

Research on the Influencing Factors and Reconstruction of Wenzhou Private Financing Trust:

The Perspective of " Wenzhou Financial Comprehensive Reform "

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Abstract

The essential goal of Wenzhou financial comprehensive reform involving private finance is to reduce the transaction costs of private financing. The transaction costs of private financing are mainly in the aspects of information collection, supervision and management and insurance costs. They are integrated in the choice of financing behavior of economic entities. Therefore, this study from Wenzhou's most micro-funded private lender behavior, through the characterization of private lender behavior characteristics, find out the influencing factors of private lender behavior and its importance, and then evaluate the effectiveness of Wenzhou's financial reform.

Keywords

Wenzhou financial comprehensive reform, Private financing, Trust, Private lender behavior.

1. Introduction

The report of the 19th National Congress of the Communist Party of China proposed to strengthen the ability of financial services to the real economy. During the thirteenth collective study of the Political Bureau of the CPC Central Committee, General Secretary Xi Jinping particularly emphasized the need to "deepen the understanding of the nature and laws of finance" and "correctly grasp the nature of finance". The purpose of finance. Financial activity, economic activity; financial stability, economic stability.

The Wenzhou Financial Comprehensive Reform Pilot Zone was established in March 2012. It originated from the turmoil of private lending, aiming to guide the development of private financing, improve the local capital market, and solve the "two difficulties and two difficulties" problem. The Wenzhou Financial Comprehensive Reform Pilot Zone takes private finance as a bright spot for reforms to vigorously innovate and break through, and guide private capital to serve the real economy. For example, the first three of Wenzhou's "Gold Reform" tasks highlighted the guidance of the development of private financial norms, the establishment of the country's first local financial authority, the creation of a private lending service center, a private capital management company, and the creation of an off-site supervision system for private financial organizations.

Part of the essential goal of Wenzhou's comprehensive financial reform involving private finance is to reduce the transaction costs of private financing. The transaction costs of private financing are mainly in the aspects of information collection, supervision and management and insurance costs. They are integrated in the choice of financing behavior of economic entities. Therefore, this study from Wenzhou's most micro-funded private lender behavior, through the characterization of private lender behavior characteristics, find out the influencing factors of private lender behavior and its importance, and then evaluate the effectiveness of Wenzhou's financial reform.

2. Research at home and abroad

The foundation of private finance is mutual trust and information symmetry among participants. The information advantage under asymmetric information is the fundamental reason for the existence of private finance. It seems that the huge social network system composed of acquaintances is very small in a certain sense. People can reach any person through a few layers of friendship. The six-degree separation theory holds that there is a path to any stranger through the cognitive relationship, and there are close to 6 people on this chain. Private financing demanders raise funds according to a six-degree separated network of interpersonal relationships, and the final reach can reach countless strangers. That is, private funds are flowing through such an invisible social network. In other words, after a number of links, the funds will flow to a stranger who the original supplier did not know about.

Under normal circumstances, people will only cautiously lend money to acquaintances, or lend money to strangers under the guarantee of acquaintances, the trust radius of each link is difficult to break through. When people are optimistic about the financial market, the trust radius of each link is expanding, then the radius of the entire capital chain will be extended even more. Conversely, when people are pessimistic about the financial market, the radius of trust between people is shortened significantly, and the private financial market is gradually shrinking.

Surveys by Shouyin Zhu and others show that the proportion of farmers with higher income levels from formal financial institutions such as rural credit cooperatives and high-interest borrowers is higher than that of low-income farmers, and the proportion of borrowing from relatives, friends and neighbors is lower than that of lower-income farmers, The higher the income, the more obvious this trend. Xiaobin Zhou et al. (2004) found that farm household management scale, farm household investment and payment propensity have a positive impact on farm household loan demand, while farm households' own fund payment ability has a negative impact on farm household loan demand. Zhijie Yan et al. (2005) found that factors such as the age of the head of the household, the family's property status, the number of non-agricultural employment, the use of formal loans, and regional economic conditions have a greater impact on the rural households.

Aleem's research on Palestine shows that the longer the previous business relationship between the informal lender and the borrower, the lower the probability that the borrower will be rationed. Siamwalla and others believe that the reputation of potential borrowers is an important criterion for affecting the loan rationing behavior of informal lenders. Udry's research in the northern region of Nigeria found that the associated lending contract acts as another form of mortgage, which can reduce adverse selection and moral hazard and increase the incentive for borrowers to repay.

At present, most domestic research content focuses on the problems and solutions of the current private financing trust in China from the macro level. The research method is mainly based on normative analysis, but from the micro level, especially from the perspective of private lenders. There are few empirical studies on the influencing factors of private financing trust. This article looks at the influencing factors of Wenzhou private financing trust from the perspective of "gold reform", and provides a reference for Wenzhou golden reform to rebuild Wenzhou private trust.

