



A study on the design and analysis of the assessment system of China's financial ecological environment

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ABSTRACT

In recent years, a new concept of financial ecological environment has emerged during the ecological development, which combines ecological theory and economic mechanism. The newly proposed concept offers Chinese economic development specific aims, building new strategic ways on the basis on China's complete economic system to provide China's development on finance and commerce with detailed instructions. This essay will analyze the Financial Ecological Environment from three aspects, the basis of foundation, the principles and the assessment standards of the assessment system.

Key words: Financial Ecological Environment System; basis; principles; assessment standards.

INTRODUCTION

The raise of this new concept indicates that the current China's economic development needs internal reform to change the current system and management measures, and thus China's financial and trade system should be adapted to the international market. The changes on structures, system and management measures of China's economic development is not enough, the new concept of financial ecological requires the analysis of China's financial and trade system, which includes the analysis on its development, operating environment and the atmosphere of its healthy development. Essentially, the new concept of China's financial and trade system is a new insight which has epoch-making significance, and its significance to China's financial and trade reform is beyond measure.

Entering an era of transformation, China's economic and trade model, corporate operation model and the development of financial system are not perfect yet. Along with Chinese government, economy and law system, they all need to be improved for China's further development. Merely from the perspective of China's financial and trade system, China is lack of comprehensive consideration over the overall economic development situation and financial ecological environment when establishing China's financial and trade system. Nowadays, the situation and future development of financial ecological environment has become one of the necessary means in economic development, and if we ignore the development of financial ecological environment, the quality of it will definitely have huge impact on the domestic economic and trade development in the near future. So the current mission for China's economic development is to make analysis on the financial ecological environment in the major areas and cities across the country, and establish the assessment system of financial ecological environment to fully promote the development of China's economy and trade.

2 THE BASIS OF DESIGNING THE ASSESSMENT SYSTEM OF FINANCIAL ECOLOGICAL ENVIRONMENT

We have to design according to the definition of assessment system of financial ecological environment to make it reasonable. Financial ecological environment is a combined idea which is made up of natural ecology and finance. It

is an idea which aims to have a systematic study on finance and trade using some of the thinkings in natural ecology. Since financial ecological concept is relatively a new scientific idea, experts and scholars have different understandings towards some of the research methods and understandings of the idea. Some experts believe that financial ecological environment is related to the external operating condition of the financial trade. Some believe that financial ecological environment is a part of financial ecological system. And also some think that financial ecological environment equals financial ecological system, they make an organic whole. Among all the opinions, most people believe in this one: financial ecological environment, together with financial ecological system is actually a concept in actual situation; it uses concepts from natural ecological environment to present financial ecological system. Substantially, in the whole financial ecological environment, the concepts of financial ecological system and financial ecological environment are different. The relationship between the two is shown in figure 1:

