

RESEARCH ON THE DEVELOPMENT AND DILEMMA OF SMALL AND MICRO FINANCE

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ABSTRACT: With the continuous improvement of China's economic level, various types of financial products have also developed rapidly, and micro-finance has gradually become an indispensable part of the financial market. This article is based on the development of small and micro finance, from the development of small and micro finance, to the analysis of the Internet to solve related issues, and the use of a simple linear regression model, select the number of small and micro enterprises and loan size as a variable, for small and micro finance The status of development has been analyzed and corresponding measures have been given, hoping to solve various problems arising from the development process.

Key words: *Small and micro finance, development status, solution, evasion, innovation*

1. THE DEVELOPMENT AND PREDICAMENT OF SMALL AND MICRO FINANCE IN CHINA

The development of microfinance in China began in the 1990s, after more than 30 years of development, has initially formed by rural credit cooperatives as the mainstay, supplemented by the late development of postal savings bank, village Banks, loan companies, the development of new financial institutions, such as landscape^[1].as of the end of July 2017, the number of small and micro businesses in China has reached 73,881. That number is certainly growing. Small and micro businesses account for more than 80 percent of the market.

In the process of development, the following problems mainly exist:

1.1. Small and micro financial products are too simple and lack innovation.

Small micro finance its products in China is given priority to with small loans, relatively fixed reimbursement means and lack of innovative products, in the face of a variety of financial system, as well as the diversification of funding needs, it is difficult to development.

1.2. Difficulties in financing

First, in terms of financial services to small enterprises, due to the size of small micro enterprises and capital is far lower than large enterprises, as a result, the market for small micro enterprise loan audit become very strict, this for the small micro enterprise loan financing caused some constraints. Secondly, the lack of special financial services institutions in small and micro enterprises in China has made it more difficult for small and micro enterprises to raise capital^[2].

1.3. The corresponding system and policy are not perfect.

On the inquiry system, our country's current credit reporting system is not perfect, the corresponding laws and regulations have not set up complete, the country's overall credit environment also is not very good, make difficult to assess the enterprise credit situation of lending institutions. In terms of policy, support for small enterprises in our country is mainly on taxes, but in the face of small micro enterprise increases, and the change of economic environment, the original tax policy is difficult to implement, the difficulty of raising the policy adjustment, and the terms and conditions and it is hard to put in place.

2. THE RELATIONSHIP BETWEEN THE NUMBER OF SMALL AND MICRO BUSINESSES AND LOANS

China statistical yearbook 2016, according to data released in the following table, all kinds of index in significant growth in China, especially financing loans,

is growing very quickly, this will inevitably promote the development of small enterprises.

Indicators	2015	2014	2013	2012	2011
Social financing scale (RMB 100 million)	154063	158761	173169	157631	128286
RMB loan social financing scale (RMB 100 million)	112693	974526	88916	82038	74715
Foreign currency loans (RMB) social financing scale (RMB 100 million)	-6427	1235	5848	9163	5712
Entrusted loan social financing scale (RMB 100 million)	15911	217406	25466	12838	12962
Trust loan social financing scale (RMB 100 million)	434	51744	18404	12845	2034
The scale of social financing of non-discount bank acceptance (RMB 100 million)	-10567	-1198	7756	10499	10271
Corporate bond social financing scale (RMB 100 million)	29388	243291	18111	22551	13658
Social financing scale of domestic stock in non-financial enterprises (RMB 100 million)	7590	4350	2219	2508	4377

Source: China statistical yearbook 2016.

And for the development of small micro enterprise, single from the data is difficult to find the trend of its development, through specific data for the analysis of micro enterprise under the number and the relationship between the size of the loan, thus the analysis of small

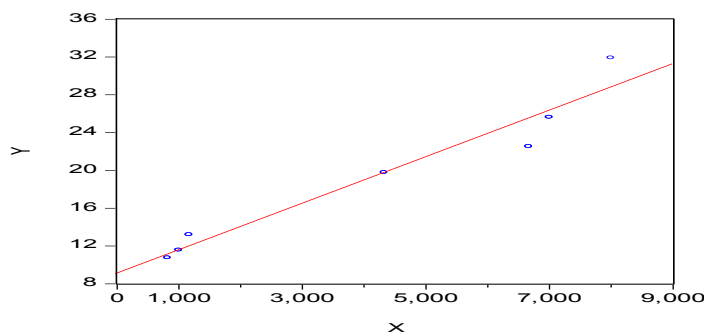
micro enterprise development direction, and thus a better analysis of the corresponding countermeasures, use Eviews software to carry on the simple linear regression model analysis.

