

Regional Financial Leasing Development and Countermeasure Study—Taking Financial Leasing of Anhui Province as Example

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Abstract

Financial leasing is a new model and hot pot in financial industry. This research is based on the situation of financial leasing to analyze the existing problems. In order to promote the development of financial leasing, this paper reviewed related theories and put forward some suggestions. Followed by studying financial leasing industry overall developments and trends in foreign and domestic, then taking Anhui province financial leasing industry development as an example, we analyze and study its financing leasing industry development status and problems. Finally, in view of existing problems, we put forward the corresponding countermeasures and suggestions.

Keywords

Financial Leasing, Development Trend, Current Status, Countermeasure Suggestions

1. Introduction

In modern trading, the financial leasing as a new investment service in third-party equipment acquisition and management, was originated in 1950s in the United States, because of its unique advantages in accelerating depreciation, promoting technological improvement, and improving product competitiveness, it experienced rapid development in the world since born [1]-[3]. In western advanced countries, it has now become the second largest financial tools after bank credit, plays an important role in capital market [4] [5], known as “sunrise industry”

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and “new economy promoter” in developed countries.

In recent years, with continuous opening up and deepening of market economy in China, the domestic financial leasing industry has made significant progress and experienced expand in business coverage, volume and growth rate etc. Financial leasing plays a positive role in meeting market demand, alleviating financial pressure of the company, boosting win-win for production and marketing, and stimulating potential vitality of the market [6] [7].

1.1. Concept of Financial Leasing

Financial leasing, also called equipment leasing or modern leasing [8], is a special financial product, with equipment as media and integrated with trade, finance and leasing [9].

Its essence is the leasing to transfer all or substantially risks and rewards related with asset ownership, which may eventually transfer ownership or may not transfer. Details as, according to lessee requirements for lease items, equipment manufacturers (suppliers) and the choice of supplier, lessor will purchase lease item from supplier, and sign contract with lessee, then supply lease item to lessee. During the leasing term, the lessee will pay rent to the lessor by installments, with possession, usage and benefit of the lease item, and lease item ownership belongs to the lessor. When end of leasing, the lessee can choose surrender, renew or purchase lease item. Financial leasing is kind of economic behavior, for the purpose of financing through leasing to achieve transactions; there will be two contracts (*i.e.* contracts for the sale and lease) and the three parties (lessor, lessee and supplier) in a complete financial leasing transaction [10]-[12].

Financial leasing is charged per time of occupying financing cost by lessee, but traditional leasing charged per time of using leasing item by lessee, where these two are essentially different. After 50 years of development, on the basis of direct financing leasing, financial leasing has been developed to the following well-established specific forms: main financial leasing, transfer financing leasing, after-sale re-financing leasing, leveraged financing leasing, and commission financing leasing, comprehensive financing leasing [1].

1.2. Function of Financial Leasing

1.2.1. Financing Function

At the beginning of financial leasing, the main purpose is to solve the problem of enterprise funds shortage, so financial capital flow is its basic function. Financial leasing is a kind of financing method with physical item as media, the lessor use its own and collected funds to purchase, according to the requirements from lessee, then the lessee obtain the right of usage by way of compensation. Through financial leasing, companies can transfer valid assets to cash, increase asset flow, and can also solve funds shortage, lack of investment capital for the financing or collect acquisition capital. For small-medium companies, with funding constraints or difficult to obtain bank loans, by channels of financial leasing, it can expand investment in equipment and technological innovation, but also by way of sale and leaseback to collect funds to repay loan debt, transfer loan to leasing obligations, extend the repayment period to ease the debt pressure.

1.2.2. Marketing Function

Financing leasing business is a kind of financial service; it is also a new way of marketing for manufacturers [13]. Manufacturing companies can take the form of “rents consignment” to expand product sales, to improve product competitiveness in domestic and oversea market. Under the condition that manufacturers’ downstream customer has funds shortage to purchase equipment, financial leasing has become an important means to sell equipment and join market competition. Since rentals down payment of financial leasing is much less than one-time purchase, it reduces the threshold to buy, motivates transactions, expands equipment sales, and increases inventory turnover. In industrialized countries, the leasing sale has become one of the main forms of financial leasing. Such as Volkswagen, Ford and other auto companies, the cars selling through leasing covers 1/3 of its production volume. 40% of Chinese construction machines exported was realized through financial leasing, such as domestic Zoomlion, Sany and other construction machine manufacturers.

