

Comparative Study about Effects of Financial Resource Agglomeration on Regional Economic Growth in China

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Abstract

Financial resources has important and prominent effect on regional economic growth, and its flow is the agglomeration and diffusion of the two directions. The forms of financial resource is various, including bank credit, premium income, stock turnover, and so on. As a result, financial aggregation can be represented by credit agglomeration, premium agglomeration and stock agglomeration. On the base of the analysis about the correlative researches, this paper chooses ten developed provinces which have the characteristics of financial aggregation, takes the panel data of 2003–2011, and uses generalized method of moments to verify the impact of different financial resources on regional economic growth. Through empirical analysis, we find that agglomeration of banking credit and premium income can promote regional economic growth, while the effect of stock aggregation is not significant.

Keywords: financial resource, financial industry aggregation, regional economic growth, GMM

1. Introduction

With the development of economic integration and financial economic globalization, the flowing scope of financial resources expands. As a result, financial resources, financial institutions, and financial activities aggregate in few important financial centers. As a result, financial resources and financial industry aggregation become the focus of financial research, especially after 2000.

Financial resources are not only natural resources, but also social resources, which have important effect on economic growth. Financial resources can be performed by various financial products and financial tools, including currency in circulation, financial institutions credit, insurance premium income, stock financing, securities market, funds, trust, and so on. We all know that financial development can promote economic growth. We also know that financial industry includes banking, insurance and securities in three sectors, providing credit service, insurance service, and securities services respectively. Different financial industries produce and transact different financial resources, for example, deposit, loan, insurance, stock and bond, which have different effect on economic growth. Although domestic and foreign scholars have studied the differential effects of financial resources on economic growth, but still have not come to an agreed conclusion.

Financial industry cluster is defined as a competitive and cooperative industry group, which gathers plenty of monetary resources, financial institutions, financial tools, financial market and financial regulators through market connection or non-market connection in few important financial centers. In the view of whole world, New York, London and Tokyo have formed mature international financial centers, gathering a great quantity of financial resources, establishing 24 hours uninterrupted financial transaction network. In Chinese Mainland, the phenomenon of financial resources gathering and financial institutions concentrating is more and more popular. Financial Street of Beijing, Pudong financial district of Shanghai, World financial center of Shenzhen have grown into representative financial industry clusters. Financial industry cluster and regional economic growth have the relationship of mutual effect and mutual promotion. On the one hand, economic growth attracts monetary resources, financial assets and financial institutions in pursuit of a higher economic benefit; as a result, financial industry cluster and financial center emerge and develop. On the other hand, abundant financial resources, wholesome financial institutions, and comprehensive financial market can provide plenty of money and superior financial service, promoting regional economic growth. In one word, a virtuous circle of economic development – financial aggregation – economic development will appear and continue.

The rapid development of Chinese economy has attract widespread attention, which has to a large extent hinged on several developed provinces and cities. Beijing, Shanghai, and Shenzhen are most developed area in China, and also are concentration area of financial resources, which have the characteristics of financial agglomeration. Beijing is the core of Bohai economic circle, Shanghai is the core of Yangtze River Delta, while Shenzhen is the core of Pearl River Delta economic circle. The three cities are making efforts towards international financial center, relying on its abundant financial resources and strong economic strength. According to 13th report of “global financial centers index”, Shanghai, Shenzhen, and Beijing rank 24, 38, and 58 respectively. So for the three cities, there is still a long way to go towards international financial centers. At present, on one hand, the aggregation of financial resources has growth effect on the economy of the three cities, on the other hand, financial aggregation has radiation effect on the economy of three economic circles, and thus promoting the sustained and healthy development of the national economy.

This paper takes the aspect of financial resources aggregation, first refines financial aggregation into credit resource aggregation, premium resource aggregation, and stock resource aggregation on the basis of internal and overseas studying achievement. And then chooses ten developed provinces which have the characteristics of financial aggregation, takes the panel data of 2003–2011, uses generalized method of moments to verify the impact of different financial resources on regional economic growth. Finally this paper gets several pieces of suggestions, in order to make full use of limited financial resources, to promote regional economic growth in China concentration area. This paper has important theoretical significance and practical value. First, it improves and supplements the theory of financial resources and financial aggregation. Second, it verifies the theory of financial development from the perspective of financial resources. Third, it makes detailed description about financial resources aggregation, and contributes to sustainable and healthy development in China.

