

Research on the Path of Asset Securitization Based on Intangible Cultural Heritage Promotion Platform

Yangjiale Guo*, Haonan Zhang

School of International Business, Nanhang Jincheng College, Nanjing, Jiangsu, China

**Corresponding Author.*

Abstract: This paper explores the critical importance of preserving intangible cultural heritage (ICH) in a rapidly changing world, where traditional practices and cultural identities are increasingly at risk. The study highlights the various challenges that hinder effective promotion, including financial limitations and lack of community engagement. To address these issues, the paper proposes the creation of a dedicated platform specifically for ICH promotion. By leveraging asset securitization, this platform can overcome financial constraints and provide sustainable funding. This innovative approach offers new financing methods and opens up avenues for wider community participation and support. The ultimate goal of asset securitization within the ICH platform is to significantly enhance the promotion, protection, and transmission of intangible cultural heritage. Through these efforts, the paper aims to foster a deeper appreciation for ICH and ensure its vitality for future generations, contributing to a richer and more diverse cultural landscape.

Keywords: Intangible Cultural Heritage Publicity; Intangible Cultural Heritage Inheritance; Intangible Cultural Heritage Platform; Asset Securitization; Risk Management and Control

1. Introduction

China attaches paramount significance to the safeguarding of intangible cultural heritage and has been constantly introducing and refining policies related to its transmission. Particularly since November 2012, China has reaped remarkable accomplishments in the domain of intangible cultural heritage protection.

In May 2021, the country promulgated specific regulations, outlining six principal tasks:

reinforcing the investigation, documentation, and research of intangible cultural heritage; enhancing project protection; ameliorating the recognition and management of heritage inheritors; facilitating regional holistic protection; augmenting the dissemination and popularization of intangible heritage; serving social and economic development, and further promoting the transmission of intangible cultural heritage. In March 2024, the state encourages localities to further refine relevant local regulations, further enhancing the legal framework for intangible cultural heritage. This explicitly delineates the key points of strengthening the intellectual property protection and cultivating inheritors of intangible cultural heritage.

Nonetheless, intangible cultural heritage confronts challenges such as potential loss, low-quality reproductions, and low visibility during its development. Unvarying promotion approaches not only fail to exert the distinctive role of intangible cultural heritage in the process of China's modernization but also engender certain negative impacts. Hence, innovating the promotion modalities of intangible cultural heritage has emerged as an urgent imperative.

2. The Importance of Intangible Cultural Heritage Inheritance

2.1 Protecting and Inheriting Cultural Traditions

The primary purpose of inheriting intangible cultural heritage is to protect and preserve the rich and diverse traditional ethnic cultures of China, including traditional performing arts, oral traditions and expressions, social practices, rituals, and festive events. These outstanding traditional cultures are cultural treasures of the Chinese nation, vivid witnesses of the enduring Chinese civilization, and essential foundations for connecting national sentiments

and maintaining national unity. We need to ensure that these precious cultural heritages are passed down and developed.

2.2 Promoting the Spirit of National Culture

Through the inheritance of intangible cultural heritage, we can promote the spirit of national culture, passing down and enhancing values, belief systems, aesthetic concepts, and more of our ethnic groups. This strengthens our cultural confidence, promotes the prosperity and development of ethnic cultures, and further showcases the splendid culture of the Chinese nation. Intangible cultural heritage is an important component of China's outstanding traditional culture, carrying thousands of years of historical and cultural memory. It vividly witnesses the continuous inheritance of Chinese civilization, demonstrating the unique cultural spirit of the Chinese nation formed over long periods of production and life practice.

2.3 Promoting Cultural Diversity

Intangible cultural heritage represents the unique cultural expressions of various groups. Its inheritance is a crucial and necessary means to promote cultural diversity and uniqueness, and it holds significant importance in promoting civilizational exchanges, constructing a socialist cultural power. It is both a symbol of the cultural identity of the Chinese people with multiple social and cultural functions and a practical tool providing the world with another knowledge system. By establishing favorable international atmospheres for the protection and inheritance of intangible cultural heritage through intergovernmental declarations, countries engage in international cooperation on intangible cultural heritage. For example, the joint declaration project between China and Mongolia for the Mongolian Long Song as a "Representative List of the Intangible Cultural Heritage of Humanity" involved field surveys and protection efforts, successfully establishing the "Asia-Pacific International Training Center for Intangible Cultural Heritage." Intangible heritage not only preserves the diversity of human cultural heritage but also promotes exchanges and dialogues between different cultures.[2]