1.2.3. Investment Promotion Function

Financial leasing as a way of financing by actual items, it will surely bring investment expanding due to its operation facilitation, so financial leasing is also a kind of investment tool. Financial leasing company, as a media, with special advantages in resources, it has the ability to find suitable investment opportunities, through the ab-

sorption of shareholder investment, financing loans, debt issuance and listing etc financing means to stimulate bank loans and absorb public investment. At the same time, leasing company will run leasing by bank funds, which can reduce direct bank loans to enterprises in fixed assets, increase liquidity, reduce credit risk, solve funding sources during equipment investment, and also promote investment.

1.2.4. Asset Management Function

Cash and fixed assets, in terms of flow liquidity difference, are two extreme forms among various assets constitution. In business running, it is very important to maintain appropriate liquidity and fixed assets ratio for normal business and investment. Financial leasing is the combination of capital assets and physical assets, under different forms of financial leasing, it can achieve forward transition from capital assets to physical assets, but also to achieve backward transition from physical assets to capital assets; secondly, the flexibility of ownership and disposal of property for leasing item, it gives more choices for physical asset management. After sale leaseback of financial leasing realizes assets transfer and fixed assets transfer to cash, which reduced fixed assets possession and improved profitability.

1.3. Main Advantage of Financial Leasing Industry

Financial leasing, which uses “object financing” to replace “capital financing”, is new financing model with combination of property and claim, compared with other traditional financing channels, like bank credit, trust, bonds, guarantees and other financing, there is clear and unique advantages. Mainly in following areas:

1.3.1. Easy Operation

Features of bank loans are higher threshold, strict review, long procedure, complicated steps, and limited credit. Especially newly established enterprises, small-micro enterprises with lower credit rating, it is difficult to obtain bank loans for financial support. However, financial leasing combined capital financing with object financing (Procurement), eliminated many intermediate links, simple credit review procedures and quick operation, which allows enterprises to obtain right of use equipment within shortest time, prevented lots of complicated steps and improve efficiency [14].

1.3.2. Low-Cost Advantage

Small-medium enterprises can use fewer rentals to get right of use equipment by financial leasing, to create profit and achieve business objectives. The use of assets is prior to the payment of funds, which takes full use of time value of capitals, so that the limited funds from Small-medium enterprises can create greater value.

1.3.3. Accelerate Assets Depreciation and Tax Saving

Generally, each country will encourage investment and promote SME technological progress, and specifically develop a series of tax incentives for financial leasing. According to relevant files from Ministry of Finance, the State Administration of Taxation, “for leased machines by financial leasing during business transformation, the depreciation period can be determined by lease term or depreciation period prescribed by the state, whichever is shorter, but not less than minimum three years depreciation period” which accelerated depreciation indirectly. Enterprises can follow the principle of the most favorable depreciation as soon as possible to transfer depreciation to cost. Compared with repayment after tax, it is helpful to business running.

1.3.4. Optimization of Financial Statements

With difference from bank loans or loans from foreign governments, financing lease is off-balance sheet financing, the purchased production equipment through financial leasing, its rental will not be reflected in financial statements, and can be withdrawn before tax. When fixed assets is leased by financial leasing, generally there will be 3 to 5 years medium long-term financing, compared with bank flow capital loans or short-term commercial credit terms, it can improve the current ratio, quick ratio etc. short-term subordinated debt capacity index, and also relatively lower debt ratio of lessee (retain or increase financing ability for lessee), to improve return on assets indicators, and therefore optimize the financial structure and financial statements.