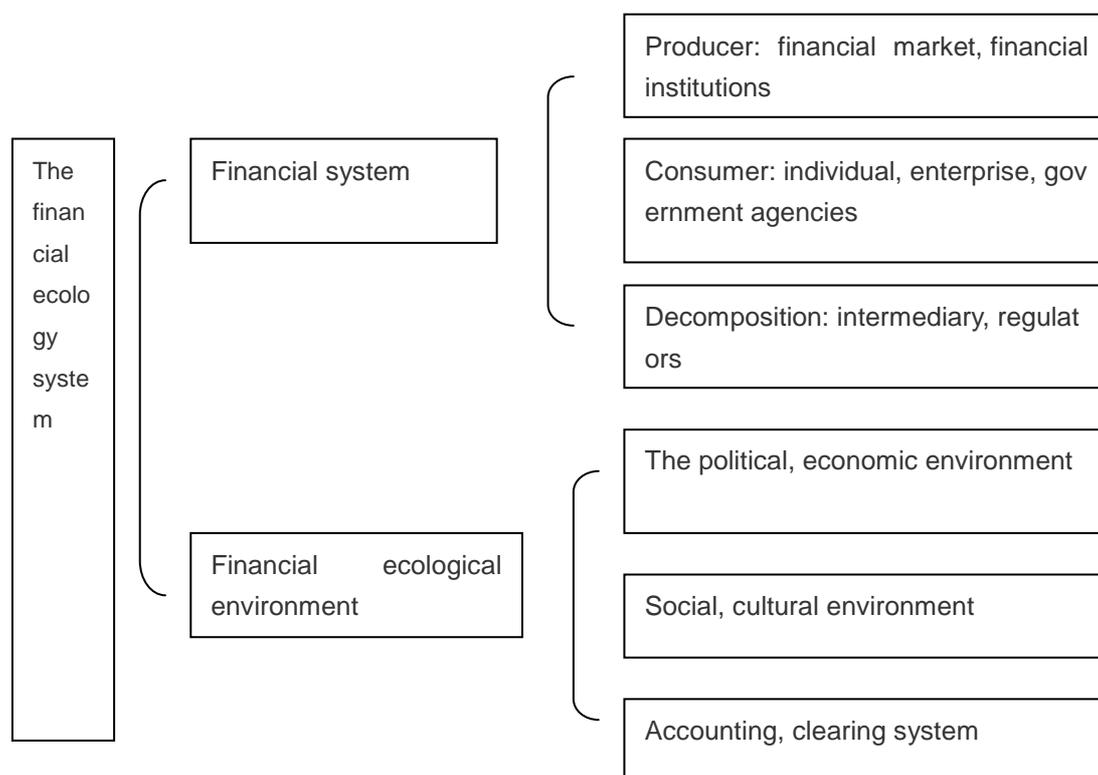


Figure 1

Seen from the results of so many researches, more experts approve of the idea that financial ecological environment is one part of the financial ecological system. When studying financial ecological environment, we should only consider financial ecological environment instead of considering Financial Ecological System at the same time. As an effective financial ecological system, it is made up of financial ecological environment, financial ecological condition and main part of financial ecology. Therefore we shouldn't confuse financial ecological system with financial ecological environment. Financial ecological environment depends on financial ecological system and it has a distinction of narrow and broad. In a wide sense of the word, financial ecological environment is the society and natural elements which are dependent with finance. It includes political affairs, economy and cultural elements which are closely connected with financial ecological environment. While in a narrow sense, financial ecological environment indicates the laws, the enterprises' operation system, accounting and audit standard which are related to financing. The evaluation of financial ecological environment, relying on science, real operation and objective thinking, is an evaluation of its components as well as an assessment of development. And finally the specific plan, along with the design of the financial reform can get decided upon. And some specific standards should be followed to separate the financial environment into several levels when assessing financial ecological environment.

Different versions and standards still exist in China on the process of designing the assessment standards of financial ecological environment. *China Finance Research Institute of the Academy of Social Sciences* uses the method of DEA to assess the standard of financial ecological environment according to 9 standards which includes the economic development situation of financial ecological environment, social infrastructures, development speed of local enterprises, the degree of implementation of the national policies and social security work etc. While in some

places, they assess the standard of financial ecological environment according to 14 standards which includes economic development level, reservation of financial resources and social stability degree etc.

3 BASIC PRINCIPLES OF ESTABLISHING FINANCIAL ECOLOGICAL ENVIRONMENT SYSTEM

Certain basic principles are needed when establishing the assessment system of financial ecological environment, and the principles also serve as the standards of the designing of the assessment system. Those principles must be followed on the process of establishing financial ecological environment.

3.1 scientific principles

Financial enterprises have loans and economic empowerment according to the assessment of the financial ecological environment in their certain areas when they are deciding to borrow loans from banks. Bank loans and economic empowerment are closely related to the economic security, work efficiency and operation security of an enterprise, so the assessment of regional financial ecological environment must be taken into consideration before borrowing bank loans and empowering. The assessment of financial ecological environment is based on the actual financial situation in certain areas, and the professional data is gotten through the analysis of scientific statistics, mathematics, analytics and sociology. This is fully consistent with the requirements of the scientific. Scientific and professional financial ecological environment assessment is beneficial to the development of finance and trade. In the process of the assessment, the collection and compilation of the data must be scientific and the assessment process must have scientific methods and procedure.

3.2 objective principles

Objective principles require that during the assessment of regional financial ecological environment, the collection of the data must be objective instead of faking data or adopting statements of a school which will definitely influence the objectivity of financial ecological environment assessment. The establishment of the assessment of financial ecological environment must be based on the principle of objectivity, and this is beneficial for us to discover the changes in financial ecological environment and grasp the process of economic development.

3.3 complete principles

The assessment of financial ecological environment aims to estimate the situation of politics, culture and economy in the whole area. So sigma completeness and integrity are required during the process of data collecting. The entire assessment system assesses the legal institutions situation, economic development and the condition of culture popularization in certain areas by the evaluation grade of financial ecological environment.

3.4 systematic principles

Social and economic development situation should be a whole part during the assessment of financial ecological environment, and the social life which is made up of politics, economy and culture should be regarded as a complete system. Data collected from this complete system can better help the assessment of financial ecological environment and also reflects the influence of financial ecological environment on certain regional system comprehensively.

