International Journal of Religion
2024
Volume: 5| Number 7 | pp. 1141 – 1146
ISSN: 2633-352X (Print) | ISSN: 2633-3538 (Online)
ijor.co.uk
DOI: https://doi.org/10.61707/x8mxn120

Analysis on the Path of Enhancing Corporate Value through the Development of Digital Inclusive Finance

Yaojun Fan[1], Sze-Ting Chen[2]

Abstract

At present, the information industry revolution driven by technological progress has led to the rapid development of digital finance, and its effectiveness in enhancing corporate value has been highlighted. However, there is still little discussion on the specific path to enhance corporate value. Based on this, this study follows the basic logic of the development of digital inclusive finance and sorts out the mechanism path of promoting corporate value enhancement from six aspects: digital technology innovation, corporate social responsibility, financial flexibility, corporate risk-taking, corporate capital structure, and corporate financing constraints, in order to provide an effective reference for promoting the deep integration of digital inclusive finance and corporate value shaping.

Keywords: *Enhancing Corporate, Digital Inclusive Finance, Digital Technology Innovation.*

INTRODUCTION

In February 2023, the State Council of China formulated and issued the "Overall Layout Plan for the Construction of Digital China", which clearly pointed out that the current construction of China's digital society is becoming increasingly precise, inclusive and convenient. In this process, digital inclusive finance, as an important carrier of the construction of Digital China, has also made great progress. Specifically, digital inclusive finance refers to the use of digital technology and financial innovation to provide individuals and enterprises with financial services including payment, lending, savings, insurance, etc., especially those groups that are difficult to reach or cannot meet their needs through the traditional financial system. . It aims to lower the threshold of financial services and improve financial inclusion through digital and intelligent means, so that more people can enjoy convenient, safe and affordable financial services.

In terms of inclusiveness, the People's Bank of China has also stepped up its efforts to promote digital inclusive finance to better support the development of real enterprises. As of March 2024, the balance of inclusive small and micro loans was 33.41 trillion yuan, a year-on-year increase of 20.3%. The number of inclusive small and micro credit accounts exceeded 60 million, accounting for 1/3 of all business entities. In terms of supporting "specialized, refined, special and new" small and medium-sized enterprises, as of June 2023, the balance of loans to specialized, refined, special and new small and medium-sized enterprises was 2.72 trillion yuan, an increase of 459.8 billion yuan over the same period last year, a growth rate of 20.4%, and has maintained a growth rate of more than 20% for 14 consecutive months. For general enterprises, the core goal of their business development is to maximize corporate value. The so-called corporate value is not a single corporate asset, but the overall value owned by the enterprise, including the discounted value brought by multiple benefits such as corporate equity, debt, and future cash flow. In this process, the digital inclusive financial model relies on the financial market mechanism to create channels and vitality for the enhancement of corporate value, and to a certain extent breaks down financial barriers, achieves more efficient financial capital flow and improves the financial structure, thereby better helping to enhance corporate value. However, in this process, there are also some problems that need to be solved. Based on this, this study mainly analyzes the existing problems in the development of digital inclusive finance in helping to enhance corporate value, and explains its specific role path mechanism in helping to enhance corporate value in a problem-oriented manner, in order to provide an effective reference for subsequent research.

[1] Chinese International College, Dhurakij Pundit University, Thailand, E-mail: yaojunfan996@gmail.com

[2] Chinese International College, Dhurakij Pundit University, Thailand

PROBLEMS WITH DIGITAL INCLUSIVE FINANCE HELPING TO ENHANCE CORPORATE VALUE

Although digital inclusive finance is currently developing rapidly, due to institutional mechanisms and other factors, there are still some problems in its process of helping to increase corporate value, including the following six aspects.

There is Still a Technological Gap in Digital Financial Inclusion

Although digital financial inclusion is committed to popularizing financial services, the technological gap remains a serious challenge. In some remote areas where infrastructure and digitalization levels are relatively backward , some companies are limited by weak hardware conditions and find it difficult to enjoy the convenience brought by digital finance. This technological divide may exacerbate development gaps between regions and companies, limiting the effectiveness of digital financial inclusion in increasing corporate value.

Social Responsibility Issues are Still Controversial

Although digital inclusive finance brings a broader market and a larger customer base to companies, its operation may lead to social responsibility controversies. For example, some digital financial platforms have been accused of exploiting users through loan sharking and even committing illegal acts. Such disputes may damage a company's reputation and affect its long-term development and value enhancement . Companies need to pay attention to social responsibility and establish a good corporate image in the process of providing digital financial services.