1.3.5. Flexible Lease Burden Light

When the financing leasing term expires, enterprises can choose quit ways freely, surrender, renewal, or stay for

purchase. Bank loans always use a lump sum lent, lump returned. The leasing company can tailor flexible repayment arrangements according to each company's financial strength, sales and other seasonal characteristics. Such as postponed payment, pay increment and decrement, so that companies can determine lease payments according to their own situation.

1.4. Significance of Financial Leasing for Chinese Economy

1.4.1. Ease Financing Constraints

On one hand, financial leasing application process is simple, with relatively low cost and focused on future cash flows investigation, which makes small-medium enterprises with less capital, less credit information can obtain long-term equipment financing needed during its development; on the other hand, for cash-strapped small-medium enterprises, financial leasing can make most of its money flow, which helps to improve capital efficiency, and may even reduce the financial risk of the enterprise [15].

1.4.2. Based on the Real Economy, Support Development of Strategic Emerging Industries

Financial leasing successfully excavated credit lease itself, this feature makes financial leasing become the best "catalyst" with combination of economy and finance. In recent years, along with innovative services and products, and improved professional management capabilities, financial leasing involved area is expanding, including infrastructure, shipping industry, equipment manufacturing, aerospace, energy saving, etc. many of them were included in the revitalization plan and national strategic emerging industries. Through characteristics and advantages of financial leasing industry, it helps to absorb the excess production capacity, promote industrial restructuring and technological progress, promote energy conservation, and support environmental protection and other strategic emerging industries development, support western region's economy, as well as the development of SMEs.

1.4.3. Helpful to Monitor Total Social Financing, Optimize Structure of Social Investment

Financial leasing is the most suitable tool to monitor total social financing, because each bill of financial leasing is related with physical assets, which is direct investment but without any foam. Meanwhile, the leasing company does not take deposits, so it does not produce any money supply. Through financial leasing, it organically combines object financing and capital financing, and prevents excessive expansion of social financing. Most of financial leasing subject is large equipment, with high technical content, which makes it an effective way to optimize social investment structure.

1.4.4. Helpful to Promote Equipment Renewal, Build Innovative Country

With the development of technology, it makes technology life of the equipment shorter, resulting in a lot of intangible loss when purchase of equipment, SMEs can obtain and update equipment by way of financial leasing, to assure production equipment with advanced technology and helpful to conduct national innovation strategy implementation [16]. Especially innovative forms of financial leasing-Risk leasing and venture leasing, finance leasing and venture capitalists to combine for intellectual property rights, with the combination of financial leasing and start-up investment. It is suitable for beginning period and high-growth stage companies with independent intellectual property and good market prospects.

2. Development Trend of Domestic and Foreign Financial Leasing

Since the 1950s, financial leasing has been widely promoted in more than 80 countries and regions due to its distinctive characteristics and unique advantages, and has been a new industry melting with financing of capital and subject, trade and technology, and has kept very strong development for over 60 years. In the past 10 years, according to "World Leasing Annual Report" statistics, financial leasing worldwide annual turnover increased over 10%, much higher than the growth of GDP in the same period. In 2011, there were nearly 3000 leasing companies USA, with financial leasing transactions over 500 billion US dollars, financial leasing market penetration (share of finance lease transactions accounted for social investment in fixed assets) reached 22.7%; there were more than 1000 rental companies in Japan, penetration rate up to 15%; the proportion of Germany, France, Italy, Britain and other European countries is on average between 10% to 20% [17].

In early 1980s, financial leasing enter China as a way of introducing foreign capital, which had made signifi-

cant contribution to the introduction of advanced technology and financing. But compared with developed countries, the advantages of financial leasing do not fully played. According to “2013 China Financial Leasing Industry Development Report”, it shows that China’s 2013 financial leasing market penetration reached only 4.8%, compared with developed countries average ratio between 15% - 30%, there is still much space and great potential for development in China. From 2007, with open of pilot location for financial leasing and the introduction of 13th announcement from State Administration of Taxation in 2010, it brought new opportunities by leaps and bounds for China’s financial leasing industry. In recent years, there has been rapidly development for China’s financial leasing industry, with market function improved, service ranges expanded, product range innovated, scale growth rapidly showing like blowout [18].

