

Analysis of the Current Situation of China's Family Financial Investment and Strategies

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Abstract

As families continue to accumulate wealth, the importance of financial planning is increasingly becoming a focus for families. However, the lack of financial knowledge and poor choice of financial management methods in many families have brought new opportunities and challenges to family financial planning. This paper first analyses the background and current situation of contemporary family financial management, then analyses the example of the city of Lanzhou, analyses the problems that exist in family financial management today, and concludes with recommendations of realistic value for family financial planning.

Keywords

Family finance; Financial planning; Family; Analysis of questionnaire results.

1. Introduction

As China's economy continues to grow and the total national economic volume steadily increases, the number of middle-class families is increasing, while the disposable income of such families is also increasing. As a result, this customer group has subjectively generated a strong demand for family financial management, which provides a realistic basis for banks to innovate family financial management products and offers great room for development. So how are these funds planned? How can they be preserved and increased in value? And how can the family's standard of living be improved through rational planning of this part of the property? These are all questions that deserve the attention of every family[1].

2. Literature Review

Household financial management mainly includes four aspects, namely, household financial assets, real estate, major household consumer goods and household business assets[2]. In fact, after the basic solution to the problem of food and clothing, people begin to care more and more about family finance. There are only two purposes of family financial management: the immediate purpose is to preserve and increase value, and the ultimate purpose is the retirement reserve[3]. Most of the research literature on Chinese family financial management has been conducted from the aspect of investment strategy adjustment of Chinese family financial management, which can be seen that with the continuous development of the society, the financial awareness of Chinese families is also increasing. Based mainly on the data of the questionnaire survey that we conducted, we analyzed the financial awareness of families with different salaries, industries, and educational backgrounds, and analyzed the current situation of the family financial management industry with solutions in some economically underdeveloped areas of Lanzhou City as an example.

3. The Current State of Family Finance

Family finance is an economic activity in which family members manage their assets scientifically and scientifically through modern financial management methods to achieve the desired preservation and accumulation of wealth, thereby improving the quality of life. Modern family finance is different from traditional investment and savings. It involves not only preserving and expanding wealth, but also protecting and arranging it. However, the financial management concepts of many families are still relatively backward and old, for example, the financial management of ordinary income families in Lanzhou City has the problems of bank deposits accounting for too high a proportion of financial assets, and financial management knowledge and financial planning are not mature enough, although these families have financial management awareness and take action, but the financial management knowledge and strategies are still perfect, resulting in less than ideal financial management results.

In order to understand the financial management concepts of contemporary families, I published a questionnaire and surveyed around 400 families, which provided an in-depth understanding of the financial management status of contemporary families in terms of occupation, annual disposable household income, knowledge of family financial management, financial management methods and investment contents. Through analysis the statistics and cross-tabulations between the options, certain correlations were found between household financial attitudes and the age of the members, the household's idle funds, and the household's level of education. According to the survey, the greater the annual disposable income of the household, the greater the awareness and intention to manage money. For households with an annual disposable income of < 20,000 (14.29% of the total households surveyed), 52.86% were unfamiliar with financial management, 28.57% knew a little and 18.57% knew about it; while for households with an annual disposable income of > 200,000 (22.45% of the total households surveyed), 27.27% were unfamiliar with financial management, 18.18% knew a little and 36.36% knew about it. The percentage of those who knew about financial management was 27.27%, those who knew a little was 18.18%, those who knew about it was 36.36%, those who knew a little was 9.09 and those who knew a lot was 9.09%. It can be deduced from this that the more idle money a family has, the more attention it will pay to the preservation and appreciation of this part of its property. This is the beauty of financial management and is one of the most important ways to achieve wealth freedom. At the same time, research has revealed that different families have different choices in terms of how to manage their finances. According to the survey, families with more knowledge of financial management prefer to leave it to professional institutions and experts, such as securities institutions. The ones with less knowledge of financial management generally tend to plan their own financial management, and 60% of families keep most of their money in banks to collect the annual interest rate, although they also have a certain sense of financial management, but the return is minimal, and it is difficult to beat the speed of currency depreciation, so it is not good enough to achieve the original purpose of family financial management, to achieve the goal of family wealth freedom and improve the quality of life. To know how to change the situation of these families, you need to analysis them in the context of specific cases.

4. A Case Study of the Financial Management of Ordinary Income Families in Lanzhou City¹

4.1. The Proportion of Bank Deposits in Financial Assets Is Too High

On the one hand, the uncertainty of consumers' future expectations due to the impact of the new crown pneumonia epidemic has made households more inclined to save; on the other hand, the proportion of savings deposits to bank AUM in Gansu Province is higher than the national

average. This phenomenon shows that: firstly, although many commercial banks in Lanzhou City have launched many financial products for individuals, most investors believe that financial management means deposits, and this "stability" concept makes the sales of financial products insufficient; secondly, Lanzhou City Commercial Bank has the advantage of guaranteeing the return on savings deposits compared to financial management, which leads to the majority of households Thirdly, in the age of information technology, many negative news about financial institutions circulate rapidly, making investors more cautious in investing their money.

