sustainable development of the Chinese nation, and the realization of green economic transformation has become the key to the development of the national economy[1]. At the same time, the "Guiding Opinions on Building a Green Financial System" issued by seven ministries and commissions clearly requires the establishment of a top-level institutional design for the development of green finance to increase the role of green finance in the transformation and development of the national economy. At present, China's green financial support for SMEs is weak. Green financial products such as green bonds mainly serve state-owned enterprises or large enterprises. For SMEs involved in environmental governance, they often adopt a one-size-fits-all approach to production restriction, rectification, and closure. and other administrative means, and the lack of guidance by financial means makes it difficult for small and medium-sized enterprises to write[2]. Green finance to support the development of SMEs can help SMEs to transform and achieve sustainable development of SMEs[3].

1.1. Difficulties in Financing SMEs

Small and medium-sized enterprises contribute more than 50% of the national tax revenue, and at the same time create more than 80% of the jobs for the society, and realize the technological innovation of the society[4]. The survival and development of small and medium-sized enterprises is the key to the prosperity and development of the national economy. Since the

new crown epidemic in 2020, the development of small and medium-sized enterprises has faced increasing difficulties[5]. How to stabilize the development of small and medium-sized enterprises requires financial support. The development of small and medium-sized enterprises has the characteristics of uncontrollable risks, high cost and small scale, which lead to the problems of high cost, narrow channels and low credit in the financing of small and medium-sized enterprises[6]. The difficulty of financing small and medium-sized enterprises has become a worldwide problem. The profit-driven nature of financial institutions makes them unwilling to grant credit to small and medium-sized enterprises. The "Several Opinions on Strengthening Financial Services for Private Enterprises" clearly proposes to solve the problem that financial institutions are afraid to lend to small and medium-sized enterprises. , unwillingness to borrow the problem[7].

From the point of view of the financing problems of SMEs, the root causes are: First, the factors of SMEs themselves. Small and medium-sized enterprises have small scale, weak financial strength, and imperfect management mechanisms[8]. They have poor resistance to market risks, and lack of collateral and guarantees. high. The problems of SMEs themselves bring risks to the credit of financial institutions, and financial institutions seldom choose to lend to SMEs due to the consideration of credit security; second, there is information asymmetry between financial institutions and SMEs, and commercial banks It is necessary to control the non-performing loan ratio, the repayment ability of small and medium-sized enterprises is relatively weak, especially the operation of small and medium-sized agricultural enterprises has a large market risk, and some agricultural enterprises have a short operation cycle, which is prone to bad debts and bad debts, especially under the supervision red line of the central bank, commercial banks and other financial institutions are more reluctant to provide loans to small and medium-sized enterprises ; third, the implementation of financial policies to support small and medium-sized enterprises at the macro level is insufficient[9]. China's macro policy level advocates that financial institutions should support SMEs, but there is a problem of insufficient policy implementation in actual support[10]. Except for government-guaranteed credit, financial institutions are less willing to get involved in SME credit, such as the majority of small and medium agricultural enterprises[11]. It is a policy-based loan for poverty alleviation. The main purpose of financial institution loans is to complete the task indicators issued by the government, not to support agricultural enterprises from the perspective of operation and risk control[12].

1.2. The Connotation of Green Finance

Green finance refers to financing projects in the fields of energy conservation, environmental protection, clean energy, green buildings and other industries, and providing financial services to related enterprises in response to climate change, environmental improvement, resource conservation and the need for efficient resource utilization[13]. Green finance mainly uses financial adjustment means to urge social entities to assume the social responsibility of environmental protection, and guide social resources to flow from industrial enterprises with high energy consumption and high pollution to enterprises with advanced technology and environmental protection . The purpose of green finance is to invest funds in projects that are beneficial to the environment, can support environmental improvement, combat climate change and improve the efficiency of resource use . At present, green finance products mainly include green credit, green bond, green stock index, green insurance, etc. In particular, the promotion of carbon financial service products can attract social attention to carbon emissions, and also guide small and medium-sized enterprises to adjust their industrial structure. In 2019, the central bank's survey on the development of green finance showed that the balance of green credit loans was 8.23 trillion yuan, and the listed financing of green companies reached 22.42

billion yuan. Among them, green financial products such as green insurance, green trust, and green PPP are new. Products and new services are constantly emerging in new formats.

1.3. Tools for Green Finance

At present, the tools of green finance mainly fall into the following categories:

(1) Green Credit

Green credit is a relatively common green financial tool, mainly through preferential interest rates or the use of interest rate subsidies to guide capital to invest in green industries and green enterprises. Green credit mainly requires a standard assessment of the demander of funds, and it is clear that the flow of financial funds is to the environmental protection industry or project [6]. The main purpose of green credit is to stimulate SMEs to make technological innovations and equipment innovations by means of financial incentives. At present, green credit of banks has been in a dominant position in green finance. As of the end of 2019, the loan balance of green credit exceeded 8.23 trillion yuan[14].