According to “2013 China Financial Leasing Industry Development Report”, it is the year with biggest variation in 2013 after China financial leasing revived, but also the year with breakthrough in main business. Mainly shown in:

Financial leasing companies break through 1000, to 1026, with an increase of 466 from 560 at the beginning of year and growth 83.2%. Among them, 23 financial leasing, increased 3; domestic leasing 123, increased 43; foreign leasing 880, increased about 420 in **Table 1**. Till end of December 2013, the whole industry registered capital reached 306 billion CNY, increased of 117 billion CNY against previous year’s 189 billion CNY, increased 61.9%. Financial leasing registered capital reached 76.9 billion CNY, increased 14.7 billion CNY against previous year end. Domestic leasing registered capital reached 55.1 billion CNY, increased 18.7 billion CNY against previous year end. Foreign leasing registered capital reached 174 billion CNY, increased 83.6 billion CNY against previous year end in **Table 2**.

Balance of financial leasing contracts nationally breakthrough 2 trillion CNY mark, reaching 2.1 trillion CNY, increased 550 billion CNY against the year end of 1.55 trillion CNY, increased 35.5%. Among them, balance of financial leasing contracts is about 860 billion CNY, compared with 660 billion CNY in previous year, an increase of 200 billion CNY, increased 30.3%, taking 40.9% of the entire industry; the balance of the domestic leasing contract is about 690 billion CNY, compared with the previous year 540 billion CNY, an increase of 150 billion CNY, increased 27.8%, taking 32.9% of the entire industry; foreign balances leasing is about 550 billion CNY, 350 billion CNY more than the previous year, an increase of 200 billion CNY, increased 57.1%, taking

Table 1. Summary of national financial leasing enterprise development in 2012 to 2013.

	Enterprises (No.) in 2012	Enterprises (No.) in 2013	Enterprises (No.) increased in 2013	Enterprises quantity increase rate (%)
Financial leasing	20	23	3	15%
Domestic capital leasing	80	123	43	53.8%
foreign capital leasing	460	880	420	91.3%
total	560	1026	466	83.2%

Source: China leasing alliance network, <http://www.rongzizulin.com/Infor/Detail/66461>.

Table 2. At the end of 2013 the national finance lease enterprise registered capital.

	At the end of 2013, the registered capital (RMB one hundred million)	At the end of 2012, the registered capital (RMB one hundred million)	A year-on-year increase of 2013 (RMB one hundred million)	The registered capital of 2013 growth rate (%)	In 2013, the registered capital accounts for the proportion (%)
Financial lease	769	622	147	23.6	25.1
Domestic capital lease	551	364	187	51.4	18.0
Foreign capital lease	1740	904	836	92.4	56.9
Total	3060	1890	1170	61.9	100.0

Source: China leasing alliance network, <http://www.rongzizulin.com/Infor/Detail/66461>. Note: foreign leasing companies registered capital according to the average exchange rates for the renminbi 1:6.

26.2% of the entire industry in **Table 3**.

For regional distribution of financial leasing companies, financial leasing companies quantity in Shanghai ranked No. 1, till end of 2012, there is totally 123 companies; No. 2 in Tianjin with total of 116; No. 3 in Beijing, the sum of companies in these three regions takes more than 60% of the total industry. Guangdong, Jiangsu, Zhejiang ranked as No. 4-6. It is shown that financial leasing industry now is mainly concentrated in Shanghai, Tianjin and Beijing three regions, which is highly matches with the rapid development of financial and manufacturing industry in these regions.

Also in 2012, it had introduced related policies to promote development of financial leasing industry in Shanghai, Tianjin, Beijing, Wuhan and other cities. It had been released to various preferential policies to promote development of local financial leasing industry in Tianjin at the end of 2010, and extended the deadline for relevant preferential policies in 2011. By the end of 2012, the number of financial leasing companies with headquarter in Tianjin had reached 100, taking one fifth of the total number of finance companies. That is, regional distribution highly matches with policy support.