3. Analysis of Wenzhou private financing trust factor

3.1 Calculate the correlation coefficient matrix

Factor analysis is a statistical analysis method that deals with multivariate data. Its basic idea is to condense many original variables into a few factor variables with minimal information loss, and use them to summarize and explain a large number of observation facts with intricate relationships, So as to establish the most concise and clear conceptual system, explaining the most essential connection between things. A potential condition for factor analysis is that there must be a strong correlation between the original variables, otherwise it is difficult to construct a representative public factor. Therefore, first of all, the appropriateness of the factor analysis of the 35 original items is investigated.

The methods adopted are the KMO method and the Bartlett sphericity test method. Table 1 shows the results of KMO and Bartlett sphericity tests.

Table 1 KMO and Bartlett's test

Kaiser-Meyer-Olkin metric with sufficient sampling		.833
Bartlett's sphericity test	approximates chi square	11488.464
	df	595
	Sig.	.000

It can be seen from the table that the KMO coefficient value is 0.833. According to the standard given by the statistician Kaiser, when the KMO value is greater than 0.8, it is suitable for factor analysis; Therefore, the null hypothesis of the Bartlett sphericity test is rejected, and factor analysis is also considered.

3.2 Factor extraction

In this paper, the factors should be extracted according to the feature value greater than 1.0. The value of the first 8 points of the gravel map (see Figure 6) are all greater than 1, and the slope between the subsequent points is relatively flat to form a "flat slope", so the eight factors of the influence of private loan trust can be extracted: FAC1 Personality factor, FAC2 capital factor, FAC3 kinship factor, FAC4 face factor, FAC5 legal factor, FAC6 public opinion factor, FAC7 mutual benefit factor, FAC8 guarantee factor.

Table 3 Rotation component matrix

factor	High load index	Ingredients							
		1	2	3	4	5	6	7	8
Moral factor 1	The person who borrowed money from me should have a good reputation in lending	0.807							
	The person who borrows money from me must be honest and trustworthy	0.761							
	I feel more comfortable lending money to someone with good character	0.704							
	The person who borrowed money from me must perform well in life	0.665							
	The person who borrowed money from me must be good at work	0.547							
	I won't lend money to someone	0.539							
	I will not lend money to someone who once borrowed money	0.532							
Capital Factor 2	People who borrow money from me must have a certain social relationship		0.825						
	The person who borrows money from me must be a capable person		0.787						
	The person who borrows money from me must have certain economic strength		0.688						

Kin factor 3	Overall, I feel more comfortable lending money to my relatives or friends			0.786				
	The relationship between the borrower and me is my primary factor in considering whether to borrow money			0.684				
	Lending money to my relatives is the most reliable			0.674				
Face factor 4	Will gain the trust of others			0.802				
	Can get good reviews from people around			0.778				
	Can make you enjoy the joy of helping others			0.675				
Legal factor 5	The law will punish people who don't pay				0.858			
	The law protects the rights of lenders				0.805			
	For those who don't pay, I can use legal means				0.784			
Opinion factor 6	Those who borrow money will not be condemned by those around them					0.782		
	People who borrow money but do not pay will lose the trust of others					0.743		
	For borrowers, borrowing money is not very good					0.523		
Mutual Benefit Factor 7	Just for others to help me in the future						0.781	
	It's human relations that can maintain the relationship between the two parties						0.688	
	Just to make use of his idle funds						0.666	
Guarantee factor 8	Secured is more trustworthy							0.727
	It is more trustworthy to lend to someone who has a good job							0.515
	It is better to lend to locals than outsiders							0.506

3.3 Regression analysis

For the "overall trust level", the six items of FAC2 capital factor, FAC3 kinship factor, FAC4 face factor, FAC5 legal factor, FAC6 public opinion factor, and FAC8 guarantee factor have passed the

significance test and entered the regression equation. Their normalized regression coefficients are shown in Table 2 above.

Table 3 Regression analysis coefficient^a

model	Unstandardized coefficient		Standard coefficient	t	Sig.
	B	Standard error	trial version		
(constant)	2.655	.029		90.292	.000
REGR factor score 3 for analysis 1	.102	.029	.113	3.469	.001
REGR factor score 2 for analysis 1	-.100	.029	-.111	-3.406	.001
REGR factor score 4 for analysis 1	.098	.029	.108	3.324	.001
REGR factor score 6 for analysis 1	-.064	.029	-.070	-2.158	.031
REGR factor score 8 for analysis 1	.060	.029	.067	2.056	.040
REGR factor score 5 for analysis 1	.058	.029	.064	1.982	.048

a. Dependent variable: In general, how much do you trust the borrower?

From the results of regression analysis, FAC3 affinity factor and FAC4 face factor are the most important factors that affect the "overall trust level". The first reason is that most of the free borrowing and lending in Wenzhou are within close-knit groups, and they often have a high level of trust, which is similar to the "emotional trust" mentioned by many scholars; the second is Wenzhou people. Love to show off wealth, and have face", I feel that I can put money in other people's homes and invest in it. It also affects the private lending behavior to a certain extent.

