

# The Measures and Effect Analysis of China Postal Savings Bank in Developing Inclusive Finance

-Taking Sichuan Branch as an Example

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**Abstract**—As one of the major agriculture-related banks, Postal Savings Bank of China has adhered to the market positioning of serving agriculture, rural areas and farmers, serving small and micro-enterprises and serving the community and actively innovating in science and technology Products, continue to provide financial support for rural economic development. This paper discusses the post office bank of China in the process of inclusive finance development, a series of policy measures, and made great achievements. However, in the development of inclusive finance still exist some problems in the process, aiming at these problems this paper put forward the feasible countermeasures and Suggestions, for example, we should Strengthen the construction of risk control and management system to enhance anti-risk ability, strengthen the construction of information equipment, strengthen the training and management of postal savings professionals, implement differentiated management, in order to promote inclusive financial development process.

**Keywords**—Postal savings bank; Inclusive finance; Measures; Effect

## I. INTRODUCTION

In the process of rural economic development, promoting rural financial development is an important support force for promoting "agriculture, rural areas and farmers" service process. At present, the dual economic structure in urban and rural areas is still outstanding [1]. Vigorously developing inclusive finance and supporting rural economic construction are the key solutions to "Three rural issues" the key. However, there are many problems in the rural financial system, including poor infrastructure, unitary financial products related to agriculture, and insufficient coverage of financial institutions in rural areas [2]. Improving the rural financial system, innovating financial products and increasing agriculture-related businesses are not only beneficial to rural economic development, but also have far-reaching significance for China's financial reform and optimizing its economic structure.

"All-inclusive finance" refers to a diversified financial supply to let all of financial demand can equally enjoy financial

services; Inclusive finance development has included at the end of 2013 the party's governing platform in China. The concept of inclusive finance was first proposed by the United Nations in 2005, the International Year of Microcredit. On November 9, 2013, the third plenary session of the 18th CPC central committee put forward the concept of "inclusive finance". Breaking the "twenty-eight law" followed by traditional finance, that is, 20% of customers create 80% profit. In the past, in order to strengthen the management of high-quality customers, commercial banks focused on these 20% of high-quality customers with emphasis and pertinence Serve and use it as a guide to making business decisions in commercial banks. The inclusive financial system is an all-round system that provides equal services to economic entities at all levels of the whole society. Inclusive finance is proposed to serve disadvantaged groups, enrich financial products, improve service quality and encourage financial innovation so that all members of society, including urban and rural residents, can enjoy basic financial services [3].

## II. CHINA POSTAL SAVINGS BANK DEVELOPS THE CURRENT FINANCIAL SITUATION OF INCLUSIVE FINANCE

China post office has given the reputation of a "green bank", is different from other commercial Banks, post office in China upon the approval of the CBRC, market positioning is mainly serving "agriculture, rural areas and farmers", rural areas in the retail business and intermediary business, as required by the policy, China's post office and the rural financial institutions cooperation actively, set up corresponding financial services, reduce the difficulty of loan, increase the micro-loan business support rural economic development. China Postal Savings Bank was established on November 29, 2006, changing the situation of the former joint ventures between government and enterprises. On March 6, 2007, China Postal Savings Bank was changed to a limited liability company. On January 21, 2012, China Postal Savings Bank Co., Ltd. was established according to law with the approval of the State Council and the China Banking Regulatory Commission [4].

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In 2016, the Bank successfully listed on the Main Board of the Hong Kong Stock Exchange and successfully completed the three-step reform roadmap of "Share Reform - Guiding War - Going Public" to formally enter the international capital market. In the "Top 1000 Ranking of Global Banks in 2016", the total assets of Postal Savings Bank ranks 22nd. Rooted in rural areas, most of the Chinese post office branches have close to the countryside, understanding the peasants' demand, serving agriculture, and the postal savings bank of China has the characteristics of network, face more widely, over the years, give full play to its network advantages, positive response national policy, the support of rural economic development to help farmers get rich as a kind of long-term strategic objectives, to contribute to social, economic and cultural development, and to devote to the development of the rural financial business [5].

By 2017, China Post has been established for 10 years and has become one of the largest commercial banks in the country with the largest number of clients. It always practices the concept of inclusive finance, and constantly improves its own unique financial service characteristics. As the new normalcy of the economy puts forward newer and higher requirements on the development of inclusive finance in financial institutions, as a commercial bank, it should actively take part in the process of developing inclusive finance and increase its support for agriculture-related businesses. Strive to improve the quality of services to "agriculture, rural areas and farmers".