2.4 Contributing to Building a Mass Base

Currently, the development of intangible heritage faces the primary challenge of a shrinking audience. Strengthening the inheritance of intangible cultural heritage helps broaden its transmission channels. In the context of informational communication in the new era, intangible cultural heritage can achieve broader dissemination, integrating deeply into everyone's living environment. Relevant professionals can collaborate closely with local television stations or media outlets through extensive use of mass aesthetic communication channels, promoting the innovative development of intangible cultural heritage. Against the backdrop of current cultural globalization, promoting intangible cultural heritage not only helps it gain international prominence but also enhances the influence and dissemination of traditional Chinese culture in the global cultural arena, laying a broad social foundation for the development of intangible cultural heritage.[3][4]

2.5 Promoting Sustainable Development

The inheritance of intangible cultural heritage involves aspects such as skills transmission, ecological protection, and community development. These contribute to promoting local economic development, creating special economic zones in the new era reliant on cultural inheritance, improving the living standards and quality of life of local people, and achieving a positive interaction between culture and sustainable development.

3. The Current Situation of Intangible Cultural Heritage Inheritance

China has made significant progress and achievements in the protection and inheritance of intangible cultural heritage, taking a major step towards enhancing cultural confidence and strengthening cultural soft power. Policies regarding the protection of intangible cultural heritage are constantly being introduced and updated, and the public's awareness of the importance of protecting intangible cultural heritage is continuously strengthened. However, the inheritance of intangible cultural heritage still faces the following problems.

3.1 Insufficient Inheritors

Firstly, there is a social misconception that

leads to a lack of professional dignity for inheritors. Some people associate intangible cultural heritage with backwardness, obsolescence, and insignificance, believing that it lacks market prospects and that the work involved has no status or future. At the same time, as the pace of modernization continues to accelerate, many young people are no longer willing to engage in traditional handicrafts or performing arts and other ICH work, resulting in difficulties in maintaining the family-based inheritance model that many traditional intangible cultural heritage projects rely on. Due to limited education and knowledge reserves, some inheritors struggle to adapt to new environments. They have a weak ability to accept new things and new elements, limited understanding, and insufficient mastery and application of new technologies. These factors collectively restrict their creativity and innovation, making it difficult for them to create or produce works or products that meet the needs of the times, society, and the audience.[5][6]

3.2 Insufficient Innovation

Intangible cultural heritage faces a severe challenge of insufficient innovation. On one hand, there is a phenomenon of limited education and knowledge reserves among inheritors, which limits their ability to apply and understand new technologies and new ways of thinking. On the other hand, some intangible cultural heritage projects remain fixated on traditional craftsmanship and forms of expression, lacking sensitivity and understanding of modern aesthetics and market demands. The lack of innovative consciousness and ability makes it difficult for many intangible cultural heritage projects to establish themselves and develop in today's rapidly changing social environment, unable to create works or products that can attract the younger generation and meet the demands of modern consumers. This dilemma not only affects the inheritance and development of intangible cultural heritage but also greatly impairs its competitiveness in the cultural market and on the international stage.

3.3 Insufficient Attention

As an important component of Chinese traditional culture, intangible cultural heritage embodies the rich creativity and imagination

of the people from various dynasties. Among the 42 world-class "intangible cultural heritage" projects in China (including representative works, cultural heritage in need of urgent safeguarding, and register of good safeguarding practice), 15 of them are related to the intangible cultural heritage of minority ethnic groups (excluding those that are shared by multiple ethnic groups, such as paper cutting, Gansu flower, and traditional wooden structure construction techniques), accounting for almost one-third of the total. However, due to the changes in the times and lifestyle and the shift in aesthetic concepts, the development of China's intangible cultural heritage has gradually faded away under the impact of modern industrial civilization. For example, Nanjing velvet flowers were listed as intangible cultural heritage of Jiangsu Province in 2006, but to this day, there is no specialized monograph on velvet flowers in China.[7][8][9]

