

# Research on the Current Situation, Problems and Countermeasures of Green Finance Development in Guangxi from the Perspective of New Development Concept

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## Abstract

The report of the 20th National Congress of the Communist Party of China pointed out that promoting green and low-carbon economic and social development is a key link in achieving high-quality development, and it is necessary to improve and support the green financial system. Green finance will become an important booster for practicing the concept of green development and realizing the high-quality development of China's economy. Guangxi is an important ecological barrier in southwestern China, and it is also the main source of the entire Pearl River Basin. It bears a major responsibility for protecting the ecological security of Guangdong, Hong Kong and Macao. However, according to the actual situation of green development in various fields in Guangxi, there are still practical challenges in how to promote the integration of ecological environmental protection and economic and social development, such as the industrial structure still needs to be further optimized, the green upgrading of basic facilities has not been perfected, and the overall level of green technology needs to be further improved. Based on the current situation of green finance development in Guangxi, this study clarifies the problems existing in financial support for the development of low-carbon economy in Guangxi, and further puts forward targeted suggestions.

## Keywords

New Development Concept; Green Finance; Problem; Countermeasures.

## 1. Introduction

Since 1978, China's economy has developed rapidly, and problems such as resource depletion and environmental pollution have gradually been exposed with the development of the economy, and the whole country has begun to reflect. Under the background of green development, green finance, as an important economic activity to deal with environmental problems, has become the driving force for the development of green economy and the promotion of high-quality economic development at this stage. In the "Overall Plan for the Reform of Ecological Civilization System" published in 2015, the term "green finance" was clearly put forward, and the "G20 Green Finance Comprehensive Report" was released at the G20 Summit. This is also the first time that China has included green finance into the agenda of the meeting. The report of the 20th National Congress of the Communist Party of China proposes to promote green development and promote harmonious coexistence between man and nature. This indicates the direction of the development of green finance.

As a country that advocates green development, China's theoretical research is still lagging behind compared with the achievements of rapid development in practice. On the positive side, Chami (2002) believes that enterprises' green finance business has a positive role in promoting; markandya (2015) believes that the development of green finance can promote significant economic growth; wang Yao (2016) believes that green finance can promote the

protection of the environment and optimize the allocation of resources. However, some scholars have pointed out that economic growth will be inhibited by green finance ( Ning Wei et al., 2014 ) ; because there are still many imperfections in green finance, such as different ranges of support, inconsistent technical explanations, etc., it is difficult to give full play to the role of green finance ( Yan Qingmin et al., 2016 ). After studying the green finance of Inner Mongolia, Tian Xiaochao ( 2018 ) found that there are still problems in the development of Inner Mongolia, such as the difficulty in adjusting the financing and credit structure, and the serious homogenization of related financial products.

Although the existing literature provides a reference for the discussion of this paper, most of the research on the eastern green finance developed areas, and the research on Guangxi green finance is slightly less. Guangxi takes resource-based industry as the economic pillar, and many factors restrict the development of green finance in Guangxi. Based on this, on the basis of the new development concept, combined with the current situation of green finance development in Guangxi, this paper discusses the existing problems from multiple perspectives of green credit, green bonds, green funds, green insurance and related policies, and gives reasonable and targeted suggestions, hoping to provide some reference for future development.

## **2. The Development Status of Green Finance in Guangxi**

### **2.1. Green Financial Policies Have been Introduced in Succession.**

In 2018, the autonomous region issued the ' Implementation Opinions on Building a Green Financial System ', which determined the guiding ideology, key objectives and key tasks for the development of green finance in Guangxi. It will establish a leading group for the reform, innovation and development of green finance in the autonomous region, coordinate the development of green finance in the region as a whole, and do a good job in coordination with the relevant provinces and departments of the state, and actively promote the application of qualified places to apply for the national green finance reform and innovation development experimental area work. In December 2018, the " Overall Plan for Guangxi to Build an ASEAN Financial Open Portal " that clearly supported the pilot work of green financial reform and innovation in Guangxi was issued by the national ministries and commissions. In November 2019, the Guangxi government issued the " Guangxi Zhuang Autonomous Region Green Finance Reform and Innovation Implementation Plan " to clearly establish a multi-level green financial organization system, accelerate the innovation of green credit products and services, and enrich the innovation of green financial products.