### III. MEASURES AND EFFECTS OF CHINA POSTAL SAVINGS ON INCLUSIVE FINANCE

In recent years, with the rapid development of China's economy and the continuous development and reform of China's postal savings, China's postal reserve has entered a period of booming development of inclusive finance. To make full use of its network advantages in urban and rural areas and take a series of measures to provide financial support to the countryside, the following is introduced in the example of China post - store Sichuan branch [6].

#### A. Overview of Sichuan Postal Savings Bank

Postal Savings of China Sichuan Branch was established in 2008 with 21 municipal and prefecture secondary branches under its branches and 21 branches and sub-branches, 170 county-level branches and 1,267 second-level sub-branches and 2,909 outlets under its branches All over the province urban and rural areas. Sichuan postal savings bank is now the fifth largest bank in the country, ranking fourth among the five largest state-owned commercial Banks in Sichuan province, with a market share of 11.26 percent. With ever increasing the economic benefits of China's post office and the unique advantages of roots rural provide basic financial services to rural and extensive inclusive financial business, in the rural areas set up the unique brand advantage and competitive advantage.

In 2013, the provincial government of Sichuan signed a sub-agreement with China post group, which covered the cooperation between the two sides in promoting the economic and social development of the postal service in China. China post group, investment of no less than three hundred million

yuan a year for sichuan province branch of the infrastructure construction, strengthen credit in sichuan, the postal savings bank of agricultural financial business, to further improve the postal savings bank of urban and rural services, enlarge the coverage of financial services, provide rural areas with fully functional financial services platform. Sichuan Postal Savings Bank would focus on promoting the process of "agriculture, rural areas and farmers", strengthening rural infrastructure construction, and establishing and improving the rural financial system.

#### B. Measures and Effects of Sichuan Postal Savings Bank in Developing Inclusive Finance

Sichuan Postal Savings Bank relies on the nearly 3,000 outlets covering urban and rural areas covering cities and remote mountainous areas to provide our clients with such intermediary businesses and infrastructure construction loans as small loans and postal green card payment and provide more financing channels for customers and Safe payment environment, has been the majority of customers trust and support.

##### 1) The support and effect of microcredit business on rural economic construction

The main reason for the slow development of rural economy lies in the shortage of financial supply, although the government has adopted a series of fiscal transfer payments and tax breaks and other preferential policies. However, in the process of starting the construction of a new socialist countryside in an all-round way, due to the huge amount of funds needed to comprehensively manage drainage channels, it has stimulated the financing needs in rural areas strongly. Therefore, to achieve the healthy and sustainable development of rural economy, we must completely solve the problem of financing problem. The city of bazhong belongs to a region that is economically backward in Sichuan province. Its per capita GDP, per capita fiscal income, per capita household deposit, and other economic indicators are among the last in Sichuan province. In order to support the development in the region of Bazhong, the government started the construction of "Bashan New Home" in an all-round way, strongly stimulating the demand for local financial financing. In order to respond positively to the call of the provincial government, Sichuan Bazhong Branch of Sichuan Postal Savings Bank set up the first "microfinance wholesale center" in Sichuan Province in Bazhou. Relying on small loans, rural micro-loan wholesale centers adopted the principle of "credit first, use letter" mode. At the same time, the guarantee method is flexible and the threshold for financing is low. Customers who have granted credit can apply for small loans by telephone or directly at business outlets to support the development of poverty-stricken areas in production and operation and improvement of living environment. So far, Sichuan Postal Savings Bank has set up 36 micro-credit wholesale centers in Bazhong, with 1186 credit-issuing households with a total amount of 27.625 million yuan. With the support of credit funds from the micro-credit wholesale center, the development of agriculture is even more stable, the scale of production has been expanded, operating more and more projects, residents living standards gradually increased. With the support of these funds, the customer's

income has achieved significant growth. The positive effect of the small loan wholesale center of postal savings bank has been recognized by provincial and municipal government leaders and various sectors of society.

### *2) Intermediate business policy support and effect*

China Post relies on the physical outlets throughout the urban and rural areas and green card payment capabilities for rural areas to provide intermediate business services. The business includes payment and settlement services, bank card business, and agency business, guarantee business, etc. In recent years, Sichuan Postal Savings Bank has focused on the development of middle market businesses by providing customers with a variety of intermediary business services such as remittance, insurance agency, payment of taxes, direct payment of grain for the rural areas and conversion of farmland to forests, On behalf of the birth planning incentives and so on. At the same time, Sichuan Postal Savings Bank reached an agreement with the railway department to pay salaries for the employees of the railway system. Sichuan Postal Savings Bank also expanded the taxable fee variety and scale for the government on behalf of the government for collection of state taxes and levying land tax, and increased its income. In addition, Sichuan Postal Savings Bank also collects oil and tobacco models. In 2006, opening up an agent-based open-end fund in Sichuan Province brought a large number of high-end customers to the Postal Savings Bank and enriched the business scope of the Postal Savings Bank. Soochow Postal Savings Bank soon opened up pilot projects for open-end funds in various fields. Fund provides more sales platform, but also for the majority of postal customers with richer wealth management products, reducing investment risk. The development of intermediary business attracted more customers to the Postal Savings Bank, optimized the deposit structure of the Postal Savings Bank and raised the level of savings.