4. Challenges in Building a Platform for the Promotion of Intangible Cultural Heritage

To address the issues faced in the inheritance of intangible cultural heritage, we propose the establishment of a platform for promoting such heritage. Taking Nanjing velvet flower as an example, we plan to build a platform consisting of four sections: promotion, activities, interaction, and trade. The promotion section aims to narrate the historical origins, craftsmanship, and stories of relevant individuals, intending to attract those who have a passion for traditional Chinese culture through documentary-style videos. The activities section will primarily announce events related to Nanjing velvet flowers, aiming to increase public participation and raise awareness of the platform. The interaction section will focus on cloud velvet flower making, providing people with a unique crafting experience through innovative online methods. The trade section will include the participation of inheritors, custom-made velvet flowers, and cultural and creative products, stimulating the market consumption of intangible cultural heritage. The platform constructed by these four sections effectively addresses the three main problems of a lack of inheritors, low attention, and insufficient innovation in the inheritance of Nanjing velvet flowers.

4.1 Insufficient Funding

The promotion of intangible cultural heritage requires comprehensive support, with one crucial aspect being funding.

Firstly, insufficient funding will restrict the promotion and inheritance of intangible cultural heritage. Relevant enterprises on the heritage platform may be unable to purchase new equipment, expand production scale, or explore new markets, which will impact our competitiveness and future development potential. Without sufficient financial support, these enterprises will struggle to innovate and invest in research and development, consequently falling behind the industry's progress and potentially facing elimination from the market.

Secondly, insufficient funding may lead to delays in payments to suppliers or employee salaries, severely affecting the company's reputation and employee morale. Suppliers may reduce their trust in the enterprise or even stop supplying goods, while employees may become dissatisfied due to unpaid wages, resulting in staff turnover and decreased team stability.

Furthermore, insufficient funding will also affect the management efficiency and operational quality of the heritage platform-related enterprises. These enterprises may have to adopt cost-cutting measures or delay maintenance investment, leading to decreased production efficiency and even quality issues. This directly impacts the quality of products and services, affecting customer satisfaction and ultimately damaging the company's brand image and market position.

Moreover, insufficient funding hinders the ability of heritage platform-related enterprises to fully utilize business opportunities and market potential. If cash flow was deficient, the channel of debt financing would no longer support R&D, and corporations in development phase would more rely on equity financing, while corporations in research phase would just maintain a low level of R&D investment by cash in hand.

In a highly competitive market environment, insufficient funding will cause companies to miss out on many opportunities, making it difficult to maintain market competitiveness and potentially missing crucial moments for development.[10]

4.2 Limited Financing Channels

Limited financing channels are a common problem and challenge faced by enterprises related to intangible cultural heritage.

Due to the fact that intangible cultural heritage projects may not yield direct economic benefits like traditional commercial projects, it becomes difficult to attract the interest of traditional investors, resulting in a shortage of funds. Intangible cultural heritage projects may involve uncertainties and risks associated with the inheritance of traditional skills and the organization of cultural activities, which also makes investors cautious about such projects. Many intangible cultural heritage enterprises lack professional business operation and management teams, which further hampers their ability to secure financing.

5. Advantages of Asset Securitization Financing of Intangible Cultural Heritage Platform

In the process of building an intangible cultural heritage platform, we propose to use asset securitization to finance the intangible cultural heritage platform, which has the following advantages:

5.1 Reduce Financing Costs

Asset securitization reduces the financing cost of the platform to a certain extent. Firstly, the cost of interest rates is reduced. With traditional borrowing and financing methods, borrowing is usually accompanied by relatively high interest rates, especially for start-up intangible cultural heritage platforms. However, when the platform realizes asset securitization, investors in the securities market are willing to buy these securities because these securities usually have lower risk and the platform is able to raise funds at a lower interest rate.