According to China Leasing Alliance predicted that there will be an annual 50% growth in financial leasing, till around 2016, the balance of financial leasing contract will be more than 5 trillion CNY, that is 830 billion US dollars, when it will be beyond \$800 billion of United States and become the world's first leasing country.

3. Current Development Situation and Problems of Financial Leasing in Anhui

According to Zero one financial leasing research center, research data shows that until to March 2015, the country has 2121 registered financial leasing companies, there are seven provincial administrative regions which has more than 100 registered financial leasing companies each, namely Shanghai, Guangdong, Tianjin, Beijing, Jiangsu, Zhejiang, and Shandong, among them, Shanghai, Guangdong and Tianjin, the total number of financing lease company registered more than half of the total number across the country. the finance leasing of in other parts development relatively backward, the basic its growth took off. So we mainly use Anhui province as an example, through analyzing present situation and problems of financing leasing of relatively backward, to provide reference for the financing leasing development in underdeveloped regions.

Anhui Province financial leasing industry started earlier, Anhui Xingtai financial leasing holding company, as the first financial leasing companies in Anhui Province, was established in March 2004, which was the second batch of national 11 pilot financial leasing companies jointly approved by Ministry of Commerce and State Administration of Taxation in April 2006. Then each one company was approved in 2009 to 2011, where the Chery Huiyin Auto Finance Ltd. and Wanjiang Financial Leasing Co., Ltd. are financial leasing companies, Anhui Xincheng Finance leasing, Co.Ltd. is foreign leasing companies. Financial leasing industry in Anhui Province was developed rapidly in 2012 and 2013, with a total of 15 approved.

Till 2013, there were 18 finance leasing companies in Anhui, taking about 1.85% of nationals (totally 1026 in 2013), but according to statistics, the total fixed assets investment for manufacturing in Anhui Province in 2013 was total 730 billion CNY, with current 5% financing leasing market penetration estimates, there will be 36.5 billion CNY equipment released for recirculation, over 23 billion CNY new capacity increased, with over 10 billion CNY industrial added value, strongly boosted industrial steady growth. If takes financial leasing market

Table 3. At the end of 2013 the national financial leasing business development situation.

	At the end of 2013 the total business (RMB one hundred million)	At the end of 2012 the total business (RMB one hundred million)	At the end of 2013 in value increase (RMB one hundred million)	At the end of 2013 in value increase (%)	Total business accounted for at the end of 2013 (%)
Financial lease	8600	6600	2000	30.3	40.9
Domestic capital lease	6900	5400	1500	27.8	32.9
Foreign capital lease	5500	3500	2000	57.1	26.2
Total	21,000	15,500	5500	35.5	100.0

Source: China leasing alliance network, <http://www.rongzizulin.com/Infor/Detail/66461>.

penetration of 30% in advanced country, there will be nearly 220 billion CNY for annual assets. Thus, there will be huge space for development in financial leasing industry in Anhui Province.

But compared with national financial leasing industry development level, Anhui Province is still in nurturing stage, there is still following problems for its current development.

3.1. Uneven Development, Low Industry Awareness

Among 18 financial leasing companies in Anhui Province, for corporate types, there are 3 financial leasing companies, 7 domestic leasing companies, 8 foreign leasing companies; for registration areas, there are 8 in Hefei, 5 in Wuhu, 1 in Tongling, 1 in Ma'an Shan, 1 in Bengbu, 1 in Haozhou, 1 in Huainan. According to the GDP of Anhui city-level in 2013, Hefei, Wuhu and Anqing was listed in top three; per capita GDP, the top three cities are Tongling, Hefei and Ma'anshan with capita GDP \$14,972.03, \$9964.62 and \$9511.50 respectively in **Table 4**. By comparison, for fast economic development city of An'qing and Ma'anshan, there is only 0 and 1 financial leasing company, then we can see the development of financial leasing industry in Anhui Province currently is unbalanced, and the broadcasting and theoretical research about finance leases is seriously lagging behind, so the public lacks the necessary knowledge and understanding for financial leasing, and thus hindering the development of financial leasing industry in Anhui Province.