2. Literature Review

2.1 Financial Resource

The concept of financial resource is first formally proposed by Bai Qinxian. Financial resource has the characteristic of both natural resource and social resource, and also has important and strategic significance for economic development. On the one hand, it can make the development and utilization of financial resources into the framework of economic development, on the other hand, it makes financial development to have decisive significance to economic development.

The viewpoint of Bai Qinxian has caused a positive response in academic circles, some scholars also study the definition, scope, characteristics and economic effects of financial resources, and as a result, the theory of “financial resources and financial sustainable development” is formed and developed.

Wang Xiushan (2002) points out there are two kinds of financial resource, broad financial resource and narrow financial resource. The broad financial resource is a System of social and economic resources, including money, capital, commodity, debt, financial instruments and institutions. While the narrow financial resource is defined as financial instruments and tools. Zeng Kanglin (2005) considers that financial resources include currency, securities, and acceptance credit among families, companies, financial institutions, and government. The flow of financial expresses agglomeration and diffusion in two directions, and its final result is the formation and development of financial centers. Wang Jiquan and Zhang Xiaoyan (2007) analyzes the structure of financial resources, points out that financial resources are mainly concentrated in eastern area, and are mainly manifested in the credit resources, and proves that financial resources, especially the efficient financial resources, can promote regional economic growth, using panel data model. Lu Ying and Bai Qinxian(2009) analyzes the regional distribution of financial resources, and finds that the agglomeration degree and the provincial distribution difference of financial resources are increasing significantly. Yang Di (2012) studies the interior development rules about the structure of property rights, ownership, and financing, and points out that social and economic environment influences the allocation of financial resources, and the efficiency of financial resources' allocation influences the sustainable development of finance and economy.

In one word, the academic circles mostly agree that financial resources have important influence on the economic growth. But when economists use different methods, different indicators, or different samples, they may come to different conclusions.

2.2 Financial Industry Cluster

In recent years, with the development of industrial economics, finance, and financial geography, the financial industry cluster has become a new research focus, domestic and overseas scholars have studied the concept, cause, measurement, and economic influence of financial industry cluster.

Kindle Berger (1974) indicates that through financial industry cluster, financial center can take advantage of local financial market, utilize a small amount of working capital to pay for large scale transaction. McGahey (1990) points out that the concentration of financial institutions and financial assets, globalization and integration of international capital market can intensify the competition of financial service at home or abroad. Pandilt et al (2002) analyzes the financial service industry in England, indicates that the cluster effect influences the growth of company and the amount of new entrants, and there exists correlation in different financial department in one financial center. Clark (2004) thinks that because the phenomenon of information asymmetry is popular in financial industry, the face-to-face communication is indispensable. In China, Pan Yingli (2003) discusses the aggregation effect and scale economies effect of financial center. Lian Jianhui and Sun Huanmin (2006) analyzes the financial innovation advantage, risk mitigation advantage, and operating efficiency advantage of financial cluster, which can bring rent for intra-regional financial institutions, thus promoting regional economic development. Liu Hong (2008) indicates that through financial aggregation, the core area of financial cluster can realize higher rate of growth, the neighborhood area can also speed up by means of encouraging technical progress, increasing capital accumulation, and promoting transformation from savings to investment. Li Dalei (2010) verifies that total industrial output value, financial employee, and gross domestic product can accelerate the formation of financial cluster. Ding Yi (2010) testifies the interactive relationship between financial industry cluster and regional economic growth in long term, and finds that banking industry cluster has higher elastic coefficient to economic development. Pan Hui and Ran Guanghe (2013) adopts provincial panel data to study the relationship between financial cluster and entity economy growth both in whole China and in eastern, middle, and western China, and finds that financial cluster promotes economy growth observably, while the effect is more obvious in east than in other area.

2.3 Influence of Different Financial Resources on Economy Growth

It is known to all that financial industry includes banking, insurance and securities in three sectors, operating a variety of products, including banking credits, insurance income, stocks, bonds, and trust. After 1990s, Scholars at home and abroad study the respective influence of different financial resources, especially the banking credit and equity financing, on regional economic growth.

Beck and Levine (2004) uses GMM to examine the relationship between stock market, bank development and economic growth, They considers simultaneity and omitted variable bias, adds lagged dependent variables and some control variables, chooses data of 1976–1998, uses five-year average to reflect the economic cycle, in order to make the model more realistic. The empirical study indicates that well-functioning financial system can reduce information cost and transaction cost, optimize financial resources' allocation, and promote economic growth.