Secondly, the financing costs are reduced. While traditional financing can involve significant transaction and regulatory fees, securitization can reduce these costs by eliminating the need for large-scale loan negotiations and related transactions. In addition, securitization is usually accompanied by lower management costs, and once the securities offering is completed, only some security maintenance and investor servicing related fees are paid. [11]

At the same time, asset securitization also reduces the time cost of platform financing. Asset securitization financing only needs to be approved by the China Securities Regulatory Commission, and its approval time is relatively short, which improves the financing efficiency. [12]

5.2 Enrich Financing Channels

Asset securitization provides platforms with diversified financing channels and helps reduce their reliance on traditional lending. The abundance of financing channels has brought about the diversification of financing sources and the diversification of risks. First, asset securitization attracts investors from different sectors by converting platform assets into tradable securities. In the past, bank loans were mainly relied on to meet financing needs, but asset securitization has opened up financing channels and enabled institutional financing, individual investment and other financial institutions to actively participate. Second, it helps the platform diversify risks. From a single debt relationship between the platform and a specific bank to a decentralized debt relationship with different investors, the risk exposure to a single financial institution is reduced, and the stability of the platform is enhanced. [11]

5.3 Lower Restrictions on Financing Eligibility

In the process of financing, it is often subject to restrictions on financing qualifications. Traditional financing methods need to be evaluated based on the company's earnings and all assets to determine the financing situation. And investors are also cautious in investing, which leads to unsuccessful financing. As a new type of financing, asset securitization isolates securitized assets from its own credit, and investors pay more attention to the quality of securitized assets, which is conducive to the financing of the platform.

5.4 Protect the Information of the Platform from being Leaked

In the process of financing, there are often situations where the transaction efficiency is relatively low due to information asymmetry. However, since the financing discloses the platform-related information to investors, the

disclosure of such information is not conducive to the future development of the intangible cultural heritage platform. However, through asset securitization financing, since the securitized products are inflowed in the form of future funds, they have nothing to do with the financial status and management status of the platform. Therefore, it is sufficient for the issuer to disclose the information of the securitized assets. [13]

6. The Development Status of Domestic and Foreign Asset Securitization Markets

Asset securitization is relatively mature in developed countries (regions) such as Europe and the United States. As the world's largest market for asset securitization, the United States has a long history, a wide range of products, a wide market depth, and far more trading and innovation capabilities than other countries. Although the European market experienced the economic crisis in 2008, the economy has gradually recovered in recent years, and asset securitization has been continuously optimized and promoted, especially innovative products such as green bonds have attracted the attention of countries around the world. In addition, the securitization market in the Asia-Pacific region is also evolving with the times. For example, the scale of the asset securitization market in China, South Korea, Singapore, Thailand and other countries has been expanding year by year [14].

China's asset securitization market started relatively late and developed much later than abroad, and the development process of China's asset securitization in the decade from 2005 to 2016 was tortuous [3]. In 2018, China entered the "new normal" of economic development, while the asset securitization market still maintained a good development trend of rapid expansion and steady operation. In 2023, China's asset securitization market will issue 1.85 trillion yuan of various products throughout the year, and the stock scale at the end of the year will be about 4.35 trillion yuan. The market is running smoothly, the issuance scale has decreased slightly, the product structure is relatively stable, and the issuance interest rate has fallen first and then risen. At present, China's asset securitization market has formed a standard system of four core products: credit asset securitization,

enterprise asset-backed special plan, asset-backed notes, and insurance asset securitization [15].

With the continuous growth of asset securitization, the policy environment continues to be optimized, China's asset securitization market is expected to continue to maintain a steady growth trend. [16] Regulators and market participants will continue to improve relevant regulations and accumulate relevant experience to promote the continuous development of the asset securitization market [14].

7. Asset Securitization Construction of Intangible Cultural Heritage Platform

7.1 Platform Asset Securitization Process

Asset securitization originated in the United States in the 70s of the 20th century, and is an effective way for traditional communication between direct financing and indirect financing, the integration of subject credit and asset credit, and the perfect combination of guarantee system and securities system. [16]

Asset securitization refers to the process of issuing asset-backed securities based on the future cash flow generated by the underlying asset as the repayment support, and the credit enhancement through structured design.

In the process of stable operation of the platform, the consumption model of "enjoy now, pay later" was launched, that is, to provide consumers with the possibility of installment payment. For the payment to be made in installments, it will become a relatively stable cash flow in the future, and it will be securitized.