4.2. Immature Financial Management Concepts

First, there is no spare money for financial management. Most middle-aged and elderly people have a certain amount of money, but they have old-fashioned ideas and need "investor education". Many of them have hardly considered managing their finances and usually deposit their family income in the bank and withdraw it as they wish. Thirdly, the riskiness of financial products discourages some households. Many households prefer to put their money in the bank rather than buying financial products because they are worried about the risks involved in managing their money. As most families have little income to meet their financial needs, they do not have the money to invest and have little financial knowledge and limited access to financial resources. Even if they do occasionally learn about financial management, this knowledge is scattered and not comprehensive enough, and as a result, most families are blind in managing their finances.

4.3. Lack of Scientific and Reasonable Financial Planning

Firstly, the majority of ordinary families do not make financial planning in advance in the process of financial investment, and there is the problem of blindness and following the crowd in financial investment. Although they can obtain a small amount of knowledge about financial products through various channels, the reason for choosing a certain financial product is more based on past experience of investment profits and losses, and they continue to buy it after making profits and never buy it after making losses. Some families decide on financial products only through hearsay, which increases the risk of financial management and eventually makes them suffer huge losses financially. Many ordinary income families have suffered a serious blow to their financial investment enthusiasm, so much so that they have fear and aversion to financial investment; secondly, although most families have financial management experience, there are still a small number of families who refuse to manage their money. According to my understanding most middle-income families are or have been investing money, a very small number of families have never invested money, but will consider investing money in the next six months, while some families will refuse to manage money, these families have never invested money and will not consider investing money in the next six months. Among the families with financial management experience, most of them do not have a clear goal for their financial management behavior and are more random, only a few of them have a clear financial management goal, and they choose stocks, funds and investment insurance as their preferred three varieties of investment. This is particularly evident in the financial decision-making process of middle-income households. If past profits have not been achieved, future investment decisions will be more clearly characterized by a reduction in holdings; if past profits have been achieved, some will choose to leave their investments in the bag, depending on their expectations for different products, while others will choose to continue to increase their investments.

5. The Following Strategies Are Available to Deal With It

5.1. Promoting Family Financial Management Publicity and Guidance and Innovative Ideology[4]

Family financial management in a modern market economy has, to a certain extent, fundamentally broken the traditional, conservative economic philosophy in families and measured the efficiency of wealth utilization from a market perspective. The adjustment and breakthrough of ideology is a prerequisite for promoting the development of modern family financial planning. Based on this, we should start from the ideological level to promote and guide family financial management. Firstly, the concept of family financial management should be permeated within the society. Financial management is a rational act and an investment act. A good financial manager needs to go through the process of loss, frustration and reflection before he or she can gradually become mature and rational. Therefore, in the publicity and guidance, we should focus on the explanation and penetration of financial management skills and knowledge, combine the characteristics of family finance, design risk-avoidance methods, guide family members to invest rationally and arrange family wealth rationally. Secondly, focus on the penetration of differentiated family financial management concepts. Different families have different income scales and financial management concepts, and therefore have different tendencies in choosing investment methods.

5.2. Broadening Information Channels and Improving Family Financial Management Paths

At present, China's information channels for family financial management have not yet been formed, and financial managers more often passively obtain investment information from friends and relatives, financial institutions, the Internet and other channels, the content of which is mixed, making it difficult to provide objective and reliable bases for family financial planning, which will certainly increase the risks of financial management. In this regard, we should improve family financial information channels from multiple perspectives and take the initiative to provide systematic and authoritative financial information in accordance with the development of the market economy and the current changes in family financial management concepts, so as to increase the enthusiasm of family members to participate in financial management.

5.3. Regulating Online Finance and Enriching Family Financial Management Methods

With the continuous development of Internet finance, the role of Internet financial products in family financial planning is becoming more and more important. The release of various financial management software has led to an increasing concern about the high returns and low risks of internet financial products. Coupled with the fact that the sales channels, liquidity and functionality of internet financial products are more advantageous compared to traditional financial management, they have gradually become an important means of achieving lazy financial management in family financial planning. However, in the process of the development of Internet financial products, the problems that arise therein also require our attention. Relevant government departments should strengthen the regulation of Internet finance, guide enterprises to optimize the design of Internet financial products, promote the transparency of financial information and ensure information symmetry, so as to provide protection for the effective choice of family financial planning.

5.4. Guiding Social Investment and Driving Family Financial Planning

As part of social and economic activities, family financial planning is naturally affected by the economic development environment. Interest rates, inflation rates, housing prices and

consumer price index will all affect families' investment expectations and choice of financial management methods. Based on this, the government should base on economic development, adhere to the premise of market economic regulation, achieve macro-control, effectively control the inflation rate, balance the development of consumption and investment, control the negative impact of economic cycle fluctuations on household financial management, and increase their expectations of proactive and innovative financial management.

6. Conclusion

In conclusion, the proper arrangement of family wealth is not only the key to a family's economic stability, but also an important factor in the sustainable development of society. The proper management of family wealth is not only the key to a family's economic stability, but also an important factor in the sustainable development of society. Therefore, it is important to The concept and means to guide families to and tools to guide family financial management to gradually break away from the traditional conservative and make it more in line with the laws of the market economy. The concept and tools should be used to help families break away from the traditional conservative.

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