Factors negatively related to the "overall trust level" are the FAC2 capital factor and the FAC6 public opinion factor. Regarding the FAC6 public opinion factor, there is a negative relationship between the "overall level of trust": the direct role of public opinion supervision is for the borrower, and this study is from the perspective of the lender, so the performance is not obvious, and the public opinion will be seriously considered Lenders who apply pressure to ensure credit may themselves be more computationally intensive and cautious, so the overall trust level will not be too high; FAC2 capital factor is negatively related to the "overall trust level", the more inclined Respondents with "capital factors" have lower "overall trust levels". The reasons may be: (1) The survey was after the Wenzhou private financial crisis, and most of the Wenzhou private financial crisis was run by bosses with scale and strength; (2) According to our bank lending practice, the more The easier it is for people with capital to obtain low-interest-rate loans from banks and other formal financial institutions. If they raise funds from private markets with higher interest rates, it shows that there are certain problems for borrowers with powerful capital.

4. Wenzhou's countermeasures and suggestions on building a private financing trust system

The main purpose of Wenzhou's comprehensive financial reform is to establish Wenzhou's "modern private credit system" on the premise of reducing the transaction costs of financing by economic entities. This paper studies the construction of Wenzhou's private credit rating system on the basis of

investigating the current situation of Wenzhou's private financing trust. In this way, it can promote the development of private finance, accelerate the sunshine and standardization of Wenzhou's private financial market, and provide institutional and information support for the transformation of Wenzhou's private finance from personalized transactions to depersonalized transactions; second, it can speed up the construction of the credit environment and promote credit ethics 3. Credit system and credit culture construction provide entry points and breakthroughs for further establishment and improvement of the modern social credit system. Third, they can help the pilot of financial reforms, carry out useful explorations of the market economy system, and demonstrate Wenzhou's pioneer image of social transformation and system innovation.

4.1 Deploy credit assessment and create Wenzhou credit project

The government joint financial institutions deploy Wenzhou credit assessment work, follow the path of "voluntary declaration, centralized assessment, graded acceptance, and dynamic adjustment", adopt a combination of quantitative and qualitative methods to refine assessment conditions, assessment standards, assessment procedures and preferential measures, Quantify credit counties, credit towns, and credit enterprises. By quantitatively expanding the influence and radiation power of credit projects, the gold content of credit counties, credit towns, and credit enterprises will be further improved.

4.2 Construct Wenzhou entrepreneur credit rating system

Change the concept, implement the responsibility to the individual, and change the object of credit evaluation from the enterprise organization to the individual entrepreneur, so that the laws and regulations and moral public opinion directly point to the responsible person, so as to restrain evil behaviors and encourage good behaviors. Since most of the private entrepreneurs in our city inevitably have "original sin" in the previous entrepreneurial process, starting from practical operation, in order to reduce the resistance of the entrepreneur's credit rating system, we can take the past without blame in the statistics and calculation levels 1. A one-size-fits-all approach, counting from the day when the integrity rating system is officially established and running, calculating the credit rating of each entrepreneur from scratch, looking ahead and serving the future development. This matter can also be combined with the current reform of the city's modern enterprise property rights system, starting with some more mature companies and integrating the content of corporate social responsibility.

4.3 Establish a third-party credit institution

The survey found that because the boss is running away, there is a lack of trust in private lending, and there is an urgent need to establish a bridge between the two parties to promote the trust of private lending, thereby saving the crisis of private lending trust. We recommend the establishment of a third-party credit institution, which provides a credit evaluation system. Under the credit model that a third-party credit institution provides a credit system, the borrower needs to take out his own data and enter the credit system when financing is needed, and the data will be provided to the credit institution, which will be shared with the lender. For example, the financing of American SMEs must rely on the credit system.

4.4 Expand the connotation and extension of credit system construction

At present, Wenzhou is the first city in Zhejiang Province to build a personal credit information system. As of the end of 2011, 15 units including the court, national tax, family planning, traffic police, etc. had submitted 1.65 million pieces of personal credit information data to the system. More than 970,000 pieces of data entered the personal credit information sharing library. In the creation of credit projects, information collection can be extended to the departments of PBOC, industry and commerce, environmental protection, taxation, etc., and a relatively complete credit information network platform has been initially formed throughout the city to effectively deter bad credit, standardize the economic behavior of operators, and promote credit operation. Improve quality and efficiency, and optimize the local investment and financing environment and financial ecology.

4.5 Create a good atmosphere for counties, counties, enterprises, families, and everyone to compete for credit

Stimulate the enthusiasm of the general public in credit construction and give full play to the incentive and restrictive role of credit projects. Think of "credit" as an honorary title, a resource, an environment, and a culture. Establish the consciousness of "honoring and honoring, disgraceful and disgraceful" in the general society and the masses, and gradually internalize it into individual code of conduct and behavior habits, create a healthy and progressive social atmosphere that everyone stresses civilization and everyone stresses, and establish "The purpose of cherishing credit history and enjoying a happy life".

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