The specific process is as follows:

Under this model, the consumer receives a loan and becomes a debtor. The intangible cultural heritage platform that lends money is equivalent to a creditor, and the two form a creditor-debtor relationship. The original rights holder (intangible cultural heritage platform) determines its assets and establishes a capital pool. Through the establishment of a special purpose vehicle (SPV), the original rights holder (intangible cultural heritage platform) transfers the rights and risks to the special purpose vehicle. The SPV packages the assets, issues securities after credit enhancement and credit rating, and sells them to investors through underwriters. The special

purpose vehicle appoints a trust institution to pay the investor on time through the trust institution after receiving the principal and interest repaid by the debtor. The process can also be seen in Figure 1.

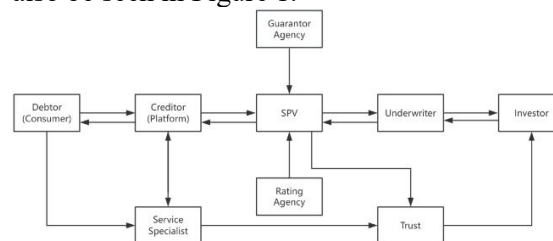


Figure 1. Platform Asset Securitization Process

7.2 Risk Management and Control Strategy for Platform Asset Securitization

To a certain extent, asset securitization has reduced the financing cost of intangible cultural heritage platforms, enriched the financing channels of the platforms, and improved the liquidity of funds [11]. However, there are still a series of potential risks in the securities financing projects of intangible cultural heritage platforms, which are very important for the prevention and control of potential risks.

7.2.1 Credit risk

Credit risk refers to the risk that the debtor of the underlying asset fails to meet its repayment obligations on time and in full, resulting in the loss of returns for investors in securitized products [14]. For intangible cultural heritage platforms, the quality of consumers affects the quality of assets. Therefore, the intangible cultural heritage platform can make use of cutting-edge technologies such as big data to improve the credit database, reasonably estimate the repayment ability of different consumers, set a reasonable loan limit for consumers, and reasonably control credit risk [17]. In addition, it is necessary to improve the post-loan management system to promote the return of funds and improve the ability to control risks.

7.2.2 Market risk

Market risk refers to the risk that the price of an asset securitization product fluctuates due to changes in market interest rates, exchange rates, policies and other factors during the trading process, which in turn affects investors' returns [14]. Therefore, the relevant departments should actively pay attention to the country's macro environment, improve

their sensitivity to it, and take timely measures to reduce the loss of platform securities financing as much as possible after the macro environment changes; Second, it is also necessary to actively pay attention to changes in policies and national laws and policies, and take timely response measures according to changes [18].

7.2.3 Liquidity risk

Liquidity risk refers to the risk that it is difficult for investors to buy and sell the product in a short period of time due to insufficient market liquidity during the trading process of asset securitization products, which in turn affects investors' returns. In order to reduce liquidity risk, we can increase the diversity of securitization products by enriching issuance channels to cater to investors with various investment preferences; On this basis, we should pay attention to the relationship between supply and demand in the market, and reasonably arrange the scale and rhythm of issuance to better cope with the risks caused by insufficient liquidity [14].

7.2.4 Operational risks

Operational risk refers to the risk of business loss due to non-market factors such as human error, system failure, and poor management in the process of asset securitization, which is mainly manifested in asset appraisal errors and lack of credit ratings. In order to reduce operational risks, it is necessary to speed up the improvement of the internal control system and improve the professionalism and operational standardization of employees; In addition, a dual path of internal and external enhancement can be adopted to compensate for the lack of credit ratings in the current financial market [14].

8. Conclusion

To sum up, from the perspective of intangible cultural heritage promotion platforms, this paper proposes to finance intangible cultural heritage publicity platforms through asset securitization in order to solve the problems of insufficient funds and limited financing channels encountered by intangible cultural heritage platforms. In view of the credit risk, market risk, liquidity risk and operational risk that the platform may encounter in the process of asset securitization, corresponding solutions are proposed. However, in the process of writing the paper, we are deeply aware that we

still have shortcomings. Due to the rapid development of asset securitization in China, the market cases of platform financing through asset securitization are very limited, resulting in insufficient data collection and analysis in the process of writing papers. We will make up for the shortcomings by broadening the data sources, improving the quality of the data, and improving the research methodology. Financing the intangible cultural heritage publicity platform through asset securitization has the advantages of reducing financing costs, enriching financing channels, lower restrictions on financing qualifications and higher information confidentiality, and has considerable development prospects, which is conducive to the development and growth of the intangible cultural heritage publicity platform.