Most scholars consider that banking credit can promote economic growth. Chen (2005) points out that China has begun the reform of banking system to build a competitive modern banking system. Liang Qi and Teng Jianzhou (2005) make two element causality test and multivariate co-integration analysis. They indicate that there is a two-way causal relationship between baking development and economic growth, and qualified banking credit has become one of the sources of China's economic growth.

There is also a positive correlation between the insurance market and economic growth. Outreville (1990, 1996) uses cross section data of 55 developing countries to verify the positive economic influence of insurance income. Ward and Ralf Zurbrueg (2000) use panel data to study the relationship in nine developed countries of OECD as samples, and find that the development of the insurance market is the Granger cause of economic growth in these countries. In China, Rao Xiaohui (2005) use VAR to examine the dynamic relationship between economic growth and insurance market, but come different conclusion. Shao Quanquan (2012) takes 2SLS and GMM to study the relationship respectively in developed areas and underdeveloped areas of insurance industry, and indicates that the influence of insurance development on economic growth has a threshold characteristics significantly.

About stock market, scholars also study the economic influence, using different methods and different samples. Forbes Magazine (2001) regards China's stock market as "gambling of 600000000000 dollars", which breaks away from law of social development and economic development. Liang Qi and Teng Jianzhou (2005) indicates that there is no causality relationship between development of stock market and economic growth, and when we takes banking development into consideration, the development of stock market does not promote, but even hinder economic growth. Rousseau and Xiao (2007) takes quarterly data to verify the effect of stock market on actual production activities in China, and find that stock market which is measured by its trading volume, contributes little to economic growth.

3. Data Description

3.1 Economy Development in Financial Agglomeration Area

According to GDP and GDP per capita over the years, Beijing, Shanghai, Tianjin, Shandong, Jiangsu, Zhejiang, Guangdong, Hebei, Sichuan, Chongqing are most developed areas in China. These provinces or cities are mainly concentrated in the eastern coastal area, especially in the three major economic circles. The Economic development of these provinces and cities can be reflected by table 1.

Table 1. Economic condition of developed provinces and cities (2013)

area	GDP		GDP per capita		output of financial industry	
	volume (billion)	ranking	Volume (dollar)	ranking	Volume (billion)	Ration (%)
Beijing	309.88	13	14975	2	44.85	14.47
Shanghai	343.27	11	14420.6	3	44.86	13.07
Tianjin	228.35	20	16159.04	1	19.1	8.36
Shandong	868.97	3	8972.45	10	36.87	4.24
Jiangsu	940.12	2	11870.23	4	54.03	5.75
Zhejiang	596.99	4	10899.92	5	43.9(2012)	7.35
Guangdong	987.83	1	9324.4	8	60.38	6.11
Hebei	449.73	6	6171.22	16	8.35(2009)	1.86
Sichuan	417.3	8	5167.05	24	14.11(2011)	3.38
Chongqing	201.12	23	6829.32	12	16.98	8.44
China	9039.33		6659.46		532.89	5.90

Data Source: Statistical Yearbook of China, 2013.

From table 1, we can conclude that there is evident correlation between level of economic development and level of financial development. In other word, the area which has abundant GDP and GDP per capita also tends to have higher output value of financial industry, and tends to have higher ration of financial industry output to GDP. In the year of 2013, the GDP of the ten provinces and cities amounts to 5343.56 billion dollars, accounting for 59% of national GDP. While their output value of financial industry accounts for 64.4% of national output value of financial industry.

3.2 Financial Resources Distribution in Financial Agglomeration Area

The ten provinces and cities have abundant financial resources, including banking deposit, banking loan, insurance premium, and stock turnover. The details are shown in Table 2.

Table 2. Financial resources in financial agglomeration area (2013, billion)

area	deposit	loan	insurance premium	stock turnover
Beijing	1456.55	760.86	15.8	978.81
Shanghai	1100.53	704.88	13.05	39.98
Tianjin	370.52	331.44	4.4	164.84
Shandong	1006.8	761.99	20.35	397.27
Jiangsu	1360.31	982.62	22.98	992.41
Zhejiang	1171.65	1038.28	17.64	
Guangdong	1901.88	1202.35	30.24	2178.61
Hebei	623.25	380.84	13.31	1.92
Sichuan	757.47	469.45	14.54	286.03
Chongqing	362.14	286.12	5.71	
Subtotal	10111.08	6918.84	158.01	
China	17012.36	12177.45	273.32	3648.64

Note. The table is calculated according to "Statistical Yearbook of China" and "Statistical bulletin of national economic and social development", but some data cannot be found.