Impact on Corporate Financial Status

Although digital inclusive financial services bring more customers and sales opportunities to enterprises, their implementation and maintenance also require substantial capital investment. Enterprises may need to bear the costs of developing digital financial platforms, data security, and personnel training. These financial investments may have an impact on the profitability and financial condition of the business and require careful evaluation and planning.

The Overall Risk of the Enterprise Increases

The promotion and application of digital financial inclusion may expose enterprises to more risks, especially risks related to information security. The expansion of digital financial services has increased the risks for enterprises in data management and privacy protection. Once a data leak or security breach occurs, an enterprise may face a huge crisis of trust and legal liability, affecting its operational stability and reputation , and causing serious damage to its value .

Changes in Financial Structure

The popularization of digital inclusive finance may change traditional financial business models and market structures, affecting the competitive environment of enterprises. Traditional financial institutions may face competitive pressure from digital financial platforms. Enterprises need to adjust their strategies, adapt to changes in financial structure, and find new development opportunities and competitive advantages.

Overall Financing Support is Still Insufficient

Although digital inclusive finance provides enterprises with more financing channels and financial services, in some cases, enterprises may still face the problem of insufficient financing support. Especially for some small, medium and micro enterprises or emerging industries, due to low credit ratings or information asymmetry, there is still a large funding gap even with the help of digital inclusive finance . This situation may limit the expansion and development of enterprises, requiring governments and financial institutions to increase financing support for these enterprises.

THE ROLE OF DIGITAL INCLUSIVE FINANCE IN IMPROVING CORPORATE VALUE

From the foregoing analysis, it can be seen that in the current process of digital inclusive finance helping to enhance corporate value, there are still six problems: technological gap, social responsibility disputes, financial impact, increase in overall corporate risks, changes in financial structure, and insufficient financing support. Problem-oriented, the research has constructed a specific path for the development of digital inclusive finance to help enhance corporate value from the aspects of deepening the depth and breadth of the development of digital inclusive finance. In order to better enable enterprises to adapt to the current digital development environment and enjoy more efficient, comprehensive and convenient financial services. The specific path mechanism of digital inclusive finance on corporate value is shown in Figure 1.

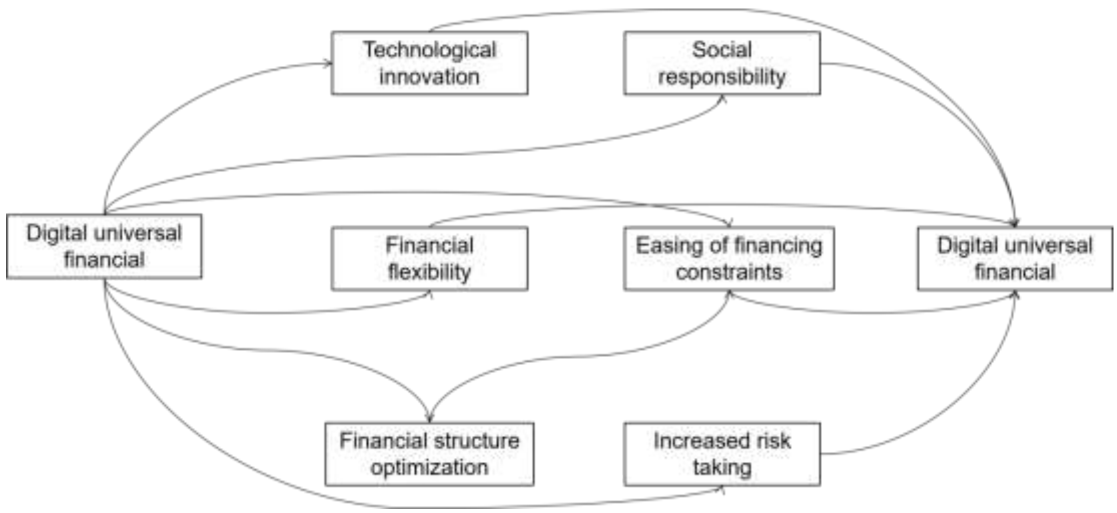

Figure 1. Diagram of the mechanism of how digital inclusive finance affects corporate value.

