
Original Research Article

Financial Innovation Leads the Construction of “One Belt, One Road”

Abstract: Whether the investment and trade in the “One Belt, One Road” construction can be carried out smoothly, whether the infrastructure projects can be completed on time, and whether the investment of “One Belt, One Road” by various foundations and banks can ensure the social benefits and economic benefits are both harvested. Depends on whether there are advanced financial concepts and sustainable financial policies. In the era of knowledge economy, finance is not only a means of social resource allocation and management, but also a link between the development of a country's social, economic, cultural, and diplomatic aspects. In order to further promote the construction of the “One Belt, One Road” in a stable, orderly and efficient manner, a new financial system must be guaranteed to lead the “One Belt, One Road” construction through financial innovation.

Key words: Financial innovation, the Belt and Road, financial two-way open

“One Belt, One Road” International Cooperation Summit was held in Beijing on May 14, 2017. President Xi Jinping attended the opening ceremony and presided over the Leaders Roundtable Summit. Twenty-nine foreign heads of state, heads of government and heads of important international organizations attended the Leaders' Roundtable Summit and other events, and 1,500 VIPs from all walks of life attended the forum as official representatives.

“One Belt, One Road” is the abbreviation of “Silk Road Economic Belt” and “21st Century Maritime Silk Road”. It connects the Asia-Pacific economic circle to the east and enters the European economic circle. It actively develops ancient silk through political mutual trust, economic integration and cultural tolerance. The economic partnership between the countries along the road builds a community of interests. In this summit forum, 130 countries and regions have reached a series of cooperation consensuses on policy communication, facility connectivity, trade smoothness, capital finance, and people's hearts. There are 76 major projects and more than 270 concrete results. Since the “One Belt and One Road” construction project, China has built 46 cooperation zones with 17 countries along “One Belt, One Road”, with an investment of more than 50 billion US dollars, up to 14.5 billion US dollars in 2016 alone. By the end of 2016, Chinese enterprises had paid taxes and fees of US\$1.07 billion to countries along the route, creating 177,000 jobs for the local government. China and the countries along the route have achieved fruitful results in capacity cooperation.

In the past 30 years of economic reforms, China's economy has grown rapidly, benefiting from large exports and direct foreign investment. However, in the past five years, China's economic development seems to have reached a bottleneck. Therefore, the “One Belt, One Road” plan is an important measure for China to explore new ways

of international economic cooperation to maintain economic growth. “One Belt, One Road” construction will enable China to find new economic opportunities in the West and ensure the growth of the economy in the next stage of development. With the help of the “One Belt, One Road” construction, China can make greater influences in the international arena and make greater contributions to the improvement of the global economic structure by integrating its own experience. As an emerging power, China is willing to take greater responsibility in international economic governance. China attaches importance to the development of infrastructure and can provide useful experience for other developing countries. The Chinese government hopes to play a more important role in promoting global economic development by re-establishing the global economic system.

The “One Belt, One Road” construction has provided important opportunities, created new economic pillar industries, and introduced new policy ideas to promote economic development (Liang, 2018; Ge, 2018). However, it also contains many uncertainties and financial risks. Whether the investment and trade in the “Belt and Road” construction can be carried out smoothly, whether the infrastructure projects can be completed on time, and whether the investment of “One Belt, One Road” by various foundations and banks can ensure the social benefits and economic benefits are both harvested (Meng, 2017; Liu, 2017, Ma, 2017). Depends on whether there are advanced financial concepts and sustainable financial policies. In the era of knowledge economy, finance is not only a means of social resource allocation and management, but also a link between the development of a country's social, economic, cultural, and diplomatic aspects. In order to further promote the construction of the “One Belt, One Road” in a stable, orderly and efficient manner, a new financial system must be guaranteed to lead the “One Belt, One Road” construction through financial innovation.

I. Accelerating the two-way financial opening and enhancing the right to speak in the international financial system.

In the process of deepening the construction of the “Belt and Road”, we should give full play to finance as the leading advantage and leading role of the country's soft power. Accelerate the two-way financial opening, allowing a large number of Chinese capital and Chinese companies to go out and make China a net exporter of capital (Weng, 2016; Huang, 2016, Ma, 2016). At the same time, the foreign capital is allowed to enter the Chinese market freely, and the RMB can be exchanged freely, which makes the Chinese financial market and the world financial market closely linked, promotes the reform of multilateral financial institutions, and injects new vitality into the construction of the “One Belt, One Road”. The Chinese government should make full use of the strategic opportunity of RMB to join SDR, and further improve the orderly supply and management of global liquidity currencies while serving the “going out” and “bringing in” strategies, and comprehensively enhance China's international financial management system. Institutional discourse power and influence (Zhao, 2015; Ding, 2015).

The traditional international financial institutions represented by the International Monetary Fund and the World Bank have been established for many years, and have made tremendous contributions to the global economic development through various

investment and financing policies. However, in recent years, especially after the impact of the global financial crisis, traditional international financial institutions have increased many terms and restrictions, the financial order has been disrupted, and operational efficiency has dropped significantly. The Chinese government should seize the favorable opportunity of the “One Belt, One Road” construction, advocate the establishment of multilateral international financial institutions, and promote a new international financial order with the help of newly established international financial institutions. The new international financial institutions will use the specific institutional framework to connect financial markets, government agencies, and regulatory authorities to strengthen coordination between industry and national levels. By absorbing many developed countries to join new international financial institutions, and strengthening the guiding force for the new international financial order, it plays an important role in global economic governance.