From table 2, the ten provinces and cities concentrate 59.43% of national deposit, 56.82% of national loan, and 57.81% of national insurance premium. Because we cannot obtain stock turnover of Zhejiang and Chongqing,

the ratio of stock turnover cannot be calculated, but it is evident that the characteristics of financial agglomeration is more obvious. In one word, the ten provinces and cities can be regarded as financial centers, concentrating plenty of financial resources.

4. Empirical Study

4.1 Samples and Indexes

This paper chooses the ten provinces and cities as our sample, which is Beijing, Shanghai, Tianjin, Shandong, Jiangsu, Zhejiang, Guangdong, Hebei, Sichuan, and Chongqing. Because in my earlier study, I have proved that the economic developed area is often the agglomeration area of financial resources (Note 1). I have also proved that the ten cities have the characteristics of financial agglomeration (Note 2).

This paper chooses data of 2003–2011 in order to verify the influence of different financial resources on regional economic growth. All data comes from “Chinese financial Yearbook”, “Chinese statistical yearbook”, and “China Securities and Futures Statistical Yearbook” over the years.

In order to prove the economic effect of agglomeration of different financial resources, this paper chooses GDP per capita (denoted by PGDP) as dependent variable, chooses banking credit ratio (denoted by Ebank), insurance premium ratio (denoted by Eins), and stock financing ratio (denoted by Estock) as explanatory variables. Economic growth is a very complex problem, this paper also leads into 4 control variables to reflect the role of government, infrastructure, human capital and foreign capital utilization. All the details of variables are shown by table 3.

Table 3. Variables and their economic meaning in empirical study

Type	Variables	Calculation formula	Economic meaning
dependent variable	Gdp per capita (PGDP)	GDP per capita of area divided by GDP per capita of China	Weighing economic development and condition, positive interdependency.
explanatory variables	Ratio of banking credit (Ebank)	deposits and loans of area divided by deposits and loans of China	Weighing the agglomeration degree of banking industry, positive interdependency.
	Ratio of insurance premium (Eins)	insurance premium of area divided by insurance premium of China	Weighing the agglomeration degree of insurance industry, positive.
	Ratio of stock financing (Estock)	stock turnover of area divided by stock turnover of China	Weighing the agglomeration degree of stock industry, positive.
control variables	Ratio of fiscal expenditure proportion (Gov)	fiscal expenditure of area divided by fiscal expenditure of China	Weighing the role of government in economic growth, positive.
	Ratio of investment in fixed assets (Inv)	investment in fixed assets of area divided by investment of China	Weighing the level of infrastructure, positive.
	Ratio of college students (Lab)	college students of area divided by that of China	Weighing the level of human capital, positive.
	Ratio of foreign investment (For)	foreign investment of area divided by foreign investment of China	Weighing contribution of foreign capital to economic growth, positive.

4.2 Research Hypothesis

This paper tries to prove the respective influence of different financial resources on economic growth, and puts forwards 3 research hypothesis.

H1: Bank concentration is positive relevant to economic growth

The main function of banks is to absorb national savings, and to translate into investment, and to improve the allocation of resources. In China, the banking system is always in the center of enterprise financing. With the development of financial system, the quality and quantity of bank credit is increasing, and providing plenty of capital for economy development.

H2: Insurance concentration is positive relevant to economic growth

The main function of insurance is economic compensation, capital financing and social management. In these years, Chinese insurance market develops rapidly, and its effect on economic and social development is increasing and deepening. According to the statistics of China Insurance Regulatory Commission, the insurance premium has raised from 159.6 billion of 2000 to 1720 billion of 2010, ranking the 4th in the world. With the

development of insurance market, the efficiency of China's social security system improves significantly, and is helpful to alleviate difficulties for economic development.

H3: Stock concentration is negative relevant to economic growth

Generally speaking, the stock market can reduce the degree of information asymmetry, cut down transaction costs, optimize the allocation of resources, and thus promote the long-term, stable, rapid economic growth. In China, our stock market develops rapidly, the number of listing corporations, the amount of equity financing, and the market value of stocks increase rapidly in the past 23 years. But the quality of stocks is still universally in doubt. Therefore, many economists assume that immature stock market and illegal stock operation not only cannot promote economic growth, but hinder the sustained development of economy.