3.2. Imperfect Policy Development Environment

As can be seen from other countries' leasing industry development experience, it is very important to have government tax policy support, where commonly used method is tax deduction and exemptions, investment credits and accelerated depreciation. Such as, low-interest financing was provided to companies who deal with special equipment rental business by the Development Bank in Japan, as well as to support SMEs renewal of equipment, cover insurance for 37 kinds of machinery leasing with joint support from SME credit insurance companies in Tonglian province. When SMEs bankruptcy, leasing companies will receive compensation for unpaid 70% rent,

Table 4. In 2012-2013 in Anhui province economic situation around the city.

GDP rank in 2013	City name	2012 GDP (RMB one hundred million)	2013 GDP (RMB one hundred million)	2012 permanent population (10 thousand)	Capita GDP (CNY)	Capita GDP (USD)	Capita GDP rank
1	Hefei	4164.34	4672.9	757.2	61,712.89	9964.62	2
2	Wuhu	1873.63	2099.53	357.8	58,678.87	9474.73	4
3	An'qing	1359.7	1418.2	532	26,657.89	4304.38	12
4	Ma'an Shan	1232.0	1293.0	219.5	58,906.61	9511.50	3
5	Chuzhou	970.7	1086.1	394.5	27,531.05	4445.37	11
6	Fuyang	962.5	1062.5	763.9	13,908.89	2245.83	16
8	Suzhou	915.0	1014.3	537.8	18,860.17	3045.30	13
7	Liu'An	918.2	1010.3	565.1	17,878.25	2886.76	14
9	Bengbo	890.2	1007.9	318.3	31,665.10	5112.88	10
11	Xuancheng	757.5	842.8	255.6	32,973.40	5324.13	8
10	Huainan	781.8	819.4	233.9	35,032.06	5656.54	5
12	Haozhou	715.7	791.1	489.5	16,161.39	2609.54	15
14	Huaibei	620.5	703.7	212.3	33,146.49	5352.08	7
13	Tongling	621.3	680.6	73.4	92,724.80	14,972.03	1
15	Huangshan	424.9	470.3	135.3	34,759.79	5612.57	6
16	Chizhou	417.4	462.2	141.9	32,572.23	5259.35	9

Source: The anhui province statistics bureau, http://www.ahtjj.gov.cn/tjj/web/tjnj_view.jsp?_index=1.

as well as giving 12% tax offset for equipment rental of SMEs,. In early 1862 in United States, to stimulate US economic recovery and encourage investment, it proposed investment tax credit provisions that investor can deduct a percentage of the amount of investment from corporate tax in the amount of tax payable to encourage investment during the year of capital equipment investment. In China, there is few preferential policy for leasing industry, and no follow up in Anhui Province, which is a bottleneck for Anhui Province and even national financial leasing industry.

3.3. The Lack of Financial Leasing Industry Professionals, Theoretical Research Still in Early Stage

Financial leasing industry in China is still emerging industries, although it has developed rapidly in recent years, since the related research is unsystematic, the number of non-bank comprehensive financial personnel who can meet the needs for economic, trade, finance and accounting, law, engineering and management is far away to meet development speed of financial leasing industry.

Through survey for the current 18 financial leasing companies in Anhui province, it is found that there is 70% vacancy for professionals in various business sectors, with perennial recruiting condition. There are 121 colleges and universities, including private, in Anhui, but there is none college who has a professional subject for financial leasing. Obviously, the shortage of professionals has become a very prominent problem restricting this industry development.

4. Countermeasures for Financial Leasing Development

4.1. Strengthening Policy Support, Increase Industry Awareness Gradually

To fully understand the importance of financial leasing industry to promote regional economic development in Anhui Province, take development of financial leasing industry as an important means to support real economy, promote innovation and entrepreneurship, increase social awareness about leasing industry by training and broadcasting [18]. Meanwhile, around province's economic development strategy target, to outline development plan for financial leasing industry, in particular, to strengthen financial leasing service for key sector by way of franchising, investment subsidies, government procurement etc. [19]. Financial leasing industry management departments should take charge of the promotion system and the coordination of inter-sectors, to solve the major problems in the industry, to take financial leasing industry in the scope of support and guide financial leasing agency to achieve corporate restructuring and upgrading within province, providing financial leasing services for improving people's livelihood and environmental remediation and other key areas.

