

# Research on the Financial Path of Optimizing Resource Allocation at the Prefectural Level in Jiangsu from the Perspective of Urban-Rural Integration Development: A Case Study of Xuzhou City

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**Abstract:** Taking Xuzhou in Jiangsu as the research object, this paper deeply explores the optimization path of prefectural-level financial resource allocation under the background of urban-rural integration development. Through the research on the current situation and practical strategies of financial construction in Xuzhou, this paper finds that financial resources can support urban-rural integration development by optimizing factor allocation, upgrading industrial synergy, and improving services and ecology. Innovative financial products proposed by Xuzhou, such as “Cold Storage Loan” and “Equipment Guarantee”, have shown effects in promoting the flow of urban-rural factors and industrial integration. However, the Xuzhou region is still facing problems such as weak rural financial infrastructure, insufficient coverage of inclusive finance, and obstacles to property right mortgage and circulation. In this regard, this paper puts forward multiple strategies to enhance financial support for urban-rural integration development, so as to provide reference for financial support for urban-rural integration development in similar regions in Jiangsu and even the whole country.

**Keywords:** Urban-Rural Integration; Jiangsu; Xuzhou; Prefectural Level; Resource Allocation; Finance

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## 1. Introduction

Under the background of Chinese-style modernization construction, urban-rural integration development is an inevitable path of social progress, a key measure to solve the imbalance between urban and rural development, and a basic means to realize common prosperity of the people. Jiangsu Province is located in the Yangtze River Delta region of China, with relatively developed economic development, but it also faces a certain gap between urban and rural development. As the central city of the Huaihai Economic Zone in Jiangsu, Xuzhou has rapid economic development in urban areas, while rural areas are relatively backward, thus showing distinct characteristics of

urban-rural dual structure, which has typical research value. Based on the perspective of urban-rural integration development, this paper comprehensively explores the strategic suggestions for optimizing financial paths by systematically analyzing the current situation and problems of financial resource allocation in Xuzhou.

## **2. Theoretical basis and mechanism analysis**

### **2.1. Theoretical basis of urban-rural integration development and financial resource allocation**

The purpose of urban-rural integration development is to promote the complementary advantages of cities and villages and achieve the effect of integrated coexistence. In this process, the free flow of factors, equalization of public services, and coordinated industrial development have become key measures to achieve the goal of urban-rural integration. At the same time, finance can also have a multi-level and systematic impact on urban-rural integration through resource allocation, market pricing, risk management and other methods, and even promote the flow and allocation of land, labor and technical factors<sup>[1]</sup>. Therefore, based on the financial deepening theory, it is not difficult to find that a high-quality financial system and resource allocation system are conducive to reducing transaction costs, improving capital efficiency, and thus promoting economic growth. In the context of urban-rural integration, finance can penetrate into rural infrastructure construction, agricultural industrial development, farmers' entrepreneurship and other links, thus becoming a key basis for breaking the urban-rural dual financial structure.

### **2.2. Mechanism analysis of financial support for urban-rural integration development**

The core mechanism of financial support for urban-rural integration development is reflected in the following dimensions:

- (1) The factor allocation optimization mechanism: Finance has provided important help for rural areas to solve financing difficulties through diversified products and services. Especially under systems such as rural property right mortgage loans, farmers can obtain development funds through mortgages of assets such as land contractual management rights and house site use rights, and even complete services through mobile payments, online credit and other channels. Through the above financial innovations, the cost of urban-rural factor flow has been greatly reduced, information barriers have been broken, and a good space has been created for the transmission of capital, talents, technology and information;
- (2) The industrial synergy upgrading mechanism: Financial innovation has provided solutions such as funds, scientific and technological innovation loans, and supply chain finance for the industrial development of rural areas, thus helping counties undertake industrial transfer, establish agricultural industries, and develop characteristic agriculture;
- (3) The service and ecological improvement mechanism: With the help of services such as microcredit and agricultural insurance, financial innovation has provided support for the development of rural public services such as education, medical care, and environmental protection. Especially from the perspective of carbon finance, rural areas can convert ecological value into economic benefits through the carbon trading market, forming a green and sustainable development path<sup>[2]</sup>.

### 3. Practice and current situation analysis of financial support for urban-rural integration in Xuzhou

#### 3.1. Current situation of urban-rural integration development and financial resource allocation in Xuzhou

Xuzhou is one of the important regional central cities in Jiangsu Province. By the end of 2024, its permanent population was 9.01 million, covering an area of 11,765 square kilometers, of which the rural population accounted for 40%. In 2024, its regional GDP reached 953.712 billion yuan, among which the per capita disposable income of urban residents was 46,936 yuan, an increase of 4.8%; the per capita disposable income of rural residents was 29,006 yuan, an increase of 7.2%<sup>[3]</sup>. At the financial allocation level, the balance of agricultural loans in Xuzhou showed a distinct growth from 2014 to 2024, and the number of financial institutions and service points in rural areas also increased significantly, as shown in the following figures. By the end of June 2025, the agricultural-related loans provided by financial institutions in Xuzhou reached 198 billion yuan<sup>[4]</sup>. The Xuzhou municipal government mainly plays the role of financial resource allocation and promotes urban-rural integration development by building a multi-level rural financial service system, innovating rural property right mortgage guarantee methods, and increasing credit support (**Figure 1** and **Figure 2**).

