

The Status and Challenges of Economic and Financial Development

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Abstract: Since the reform and opening up, China's economic and financial development has made remarkable achievements. The total economic volume has been rising, becoming the second largest economy in the world; the scale of the financial market has been expanding, and the financial system is becoming more and more perfect. However, in the process of economic and financial development, we also face many challenges. This paper will focus on the status quo and challenges of China's economic and financial development, with a view to providing reference for relevant policy formulation and implementation.

Keywords: Economic and financial development; Status quo; Challenges.

1. Background and Significance of Economic and Financial Development

Economic and financial development plays a crucial role in contemporary society and its influence is constantly expanding. The economic strength and international status of a country are directly affected by the improvement and development of the economic and financial system. Therefore, it is of great practical and strategic significance to analyze the current situation of economic and financial development, grasp the development trend and correctly understand the challenges. Analysis of the international economic and financial situation is an important way to understand the global economic performance. At present, the global economy is facing multiple challenges. Issues such as the rise of trade protectionism, the obstruction of the globalization process and the frequent fluctuations in financial markets have become hot spots in the international economic and financial fields. Under such circumstances, countries should deepen cooperation and strengthen communication to jointly promote the development of the international economic and financial system in a more stable and healthy direction. Domestic economic and financial policies and reforms are the key to realizing sustained economic growth. At present, China is in a critical period of economic structural transformation, and the financial sector is facing a series of challenges and reform tasks. While maintaining economic growth, financial supervision should be stepped up, the order of the financial market should be standardized, the capacity of financial services for the real economy should be strengthened, and the financial system should be promoted to better serve the real economy.

2. Analysis of the International Economic and Financial Situation

2.1. Global Economic Growth Forecasts

Global economic growth has always been one of the focuses in the international economic and financial field. In the current global economic situation, the economic growth of all countries faces many challenges and uncertainties.

According to the data and forecast report released by the International Monetary Fund (IMF), the global economic growth is slowing down as a whole. In 2019, the global economic growth rate was 3.0%, down from 3.6% in 2018. In 2020, the impact of COVID-19 will further slowdown the global economic growth, which is expected to be only - 3.5%, the first negative growth after World War II. This forecast data shows that the global economy is facing severe challenges, which require joint efforts of all countries. In the context of slowing global economic growth, the economic performance of different regions and countries also shows the characteristics of travel alienation. The overall growth rate of developed economies is relatively slow. Among them, the economic growth of the United States is stable but the growth rate has slowed down, the economic growth of the euro area is weak, and the economic growth of Japan is weak. While emerging markets and developing countries as a whole still maintain rapid growth, they also face a series of challenges, such as increased trade frictions, fluctuations in financial markets, and reduced international investment. Especially under the influence of COVID-19, global trade, tourism, manufacturing and other fields have been hit hard, bringing enormous pressure and challenges to the economic development of countries.

2.2. Analysis of Trends in Transnational Investment

As an important component of the international economic and financial arena, transnational investment plays a crucial role in global economic development and international trade cooperation. In today's context of globalization, transnational investment presents a series of new trends and characteristics, which profoundly affect the direction and pattern of development of national economies.

The scale of transnational investment has continued to expand. With the acceleration of the process of global economic integration, transnational corporations are more and more inclined to organize themselves on a global scale in order to obtain more resources and market opportunities. According to statistical data, the scale of global transnational investment has been rising year by year, and the industries and fields involved have become increasingly diversified, injecting new vitality into the global economy.

The structure of transnational investment has been continuously optimized. With the advancement of science and technology and the upgrading of productivity, the structure of transnational investment has become more diversified and complex. In addition to the traditional manufacturing and resource-based industries, new fields such as high technology, culture and creativity, and the service industry have also become hot spots for transnational investment, providing a new impetus for the restructuring and upgrading of the global economy.

3. Domestic Economic and Financial Policies and Reforms

3.1. A Study of the Relationship Between Monetary Policy and Economic Growth

Monetary policy, as an important component of domestic economic and financial policy, has a profound impact on economic growth. The formulation and implementation of monetary policy are directly related to the money supply, the level of interest rates, the choice of monetary policy tools and the ability to regulate the economic cycle. Against the background of China's current economic restructuring and transformation and upgrading, the role and impact of monetary policy on economic growth have attracted much attention.

The impact of monetary policy on economic growth is realized mainly through the level of money supply and interest rates. The size of the money supply directly determines the total amount of money in the market, which in turn affects market liquidity and credit conditions. By regulating the money supply, monetary policy can regulate the total volume of economic activities, thus affecting the speed and stability of economic growth. At the same time, the level of interest rates, as one of the core elements of monetary policy, directly affects the borrowing and lending behavior of enterprises and individuals, which in turn affects the level of investment and consumption and has a direct pulling effect on economic growth.

The choice of monetary policy tools is also an important factor affecting the effectiveness of monetary policy. In the implementation of monetary policy, the central bank can influence the liquidity of the money market and the level of interest rates by adjusting the reserve requirement ratio, open market operations, interest rate policy and other means. Different monetary policy tools will produce different effects in different economic environments, so the choice of appropriate monetary policy tools is crucial to the realization of economic growth objectives.

3.2. Evolution and Impact Analysis of Financial Regulatory Policies

Financial regulatory policy has always been an important issue in the domestic economic and financial fields. With the continuous development of China's economy and the continuous improvement of the financial market, the financial regulatory policy is also evolving and adjusting. This section will analyze the evolution of financial regulatory policy in detail and discuss its impact on domestic economic and financial development.