In May 2020, in order to promote the construction of the core area of the financial open portal, Guangxi supported the establishment of green financial reform and innovation demonstration zones in four prefecture-level cities : Nanning, Liuzhou, Guilin and Hezhou. We will formulate and promulgate policy documents such as " Several Measures to Accelerate the Construction of Financial Open Portals for ASEAN " and " Implementation Rules for Green Financial Evaluation of Banking Financial Institutions ( Legal Persons ) in Guangxi Zhuang Autonomous Region, " carry out green financial evaluation of local corporate banking financial institutions on a quarterly basis, carry out pilot projects of environmental pollution liability insurance, and strengthen incentives and constraints for green financial reform and innovation.

### **2.2. Green Financial Policies Have been Introduced in Succession.**

Guangxi green financial market system is a complex and dynamic system. The main bodies of Guangxi 's green financial market system include banks, agricultural cooperation institutions, insurance, small loan companies, guarantee companies, etc. The components of the green financial market system in Guangxi include green credit, green bonds, green insurance, green funds and green financial services. Guangxi green finance can help Guangxi 's industrial

transformation and promote rural revitalization, which is of great significance to the high-quality development of Guangxi 's economy.

On the whole, the green financial development index of Guangxi has developed from 0.060 in 2001 to 0.224 in 2020, showing a steady growth trend and a steady improvement in the national ranking. From the perspective of stages, 2001-2006 belongs to the initial stage of green finance in Guangxi, the green financial development index is stable in the range of [ 0.060,0.79 ], and its comprehensive development level is lagging behind other provinces in the country. From 2007 to 2014, it belongs to the rapid development stage of green finance in Guangxi. The green financial development index increased greatly, from 0.079 in 2007 to 0.172 in 2014, with an average annual growth rate of 11.16 %. From 2015 to 2020, it belongs to the stable development stage of green finance in Guangxi, and the green financial development index is steadily improving. With the introduction of green financial market policies and the continuous improvement of the market system, Guangxi 's green finance has gradually developed.

In 2020, Guangxi will determine four cities of Nanning, Liuzhou, Guilin and Hezhou to create green financial reform and innovation demonstration zones. Guangxi has strengthened incentives in the demonstration area, combined with the use of green credit discounts and various monetary policy tools to reduce the cost of corporate investment and running green projects. Green finance is mainly oriented to sugar industry, forestry, machinery and other industries, and is committed to promoting the transformation and upgrading of traditional industries. At the same time, it will promote the development of a new generation of green industries such as energy conservation and environmental protection, biomedicine, and new materials, and continuously improve the green financial organization system.

### **2.2.1. Green Credit**

On the whole, the scale of green credit in Guangxi shows a steady expansion, but the growth rate is unstable. From the perspective of stages, the scale of green credit will increase greatly from 2018 to 2021. The main reason is that China 's economy has entered a stage of high-quality development, and the concept of green development has gradually been implemented in all aspects of production and life. By March 2022, the balance of green loans in Guangxi was 414.31 billion yuan, an increase of 34.33 % compared with last year. Loan funds mainly flow to energy conservation and environmental protection, biomedicine, new materials and other fields, and the effect of promoting economic and social green development is increasingly significant. At the same time, Guangxi green credit continues to innovate, and constantly introduces green innovative products such as ' land comprehensive improvement loan ' and ' green organic agricultural loan ' to stimulate the vitality of green enterprises.