Technological Innovation Path

From the perspective of technological innovation, improving the efficiency and convenience of financial services is an important aspect of digital inclusive finance to help enterprises enhance their value through technological innovation. First, the convenience of digital financial platforms provides enterprises with more flexible and efficient financial services. Traditional financial services often require enterprises to go to bank branches to handle business, which consumes a lot of time and manpower costs. Digital financial platforms, through multiple channels such as mobile apps and web pages, allow enterprises to conduct financial operations anytime and anywhere without being restricted by time and place. Enterprises can easily complete payment settlements, check account balances, apply for loans and other businesses through mobile phones or computers, which greatly improves the convenience of enterprises and saves valuable time and resources. Secondly, digital inclusive finance simplifies the approval process of financial services and speeds up business processing through technological innovation. The approval process of traditional financial institutions is usually cumbersome and time-consuming, requiring enterprises to submit a large amount of cumbersome application materials and wait for a long approval cycle. Digital financial platforms use technical means such as big data analysis and artificial intelligence to achieve automated approval and intelligent risk assessment, greatly simplifying the approval process and shortening the approval time. Enterprises can obtain loan approval results and complete fund settlement more quickly, which improves the efficiency and speed of business processing and provides faster financial support and guarantee for the business activities of enterprises. Finally , the digital financial platform has further improved the convenience and attractiveness of financial services by optimizing customer experience. Digital inclusive finance provides a friendlier and smarter user experience through user interface design and interactive experience optimization. Enterprises can quickly understand financial products and services through a simple and clear interface and easily complete various operations. At the same time, the digital financial platform also provides enterprises with personalized financial service recommendations and customized financial solutions to meet the diverse needs of enterprises. This personalized service not only improves the satisfaction of enterprises with financial services, but also enhances their trust and loyalty to digital inclusive finance.

Social Responsibility Path

From the perspective of social responsibility, digital inclusive finance, as a business model with social benefits, can help companies better fulfill their social responsibilities and establish a good social image, thereby enhancing brand value and reputation. Because the participation in digital inclusive finance shows the company's concern for and willingness to solve social problems, and reflects the company's social responsibility and sense of responsibility. By providing financial services, enterprises have helped solve social problems such as poverty and financial exclusion and made positive contributions to society. This active fulfillment of social responsibilities has won the recognition and respect of consumers, investors and partners, and enhanced the company's social reputation. In addition, digital inclusive finance provides financial services to groups that traditional finance cannot reach, and brings new market opportunities to enterprises. The traditional financial system is often unable to meet the financial needs of specific groups such as small, medium and micro enterprises and rural residents, while digital inclusive finance provides more flexible and inclusive financial services through technological innovation to meet the needs of these groups and open up new opportunities. market space. Companies relying on digital inclusive financial activities can also attract more consumer attention and recognition, and strengthen the emotional connection between companies and consumers. Consumers are more likely to choose socially responsible companies as partners because they believe these companies are more trustworthy and supportive. By participating in digital inclusive finance, companies have won the trust and loyalty of consumers, expanded their customer base, and improved their market competitiveness.

Path to Financial Resilience

From the perspective of financial flexibility, when digital inclusive finance provides personalized financial solutions for enterprises, the key lies in the application of digital technology, especially big data analysis and artificial intelligence. These technologies can help financial institutions gain in-depth understanding of the operating conditions, industry background, market prospects and other information of enterprises, so as to tailor financial solutions for enterprises that meet their actual needs. Financial institutions can analyze the historical financial data, transaction data, market data, etc. of enterprises to fully understand the operating conditions and risk characteristics of enterprises, and provide enterprises with personalized suggestions on loan amounts, interest rates, repayment periods, etc. based on data analysis. At the same time, artificial intelligence technology can also realize intelligent recommendations on the capital needs and investment preferences of enterprises, help enterprises optimize capital structure and investment portfolios, and improve financial management efficiency and decision-making level. In addition, its digital inclusive finance platform also provides a variety of capital management tools, such as capital forecasting tools, cash flow management tools, investment and financial management tools, etc. These tools help enterprises to achieve comprehensive monitoring and accurate forecasting of capital flow, optimize capital utilization efficiency, and reduce capital management risks through data analysis and intelligent algorithms. Enterprises can flexibly select and use these tools according to their actual situation and needs to realize intelligent and personalized capital management.

Risk-Taking Path

The main ways in which digital inclusive finance helps improve corporate value by changing the risk-taking capabilities of enterprises are reflected in the following three aspects. The first is to achieve personalized risk management for enterprises. Traditional financial institutions usually adopt a one-size-fits-all approach to risk assessment and management, which cannot fully consider the special circumstances and needs of enterprises. Digital inclusive finance can tailor personalized risk management plans based on the actual situation and risk preferences of the company, including credit assessment, risk control, insurance products, etc., helping companies avoid and respond to various risks and improve risk management. efficiency and accuracy. The second is to improve operational stability. Digital inclusive finance improves the operational stability of enterprises by reducing their financing costs and risks. In the traditional financial system, enterprises have high financing costs and limited financing channels, and are easily affected by the external environment and market fluctuations, leading to unstable operations. Digital inclusive finance provides enterprises with more diversified and more flexible financing channels and products, reduces their financing costs and risks, enhances their financial strength and risk resistance, and improves their operational stability. sex. The third is to expand development space. The traditional financial system can often only meet the financing needs of large enterprises or companies with high credit ratings, but cannot meet the financing needs of specific groups such as small, medium and micro enterprises. By introducing new financing products and services, digital inclusive finance provides these companies with more financing opportunities, helps them solve financing problems, expands their development space, and helps them achieve long-term growth and value enhancement.