Line Chart of Changes in the Balance of Agricultural Loans in Xuzhou from 2014 to 2024

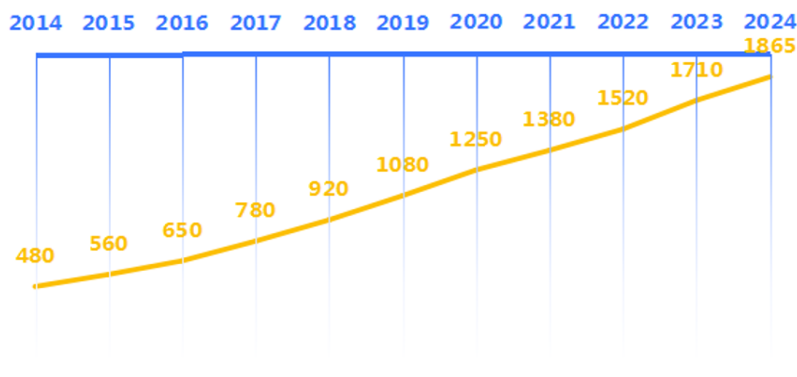


Figure 1. Line chart of changes in the balance of agricultural loans in Xuzhou from 2014 to 2024.

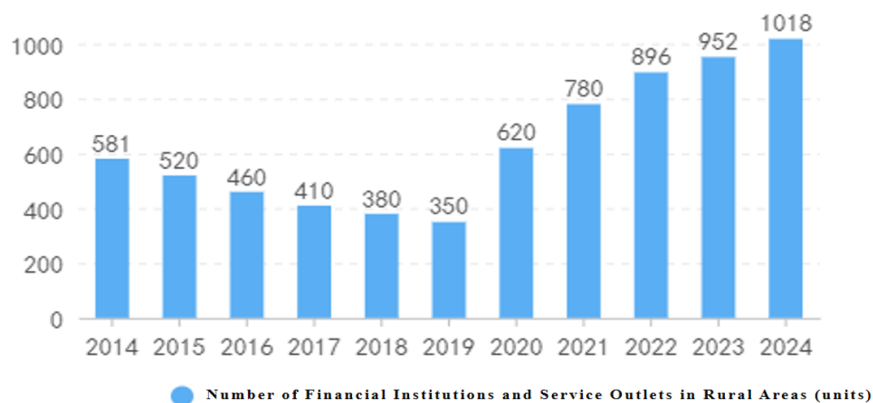


Figure 2. Number of financial institutions and service points in rural areas of Xuzhou from 2014 to 2024.

## **3.2. Practical exploration of financial support for urban-rural integration in Xuzhou**

Xuzhou has made innovations not only in the construction of institutional systems but also in many practices at the financial practice level. Its typical cases are as follows.

### **3.2.1. Cold storage loan**

To support the development of the local garlic industry, Xuzhou launched the “Cold Storage Loan” financial product in conjunction with Gengji Sub-branch of Rural Commercial Bank for the garlic industry in Jiawang Modern Agricultural Industrial Park. By evaluating the cold storage scale, operating flow and fixed assets of garlic enterprises, it provides loan limits to solve the capital needs of enterprises for capacity expansion and upgrading<sup>[5]</sup>. By September 2025, the “Cold Storage Loan” has accumulated 120 million yuan in loans, supporting 23 garlic processing enterprises to build 18 new cold storages, driving more than 500 surrounding farmers to increase their annual income by 18,000 yuan.

### **3.2.2. Government-led financing guarantee mechanism**

To solve the financing difficulties of small and medium-sized enterprises in the region, Xuzhou has launched innovative financing guarantee services for small and medium-sized enterprises in conjunction with financing guarantee companies such as Guosheng Group. As early as the first quarter of 2025, the group provided 2.756 billion yuan in guarantee support for small and medium-sized enterprises in the region. At present, it has formed strategic cooperative relations with more than 30 banks, and has provided financing guarantee services for more than 2,500 enterprises, with a cumulative guarantee amount of 38.312 billion yuan<sup>[6]</sup>. Among them, the “interest-free renewal loan guarantee” service launched for rural small and micro enterprises has handled renewal loans for 46 agricultural product processing enterprises, avoiding enterprises from falling into operational difficulties due to capital chain breaks.