Reviewing the evolution of financial regulatory policy, it can be seen that China's financial regulatory policy has always adhered to the principle of prudence and prudence.

Since the reform and opening up, China's financial regulatory policy has undergone many adjustments and improvements, and has continuously adapted to changes in the economic and financial situation at home and abroad. Especially in recent years, with the rapid development of financial science and technology and the emergence of financial innovation, China's financial regulatory policy is also constantly innovating, strengthening the supervision and regulation of the financial market, to ensure the stable operation of the financial system.

The evolution of financial regulatory policies has had a profound impact on domestic economic and financial development. On the one hand, the strengthening of financial regulatory policies has helped to standardize the order of the financial market, prevent financial risks and maintain the stability of the financial system. On the other hand, the continuous improvement of financial regulatory policies has also provided financial institutions with a better operating environment and a broader space for development, promoting the healthy development of financial institutions and their ability to provide financial services to the real economy.

4. Challenges and Prospects for Economic and Financial Development

4.1. The Impact of Fintech Innovations on the Traditional Financial Sector

As an emerging technology, Fintech is having a profound impact on the traditional financial industry. In this information age, financial technology has become an important engine to promote the innovation and development of the financial industry. This section will discuss the impact, challenges and development prospects of FinTech on the traditional financial industry.

The development of financial technology has had a significant impact on the traditional financial industry. The traditional financial industry is dominated by traditional financial institutions such as banks, securities and insurance, while FinTech is a form of financial innovation based on Internet, big data, artificial intelligence and other technical means. The rise of financial technology has made financial services more inclusive and convenient, allowing users to conduct financial transactions and management anytime and anywhere through mobile applications, breaking the time-space constraints of traditional financial institutions. At the same time, FinTech provides more efficient and low-cost financial services, and promotes the innovation and reform of financial business.

Fintech has posed new challenges to the traditional financial industry. Traditional financial institutions are facing competitive pressure from fintech companies, and their profit model and business logic have been impacted. The development of fintech has made some traditional financial services obsolete, and traditional financial institutions need to accelerate the transformation and upgrading, and improve the quality and efficiency of services to cope with the increasingly fierce market competition. At the same time, the rapid development of financial technology has also brought new risk challenges, such as network security, privacy protection and other issues, traditional financial institutions need to strengthen risk management and regulatory compliance to ensure the stable operation of the financial

system.

Looking ahead, fintech will continue to deepen its impact on the traditional financial industry. With the continuous development of blockchain, cloud computing, Internet of Things and other new technologies, fintech application scenarios will be further expanded, and the degree of innovation and inclusion of financial services will be further enhanced. At the same time, fintech will promote the innovation of financial regulation and risk management, and promote the healthy development of the financial system. Traditional financial institutions need to accelerate the digital transformation and cooperate with fintech companies to explore the future development of the financial industry.

4.2. Application and Prospects of Artificial Intelligence in Finance

Artificial intelligence (AI) is a hot topic in the field of science and technology in the world today, and its application in the financial field has attracted much attention. With the continuous progress of science and technology and the digital transformation of the financial industry, the application of artificial intelligence technology in the financial field has become a trend. This section will deeply analyze the current application of AI in the financial field and look forward to the future development prospects.

The application of artificial intelligence in the financial field has covered many aspects. Among them, risk management is one of the important applications of artificial intelligence in the financial field. Traditional risk management methods often rely on historical data and statistical analysis, and are unable to detect potential risks in a timely manner. The risk management system based on artificial intelligence can realize real-time monitoring and early warning of risks through big data analysis and machine learning algorithms, and improve the ability of financial institutions to deal with risks. In addition, artificial intelligence also plays an important role in credit scoring, transaction monitoring, customer service and other aspects, providing intelligent solutions for financial institutions.

The application of artificial intelligence technology brings great opportunities for the financial industry. Through AI technology, financial institutions can realize the automation and intelligence of business processes and improve work efficiency and service quality. For example, AI-based smart investment advisor systems can customize investment portfolios for clients according to their risk preferences and investment objectives to improve investment returns. At the same time, artificial intelligence can also help financial institutions to identify potential market opportunities, optimize asset allocation and enhance profitability.

The application of artificial intelligence in the financial field also faces some challenges and problems. The first is the issue of data security and privacy protection. Financial

institutions deal with a large amount of user data, and how to protect the security of these data has become an important task. Second is the problem of opacity and interpretability of algorithms. AI algorithms are usually black-box models and it is difficult to explain their decision-making process, which brings challenges to regulation and risk control. In addition, the high cost of AI technology and the shortage of talents are also problems that financial institutions need to face in promoting the application of AI.

Looking ahead, the application of artificial intelligence in the financial field has a broad prospect. With the continuous development and improvement of AI technology, financial institutions will be able to better utilize data mining, machine learning, natural language processing and other technologies to improve risk management, customer service, product innovation and other aspects of the ability. In the future, artificial intelligence will become the core driving force for the digital transformation of the financial industry, bringing more business opportunities and competitive advantages for financial institutions.

5. Conclusion

On the whole, China's economic and financial development has achieved remarkable results, but we still need to be alert to potential risks and challenges. In the future, we should continue to deepen reform, strengthen financial supervision, improve the ability of financial services to the real economy, and at the same time, strengthen international exchanges and cooperation to jointly deal with global economic and financial risks. Only in this way can China's economic and financial development reach a higher level.

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