

Dynamic Analysis of Savings Rate Before and After the Implementation of China's Inclusive Finance Policy

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Abstract

As an important strategy for inclusive development of the global financial system, inclusive finance has become a core tool for promoting social equity and sustainable economic growth in China since its implementation in 2016. In this process, the savings rate, as a key indicator for measuring residents' financial behavior and economic resilience, has become an important window for observing policy effects. Based on this, this article conducts research on the dynamic changes of savings rate before and after the implementation of inclusive finance policies. Firstly, the dynamic relationship between inclusive finance policies and savings rates is analyzed, which is manifested in the dynamic transformation from "cash savings" to "diversified allocation", the "first suppression and then stabilization" of precautionary savings, and the "savings differentiation" between urban and rural areas and social classes. Finally, based on the analysis results, research suggestions were proposed to strengthen the depth of rural financial services, optimize the combination of inclusive financial tools, deepen the popularization of financial education, and improve policy feedback adjustment mechanisms.

Keywords: China; Inclusive finance; Savings rate; Dynamic analysis

1. Introduction

As a core issue of global financial governance, inclusive finance aims to promote social equity and economic growth by eliminating financial exclusion, improving service inclusiveness. After the United Nations proposed the concept of inclusive finance in 2005, many countries successively included it in their national strategic scope. In 2016, China released the "Plan for Promoting the Development of Inclusive Finance (2016-2020)", which clearly proposed the construction of a multi-level and large-scale inclusive finance system. In this context, the savings rate, as a key indicator for measuring residents' financial behavior and determining economic structure, its dynamic changes have become an important perspective for evaluating policy effectiveness. Inclusive finance, by improving financial accessibility, reducing liquidity constraints, and optimizing risk allocation patterns, will have a dual effect on savings rates. The popularization of financial services will reduce residents' dependence on cash savings, activate the

potential of consumption and investment, introduce risk mitigation tools to reduce the demand for precautionary savings, and update the structure of savings.

2. Study Objectives

This research plan aims to analyze the impact mechanism and path of inclusive finance policies on residents' savings rates from a dynamic perspective, clarify the stage characteristics and internal roots of savings behavior before and after policy implementation, study how inclusive finance tools transform residents' savings motivation through substitution effects and risk mitigation effects, analyze the dynamic changes in savings rates, and interpret the structural roots behind savings rate differentiation. To provide a scientific basis for promoting the rational allocation of regional financial resources and balancing the policy goals of "promoting consumption" and "stabilizing savings", and to help achieve a synergistic situation between financial inclusiveness and high-quality economic development.

In terms of theoretical significance, existing research has mostly focused on the macroeconomic growth effects of inclusive finance, without analyzing the dynamic mechanisms of micro savings behavior. This study constructs an analytical framework of "policy tools behavior response savings changes" to reveal the nonlinear relationship between the enhancement of financial inclusiveness and residents' savings decisions, making up for the insufficient explanation of regional and structural differences in traditional theories, and providing a new perspective for related research on financial development and household economic behavior.

3. Methods

(1) Literature research method

The literature research method is a commonly used approach in social sciences and other fields, which involves in-depth exploration of existing literature, searching, analyzing, and synthesizing it to form new research hypotheses, viewpoints, or theories. Systematically review domestic and foreign literature on the relationship between inclusive finance and savings rates, summarize theoretical controversies and research gaps, and construct an analytical framework of "policy tools behavioral response savings changes".

(2) Comparative analysis method

Comparative analysis is the process of comparing objective things, understanding their essence and laws, and evaluating them. It often involves comparing related indicator data to demonstrate the characteristics and relationships of the research object. Vertically comparing the trend of savings rate changes before and after policy implementation, and horizontally comparing the characteristics of savings differentiation between urban and rural areas and income groups, revealing dynamic patterns and structural differences.

4. Review of Related Literature

4.1 Related research on inclusive finance

Li et al. (2020) found that digital inclusive finance can help stimulate household consumption, especially in increasing daily household expenses.^[1] Koomson (2020) pointed out that inclusive finance can

effectively curb the risk of poverty in household based socio-economic systems, and particularly demonstrate its unique value in promoting gender equality and economic empowerment, especially when female dominated household units are lifted out of poverty. In India, with the popularity of mobile phones and the Internet, digital transactions have increased significantly, and the coverage of digital inclusive finance has continued to expand, providing more people with convenient financial services. ^[2]

Liu Rong and Cui Meiyu (2025) believe that digital inclusive finance, with its advantages of low cost and wide coverage, effectively fills the gaps of traditional inclusive finance, alleviates the financing difficulties in rural areas to a certain extent, and helps promote the implementation of rural revitalization strategies. Taking Jiangsu Province as an example, this study deeply explores the impact of digital inclusive finance on rural revitalization, and confirms that digital inclusive finance can to some extent promote the process of rural revitalization. ^[3] Zhang Tingting et al. (2025) studied the specific situation of using digital inclusive finance to support small and medium-sized enterprises in Jiangsu Province. The results indicate that digital inclusive finance, which combines digital technology and inclusive finance, can provide more diversified and convenient financial service support for the development of small and medium-sized enterprises through digital financial services, and promote the healthy development of the real economy.