### **2.2.2. Green Bond**

In recent years, in order to promote the development of low-carbon economy, green bonds, as a bond tool to finance green projects or refinance these projects, have become an important starting point for the development of green finance in Guangxi. Guangxi is an important forestry province in China, with a forest coverage rate of 62.5 %. The higher forest coverage rate has cultivated Guangxi forestry. Therefore, forestry, as an important industry in Guangxi, has issued many high-quality subject matter for green bonds. Guangxi Beibu Gulf Bank, Liuzhou Bank and Guilin Bank issued a total of 10 billion yuan of green financial bonds. Many cities have also actively carried out green bus asset securitization business, and the total issuance scale of Guangxi bus industry is about 600 million yuan.

### **2.2.3. Environmental Liability Insurance**

In addition to the continuous exploration and practice of green loans and green bonds, Guangxi also strongly supports green insurance innovation. In 2020, Guangxi will vigorously promote the construction of a comprehensive pilot area for insurance innovation, and a number of insurance innovation platforms have emerged. Insurance funds have achieved remarkable

results in industrial transformation, economic development and helping people 's livelihood. The annual new insurance capital application amount of Guangxi green insurance is 17.854 billion yuan, and the annual premium income is 2.516 billion yuan. At the same time, Guangxi green insurance has made a significant contribution to the revitalization of rural areas in Guangxi, providing a total of 17.18 billion yuan of risk protection for 7.74 million households and paying 1.334 billion yuan in premiums to 590,000 households.

#### **2.2.4. Green Fund**

Guangxi 's " 14th Five-Year Plan for Financial Industry Development " clearly states that it is necessary to explore the establishment of a regional green development fund jointly sponsored by local governments and social capital to support the development of local green industries. From 2018 to 2020, the Guangxi government encourages green industry funds, venture capital funds and private equity funds to actively participate in the development and construction of major projects. The rapid development of government investment funds and the continuous influx of environmental protection funds outside the region have provided a good foundation and experience for Guangxi. As of June 2020, there are 67 funds operating in various parts of Guangxi. However, due to the fact that Guangxi is an underdeveloped area, especially the low level of scientific and technological innovation ability, the scale of fund investment is restricted.

#### **2.2.5. Green Financial Services**

With the promotion and implementation of Guangxi 's green financial policy, the development of green finance has become the top priority of Guangxi financial institutions. Guangxi financial institutions actively innovate moderate performance appraisal, devote themselves to information disclosure and transparency, establish green financial professional organizations, constantly innovate green finance, and propose tailored innovative product design according to the characteristics of green industry development, so as to continuously improve the service ability of the industry. For example, Guilin Bank issued the " Guilin Bank Green Finance Development Plan ( 2021-2023 ) Year " and completed the listing of 24 branches of green finance franchises, and set up green business centers and green finance franchise branches ; guangxi Beibu Gulf Bank, Liuzhou Bank, Guilin Bank and other legal entities actively disclose environmental information reports, and the awareness of social responsibility of financial institutions has been further enhanced.

### **2.3. The Green Financial Market System Continues to Improve.**

In order to protect the common living environment of mankind, many countries and regions have implemented green finance-related policies. Taking Guangxi as an example, at present, the work of energy conservation and emission reduction, pollution reduction and carbon reduction in Guangxi is being solidly promoted and has achieved remarkable results. During the period from 2015 to 2020, the emissions of sulfur dioxide and particulate matter in the whole region are decreasing year by year. Although the total emissions of industrial waste gas are higher in 2020, the total emissions of sulfur dioxide and particulate matter are significantly reduced, and the ecosystem is effectively protected and repaired. In particular, in the past 20 years, 6200 enterprises have been relocated to rectify industrial pollution, 1.54 million tons of coal mine labor surplus production capacity have been resolved, and 1112 million kilowatts of low-emission technological transformation of 21 units of coal-source power plants have been realized. The industrial structure adjustment in the whole region has achieved positive development. In addition, the emissions of chemical oxygen demand, sulfur dioxide, ammonia nitrogen and nitrogen oxides in Guangxi in 2020 are 1.3 %, 13.7 %, 1.2 % and 13.1 % lower than those in 2015, respectively. These indicators have successfully completed the task of reducing pollution and carbon reduction targets issued by the state.

