

Research on the Impact of Digital Finance on Trade Barriers in Guangdong-Hong Kong-Macao Greater Bay Area

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Abstract

Guangdong-Hong Kong-Macao Greater Bay Area, with world-class Greater Bay Area and a world class city group. With the goal of creating new possibilities in the unique environment of three places on both sides of the Taiwan Strait and three policies and three currencies. However, due to its perennial development differences and economic system differences, the three regions have caused trade barriers and hindered the integration development of the three regions. Digital finance, with its unique technical characteristics, can "create, operate and supervise together" to promote the integration and development of financial industries in the three places. This paper mainly analyzes the causes of trade barriers in the three places, and explores the mitigation effect of digital finance on trade barriers in combination with the development of digital finance in the three places, so as to provide a scientific basis for the integrated development of the three places.

Keywords

Guangdong-Hong Kong-Macao Greater Bay Area; Trade Barriers; Digital Finance.

1. Literature Review

1.1. Background and Significance of the Project Research

On February 18, 2019, the Central Committee of the Communist Party of China and the State Council issued the Guangdong-Hong Kong-Macao Greater Bay Area Development Planning Outline. In the outline, it is proposed that Guangdong-Hong Kong-Macao Greater Bay Area should not only build a vibrant world-class city group, an international science and technology innovation center, an important support for the construction of "the belt and road initiative" and a demonstration zone for in-depth cooperation between the mainland and Hong Kong and Macao, but also create a quality life circle that is livable, suitable for industry and suitable for tourism, and become a model for high-quality development. The country has given great hope to Guangdong-Hong Kong-Macao Greater Bay Area. Based on the unique scientific and technological innovation background of the three places, the country has opened up trade exchanges between the two sides of the Taiwan Strait and the three places and promoted the process of regional economic integration. In addition, the national "14th Five-Year Plan" outlines proposed to strengthen the coordinated development of Guangdong, Hong Kong, Macao and Industry-University-Research, improve the "two corridors and two points" structure system of the Guangzhou-Shenzhen-Hong Kong and Guangzhou-Zhuhai-Macao science and technology innovation corridors and the Shenzhen-Hong Kong Hetao and Guangdong-Macao Hengqin science and technology innovation poles, and promote the construction of a comprehensive national science center. It has two important meanings in the construction of regional innovation market: exploring the path of structural upgrading of regional innovation market, and exploring the regional integration of international innovation market.

Digital finance refers to the traditional financial institutions and internet companies that use digital technology to realize financing, payment, investment and other new financial business models. Digital finance can make full use of the advantages of "low cost, fast speed and wide coverage" by combining scenarios, data and innovative financial products to overcome the disadvantages of traditional financial services.[1]Which is conducive to the integrated economic development of the three places on both sides of Greater Bay Area.

The research on the impact of digital finance development on economic growth is still insufficient, especially the theoretical analysis on the impact of digital finance development on real economy is lacking. There are great differences in the development degree of digital finance and the current economic development situation among different regions in China. Whether the impact of digital finance development on economic growth has heterogeneity needs to be tested.[2]This topic mainly studies the barriers to trade in Greater Bay Area's economic development, and explores solutions through digital finance to help Greater Bay Area further develop.

1.2. Research Status Abroad

Digital finance has changed the face-to-face transaction model in the traditional business model, greatly reducing the transaction costs of traditional financial services and improving transaction efficiency[3], compared with the traditional financial business model, digital finance pays more attention to scale effect and tail effect, and the internet-based business model also makes the coverage of digital gold not limited by time and space[4]. It can effectively solve the problem of space trade between the two sides of the Taiwan Strait. In addition, the overall development trend of Guangdong-Hong Kong-Macao Greater Bay Area's service trade is good. The service industries in different regions are highly complementary and relevant. In the future, more economic, technological, geographical and policy data and information can be used to comprehensively study the spatial pattern, evolution rules and coordinated development mechanism in a wider field.

1.3. Domestic Research Status

Chucui et al. analyzed the spatial panel data of 31 provinces by constructing spatial dobbin model, and found that digital inclusive finance has obvious promotion effect on the development of regional economy, but has obvious negative spatial spillover effect on the surrounding areas[5], the research group of the Digital Finance Research Center of Peking University found that there are regional differences in the development of digital inclusive finance in China, but the differences are narrowing and the regional imbalance has been improved. Today, the division of labor between the Pearl River Delta and Hong Kong has changed from clear to vague. It is no longer a cooperative relationship with obvious benefits. It has already mentioned a new stage of broader space cooperation.[6]. The uneven industrial development in Guangdong-Hong Kong-Macao Greater Bay Area mainly includes the uneven industrial development level among cities and the obvious difference in the quantitative distribution of location entropy among industries in each city.[7].