Relying on a strong network advantage, China postal savings bank has always adhered to the development of inclusive finance and made efforts to fill the gap in rural financial services. Rural finance is still the weakest link in the current financial markets in our country. There is a serious shortage of funds. China Post promotes the inclusive financial projects in an all-round way and helps to extend financial services to the places most needed by rural areas, agriculture and farmers. Rural financial market environment, however, the development is slower, though post office would support rural financial development, but there are still some restricting factors, the development still exist many problems in inclusive finance.

## **IV. PROPOSALS FOR CHINA POSTAL SAVINGS TO ACCELERATE THE DEVELOPMENT OF INCLUSIVE FINANCE**

### *A. Strengthen the construction of risk control and management system to enhance anti-risk ability*

China post office in inclusive financial development, supporting the construction of the rural economy, a lot of microfinance, decrease the difficulty of rural financing risk also

increases accordingly, to guard against credit risk and systemic risk, it is necessary to establish a sound credit system, standardize business operations in the process of deal with credit business process, the system of special financial products, solid risk management concept, improve the level of credit management. We would build a sound management framework for the credit organization of agriculture, rural areas and farmers. The system management system would strive to improve the quality and efficiency of the "three rural" businesses.

### *B. Strengthen the construction of information equipment*

Advanced technology and equipment is a precondition for enterprises to provide quality services, China post office business scale and development speed now have keep up with the pace of other large commercial Banks, the introduction of advanced equipment and information technology is the postal savings bank of China sustainable development and establish a sound system and mechanism of strong support. Most of the current postal outlets are located in the rural areas. Due to obstructions such as traffic and information, the postal store internal network technology should be upgraded and upgraded to achieve modern information management and improve efficiency.

### *C. Strengthen the training and management of postal savings professionals*

Talent is the carrier of management and technology. To develop enterprises, we must strengthen human resource management, attract excellent talents and improve the quality of employees. Establish a sound human resource management system. In the introduction of talent, guarantee the quality of employees, as far as possible for finance, management, information technology and highly educated high-quality talent, in staff management, to strengthen the management of employees, attach importance to the cultivation of team spirit and comprehensive ability of employees.

### *D. Encourage innovation of financial products and optimize business structure*

Adhere to the market as the center, market-oriented, according to customer demand for financial services, increase research and development, application, evaluation and promotion of agricultural products. First, the establishment of top-down linkage collaboration mechanism, the classification of the market demand for the collection of products, we must always pay attention to market demand trends; the implementation of professional team research and development combined with personal creativity, encourage product innovation. Secondly, the Bank launched key product innovations on the needs of different regions and different customer groups and developed financial products that are in line with the national policies on agriculture, farmer and rural areas and local economic development. Third, to strengthen the evaluation of financial products and services, which will not only help to bring forth new products, but also make customers satisfied, and also improve the competitiveness of postal savings Banks.

### *E. Implement differentiated management*

In the context of inclusive finance, we should pay more attention to small and micro businesses and vulnerable groups, and should constantly innovate and develop models to transform the way of financial development. Persist in urban and rural areas with differentiated management, mainly wholesale business in city areas, and at the same time open retail business and intermediary business, in rural areas is given priority to with the retail business and intermediary business, according to the different resources characteristic and characteristic industry in rural areas to develop targeted financial products, support agricultural modernization, to management project to provide financial support, has the development potential of rural infrastructure construction and the construction of new socialist countryside, effectively stimulate the economic vitality of the rural market.

### V. CONCLUSION

This article through to the development of Chinese post office in financial, inclusive finance is the construction of "agriculture, rural areas and farmers microcredit measures and intermediary business policy, etc., indicates that the current rural financial markets there are serious the problem of insufficient supply and demand. Under the task of building a new socialist countryside, the development of the rural financial market should be given more attention. To completely

solve the "three rural issues" requires a long way to go and requires the government's policy support for rural economic construction. The financial institutions should pay more attention to rural areas Of the financial support, the regulatory agencies of the orderly order of the rural financial markets and all social and economic entities to support the "three rural" construction of the strong support effectively together to form a complete and harmonious unity as a whole to jointly create a vast rural construction Prospects.

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