⁴⁾Li Bohua et al. (2025) found that digital inclusive finance can promote household consumption through household debt; The impact of digital inclusive finance on household borrowing channel preferences shows a "U" shape, meaning that the proportion of formal channels for household borrowing will first decrease and then increase with the development of digital inclusive finance. ^[5]

4.2 Research on the Relationship between Inclusive Finance and Resident Savings Rate

Wu Weixing et al. (2021) found that financial literacy has a significant impact on household savings and consumption arrangements, and there is an inverted U-shaped relationship between financial literacy and household savings rate. ^[6] Dong Wenkui's (2022) study found that the improvement of urban digital finance development level has a significant negative impact on household savings rate, with significant effects on the breadth and depth of digital finance coverage, while the impact on the digitalization level of inclusive finance is not significant. ^[7] Liang Dian and Hu Huiying (2024) found that the development of digital finance has significantly reduced the household savings rate in rural areas. For different regions, due to the more complete economic and financial development in the central and eastern regions compared to the western regions, the impact of digital finance development on rural households in the western regions may be more significant. For farmers with different levels of education, households with lower levels of education have survival consumption, and when households invest and finance through digital finance, it has a greater impact on their savings rate. ^[8] Cheng Zhang (2024) theoretically revealed the underlying mechanism of the decline in residents' savings rate caused by the development of digital finance: in digital financial accounts, people feel less loss and more gain through mobile payments when consuming, and less embarrassment and lower borrowing costs when borrowing money. This leads to more consumption and borrowing by residents, resulting in a decrease in savings rate. ^[9] According to Yang Zhou's (2024) research, digital inclusive finance has a greater impact on reducing the savings rates of households in eastern China, urban areas, high education households, and low-income households. It also has a

significant impact on the savings rates of households in central and western China, rural areas, low education households, and high-income households. ^[10]

4.3 literature review

Domestic and foreign research has revealed the complex mechanism of inclusive finance on residents' savings rates, forming the following consensus: digital inclusive finance significantly suppresses savings rates by improving financial accessibility, reducing transaction costs, and has a more pronounced effect on rural and low-income groups; The policy effects vary among different groups, with financial literacy, income levels, and regional development differences having a moderating effect on savings behavior; Psychological feelings and tool adaptability are the key reasons for the decrease in savings rate.

There are still some limitations in existing research: firstly, the focus is mostly on static effects, lacking research and examination on the dynamic evolution of policies and the long-term interaction between savings behavior; Secondly, there are shortcomings in regional case studies, especially the omission of the special points of urban-rural synergy and industry in areas with active private economy; Thirdly, micro mechanisms often rely on macro data for deduction, which lacks sufficient support for the essential evidence of residents' behavioral decision-making. This study selects Quanzhou City as a case study, relying on a dynamic analysis framework and urban-rural differentiation perspective, to identify the nonlinear impact path of inclusive finance policy tools on savings rates, and to fill the gaps in existing literature on regional characteristics differences, dynamic mechanisms, and micro behavioral explanations.

5. Analysis of the dynamic relationship between inclusive finance policies and savings rates

Based on the previous research on the relationship between inclusive finance and household savings rate, we can analyze the correlation between inclusive finance policies and savings rate, and obtain the following analysis conclusions.

5.1 The dynamic transformation from "cash savings" to "diversified allocation"

The inclusive finance policy has significantly changed the core logic of residents' savings behavior by expanding the coverage and accessibility of financial services, driving the long-term transition of savings forms from single cash holdings to diversified asset allocation. Under the traditional financial system, especially rural residents and low-income groups, they tend to manage their wealth through cash savings or low interest deposits. Although this savings model can provide security for funds, its efficiency is low and it is difficult to withstand inflationary shocks.

The intervention of inclusive finance policies has broken this deadlock. With the popularization of mobile payments and electronic accounts, the necessity of cash use has been reduced, allowing residents to more conveniently transfer idle funds to more liquid financial products, such as wealth management, insurance, and fund innovation in inclusive finance products, providing different choices for groups with different risk orientations.

In the short term, during the initial stage of policy implementation, some "hidden cash" may be released due to easier access to financial services, leading to a decline in the savings rate. Essentially, this is a structural transformation in the form of savings, rather than a total loss. Some residents may convert the

funds originally stored in cash form into demand deposits or money funds, which not only retains the liquidity demand of funds, but also obtains higher profits.