### **3. There are Problems in Green Finance in Guangxi**

#### **3.1. The Ability of Innovation and Development is Weak, and the Industrial Structure Needs to Be Optimized.**

The development of Guangxi 's economic industry is relatively backward, and the imbalance of industrial development is also revealed. Due to over-reliance on resources to develop, Guangxi has taken an old road, which not only has brought a great impact on the local environment, but also has brought a great impact on the local social development. Furthermore, the industrial structure is single and the development mode is single. It is mainly concentrated in the fields of agriculture, forestry and animal husbandry, and lacks fresh blood. Therefore, the industrial chain is short, it is difficult to extend outward, the product added value is high, can not produce economic benefits, can not adapt to the development of green finance. In addition, due to the weak innovation and development ability, backward technology and poor ability to resist risks in Guangxi, the supply of green credit in the region is relatively single, and the imbalance between supply and demand has become the bottleneck of regional economic development, unable to adjust and optimize the industrial structure. The low efficiency of production capacity and capital investment in Guangxi is also an important factor in its slow development.

#### **3.2. The Level of Coordinated Development is Low, and the Relevant Systems of Green Finance Need to Be Improved.**

In China 's banking system, there is usually no special clause for the review of green credit, and its content is mostly based on the due diligence exemption in ordinary credit. At present, the innovation of carbon finance has become the focus of construction projects of various banks. However, due to the non-standard process of environmental equity mortgage and the unclear disposal mode of pledges, the innovation of China 's banking industry has been hindered. At present, there is no government-level green credit risk guarantee system. At present, Guangxi is actively promoting the financial subsidy ' Guihui Loan '. Except for a few green projects superimposed with policy credit such as ' Guihui Loan ', most of the green projects have not been allocated and compensated by insurance institutions and credit institutions. However, due to the low level of coordinated development of green projects, long cycle, large investment, uncertain income and other problems, the early sustainable development of green projects lacks policy guarantee, risk compensation and risk sharing, which makes its development trend weak.

#### **3.3. The Scope of Green Development is Small, and the Coverage of Green Finance Needs to Be Expanded.**

One of the main problems in Guangxi is that the coverage of ' green finance ' is narrow and the development is unbalanced. Green finance is a kind of policy and financial means with good macro-control ability. It has a sound evaluation and supervision mechanism in some relatively mature regions such as Beijing, Shanghai and Guangzhou, while the development speed of Guangxi is relatively slow. Because green funds and green credit are mainly aimed at large and medium-sized state-owned enterprises in Guangxi, most small and medium-sized enterprises with serious pollution are difficult to achieve the goal of environmental protection finance. Guangxi has developed better is ' green credit ', which is the first green financial product that appears in public. It is a financial tool specifically for energy conservation, pollution reduction and environmental protection. Because the main object of issuance is the bank, the spread of its advertising is more extensive and well-known. But other green financial instruments are almost not mentioned.

## **4. Suggestions and Countermeasures for Green Finance in Guangxi**

### **4.1. Leading the New Impetus of Green Finance in Guangxi with Innovation**

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Innovation is the first driving force to lead economic development, and the development of green finance in Guangxi needs to be driven by innovation. On the one hand, the government can appropriately increase relevant innovation expenditures to provide financial support for the transformation and upgrading of green financial institutions and the introduction of innovative green products. For example, we should vigorously develop green credit, green insurance products, encourage banks and insurance institutions to invest in green products, and actively and steadily develop green funds. Relevant government departments can also actively increase the policy publicity expenditure on the development of green financial products in the region, attract and integrate excellent industrial funds from all walks of life at home and abroad, drive social capital and financial institutions to participate in the development of green funds, and improve the social recognition of green financial development. In terms of financial markets, the local government can also rely on the power of fintech to diversify the financing methods of green financial products through innovative multi-channel financing (Chen Bingbing, 2022).