4.2. Introduction of Tax Incentives to Optimize Industry Development Environment

To promote the development of financial leasing industry, special support policy is published in Beijing, Shanghai, Tianjin, Zhejiang and other places, which optimizes development environment for leasing industry. These policies will support financial leasing companies and companies who use leasing for financing. Now it mainly introduced "implementation views of promoting development of financial leasing industry during the twelve five" in Anhui Province, we think before the next financial leasing industry specific policies, we can learn from other's experience, begin from tax incentives with direct incentive effects, and establish several tax incentives to give support. Such as, to support large-scale equipment manufacturing enterprises to set up financial leasing company, promote transformation and upgrading of manufacturing industry, explore markets, and accelerate service industry development in production. Introduce or support leading enterprises in leasing industry, the world's top 500 enterprises and their branches to setup in Shan'xi, encourage private capital into the financial leasing industry. On the implementation of specific policies, we provide appropriate tax exemption for equipment invested from financial leasing, provide investment credits and accelerated depreciation, which can stimulate the enthusiasm of business investment and take full advantage of financial leasing. Take priority to arrange interest support on technological renovation for financial company, support domestic financial leasing company as pilot, foreign financial leasing company will be pre tax provision of risk reserve according to financial leasing companies, accelerates the development of industrial clustering [20]. For financial leasing companies in Anhui Province, it will give incentives to encourage companies to meet funding needs by financial leasing, accelerate the promotion of industrial restructuring and upgrading in Anhui Province.

4.3. Increase Public Service, Encourage Innovation Development of Financial Leasing Industry

Encourage Financial leasing companies to innovate business model, expand financing channels, and guide banks, trusts, insurance, warranties and other institutions to enhance cooperation and develop “integration of insurance and loan” innovative products, enhance financial services function of financial leasing industry. Give full play to the role of associations and alliances, promote related industries development, and thus promote sustained and healthy development of financial leasing [21]. Take great efforts to attract professionals, and support financial leasing institutions to establish or cooperate with related institutions in Anhui Province for financial leasing training base in Anhui Province, strengthen qualified personnel development, of to provide intellectual support for the leasing industry in Anhui Province.

At the same time, we also think that Anhui Province should development of financial leasing institutions as priority, to speed up the construction of financing lease organization system. Actively attract domestic and foreign investors to set up financial leasing institutions in Anhui Province, support big enterprises and service providers for equipment manufacturing, large-scale infrastructure projects, various types of investment institutions and other non-financial institutions to enter financial leasing industry, support or bring well-known enterprises in financial leasing industry and their branch offices to setup in Anhui Province, to promote investment diversification, and form a number of large-scale, competitive and outstanding professional enterprises gradually, and enhance the overall strength of financial leasing industry in Anhui Province [22].

Under existing conditions, we can give priority to the development of domestic and foreign financial leasing company as pilot, to encourage these companies rely on their industry background to focus business in their advantages, with operating characteristics, and enhance services level of financial leasing to real economy. At the same time, actively study to establish financial leasing companies through local city commercial banks, provide service for advantage industries within area, and establish domestic first-class financial leasing companies with distinct regional characteristics [23].

5. Conclusion

In short, as a relatively new industry in China, there is huge space for financial leasing development and its development also has great promotion to Anhui Province economic development, meanwhile, it also cannot ignore its potential risk during development and growth. At present, more and more companies recognize the significance of financial leasing; it is good time to establish financial leasing industry organizational systems. To make the leasing industry has developed rapidly, it requires government and companies work together, government provides policy support, giving full play of policy guidance function, reduce rental risks, to create relaxed environment for financial leasing industry normally and rapidly development. Enterprises should strengthen supervision, actively learn the successful experience of foreign financial leasing industry, and jointly promote the development of financial leasing industry. Thus, it can make this industry healthy and vigorous development, so as to promote the development of SMEs in China, then drives the entire economy growth steadily.

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