### **3.2.3. Sugang loan**

To stabilize regional employment and promote urban-rural integration, Xuzhou has also launched special financial products such as “Sugang Loan” and “Stable and Expand Employment Loan”, further consolidating the employment guarantee for key groups. By August 2025, the “Sugang Loan” has accumulated more than 1 billion yuan in loans, injecting financial momentum into regional economic stability and social harmony<sup>[7]</sup>. For enterprises that absorb more than 50% of rural labor force, this product offers an interest rate discount of 30 basis points below LPR. At present, it has driven 12,000 rural laborers to achieve employment nearby, with the average employment radius shortened to 15 kilometers.

### **3.2.4. Digital inclusive financial special product “Nongyin e-Loan”**

To address the problems of farmers’ lack of traditional collateral and long financing processes, Agricultural Bank of China Xuzhou Branch, in conjunction with the Municipal Bureau of Agriculture and Rural Affairs, built an “agricultural big data platform”, integrating 12 types of data such as farmers’ planting area, historical harvest, credit records, and agricultural machinery equipment, and developed the online credit product “Nongyin e-Loan”. Farmers can apply through mobile banking, and the system automatically evaluates and grants credit based on big data. The single loan amount ranges from 50,000 to 300,000 yuan, with the fastest disbursement within 1 working day, no collateral or guarantee required. By September 2025, the product has accumulated 860 million yuan in loans, covering characteristic industries such as ginkgo planting in Pizhou, protected vegetable cultivation

in Xinyi, and meat duck breeding in Pei County, serving 12,000 households, among which first-time borrowers account for 62%, effectively solving the problem of “slow and difficult financing” for small-scale farmers.

### **3.3. Problems and challenges faced by financial support for urban-rural integration in Xuzhou**

#### **3.3.1. Weak rural financial infrastructure**

Although Xuzhou has been promoting the construction of a three-level financial facility system of “bank outlets at the township level, rural financial service stations, and agricultural assistance withdrawal points”, its financial service coverage is still flawed. Mobile payment has not fully covered daily scenarios such as public transportation, vegetable markets, hospitals and pharmacies, gas stations, government services, public payments, catering services, and supermarkets and convenience stores in remote areas<sup>[8]</sup>.

#### **3.3.2. Obstacles to rural property right mortgage and circulation**

Xuzhou has launched asset resource mortgage guarantee financing services based on construction land use rights, forest rights, and land management rights, but has not established a comprehensive supporting system for property right confirmation and registration, transaction and circulation, value evaluation, etc., resulting in prominent problems of difficult property right valuation and circulation.

#### **3.3.3. The depth of inclusive financial coverage needs to be strengthened**

Xuzhou continues to promote inclusive microloan services, but its coverage is still insufficient, especially in terms of meeting the needs of small and micro enterprises and agricultural loans. For example, the proportion of credit loans for first-time borrowers is relatively low, and farmers’ financial knowledge is insufficient, which affects the popularity and use efficiency of financial services.

## **4. Path selection for optimizing financial resource allocation in Xuzhou**

### **4.1. Improve the multi-level financial market system**

#### **4.1.1. Improve the rural financial service system**

To improve the rural financial service system, the following strategies are employed:

- (1) Promote large commercial banks to sink to rural grass-roots areas, comprehensively optimize the layout of county-level outlets, increase credit authority, and optimize and adjust the assessment weight of deposit-loan ratio indicators;
- (2) Promote the reform of local financial institutions such as Xuzhou Rural Commercial Bank, not only maintaining the integrity and independence of rural financial institutions but also focusing on their service areas and the positioning of “Three Rural Issues” (agriculture, rural areas, and farmers);
- (3) Promote the standardized development of microfinance companies and financing guarantee institutions, and establish a differentiated market pattern.

#### **4.1.2. Develop the rural capital market**

To develop the rural capital market, the actions are performed as follows:

- (1) Support agricultural enterprises to go public and list to achieve financing goals. At the same time, establish an expert review and guidance mechanism for agricultural enterprises, and improve the management

- system for listed agricultural enterprises;
- (2) Promote enterprises that do not have the ability to go public but have good growth prospects and innovative characteristics to settle in the “National Equities Exchange and Quotations” to obtain diversified financing and development paths;
  - (3) Give play to the role of financing tools such as bonds and REITs to provide more financing channels for rural enterprises<sup>[9]</sup>.