(2) Green Bonds

Green bonds are mainly financial products that provide financial support for environmental protection projects. Green bonds have the characteristics of high credit rating and high financing efficiency. For example, the central bank's green financial bond announcement in 2015 clarified the catalog of green bonds. Green bonds are mainly issued by the government in cooperation with commercial banks and enterprises, and are guaranteed by government credit. , has the characteristics of high credit, and the fields of green bond investment are high-quality enterprises in the emerging environmental protection industry, and the risk is not high. As of 2018, China's green bond issuance has exceeded 280 billion yuan, which has greatly promoted the development of small and medium-sized enterprises.

(3) Green Insurance

Green insurance refers to the way of sharing environmental risks by means of marketization. There is a problem of great resistance in the promotion of policy-based environmental insurance in China. Better promote the development of enterprises. Through the development of green insurance financial products, it is possible to effectively disperse the risk of environmental pollution damage compensation due to the overpayment of environmental damage fees for small and medium-sized enterprises and the occurrence of capital flow problems.

2. The Current Situation of Green Finance Assisting the Development of Small and Medium-sized Enterprises

How to promote the development of small and medium-sized enterprises and solve the financing problems of small and medium-sized enterprises has become the key. From the current situation of the development of small and medium-sized enterprises in China, there are problems of small scale and weak ability to resist risks. larger results.

2.1. Bank Green Credit Supports the Development of SMEs

Since the "13th Five-Year Plan", China has advocated vigorously developing Low-carbon enterprises, and provided financial support to enterprises with good comprehensive utilization of resources. At present, China's commercial banks are innovating financial products one after another, and supporting the development of small and medium-sized enterprises in the green credit innovation of banks. For example, China Everbright Bank has created Low-carbon financial products as early as 2010 and developed into the first "carbon neutral" bank in China. In 2012, China Everbright Bank issued the first Low-carbon loan to Handan Perui Energy Conservation Control Technology Co., Ltd. The company is mainly engaged in nitrogen recycling

projects. Judging from the company's assets and business model, it does not meet the bank's credit standards. However, China Everbright Bank adopted an innovative Low-carbon credit model to solve the financing problem for the company. Commercial banks actively innovate green financial credit products to provide support for emerging green industries in China. For example, by granting green loans to green environmental protection enterprises engaged in recycling waste materials in high-end manufacturing industries, SMEs can be encouraged to actively participate in and develop green environmental protection technologies. , such as the way the Bank of China and the Asian Development Bank cooperate to provide Low-carbon financing for small and medium-sized enterprises. Another example is China Construction Bank's support for new green industries in the innovation of green finance. Agricultural Bank of China develops green credit financial products, launches financial advisory services under the Clean Development Mechanism, and provides credit support for small and medium-sized enterprises.

2.2. Helping the Low-carbon Securities Market to Promote Enterprise Development

Low-carbon securities in green finance are financial innovation products. Since 2015, the number of new photovoltaic energy companies in China has been increasing, playing an active role in the field of photovoltaic new energy. Photovoltaic power generation and new energy vehicles are all emerging industries, but financial support is provided from development. Another example is CreditEase , which innovated green financial derivatives by launching the "Blue Loan" green factoring project , and obtained factoring services from banks at lower interest rates.

3. Innovative Paths for Green Finance to Support the Development of SMEs

Green finance helps small and medium-sized enterprises to develop through innovative financial products and services, providing financial support tools for small and medium-sized enterprises, realizing energy conservation and emission reduction for small and medium-sized enterprises, protecting the environment, and achieving sustainable development.

3.1. Establish a Sound Legal System for Green Finance

The development of green finance is mainly stipulated in some policy documents and lacks a sound legal system guarantee. In the development of SMEs, the "Small and Medium Enterprises Promotion Law", "Commercial Bank Law" and other laws and regulations can be amended to clarify the SMEs' In addition to the rights and obligations, the implementation of green financial products by commercial banks and other financial institutions shall be stipulated, for example, the rights and obligations of financial institutions shall be clarified. At the same time, actively explore the establishment of green finance laws and regulations, clarify subjects, products, rights and obligations, etc., clarify various tools of green finance, and clarify the objects and scope of use of various tools. For example, for green financial instruments such as green bonds, it is necessary to formulate unified standards, to clarify the subject, scope, term, interest rate, risk and other factors of green bond issuance, to simplify the process of approval and supervision, and to effectively supervise the issuing subject. On the basis of SME financing, it is necessary to clear up the financing problems of SMEs, minimize the financing cost of SMEs, and effectively promote the development of the green bond market.