Make full use of the new achievements in the development of science and technology, and develop a dedicated investment and financing review process for the “One Belt, One Road” construction. In the 19th and 20th centuries, in order to finance railway construction, financial companies developed specialized investment banks and accounting systems to help investors in remote locations conduct censorship. Twenty years ago, the financial industry developed a modern enterprise capital company to specifically review information technology companies. Recently, financial institutions have established specialized review procedures for biotechnology companies to maximize the success of biotech companies' financing. In view of this, in order to promote the construction of the “One Belt, One Road”, it is necessary to establish a special review system and a user evaluation loan capacity credit system for investment and trade, infrastructure and corporate financing in the “One Belt, One Road” construction, simplifying the financial reporting process and facilitating confirmation. Projects with promising prospects play a positive role in technological innovation in reviewing loans, simplifying transactions, and reducing risks.

II. Establishing a socially responsible investment concept and vigorously developing government and social capital cooperation.

In view of the particularity of various projects in the “One Belt, One Road” plan, financial institutions and financial markets must strengthen social ethics, enhance their sense of social responsibility, and expand socially responsible investment. On the one hand, banks must develop financial products and services that facilitate the rapid development of “One Belt, One Road”, such as promising bank loans, low interest rates, related consulting services, purchases of “One Belt, One Road” projects, and leasing. . On the other hand, vigorously develop commercial angels and corporate capitalists in the financial market, advocate social rewards and financial returns “double dividends”, and make social responsibility a necessary and important (non-financial) standard for investment and financing decisions. Investors review investment projects based on social and ethical standards, selecting and excluding assets. When reviewing investment companies, the state must pay attention to social responsibility indicators, encourage investment companies to intervene in industrial innovation, social change, cultural exchanges, national security in the areas of “One Belt, One Road”, adhere to

social responsibility and economic profit, and let social responsibility guide the company's strategy. Decision-making and management to enhance the company's core competitiveness in the medium and long term to achieve social goals.

In order to solve the problems of financing difficulties in infrastructure construction, difficulty in obtaining land and delays in project construction, the Indian government has vigorously developed government and social capital cooperation (PPP projects) and encouraged social capital to manage state-owned engineering projects, so that a large part of the project's finance, The risks of technology and operation are borne by private individuals, which provides a good demonstration of the "One Belt, One Road" construction. At present, China should vigorously develop PPP projects to ensure that the infrastructure construction tasks in the "One Belt, One Road" plan are completed on schedule. The state should seek to develop a range of financial instruments and activities to attract more investment through PPP projects. For example, with the help of the construction and operation transformation (BOT) model, the government can authorize private enterprises to build infrastructure, allow private enterprises to operate related infrastructure within a certain period of time, recover all costs and obtain reasonable profits through certain financial instruments, and give full play to them. The role of private enterprise technology and experience in building and operating infrastructure.

III. Increasing venture capital funds and accelerating the development of multi-level capital markets.

The venture capital fund is a professional financing tool and part of the national innovation system. The government can use this part of the funds to promote scientific and technological innovation. Many countries have established venture capital funds to support technology enterprise innovation, and promote R&D institutions and enterprises to transform scientific research results more efficiently and promote economic growth. For example, personal computers, mobile communications, micro-computer software, biotechnology, and express delivery services all benefit from venture capital funds. The UK government has introduced several programs to support the development of venture capital funds, including early growth funds, regional corporate funds, university challenge seed funds and corporate funds. The liquid stock market and angel capital network established by Silicon Valley, as a venture capital channel, provide financing projects and financial incentives in the form of loans, equity, government subsidies, tax cuts, etc., to support innovation in various technology companies located in Silicon Valley.

The construction of the "One Belt, One Road" is a completely new project. Just like many new inventions and new industries require a lot of investment. Just relying on traditional financial services can't solve the shortage of funds. In the construction of the "One Belt, One Road", we can establish a venture capital fund by referring to the practices of the British and American countries. Government-funded venture capital funds can provide funds for infrastructure construction, simplify the process of obtaining financial aid, ensure the smooth implementation of each project, and promote the "One Belt, One Road" construction. At the same time, strengthen the construction of relevant systems, appropriately lower the threshold of investors, improve the

multi-level capital market that is conducive to the construction of the “One Belt, One Road” by improving the mechanism of mergers and acquisitions, and support the “One Belt, One Road” construction project to enter the capital market financing. Vigorously develop the credit bond market, improve market liquidity in accordance with the principle of marketization, give play to market functions, and steadily promote the development of financing products suitable for the “Belt and Road” construction project.

In the construction of “One Belt, One Road”, finance cannot be positioned only as “service”. As a key area in the national innovation system, the financial system should carry out all-round innovation from top-level design to specific project promotion, leading the “One Belt, One Road” construction.

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