In the long run, as residents' financial literacy improves and financial market infrastructure improves, savings behavior will be further divided into multiple goals such as "liquidity management," "venture capital," and "long-term security. The savings rate will also tend to stabilize and even rebound during structural adjustments. This dynamic process reveals the core value of inclusive finance, which is to guide residents from passive savings to active wealth management by optimizing the efficiency of financial resource allocation, ultimately achieving a virtuous cycle of savings, consumption, and investment.

5.2 The 'first suppression and then stabilization' of precautionary savings

Preventive savings is the core coping strategy for residents to cope with future uncertainty. Its scale is closely related to the risk mitigation function of inclusive financial policies, and it exhibits a dynamic characteristic of "short-term suppression and long-term stability". When there is a lack of inclusive financial policies, low-income groups and rural residents often use high savings rates to combat potential risks such as disease and unemployment due to the lack of social security and emergency financing channels, leading to a vicious cycle of "increasing savings as they run out of money".

The inclusive finance policy directly enters the risk management chain of residents through tools such as microcredit, inclusive insurance, and emergency financial services. By providing low threshold credit support and risk sharing mechanisms, the policy alleviates residents' anxiety about future unexpected expenses, thereby suppressing the short-term hoarding trend of preventive savings. After obtaining medical insurance coverage, some households may transfer their savings originally used for medical emergencies to education or consumption.

This inhibitory effect does not continue in a linear pattern. With the deep connection between inclusive financial policies and residents' risk awareness, savings behavior slowly enters a new equilibrium situation. The popularization of financial instruments helps residents improve their risk response ability, resulting in a lower necessity for excessive savings. The dissemination of financial knowledge has also made residents aware of the importance of long-term financial planning, and the motivation for savings has shifted from "passive defense" to "active allocation". After initially relieving risk pressure, some families may use regular savings to accumulate funds for their children's education or retirement, forming a more long-term savings habit.

This dynamic process reveals that the impact of inclusive finance policies on the savings rate is not simply about "substitution" or "suppression", but rather about using the reconstruction of residents' risk management framework to promote the transformation of savings behavior from "panic accumulation" to "rational planning", ultimately achieving a stable state of savings rate at a lower level.

5.3 Savings differentiation between urban and rural areas

The impact of inclusive finance policies on savings rates varies significantly between urban and rural areas, as well as class characteristics. This differentiation is due to the dynamic correlation between policy implementation scenarios and initial financial conditions of residents.

In the dimension of urban and rural areas, due to the long-term lack of traditional financial services, the

savings rate in rural areas is more prone to significant fluctuations in the initial stage of policies. Inclusive finance, by establishing rural branches, promoting digital finance, and operating agricultural credit products, quickly releases the liquidity needs of rural residents. The improvement of consumption power may lead to a decrease in the savings rate. After obtaining convenient loan services, some farmers use their savings funds for purchasing agricultural machinery or planting cash crops, transforming their savings into productive funds. With the further deepening of agricultural industry chain finance, rural savings gradually shift from "consumption driven negative growth" to "investment driven positive growth", and the savings rate presents a "U-shaped" curve style. Urban residents, given the abundance of financial instruments and high income levels, are more likely to optimize their savings structure through inclusive finance policies rather than impacting their total amount. For example, savings are diverted to assets such as funds and bonds through platforms such as wealth management. In the class dimension, after low-income groups benefit from policies, the short-term savings rate decreases and their consumption ability improves synchronously. However, in the long run, they may accumulate savings again due to income increases and increased financial participation; The high-income group continues to reduce the proportion of inefficient savings due to the increase in investment channels, and instead seeks higher yielding asset allocation portfolios.^[11]

This differentiation reflects the dual mission of inclusive finance policies, which is to "empower" vulnerable groups and "optimize" advantageous groups. Policy design must guard against the "Matthew effect", just like avoiding digital financial tools from exacerbating the knowledge gap between urban and rural areas due to technological barriers, or excessive concentration of credit resources on high credit groups leading to the expansion of savings differentiation. Only by using differentiated policy tools can the fairness and sustainability of savings rate changes be achieved.

6. Research conclusions and recommendations

6.1 Conclusions

This article analyzes the dynamic changes in savings rates before and after the implementation of inclusive finance policies. In the early stages, traditional savings habits were impacted due to the improvement of financial services; The difference between urban and rural groups in the medium term leads to a differentiation in savings rates, with urban residents turning to investment and rural residents' savings rebounding; Entering a stable state in the later stage, urban and rural savings have their own characteristics. Policy tools reshape residents' savings behavior through "substitution effects," "expectation management," and "capacity building," and there is a synergistic effect. At the same time, residents' behavior feedback optimizes policy design. In addition, under the dual structure of urban and rural areas, there is a significant differentiation in savings. Urban residents are influenced by investment concepts and diverse investment channels, resulting in a "de savings" trend. Rural savings are closely related to factors such as production cycles and risk response. Uneven policy penetration and differences in population structure exacerbate this differentiation.