3.2. Financial Institutions Need to Innovate Green Financial Tools to Promote the Development of SMEs

Judging from the current use of green financial tools, there is a high proportion of green credit and a low proportion of other green financial products and services. Small and medium-sized enterprises in China are involved in various industries, and different fields have different needs for green finance. Therefore, financial institutions need to innovate green financial tools and services to provide SMEs with diversified and hierarchical financial services. As the main participants of green finance, financial institutions need to develop and innovate the product types of green finance: on the one hand, financial institutions need to develop and enrich green financial products. On the basis of financial products such as green securities and green insurance, they can actively develop green financial products. Funds, green stocks and other financial products, integrate green financial products into all stages of the industrial chain of small and medium-sized enterprises. For example, green financial products such as "Green Investment Link", "Green Finance Link" and "Green Chain Link" products launched by Minsheng Bank in 2020 integrate the investment, financing and chain links in the industrial chain to meet the needs of Low-carbon and environmental protection of enterprises. demand. On the other hand, financial institutions need to improve existing green financial products and improve the efficiency of loans. Financial institutions can establish specialized green financial departments to provide fast green credit channels for SMEs and effectively increase green credit. market supply. In addition, financial institutions also need to strengthen the training of green financial service personnel, and the production of results needs to be characterized by large investment. The electric vehicle industry in Low-carbon energy is very important for the development of Low-carbon emission reduction. In China, by actively developing the Low-carbon securities market, new energy companies are encouraged to develop Low-carbon products. For example, companies such as Feida Environmental Protection and Zhongyuan Environmental Protection among small and medium-sized enterprises have attracted attention in the Low-carbon securities market. At the same time, the concepts of new energy electric vehicles such as Zhongtong Bus have also attracted attention. New energy vehicles are the trend of future automobile development. The innovation of the financial market pays attention to the field of new energy vehicles, and actively introduces funds to invest in the new energy industry, which will help promote the development of small and medium-sized new energy enterprises.

3.3. Actively Innovating Green Financial Derivatives to Support the Development of SMEs

The "Thirteenth Five-Year Plan" proposes to speed up the establishment of an industrial system of green supply chain, promote the management of green supply chain, and realize the development of green industry. Banks and other financial funds support the development of green supply chains, and help small and medium-sized enterprises develop through innovative financial products. For example, as early as 2006, Shanghai launched the "100+ Enterprise Green Chain Project Plan" to jointly realize the development of the green industry chain through cooperation with suppliers and banks. Another example is that commercial banks actively innovate financial products. Financial institutions such as Shanghai Pudong Development Bank provide credit support for enterprises in the industrial chain through industrial chain financing, help enterprises purchase energy-saving and emission-reduction equipment, and provide targeted environmental protection for enterprises. Training methods to improve the level of green financial service personnel, better identify green enterprises, and reduce credit risks.

Small and medium-sized enterprises need to actively transform into green industries

The traditional production mode of small and medium-sized enterprises is an extensive mode. This high-energy consumption and high-cost production and operation mode is not only unfavorable for the development of small and medium-sized enterprises, but also makes it

difficult for small and medium-sized enterprises to obtain credit support from banks. Green finance helps the development of small and medium-sized enterprises to encourage small and medium-sized enterprises to take the road of sustainable development through the guidance of financial resources. There is information asymmetry between small and medium-sized enterprises and financial institutions, and it is necessary to strengthen the construction of the credit system of small and medium-sized enterprises. First, small and medium-sized enterprises need to establish a business philosophy of integrity, and in the process of production and operation, they need to adhere to integrity and focus on green business. pattern development. Second, improve the construction of credit information database for small and medium-sized enterprises. Government departments can establish a credit bank for small and medium-sized enterprises, manage untrustworthy enterprises, impose a penalty system on untrustworthy enterprises in terms of bank credit, improve the incentive mechanism for small and medium-sized enterprises with good credit, provide them with more reasonable interest rate financing, and increase financial services. strength of support.

How to solve the financing problem of small and medium-sized enterprises, how to use financial means to promote the transformation of economic structure, and how to realize the development of environmentally friendly small and medium-sized enterprises have become difficult problems. The use of financial means can concentrate advantageous resources to support the development of new industries. There is a phenomenon of information asymmetry in the development of green finance to support the development of small and medium-sized enterprises. It is prone to high-quality projects that cannot be supported by financial institutions. Therefore, it is necessary to innovate green finance to support small and medium-sized enterprises. The path of enterprise development can effectively promote the development of small and medium-sized enterprises, promote the transformation of small and medium-sized enterprises, and better protect the environment. At the same time, it also guides the public to pay attention to the green environment and establish the concept of green consumption.

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