2. The Causes of Guangdong-Hong Kong-Macao Greater Bay Area's Trade Barriers

Compared with the other three Greater Bay Area countries in the world, Guangdong-Hong Kong-Macao Greater Bay Area has its own cultural, political and legal background. The three countries on both sides of the Taiwan Strait have three relatively independent policy systems. RMB, HKD, MOP three currencies, to a certain extent, hindered the flow of economic and trade; There are differences in economic system, financial legal system and cultural background among Guangdong, Hong Kong and Macao to varying degrees.[8]And has not been able to

effectively achieve reunification for the time being. Therefore, under this background, there are still many obstacles for the governments of Guangdong, Hong Kong and Macao to create a better financial environment. This paper mainly analyzes the main factors of the formation of trade barriers in Guangdong-Hong Kong-Macao Greater Bay Area from three perspectives.

2.1. Legal Factors

The opposition of the three legal systems is a major feature of Guangdong-Hong Kong-Macao Greater Bay Area, but this feature is not conducive to the overall economic development of Guangdong-Hong Kong-Macao Greater Bay Area. In order to seek better economic and political cooperation between the two sides of the Taiwan Strait and the three places, it is necessary to form a perfect legal system, so as to ensure that trade between the three places can be unimpeded, trade can be conducted in the same and acceptable environment, and the economic and trade life of the three places can be promoted. The law cannot coordinate the cooperation, conflicts and contradictions among the three places, which will form an important factor hindering the development of trade among the three places.

Regional and interregional laws do not form a joint force. China is temporarily short of domestic cross-regional economic and trade legal basis, and the characteristics of the three places on both sides of the Strait will become a major difficulty. How to break through the trade legal barriers of the three places is called the basis of breaking through trade barriers. The law on cooperation between local governments is difficult to form in China due to lack of reference cases. It is more controlled and framed by non-legal means. It lacks legal deterrence and binding force, and cannot form a good trade environment. The legal issues of cross-regional cooperation remain to be resolved. In order to solve the legal problems of the three places, we need to start with the painful point that the legislation of the three places is difficult to coordinate. After the return of Hong Kong and Macao, the three places on both sides of the Taiwan Strait quickly launched exchanges and cooperation in various aspects. Cross-border legal services and judicial coordination have also achieved certain results. However, the legal systems of Hong Kong, Macao and inland China as a whole are not unified, coordinated or even conflict with each other.[9]. The differences in the legal system cannot be changed overnight. There are great differences from the differences in legislation to the people's understanding of the law. Therefore, if you want to change the status quo, you can choose two ways to change it. One is to choose adaptable international laws as the general basis, and then make analysis and judgment in combination with the actual situation of the three places to make adjustments that are suitable for China's existing national conditions; In addition, the analysis and research are carried out in combination with the existing laws of the three places, and the laws of the three places are discussed and merged to form a new situation of win-win among the three places, thus obtaining a special legal system for economic and trade among the three places, which can be used to effectively solve the current practical problems existing in regional cooperation, such as nonstandard industry standards, conflicts of interests in regional trade, etc. The formation of a sound and perfect legal system is conducive to the promotion of economic and trade development among the three places.

2.2. Regional Cooperation Factors

Through the analysis of the other three Greater Bay Area, it is concluded that a semi-official joint organization of local governments should be set up within the Bay Area to coordinate the regional conflicts in the development of the Bay Area and to strengthen regional cooperation.[10]. By comparing and analyzing the current situation in Guangdong-Hong Kong-Macao Greater Bay Area, Shenzhen, Guangzhou, Hong Kong and Macau are all developing together, with equal strength and lack of leaders. There is a certain conflict of interest between the local governments and the governments. The cooperation mechanism is not prominent and reasonable enough. The cooperation incentive mechanism between the governments is not

perfect. Between regions, the government and the government cannot be aroused strong desire for cooperation. Keeping the current situation and developing independently, they can continue to develop steadily and rapidly, but they cannot give full play to the significance of Guangdong-Hong Kong-Macao Greater Bay Area construction. Regional and interregional cooperation, when there is a conflict of interests, more will choose to save their own interests as the main, Jiangmen City, Zhaoqing City, etc. Compared with Hong Kong, Shenzhen and other regions, the economic development speed is slow, easy to form a "free ride" phenomenon, it is difficult to form a win-win situation between regions, so the awareness and enthusiasm of regional cooperation among all parts of Guangdong-Hong Kong-Macao Greater Bay Area is not high.

One of the key points of regional trade and regional economy is that the flow of trade information and trade resources, how to quickly flow the relevant financial and trade information between the three places is particularly critical. Whether Hong Kong, Shenzhen and other places are willing to share information resources with other cities and how to quickly and effectively share information resources have become a big problem. Only by implementing the sharing of resources and expanding the use of effective resources can the trade development and exchange among the three places be facilitated.