Optimizing the Financial Structure

Digital inclusive finance helps enterprises optimize their financial structure and reduce their capital risks by providing diversified financing products and services. In the traditional financial system, enterprises often rely on traditional financing methods such as bank loans, with a single capital structure and high risks. Digital inclusive finance provides enterprises with more diversified and flexible financing options, including equity financing, debt financing, crowdfunding and other financing methods, helping enterprises optimize their capital structure, reduce their financial risks, and improve their financial stability, thereby helping to increase their value. At the same time, digital inclusive finance provides enterprises with more diversified and flexible financing opportunities and enhances their development potential by introducing new financing products and services. The traditional financial system can often only meet the financing needs of large enterprises or enterprises with high credit ratings, but cannot meet the financing needs of specific groups such as small, medium and micro enterprises. Digital inclusive finance provides these enterprises with more financing opportunities by introducing new financing products and services, helping them solve financing problems, expanding their development space, enhancing their development potential, and helping them achieve long-term growth and value enhancement.

Paths to Alleviate Financing Constraints

The ways in which digital inclusive finance helps improve corporate value by easing financing constraints are mainly reflected in the following aspects . The first is to provide more diversified financing channels . In the traditional financial system, enterprises often can only rely on traditional financing methods such as bank loans. Financing channels are single, financing conditions are strict, and financing limits are limited, resulting in financing constraints. By introducing new financing products and services, such as micro loans, supply chain finance, crowdfunding, etc., digital inclusive finance provides more diversified financing channels, lowers the threshold and cost of corporate financing, and eases financing constraints. , providing enterprises with more choices. The second is to reduce financing costs . Digital inclusive finance reduces the financing costs of enterprises by introducing new financing products and services. Digital inclusive finance reduces the financing costs of enterprises by introducing new financing products such as micro loans and supply chain finance, provides enterprises with cheaper financing channels, eases financing constraints, and increases the availability and flexibility of financing for enterprises. sex. The third is to improve financing efficiency . Digital inclusive finance simplifies the financing application and approval process and improves financing efficiency by using technological means. Digital inclusive finance simplifies the financing process, speeds up approval, improves financing efficiency, eases financing constraints, and provides enterprises with faster and more convenient financing services by introducing online application, intelligent approval and other technical means. The fourth is to increase the availability of financing . Digital inclusive finance increases the financing availability of enterprises by lowering financing thresholds and improving financing efficiency. By introducing new financing products and services, digital inclusive finance lowers the financing threshold, simplifies the financing process, improves financing availability, eases financing constraints, and provides more enterprises with financing support opportunities.

SUMMARY

Improving corporate value is a long-term proposition in the process of corporate operation and management. By analyzing the specific ways in which digital inclusive finance can help enhance corporate value , the study explains the role of digital inclusive finance in changing corporate financing environments, optimizing financial structures, and improving corporate financial flexibility. It plays an important role in easing financing constraints and other aspects. We hope to better promote the coverage depth and breadth of digital inclusive finance, provide enterprises with more diversified and more flexible financing opportunities, help enterprises solve financing problems, and enhance their financing capabilities and development potential.

REFERENCES

[1]Rahman MR , Rahman M .Impact of Digital Financial Services on Customers' Choice of Financial Institutions: A Modified UTAUT Study in Bangladesh[J].International Journal of Safety and Security Engineering: An interdisciplinary journal for research and applications, 2023(3):13.

[2]Mahdzan NS , Sabri MF , Husniyah AR ,et al.Digital financial services usage and subjective financial well-being: evidence from low-income households in Malaysia[J].International Journal of Bank Marketing, 2023, 41(2) :395-427.

[3]Babilla TUK .Digital innovation and financial access for small and medium-sized enterprises in a currency union[J].Economic Modelling, 2023, 120:106182-.

[4]Hussain M, Papastathopoulos A. Organizational readiness for digital financial innovation and financial resilience[J]. International Journal of Production Economics, 2022, 243:108326-.