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The Impact of Digital Financial Inclusion on Corporate Financing: Research Progress and Mechanism Exploration

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Abstract. Financing constraints severely restrict the development of Chinese enterprises. Digital inclusive finance, supported by digital technology, has become an important way to ease such constraints. This paper reviews relevant literature, clarifies the connotation of digital inclusive finance and the theoretical causes of corporate financing constraints, and summarizes research findings on relieving financing restraints, lowering costs, and improving efficiency and accessibility. It analyzes the empowering mechanisms including big data analysis, supply-demand matching, and mitigating information asymmetry. The study shows that digital inclusive finance breaks traditional financial structural barriers, reduces micro-level financing costs, improves precision, and eases capital outflows caused by policy fluctuations and local debts at the macro level, with heterogeneous effects across enterprises. The paper also identifies research gaps in digital financial literacy, risk prevention, and cross-field integration, and puts forward future research directions. It concludes that digital inclusive finance reshapes real-economy financial services, optimizes resource allocation, and its integration with digital technology helps advance inclusive and sustainable economic growth.

Keywords: Digital Inclusive Finance, Enterprise Financing, Financing Constraints, Financing Accessibility, Financial Resource Allocation

1. Introduction

In the current period, financing constraints have progressed into a key obstacle hindering the development of Chinese enterprises. Traditional finance has inherent limitations in service coverage, information screening, risk management, and credit approval, making it difficult to effectively meet the financing needs of real enterprises and restricting their operation and innovation. The continuous combination of digital innovation and financial businesses enables digital inclusive finance to utilize big data and artificial intelligence. This emerging financial form gets rid of the time and space barriers of conventional finance, lowers service expenses, and refines corporate credit evaluation methods. It has become an important path to alleviate enterprises' financing difficulties and optimize the allocation and utilization of financial supplies. With the support of national policies, it has achieved rapid development, and its economic effects and mechanism have increasingly attracted the attention of the academic community. Domestic and foreign scholars have conducted extensive research on digital inclusive finance and enterprise financing, forming rich results in terms of impact

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effects and differences. Existing findings have reached a consensus: digital inclusive finance plays a positive part in relaxing corporate financing limits, decreasing financing expenditure and optimizing the overall availability of corporate financing. However, existing research still has differences and deficiencies in research perspectives and mechanism analysis. Some research conclusions are inconsistent, the mechanism lacks systematic integration, and the discussion of nonlinear effects, constraint conditions, and potential risks is relatively scattered. There is still a lack of comprehensive review studies that specifically sort out the research context and transmission mechanisms.

This paper systematically reviews the relevant literature on the impact of digital inclusive finance on enterprise financing, summarizes the progress and main conclusions of existing research, refines and analyzes the core transmission mechanisms, points out the shortcomings of existing research and future research directions, clarifies the research context of this field, and provides references and insights for subsequent academic research and policy practice.

2. Relevant concepts and theoretical characteristics

2.1. The essence and characteristics of digital inclusive finance

Digital inclusive finance, as an important evolution direction of the modern financial system, not only inherits the extensive coverage feature of traditional inclusive finance, but also deeply integrates cutting-edge digital technologies. China has made remarkable progress in the field of digital inclusive finance. With the support of rapid development and application of digital technologies, a unique and sustainable development path supported by policies and regulations has gradually emerged [1]. This development path shows significant evolutionary patterns in the macro geographical space. The development of digital inclusive finance in China has generally undergone an evolution process from polarization to overall convergence. There is a significant spatial agglomeration phenomenon. Regions with lower development levels are catching up with high-level regions at a faster rate, and the regional differences have been continuously narrowing over time [2].

Cooperation and diffusion within regions are important characteristics of the development of digital inclusive finance. The overall development of digital inclusive finance and its various aspects all have significant spatial diffusion effects. Its development is influenced by multiple macro factors such as fiscal decentralization, changes in industrial structure, and innovation capabilities. Different regions exhibit a multi-polar trend and the impact effects vary significantly [3]. However, the improvement of infrastructure and the expansion of coverage do not equate to the complete realization of financial inclusion. The social dynamic application of digital financial services cannot be limited to a simple dichotomy of acceptance or rejection. Digital services do indeed shorten the physical distance for accessing financial services, but due to insufficient basic connection capabilities, financial literacy, and social awareness, many digital financial services have not been fully utilized [4]. This indicates that the connotation of digital inclusive finance is not only the network coverage enabled by technology, but also the comprehensive strengthening of the cognition and usage depth of micro entities.