4.3 Descriptive Statistics

Before empirical test, we describe the descriptive statistics of the variables, which is shown by Table 4.

Table 4. Descriptive statistics of the variables

Descriptive statistics	PGDP	EJR	GOV	INV	LAB	FOR
Mean value	1.7679	7.0431	3.6399	5.4775	4.6333	9.9814
maximum value	3.8239	14.754	7.844	11.875	8.6913	33.7385
Minimum value	0.6148	1.43	1.2321	1.6817	1.8929	0.5818
Standard deviation	0.887	3.7438	1.4636	2.8107	1.8565	8.4741
observations number	120	120	120	120	120	120

4.4 Empirical Test

We choose the generalized method of moments (GMM), use STATA 10.0 software, to verify the influence of banking credit agglomeration, insurance premium agglomeration, and stock turnover agglomeration on regional economy growth. The result of empirical test is shown in Table 5.

Table 5. The economic influence of different financial resource agglomeration

variables	Test1: Ebank regression	Test2: Eins regression	Test3: Estock regression
L1. pgdp	0.6261395*** (0.002)	0.599652*** (0.004)	.7263985 (0.000)
L2. pgdp	-.1404267 (0.472)	-.1137908 (0.605)	
Ebank	0.298068* (0.060)		
L1. Ebank	0.1029028 (0.486)		
Eins		.0499898** (0.023)	
L1. Ein		-.0003201 (0.822)	
Estock			.0114092 (0.146)
L1. Estock			.0110243 (0.06)
gov	-.0121466 (0.816)	-.015539 (0.827)	.0193952 (0.855)
inv	.0412695* (0.068)	.080987** (0.022)	.1317516*** (0.008)
lab	.1492088* (0.077)	.087923** (0.046)	.0625988 (0.819)
for	-.010967* (0.062)	-.002644* (0.082)	-.002526 (0.804)

Note. The number in brackets is the t- value of corresponding coefficient, * means significant at 10% significance level, ** means significant at 5% significance level, whole *** means significant at 1% significance level.

Below, we will analyze the empirical results of table 5.

From empirical test 1, we can get to the following results. First, One period lagged GDP per capita has very significant effect on current GDP. Second, current banking credit agglomeration has significant effect on GDP per capita, to be specific, when the ratio of banking credit increases by 1 unit, can promote GDP per capita to increase 0.298 unit. While banking credit agglomeration of one period lagged does not have significant effect on economic growth. Third, about the control variables, under 10% significance level, ratio of investment in fixed assets (Inv) and ratio of college Students (Lab) are positive relevant to GDP per capita, while ratio of foreign investment (For) is negative relevant to GDP per capita. That is, the improvement of infrastructure and the popularity of human capital can promote economy growth, but usage of foreign capital hinders economic

development, the reason maybe the crowding-out effect of foreign capital on domestic capital.

From empirical test 2, we can get to the following results. First, One period lagged GDP per capita has very significant effect on current GDP. Second, current insurance premium agglomeration has significant effect on GDP per capita, that is, when the ratio of insurance premium increases by 1 unit, can promote GDP per capita to increase 0.05 unit. While insurance premium agglomeration of one period lagged does not have significant effect on economic growth. Third, about the control variables, ratio of investment in fixed assets (Inv) and ratio of college Students (Lab) are positive relevant to GDP per capita under 5% significance level, while ratio of foreign investment (For) is negative relevant to GDP per capita under 10% significance level. In other words, the improvement of infrastructure and the popularity of human capital can promote economy growth, but usage of foreign capital hinders economic development.

From empirical test 3, we can conclude that most variables do not have significant impact on economic growth, except ratio of investment in fixed assets (Inv).

We make autocorrelation test and over identification test according to the three models respectively, in order to judge if the model specification is reasonable, if the empirical result is credible. The test results are shown in Table 6.