List of small and micro businesses and loan amount (table 1)

YEARS	The number of small and micro businesses /Y 10,000 households.	Small and micro business loan amount /X trillion yuan.
2011	820.00	10.76
2012	1000.00	11.58
2013	1169.87	13.21
2014	4328.58	19.78

2015	6666.38	22.54
2016	7000.00	25.63
2017	8000.00	31.92

The above data is from the general administration of industry and commerce.



(fig. 1 linear diagram)

Preliminary analysis, the amount of small and micro business loans (Y) is the horizontal coordinate, and the number of small and micro enterprises (X) is the scatter figure 1 of the vertical coordinate. The figure shows that the number of small and micro businesses is proportional to the loan amount. A simple linear regression model was established: $Y_t = a_1 + a_2 X_t + b_t$. The parameters are estimated by OLS method. Parameter estimation and test results are as follows:

$$\hat{Y}_t = 3287.208 + 283.9887 X_t,$$

$$se \quad (853.8759) \quad (41.24983)$$

$$t \quad (-3.84) \quad (9.3)$$

The estimated parameters $a_1 = -3287.208$, $a_2 = 283.9887$, indicating that the amount of loans increased by 1 trillion yuan, the number of small and micro enterprises will increase by 3.84 million, which is consistent with the expected economic significance.

From the point of data analysis, the number of small micro enterprise positively correlated with the loan amount, this shows that with the increase of small micro enterprise social investment loans, small micro enterprise development also will be very fast, and in the face of such rapid development of small enterprises, together with the problems of all kinds of small micro finance, make corresponding countermeasures is particularly important.

3. COMBINING THE BACKGROUND OF INTERNET DEVELOPMENT TO SEEK THE DILEMMA OF SMALL AND MICRO FINANCE

From the data point of view, our country's small micro finance has developed into an integral part of financial market, coupled with the size of the loan and the number of rising, and the development of the Internet, in the face of analysis mentioned above, the dilemma, can consider to combine the Internet to solve the corresponding financial woes.

3.1. The Internet brings innovation to small and micro finance.

The development of the Internet, let the market become increasingly active, among them, the network finance has become the Internet information transparency under the trend of innovative financing way, compared to a single bank loan, financing network more convenient, its main characteristic is unsecured, unsecured financing, both don't need through the financial intermediary can finance. Is one of the most simple P2P platform, in this platform, both on the platform after registration, the borrower borrowing through the platform to the lender, the borrower can choose to suit oneself interest from people many loans and lines of the borrower, the lender can obtain higher

than bank or other financial products of interest, such as the simple borrowing process, in this process, the two sides reach an agreement without guarantees and mortgages, directly on the Internet, so it is convenient for financing.

For small and micro businesses, they can use the Internet to set up P2P platforms and conduct financing, so that their financing methods can be diversified and better adapted to the changes in today's times.

3.2.combined with the Internet to solve financing problems.

The nature of the Internet financial is the combination of Internet technology and finance, and among these, big data can be precise symmetric Banks and enterprises, strengthen the relationship between enterprises and Banks, thereby reducing the cost of service.Through the network of group, that is, three or more than three enterprises with the help of e-commerce platform construction become a united consortium, unified for bank lending, and by the consortium in the process of corporate loans risk^[4].With the help of the Internet, it can significantly reduce the risk of default for a single enterprise, alleviate the financial pressure of small and micro enterprises, and solve the financing problem.Moreover, the Internet can enable enterprises to go online and increase their own popularity, which can indirectly bring investment to enterprises.

4. CONCLUSION

Generally speaking, China's small and micro finance development is very fast, but in the development, there are difficulties in financing, imperfect policy system and single way.The small micro financial closely integrated with the Internet can be found that the Internet can bring many opportunities for small micro financial, especially can bring innovation, and can solve some of the financing problem, of course, small micro finance with the combination of the Internet brings opportunities at the same time also brought many challenges, such as: the difficulty of management, information security

problems, therefore, also need to constantly improve system, better for small micro financial to create a good environment.

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