### **4.2. To Coordinate the Construction of a New Pattern of Green Finance in Guangxi**

Excavate The development of green finance is affected by regional differences. The development of green financial industry in Guangxi mainly depends on local resources. Compared with the development of green finance in the east, its operation mode is more traditional and extensive. Based on this, the local government should pay full attention to and promote the healthy and sustainable coordinated development of green finance between regions and regions, actively promote and introduce the new concept of green finance, green finance related products and services to improve the green economic structure, promote the formation of industrial development diversity, and inject fresh blood into the development of Guangxi 's green financial industry. The strength of the government departments themselves also greatly affects the healthy development of the local green financial industry. Therefore, improving the administrative efficiency of the grass-roots government itself, focusing on improving the executive ability of government officials and government management departments, accelerating the implementation of supply-side structural reforms, and optimizing the green financial industrial structure are important ways to enhance the government 's strength and coordinate the construction of a new pattern of green finance in Guangxi. In view of the optimization of the industrial structure of green finance in Guangxi, the government can rely on local fiscal and technological expenditure, tax subsidies and other incentives to strengthen the research and development of financial institutions in green products, provide financial support for the coordinated development of green financial industry, and realize the coordinated development within and between regions.

### **4.3. The New Potential of Green Finance in Guangxi with Green**

Green finance is an important measure for China 's high-quality development in the new era. In order to better promote the future development of green finance, relevant laws, regulations and supervision at the government level need to be matched with its development, so as to ensure the stable development of green finance in Guangxi and tap its development potential. According to the characteristics of green finance, the government should consider all aspects of the problem. In view of the fact that the traditional green financial market in Guangxi mainly relies on small green credit loans, the government should emphasize the diversification of

green financial industry products and develop other green financial products other than the private green credit business model, such as private green bonds and green fund investment, when accelerating the reform and promoting the innovative development of Guangxi 's green financial industry. The financial industry also includes green financial institutions and other non-green financial institutions. While promoting the healthy and orderly development of the green financial industry in Guangxi, the government should encourage the development of non-green financial institutions, so that the main body has diversified characteristics to disperse financial risks. While formulating relevant legislation, the government also needs to establish and improve relevant incentive measures, give financial subsidies and tax incentives to green financial institutions, clear the difficult obstacles to the development of green financial institutions, and promote the vigorous development of green financial institutions.

#### **4.4. To Share the New Achievements of Green Finance Development in Guangxi**

To share the development of green finance in Guangxi, it is necessary to achieve universal sharing and comprehensive sharing, as well as co-construction and sharing and gradual sharing. Affected by the special geographical environment and historical factors, the development speed of various green financial industries in the eastern coastal areas is better than that in the western region. The central and local governments should establish an innovative concept of sharing and gradual sharing among the whole people, promote the allocation of resources and the flow of factors among regions, enhance the strength of local economic development, allow some of them to develop and improve the situation of insufficient and unbalanced development of green financial industries, narrow the gap between the development of urban green finance in the region and the eastern region, promote the vigorous development of green financial industries in the region, and make the development achievements benefit the people. At the same time, the innovative development of the western green financial training industry needs to speed up the introduction of training talents in related fields of colleges and universities. Starting from the reality of the government, we encourage colleges and universities to offer various green finance courses, teach young students green finance professional knowledge, and focus on stimulating students ' professional interest in this field ; accelerate the introduction of a group of expert teacher teams related to the cultivation of green financial talents, and provide high-quality and practical teaching resources for the cultivation of high-end talents in Guangxi green finance. At the same time, the local government can appropriately learn from the practices of first-tier cities such as Beijing and Shanghai, set up an international research center for green finance, provide a realistic basis for the cultivation of high-end green financial talents and the establishment of a talent think tank in the region.

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