#### **4.1.3. Build a diversified financing mechanism**

To build a diversified financing mechanism, the mechanisms are as used as follows:

- (1) Establish a multi-channel and diversified fund-raising mechanism, encourage and guide social capital to flow to rural areas, and provide support for rural revitalization projects;
- (2) Organize and guide banks and other financial institutions to innovate financial products to ensure that the products meet the characteristics and cycles of rural enterprises’ capital use;
- (3) Encourage state-owned enterprises to establish private equity funds, bonds and other tools with excellent industrial parks, investment institutions, etc., to provide support for the construction of new rural demonstration belts and promote the expansion of urban-rural integration projects.

## **4.2. Innovate financial products and service models**

**Table 1** shows the necessary optimization paths and expected effects of financial support for urban-rural integration in Xuzhou.

### **4.2.1. Deepen the innovation of rural property right mortgage financing**

The following actions are employed:

- (1) Expand the scope of rural property right collateral;
- (2) Establish a regular working system for the issuance of rural land management rights certificates and mortgage registration;
- (3) Establish a pledge loan mechanism for equity income of reserved land;
- (4) Establish a rural property right value evaluation system;
- (5) Improve the risk mitigation mechanism.

### **4.2.2. Promote the innovation of supply chain finance models**

The methods are as listed:

- (1) Establish Xuzhou’s characteristic agricultural industrial chain and promote the “one chain, one policy” financial service model<sup>[10]</sup>;
- (2) Give play to the advantages of industrial clusters and provide batch credit services for the needs of industrial strong towns and producing area markets;
- (3) Innovate supply chain finance business models and further improve new financial products such as “Cold Storage Loan”.

### **4.2.3. Expand the digital inclusive financial service model**

The actions are as planned:

- (1) Deepen the integration of scientific and technological means such as artificial intelligence and big data

- with finance, and promote the development of online credit models;
- (2) Promote the “whole village credit granting” mechanism to conduct overall credit rating for administrative villages;
  - (3) Establish a regional credit investigation platform to integrate rural data resources;
  - (4) Implement preferential and profit-making policies in the rural payment industry to reduce the cost of payment services.

**Table 1.** Optimization paths and expected effects of financial support for urban-rural integration in Xuzhou

Optimization paths	Specific measures	Expected effects
Improve the market system	Establish and improve rural financial organizations; strengthen the rural capital market; establish a diversified financing mechanism	Form a market pattern with reasonable division of labor among policy-based finance, commercial finance, and cooperative finance
Product and service innovation	Deepen the rural property right mortgage financing system; promote the development of supply chain finance; expand the coverage of digital inclusive finance	The scale of rural property right mortgage loans increases by more than 15% annually; supply chain finance covers major characteristic industries
Ecological environment optimization	Improve the construction of rural credit system; strengthen the popularization of financial knowledge education; improve the financial risk sharing mechanism	The coverage rate of farmers’ credit files exceeds 90%; the financial literacy of rural residents is significantly improved

### 4.3. Optimize the policy environment and financial ecology

#### 4.3.1. Increase policy support

The Xuzhou government should promote the decentralization of monetary and credit policies, and at the same time strengthen risk compensation, loan interest subsidies, incentive rewards and subsidies, and support financial institutions to issue green special financial bonds for the “Three Rural Issues” industry and “small and micro rural enterprises” to provide capital support for rural revitalization.

#### 4.3.2. Improve the rural credit system

The Xuzhou government should improve the cross-departmental cooperation mechanism, on the one hand, promote the intercommunication mechanism between agricultural operators, financial institutions and various departments, and on the other hand, promote the linkage between credit and credit, and establish a differentiated financial service system.

#### 4.3.3. Strengthen the popularization of financial knowledge

The Xuzhou government should actively organize financial knowledge lecture groups, and use village radio stations, local newspapers, radio, websites, new media, TV programs and other channels to promote financial basic knowledge to villagers, provide financial service consulting, and improve farmers’ understanding of financial policies, products and services.

#### 4.3.4. Improve the risk sharing and compensation mechanism

The Xuzhou government should also take the lead in establishing an agricultural-related loan risk compensation fund to provide a certain proportion of compensation for agricultural-related loan losses of financial institutions. At the same time, it should promote the development of policy-based and commercial agricultural insurance to form a synergistic relationship with financial loan services, and disperse agricultural operational risks.

## 5. Conclusion

In summary, urban-rural integration development is an inevitable path for China's modernization construction, and the optimization and improvement of financial resource allocation is a key driving force for promoting urban-rural integration. Through the research on the current situation, mechanism, problems and practical strategies of financial support for urban-rural integration in Xuzhou, this paper confirms that finance plays an important supporting role in urban-rural integration development. However, it is also necessary to solve problems such as weak rural financial infrastructure, obstacles to property right mortgage and circulation, and insufficient coverage of inclusive finance. Therefore, through various measures and systematic promotion, we should improve the multi-level financial market system, innovate financial products and service models, so as to provide solid support for realizing rural revitalization and common prosperity goals.

## Disclosure statement

The author declares no conflict of interest.

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