3.5 comparable principles

Comparable principles require achieving a longitudinal comparison by comparing the regional actual development situation with the history development. Comparison between regions is also important. With a longitudinal comparison of the financial ecological environment between regions, the assessment of regional financial ecological environment can better reflect the differences between them and reflect the comparable principles.

3.6 sustainable principles

During the process of establishing financial ecological environment system, the current regional economic situation, economic interests and future development should be taken into consideration. Analysis on whether or not sustainable development is feasible for regional economy is needed when assessing financial ecological environment in order to make sure that other aspects of the regional development can continue to develop together with economic development. Only in this way can we carry on the assessment of regional financial ecological environment and reflect whether or not it is beneficial to the healthy development of financial industry.

3.7 regional principles

Financial ecological system has its scope and it can be a country, a province or a region. Certain links exist in the entire financial ecological system. Both sub-financial ecological system and financial ecological system have influences on each other, so the correlation between regions must be paid attention on to guarantee the objectiveness and stability of the financial system between regions.

4 QUALITATIVE ASSESSMENT OF REGIONAL FINANCIAL ECOLOGICAL ENVIRONMENT

4.1 evaluation methodology of the assessment system

The quality of regional financial ecological environment can influence the regional economic and trade development, so the assessment of financial ecological environment should operate in sample analysis according to the political, economic and cultural environment of regions. The analysis of the data can use the way of questionnaires, and also researches on Famous experts or scholars and the staff working in the financial industry. We can have classified researches on all kinds of factors that can influence the results to guarantee the fairness of data collection in the entire research process. And a judgment on the overall score is the last stage. The total score of the assessment of regional financial ecological environment (Q) can be calculated by the following formula:

$$Q=(Q1+Q2+\dots+Qn)/n \quad (n > 0)$$

In the assessment formula, Q stands for the total score of the assessment of the whole regional financial ecological environment, Q1, Q2.....Qn, represent scores of each scoring standards in regional financial ecological environment, n stands for the number of samples collected, and Qn can be calculated from the following formula:

$$Qn=p1q1+p2q2+p3q3+p4q4$$

In the formula above, q1 stands for legal environment factors, p1 stands for the proportion of the effects of legal environment factors in financial ecological environment, q2, q3, q4 and p2, p3, p4 represent factors of policies and credits, and the proportion of effects of them in financial ecological environment.

4.2 Four standards of the quantitative assessment of regional financial ecological environment

4.2.1 The improvement situation and degree of implementation of financial laws and regulations

We need to assess the improvement situation and degree of implementation of financial laws and regulations in two aspects. The first one is whether or not the law system is sound; the second one is whether or not the financial laws and regulations are practicable. Research charts are shown in figure 2:

	First	Second	third	fourth	Fifth
The legal consciousness of social members	The law is above all	Generally recognized	Occasionally there are administrative interference	Common administrative interference	The law as decoration
The ability of law enforcement	Strict and efficient	Strict low efficiency	Occasionally the law	Often go	The law does not enforce the law strictly
Contract law guarantee	Very good	The general	Instable	The illegal behavior	Not implemented
Financial cases win rate	100%	80%	60%	40%	20%
Enterprise property rights reform legality	100%	80%	60%	40%	20%

Figure 2

4.2.2 Policy supports for financial activities

The support strength and the degree of the stability of the policy implementation are the most important factors in the support for the financial activities of the policies. Only stable and sustainable policy support can develop steadily, improve financial ecological environment, and assist the development of economic trade.

4.2.3 Amelioration of credit mechanism

Only a sound and healthy credit level can guarantee the quality of the development on financial ecological environment. Credit mechanism includes credit culture and credit mechanism, credit culture stands for business integrity and honest employment and credit mechanism stands for the detailed requirements of credit culture, the contents are shown in figure 3.

	First	Second	third	fourth	Fifth
Work in the enterprise	No default	Less than 20%	Less than 40%	Less than 80%	More than 80%
The credibility of sanctions	To sanction	In order to form labor unions	The majority of sanctions	A few sanctions	No sanctions
Support for reform	Support	Understanding and support	Pay attention to	Don't hinder	Does not support
Social credit construction condition	100%	80%	60%	40%	20%
Enterprise asset rating	100%	80%	60%	40%	20%

Figure 3

4.2.4 Supports and interventions on finance industry from government

This mainly depends on the degree of emphasis and the degree of support on the development of finance industry from the government. Supports from government can help develop and improve the financial ecological environment, establish financial ecological environment system and develop the economy.

CONCLUSION

The assessment purpose of China's financial ecological environment is to develop China's financial and trade system. Thus the design of a reasonable assessment system is beneficial for the construction of a financial ecological environment and develops China's economy.

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