2.2. Theoretical causes of corporate capital raising constraints

To explore the economic effects of digital inclusive finance, it is necessary to deeply understand the connotation of enterprise financing constraints and their theoretical causes. Enterprises face a shortage of funds in the credit market due to systemic and information asymmetry, and the core reason for enterprise financing constraints is agency friction. Large enterprises are mainly affected by the balancing factors, small enterprises are limited by limited commitment, and private enterprises face moral hazard issues. These factors have influenced the investment and financing decisions of enterprises [5].

On the supply side, the risk-averse attitude of traditional financial institutions has exacerbated financing obstacles. Insufficient collateral, complex approval processes, and high capital costs are the main supply factors for enterprise financing expansion. The innovative characteristics of enterprises will also increase the possibility of them facing financing restrictions. Innovation activities themselves have high uncertainty [6]. In addition to local-level frictions, changes in the broader external environment are also the main reason for increasing financing constraints. Policy-related risks, including economic policy uncertainty and geopolitical risks, will have a significant negative impact and significantly hinder enterprises' financing decisions. Similarly, this policy risk has a much greater crowding-out effect on debt financing than equity financing, and it will cause more severe hindrance to entities and manufacturing enterprises that are financially constrained [7].

3. Research progress on the impact of digital financial inclusion on enterprise financing

3.1. Research on alleviating financing constraints and reducing financing costs

In the face of common financing problems faced by enterprises, digital inclusive finance has demonstrated significant assistance. Promoting the growth of digital inclusive finance is conducive to relieving corporate financing pressures and limitations. This positive effect is more prominent in non-state-owned enterprises, large enterprises, enterprises with a high reliance on external financing, and enterprises in the central and western regions [8]. The key lies in breaking through the structural barriers in traditional financial services. Digital inclusive finance reduces financing costs and controls the leverage level of enterprises, increasing internal sources of funds for enterprises and remedying the attribute, industrial and geographical mismatches of traditional financial credit businesses [9].

Reducing the cost of debt financing is a critical manifestation of digital inclusive finance's assistance to enterprises. In regions where digital inclusive finance is well-developed, the debt financing costs of enterprises have decreased, the risk-bearing capacity has strengthened, the scale of innovative investment has expanded, and the overall financial performance of enterprises has improved [10]. In addition, digitally enabled inclusive finance also has a buffering effect to alleviate macro liquidity squeeze. When local government debt reaches a certain scale, it will have a significant squeezing effect on the financing of private enterprises. However, inclusive finance in the digital era can exert a fundamental regulatory effect, effectively alleviating the adverse impact of local government debt on the financing of private enterprises, and providing support for the financing of private enterprises in the macro debt environment [11].

3.2. Research on financing efficiency and availability

Under the traditional financial system, methods to enhance the convenience of enterprise financing generally focus on the expansion of the financial structure or rule adjustments. The enhancement of bank competition and the implementation of short-selling mechanisms can effectively reduce the information gap between banks and enterprises and reduce the financial risks of enterprises, thereby alleviating the restrictions on indirect financing of enterprises at the level of capital market system construction [12]. The increase in physical branches also has an impact. The growth of the overall number of banks is beneficial to enhancing the possibility of enterprises obtaining loans, but there are significant differences in the practices of various banks. Large banks, although reducing the requirements for collateral, show a significant preference for selecting high-quality customers in the credit market and only help enterprises with better qualifications obtain loans. The growth of small and medium-sized banks has become an important support for credit access for small and medium-sized enterprises with poorer credit qualifications [13].

In contrast, digital inclusive finance has completely changed this traditional loan method that relies on physical branches and collateral. The financing behavior of grassroots enterprises naturally has the typical characteristics of being short, frequent and urgent. Severe information asymmetry is the biggest obstacle restricting their access to financing. By establishing an operation model integrating financial services and blockchain digital credit information platforms, the enabling effect of smart inclusive financial services can be fully released, directly breaking through information barriers [14]. Inclusive fintech has changed the unfavorable situation of small and micro enterprises in traditional financing. By promoting cooperation among enterprises, financial institutions and the government, it has achieved a transformation of obtaining more credit support in less time, at lower cost and with fewer personnel [15].

For various enterprises, digital inclusive finance provides relatively personalized support solutions. Digital fintech applied in inclusive finance can better meet the financing needs of technology-based enterprises, providing appropriate financing forms at different development stages, enhancing financing capabilities and reducing financing costs. It also provides a new direction for the development of financial institutions' credit business. This precise support is also reflected in the interaction of the external financing structure of enterprises. The digital inclusive finance index has a significant positive relationship with the innovation performance of high-tech enterprises. In non-state-owned enterprises, debt financing can better promote the expansion of the coverage of digital inclusive finance; in state-owned enterprises, equity financing becomes an important factor in promoting the usage degree of digital inclusive finance.