2.3. Commercial Cultural Factors

Economic cooperation in Guangdong-Hong Kong-Macao Greater Bay Area is hindered by cultural differences due to economic development and social differences in Guangdong-Hong Kong-Macao Greater Bay Area.[11]. Due to the influence of their historical background, Hong Kong and Macao's economic and trade means are more adapted to the international style and trend. They are different from Guangdong's business culture in the Pearl River Delta region and have certain differences in business culture. Secondly, there are some differences among the economic and trade centers of the three places. Hong Kong is an international financial center, especially in the financial service industry. Macau regards its special gambling service industry as the main body of economic development; The Pearl River Delta region has great differences between the provinces, and the gap between Hong Kong and Macao is even more obvious. There will be certain differences in economic and commercial cultures due to the different trade subjects in the three places. These differences will extend to differences in business ideas, trade theories and cooperation methods. These cultural differences will also affect the cooperation methods and opportunities of businessmen in the three places, and will not help the economic cooperation among the three places.

3. The Development Status of Digital Finance in Guangdong-Hong Kong-Macao Greater Bay Area

Digital finance mainly refers to the combination of the traditional financial service system and the internet service system, and the realization of financial services such as enterprise financing, capital payment transactions, capital project investment and other financial services in the original traditional financial services industry through modern and digital technical means[1].

In 2004, the launch of Alipay became the starting point of the development of digital finance in China; The official launch and use of Yu 'e Bao in 2013 marked the official entry of China into the digital financial era. Guangdong-Hong Kong-Macao Greater Bay Area, the four major cities of Hong Kong, Macao, Shenzhen and Guangzhou, as the important financial centers of our country, has rapidly joined the tide of digital finance development under this background. The traditional financial industry and its prosperous cities are about to face a huge transformation and upgrading. We will continue to promote digital transformation and upgrading.

According to the current social development situation, from the exchange of bank cards to the conversion of Alipay and WeChat payment, in Hong Kong and Macao, WeChat payment and

Alipay payment functions can also be used, which greatly saves the operation difficulty, eliminates the need to exchange currency before departure, and real-time exchange rate conversion enables consumers to spend more conveniently and easily in the three places on both sides of the Taiwan Strait. More convenient operation is undoubtedly a great help to promote economic and trade exchanges. The development of digital finance eliminates a series of work processes required by the traditional financial industry and effectively improves consumers' satisfaction in spending in the three places on both sides of the Taiwan Strait. When the procedures and procedures become convenient and fast, the areas of talent exchange and cooperation among the three places, financial exchange and cooperation will gradually take shape. Now in Hong Kong, you can also enjoy the convenient services of online shopping apps such as Taobao. You can even place orders directly to purchase products from inland areas, which greatly increases the trade possibilities between the two sides and promotes the economic and trade cooperation between the two sides.

4. Suggestions of Digital Finance on Regional Economic Development in Guangdong-Hong Kong-Macao Greater Bay Area

4.1. Bring into Play the Unique Charm of Guangdong-Hong Kong-Macao Greater Bay Area

Guangdong-Hong Kong-Macao Greater Bay Area's unique charm is mainly embodied in the advanced system of "one country, two systems". The three places on both sides of the Taiwan Strait maintain two different systems, which are different in political system, cultural system and economic system. They are obstacles to common development, but also opportunities for complementary advantages. In addition, Guangdong, Hong Kong and Macao have developed rapidly in the field of scientific and technological innovation and are relatively outstanding. They have many top-notch talents and many universities. They can continuously explore and innovate in the internet field, give full play to the advantages of talents, expand the advantages of the internet sector and help the economic development of the three places.

4.2. Give Full Play to the Leading Edge of the Financial Industry

The economic development level of Guangdong, Hong Kong and Macao and the number of traditional financial industries are all in the leading position. Combined with the advanced talents and technology in Guangdong, Hong Kong and Macao, the outstanding development in the Internet industry, fully combined with the advantages of the traditional financial industry in the three places, and organically combined with the Internet industry. Using the extremely rich traditional financial industry economy to demonstrate and take the lead in the financial+internet system. It is precisely because we have sufficient experience in financial institutions that we can know the major pain points of the traditional financial industry, what more people expect from the financial industry, and how we can enable users to solve traditional financial problems more conveniently and efficiently. That is the focus of the development of the financial industry. The large customer base, as our sample, can only receive more feedback to help the overall development of the financial industry and maintain the leading position of the three places across the Taiwan Strait in the financial industry.

4.3. Accelerate the Transformation of Digital Finance

Promote the integration of traditional financial industry and internet industry, transfer traditional financial service products such as money transfer, investment and insurance to the internet, exchange financial service systems and financial information among the three places, and finally break down the trade barriers among the three places. Through the development of digital finance, the mainland can also participate in financial activities in Hong Kong, Macao and other places without barriers, which is the final barrier-free state of trade in the three places.

Only by using the cheapest cost and the fastest information exchange to complete the trade exchange among the three places can the economic integration of the three places be gradually promoted.

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