6.2 Recommendations

Overall, inclusive financial policies have a profound impact on savings rates and savings behavior. In order to leverage the positive regulatory effect of inclusive financial savings, this article provides a series of research recommendations.

6.2.1 Strengthen the depth of rural financial services and narrow the savings gap between urban and rural areas

In China, the problem of uneven distribution of financial resources between urban and rural areas is still evident. Due to poor access to financial services in rural areas, residents' savings behavior has become conservative, and the savings rate has been higher than in urban areas for a long time. To alleviate this structural contradiction, actions need to be taken from three aspects: service network sinking, product innovation adaptation, and industrial synergy. We should further improve the level of rural financial infrastructure, such as setting up inclusive financial service stations in administrative villages; Combining mobile financial service vehicles, intelligent terminal devices and other platforms to fill the gap in basic financial needs in remote areas; Reduce the time and economic costs for rural residents to handle deposit, withdrawal, transfer and other transactions; Based on the preference for rural savings, financial institutions can develop tools such as seasonal savings products and agricultural harvest insurance, which not only meet the financial security needs of farmers, but also reduce the incentive for precautionary savings through risk protection mechanisms.^[12] By relying on the above measures, gradually narrowing the gap between urban and rural financial services, improving the efficiency of savings resource allocation, and alleviating the structural differentiation of savings rates.

6.2.2 Optimize the portfolio of inclusive financial instruments and balance savings investment relationships

In China, the traditional inertia of over reliance on savings by small and medium-sized enterprises and residents remains prominent, reflecting the inadequacy of inclusive financial instruments in terms of adaptability and guidance. We must establish a multi-level and precise inclusive financial tool group to enhance the conversion channels between savings and investment. The financing issues for small and micro enterprises can be addressed by expanding the coverage of credit products, simplifying the approval process, and reducing reliance on collateral^[14]; Promote online revolving loans based on transaction flow data to meet the short-term funding needs of individual industrial and commercial households, enabling funds to be borrowed and repaid at any time and improving capital turnover efficiency; We should enhance the connection between savings and capital markets, and guide financial institutions to create low threshold and reliable income wealth management products; Introduce a long-term retirement savings plan to attract residents to redirect some of their idle savings funds towards productive investment.

6.2.3 Deepen the popularization of financial education and guide rational savings behavior

In China, the insufficient popularization of financial knowledge and limited understanding of investment channels have led residents to prefer conservative savings methods while neglecting the diversification of asset allocation. To guide rational savings, it is necessary to establish a multi-level and multi-dimensional financial education system. Government departments can work with financial institutions and community

organizations to regularly carry out "inclusive finance going to the countryside" activities, and design easy to understand training courses for rural residents, such as using scenario simulations to demonstrate deposit insurance systems, small credit application procedures, etc., to assist farmers in understanding the risks and benefits of financial instruments and reduce the frequency of excessive savings caused by information asymmetry.

Financial education can also be added to the training program for small and medium-sized enterprise owners to enhance their understanding of capital operations and promote the transfer of surplus funds from savings accounts to investment in reproduction. Local bank branches take the lead in organizing residents to exchange investment experience, or disseminate inclusive finance cases through short videos, dialect broadcasts, and other media, subtly transforming the single savings concept and promoting a dynamic balance between savings, consumption, and investment.

6.2.4 Improve the policy feedback adjustment mechanism and enhance the effectiveness of policy adaptation

The implementation of inclusive finance policies needs to be more closely aligned with regional economic characteristics and residents' savings habits. The lack of a dynamic feedback mechanism may weaken the effectiveness of policy implementation. It is recommended to build an integrated policy adjustment loop of "monitoring evaluation optimization", and let local financial regulatory authorities take the lead in establishing an inclusive finance service quality evaluation system, regularly collecting indicators such as rural financial service site coverage and small and micro enterprise credit satisfaction, and identifying policy loopholes through grassroots inspections.

It is suggested to enhance cross departmental collaboration, such as government and industry associations, to design special financial support programs for emerging fields such as rural e-commerce and marine aquaculture, striving to accurately match policy tools with industrial upgrading needs. Open real-time response windows for inclusive finance needs on various platforms, gather service demands from enterprises and individuals in real time, shorten policy adjustment cycles, and thereby enhance the efficiency of savings resource allocation and the sensitivity of policy response.^[15]

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