Table 6. The corresponding tests and results of 3 models

Examination of Ebank Equation
(1) autocorrelation test (Null hypothesis: The disturbance does not exist autocorrelation)
Arellano-Bond test for AR(1) in first differences: $z = -2.07$ $Pr > z = 0.038$
Arellano-Bond test for AR(2) in first differences: $z = -2.06$ $Pr > z = 0.060$
(2) over identification test (Null hypothesis: All instrumental variables are effective)
Sargan test of overid. restrictions: $\chi^2(11) = 19.84$ $Prob > \chi^2 = 0.058$
Examination of Eins Equation
(1) autocorrelation test (Null hypothesis: The disturbance does not exist autocorrelation)
Arellano-Bond test for AR(1) in first differences: $z = -0.64$ $Pr > z = 0.523$
(2) over identification test (Null hypothesis: All instrumental variables are effective)
Sargan test of overid. restrictions: $\chi^2(19) = 26.31$ $Prob > \chi^2 = 0.122$
Examination of Estock Equation
(1) autocorrelation test (Null hypothesis: The disturbance does not exist autocorrelation)
Arellano-Bond test for AR(1) in first differences: $z = -2.16$ $Pr > z = 0.031$
Arellano-Bond test for AR(2) in first differences: $z = -1.16$ $Pr > z = 0.245$
(2) over identification test (Null hypothesis: All instrumental variables are effective)
Sargan test of overid. restrictions: $\chi^2(9) = 12.89$ $Prob > \chi^2 = 0.168$

According to table 6, in the examination of Ebank equation, the p value of autocorrelation test indicates that the disturbance does not exist two-order serial correlation, the p value of over identification test indicates that all instrumental variables are effective and reasonable under the 5% significance level. In the examination of Eins equation, autocorrelation test demonstrates that the disturbance does not exist one-order serial correlation, and over identification test demonstrates that all instrumental variables are effective and reasonable. According to examination of Estock, autocorrelation test demonstrates that the disturbance does not exist two-order serial correlation, and over identification test demonstrates that all instrumental variables are effective and reasonable.

5. Conclusions

In conclusion, this paper adopts GMM, chooses agglomeration area of financial resources, to make empirical test. The results show that agglomeration of different financial resources have different effect on regional economic growth. To be specific, the agglomeration of banking credit and insurance premium can promote economic growth, while the former effect is more obvious. On the other hand, the effect of stock agglomeration on economic growth cannot be determined.

We can make analysis as follows with a view to its causes and countermeasures.

First, banking agglomeration can promote economic growth remarkably. Through banks and other financial institutions, capital can be transformed from short term to long term, from a little to a mickle, from static savings to dynamic investment, thus to improve efficiency of capital. Banking credit is the main financial resources in

China, however, there are many problems, for example, the difference between deposits and loans is too large, lots of money is idle and not fully used, non-performing asset still exists, monopoly leads to insufficient competition in banking system, and so on. Therefore, we should increase credit resources on the one hand, thus providing sufficient fund for economy development. More important, we should improve efficiency of credit resources on the other hand, for example, reforming banking system more deeply, reducing the excessive intervention of banking system, in order to make limited credit resources flowing to higher productivity area.

Second, insurance agglomeration can promote economic growth remarkably. We know that the development of insurance industry can increase ratio of social productivity and rate of household savings, and reduce the risk of economic operation, and thus to promote economic growth efficiently. At present, Chinese insurance market is still very underdeveloped, compared to foreign insurance market. 2009, the global insurance density is 595.1 dollars, while Chinese is only 121.2 dollars, ranking 64th. The global insurance depth is 7%, while Chinese is only 3.4%, ranking 44th in the world. Chinese has taken great efforts to development insurance market, and we can foresee that Chinese insurance market will usher in leaps and bounds.

Third, stock agglomeration cannot promote economic growth remarkably. Chinese market has been built since 1990s, the history of stock market is only 23 years old, which is far from developed countries over a hundred years. So the quality of the stock market is not high. Since the beginning of twenty-first Century, Chinese stock market, which is measured by the number of listing corporations, the amount of equity financing, and the market value of stocks, has been developed rapidly. But Chinese stock market is notorious for its invalid and market separation. Chinese has taken non-tradable shares reform since 2005, in order to improve the efficiency of Chinese stock market. But the time is not long and the effect is not obvious. In future, the development of Chinese stock market should not be in pursuit of high speed only, but also pay attention to the quality of development. For government, we should strengthen the construction of legislation, in order to guide the correct development of the securities market.

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Notes

Note 1. Regional Distribution and Economic Influence of Financial Resources in China, Wang Jiquan and Zhang Xiaoyan, *Finance Study*, 2007 6th.

Note 2. Measurement and Classification of Regional Financial Centers: Empirical analysis of 40 large and medium cities, economic and cultural Study of Korea and China, 2013 8th.

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