Acknowledgments

Supported by College Student Innovation Training Project in Jiangsu Province—"Integrated Interactive Platform for Intangible Cultural Heritage -- Taking Nanjing Ronghua as An Example"(202313655032Y)

References

- [1] Liu Wei, Cheng Hongyu. The protection and development of intangible cultural heritage from the perspective of Chinese modernization. *Journal of Sichuan Institute of Administration*: 1-9 [2024-06-19].
- [2] Lin Y.-H. (2022). Review and Prospect of the Inclusion of Chinese Abacus in the Representative List of the Intangible Cultural Heritage of Humanity. *Chinese Studies*, 11, 239-257. <https://doi.org/10.4236/chnstd.2022.114018>
- [3] Liu Tengchao. Research on the development of asset securitization business in China. *Journal of Beijing Institute of Graphic Communication*, 2020, 28(02): 116-118. DOI:10.19461/j.cnki.1004-8626.2020.02.031.
- [4] Lei Jianchao. The importance of the inheritance of intangible cultural heritage: A case study of Longju. *Cultural Industry*, 2022(29): 52-54.
- [5] Shen Yiping. The dilemma and countermeasures of the inheritance and development of intangible cultural

- heritage: A case study of Haining leather stickers. *Culture Monthly*, 2024(03): 48-50.
- [6] Li M., & Di Y. C. (2023). Research on Intangible Cultural Heritage Tourism Integration Development System Based on Symbiosis Theory. *Open Journal of Social Sciences*, 11, 479-493. <https://doi.org/10.4236/jss.2023.1110027>
- [7] Teng Wanru, Yang Xiaoming. Analysis on Modern inheritance and innovation of Nanjing Cashmere. *Western Leather*, 2023, 45(06): 75-77.
- [8] Liao Chenchen. Research on the inheritance and innovation of Nanjing velvet flower from the perspective of traditional hairpin customs. *Journal of Suzhou Vocational and Technical College of Arts and Crafts*, 2021(04): 6-9.)
- [9] Yan, W. J. (2023). Ethical Principles for Safeguarding Intangible Cultural Heritage: How to Protect Intangible Cultural Heritage of Minority Ethnic Groups in China. *Advances in Historical Studies*, 12, 32-45. <https://doi.org/10.4236/ahs.2023.121003>
- [10] Shi, X.H. and Wu, T. (2016) Financial Constraints, Financing Channels and Corporations' R&D Investment. *Open Journal of Social Sciences*, 4, 248-260. <http://dx.doi.org/10.4236/jss.2016.45028>
- [11] Yan Hong. Asset securitization financing advantages and optimization strategy to explore. *Journal of enterprise reform and management*, 2023(17): 126-127. The DOI: 10.13768 / j.carol carroll nki cn11-3793 / f 2023.0943.
- [12] Ni Shendong. Comparison and analysis of asset securitization financing and other financing channels. *Modern Business*, 2018(13): 2. DOI: CNKI:SUN: XDBY.0.2018-13-024.
- [13] Du Xueyan. Comparative advantages of asset securitization financing and its application in Chinese enterprises. *Journal of Anhui Vocational and Technical College of Electronic Information*, 2016, 15(2): 3. DOI: 10.3969/j.issn.1671-802X.2016.02.022.
- [14] Jia Kunru. Research on internal control of risk of asset securitization business of financial enterprises. *Times Economics and Trade*, 2024(2): 084-086.
- [15] Wang Jinxin. Asset securitization in our country development present situation and countermeasures. *Journal of financial times*, 2019. The DOI: CNKI: SUN: YNJR. 0.2019-14-030.
- [16] Tu Mengmei, Li Shanmin. Research on the risk and prevention of asset securitization in China. *Finance*, 2022, 12(5): 531-536.
- [17] Huang Yating. Research on the application of asset securitization of e-commerce platform in the field of supply chain finance: A case study of Jingdong Baitiao. *Shopping Mall Modernization*, 2023(14): 19-21.
- [18] Lin Xuelu. Research on Risk and Prevention of Asset Securitization of M Company. *Hebei University of Geosciences*, 2022.