4. The mechanism of digital financial inclusion in influencing corporate financing

Digital inclusive finance can have a long-term positive impact on the financing landscape of enterprises, and there is an inherent operating mechanism behind it. The core advantages of digital inclusive finance lie in its ability to conduct big data analysis and the efficiency of matching large samples of supply and demand. These two capabilities have changed the behavior patterns of both the supply and demand sides of funds, and by optimizing the equilibrium state of credit allocation, they fundamentally alleviate the credit rationing problem faced by small and medium-sized enterprises. Data is not only a risk assessment tool but also a key element for generating credit. Digital inclusive finance alleviates the financing constraints of technology-based small and medium-sized enterprises mainly through the incremental supplementation mechanism and the mechanism for alleviating information asymmetry, effectively filling the service supply gap of traditional financial institutions.

At the macro and social levels, the optimization of the credit mechanism has produced significant positive effects. Digital inclusive finance can effectively transform financial resources into a driving force for inclusive development through two core paths: enhancing regional innovation vitality and improving the overall level of human capital. The efficient flow of funds and talent elements ultimately acts for the growth of the real economy. Digital inclusive finance has a significant promoting effect on the growth of the real economy, by strengthening technological innovation, motivating rural population to return to start businesses, and achieving the reconfiguration of idle resources in the underdeveloped market. This driving effect is particularly evident in economically underdeveloped regions.

5. Research review and future prospects

By integrating the above literature, it can be seen that the academic community has achieved considerable results in researching the impact of digital inclusive finance on corporate financing. The existing studies have captured the key issues of enterprise financing constraints such as information asymmetry and reliance on collateral, and have demonstrated how digital inclusive finance utilizes technologies like big data to break through the physical limitations and risk-averse preferences of traditional financial institutions. The literature generally believes that digital inclusive finance has promoted the spatial convergence of financial factors at the macro level, and has effectively alleviated financing burdens and adjusted the credit allocation pattern at the micro level, effectively addressing the financing difficulties faced by SMEs and tech enterprises.

However, the current research still has areas that can be deeply explored. Next, such aspects can be analyzed. Priority shall be given to in-depth investigations into individual behavioral patterns concerning digital financial literacy and the actual depth of digital financial service utilization. Existing studies mainly focus on the benefits of coverage, but connection of facilities does not equal effective use. In the future, it should explore how the digital cognitive ability of enterprise managers affects the acceptance degree of digital credit, attempt to establish an assessment framework for the acceptance ability of enterprises in digital finance, to explain the differences in the improvement of corporate financing under the same infrastructure conditions.

Further emphasis can be placed on research into data security governance and the transmission mechanisms of systemic risks. Digital inclusive finance is relatively dependent on multi-dimensional big data interaction. Balancing data sharing and commercial privacy protection is an important issue. In the future, it is necessary to analyze whether the highly digitalized credit network will accelerate the cross-infection of financial risks under extreme macro shocks, thereby evaluating the resilience of this system during crisis cycles.

Greater attention should be devoted to integrated research involving green transformation and industrial chain collaboration. In the context of the global economy moving towards sustainable development, in the future, it should explore how digital inclusive finance can effectively support green and low-carbon projects, and how digital technology can incorporate supply chain networks, reasonably transfer the credit of key enterprises to various suppliers, and provide a theoretical basis for establishing a modern financial service system.

6. Conclusion

The rise of digital inclusive finance has significantly transformed the financial service landscape of the real economy, becoming an important force in addressing the financing challenges faced by enterprises. Research shows that in response to the widespread problems in the traditional financial system, such as information opacity, strict collateral requirements, and various obstacles that cause financing difficulties, digital inclusive finance, through big data technologies and extensive supply-demand matching, effectively improves the problem of uneven allocation of credit resources. It significantly reduces the debt financing costs of non-state-owned enterprises, small and micro enterprises, and innovative technology enterprises at the micro level, enhances their ability and accuracy in obtaining funds, and alleviates the capital outflow effect caused by external policy fluctuations and local debt expansion at the macro level. By enhancing human capital, stimulating innovation vitality, and leading the return of factors, digital inclusive finance has completed the transformation from merely providing funds to comprehensively promoting high-quality development of the real economy. Generally speaking, continuously strengthening the integration of digital technology and inclusive finance, and improving the digital credit foundation conditions, has become an inevitable path for strengthening enterprise vitality and promoting economic inclusiveness and sustainability in the new era.

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