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A New Literature Review on Financialization

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Abstract

Financialization is a phenomenon that concerned the increasing development of finance sector and has received much attention since the 20th century. Especially after the financial crisis in 2008, the financial development has entered a new stage, and the finance sector has become a dominant and important industrial sector in most of economies. The academic community has conducted extensive discussions on it and the researches on financialization involve a wide range theme. Therefore, this paper mainly reviews the typical literature which focused on financialization since 2008. It mainly covers six aspects, including the definition and characteristics of financialization, the motivation and realization mechanism of financialization, and four pairs of relationships including the relationship of financialization and financial crisis, financialization and economic growth, financial and industrial development, financialization and financial supervision. This literature extends a more comprehensive understanding of the development and impact of financialization and shows us the research fields that we could do more research on.

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1. The Definition and Characteristics of Financialization

1.1. The Definition of Financialization

The definition of financialization can be defined from different perspectives, such as economics, political science, and sociology (Karwowski, Shabani, & Stockhammer, 2017). Here, it is only from the perspective of economics, and from two aspects, namely, economic financialization and capital attention financialization.

1.1.1. The Definition of Economic Financializaiton

The definition of economic financialization is generally believed that economic financialization refers to the increasing influence of the financial sector, financial activities, and financial instruments in the macroeconomic and microeconomics. The financialization at the macroeconomic level is mainly considered and measured in terms of financial aggregates and financial structure. The financialization at the microeconomic level is mainly considered and measured in terms of financial activities in non-financial enterprises and individual households.

With regard to economic financialization at the macroeconomic level, researchers define economic financialization mainly from the perspective of scale activities, income distribution, financial sector and non-financial sector relations, and capital accumulation. From the perspective of scale activities, economic financialization is a process in which financial institutions, financial markets, and financial elites continue to advance in international and domestic economic operations and policy making (Epstein, 2005; Palley, 2013). From the perspective of income distribution, economic financialization refers to the large-scale growth of income in financial services or derivatives markets, the division of income distribution to the financial sector, and the process of gradually surpassing other economic sectors (Anseeuw, Roda, & Ducastel, 2017; Palley, 2013). From the perspective of the relationship between economic sectors, economic financialization is the gradual expansion of industrial capital by financial institutions, financial talents, financial instruments and investment funds (Anseeuw et al., 2017). The overall size of the financial and financial sector is growing relative to the size of the non-financial sector (Krippner, 2005). Economic financialization Financial policies and financial activities occupy an increasingly important component of economic activity (Aalbers, 2017). From the perspective of capital accumulation, economic financialization is another way of capital accumulation. The current process of capital accumulation gradually shifts to the financial sector (Krippner, 2005). Economic financialization is the profit of the real economy capital (whether production investment capital or personal wealth) from the financial channel beyond the trade and commodity production channels (Dore, 2008; Lapavitsas, 2013).

With regard to economic financialization at the microeconomic level, it is mainly considered from changes in financial institutions, non-financial enterprises, and individual family economic activity structures and socio-economic structures. From the perspective of the internal structure of financial institutions, Lapavitsas believes that economic financialization refers to financial institutions jumping off the role of lending, using financial capital to trade in financial markets to obtain profits (Lapavitsas, 2011, 2013). Similar views such as Aglietta and Breton believe that economic financialization is the financial institution's greater participation in the capital market, the bank-led financial system gradually shifts to a market-oriented financial system, and increases international financial retail activities and derivatives transactions and complex securities investments (Aglietta & Breton, 2001). Some scholars have introduced the conditions of globalization to define economic financialization, that is, we saw the transformation of the internal asset structure of financial institutions from a country to a global scale, the expansion of foreign banks to developing countries, microfinance, financialization of commodity markets, etc. (Bonizzi, 2013). From the perspective of the internal structure transformation of non-financial enterprises, economic financialization refers to the increasing importance of finance in non-financial enterprises and the deep participation of non-financial companies in financial markets (Milberg, 2008; Engelbert Stockhammer, 2004). From the perspective of the transformation of individual family economic activity structure, economic financialization refers to the fact that individual households are increasingly involved in financial markets, not only creditors or financial asset holders (Lapavitsas, 2011). Some scholars have expanded the scope of non-financial sector and individual economic activities. Aalbers believes that economic financialization is the penetration of finance into the entire economy and society, such as labor market, government, education, medical care, social security housing, etc. Infiltration of financial language, structural transformation, and financial policy and financial behavior in public policy, individual household investment and financing decisions, etc. (Aalbers, 2017).

1.1.2. The Definition of Capitalist Financialization

As for capitalist financialization, In the 1960s, the focus of capitalist development gradually shifted to the financial sector. The study of capitalist financialization originated from the concept of financial capital. In 1968, Hilferding proposed the theory of financial capital, revealing the relationship between industry and finance and the process of financial development in the specific historical events of capitalist economic development. The Hilferding believe that financial capital is produced by the combination of bank capital and industrial capital, and the joint-stock company plays an important role in the combination of the two. Financialization is the process of increasing political and economic power of the food class (Hilferding, 1982). With the development of the economy and the changes of the times, financialization has also shown more characteristics, and its scope has been further expanded.

Magdoff and Sweezy, who conducted a systematic study of financialization earlier, published an article in the monthly review of the monopoly capital school to study the continuing problem of debt growth in the United States (Sweezy & Magdoff, 1972). In the 1980s and 1990s, with the development of capitalist financialization, the study of this issue was more extensive. Its representative figures and research results are French capital François Shanai's "Capital Globalization" and "Financial Globalization", Western left-wing scholars such as Foster in the United States, Delauna in France, Harman in the United Kingdom, etc. They used the Marxist class analysis method to conduct in-depth research on the financialization of capitalism. Sawyer believes that the study of the phenomenon of financialization should be more analyzed in a certain stage of development of capitalism. Capitalization of capitalism refers to the expansion of the scale of financial markets, including the increase of bank deposits and the development of the stock market. The performance of the capitalist economy into a new phase since the 1980s (Sawyer, 2013). From the perspective of financial history, Hansen proposed that financialization is a process of transformation of the role of financial capital, that is, financial capital gradually shifts from obedience to dominant position in the capitalist economy. The self-independence of financial capital, self-circulation, has produced virtual financial capital (Hansen, 2014). Foster defines capitalist financialization as the focus of capitalist economic activities from the industrial sector to the financial sector. After the capitalist economic form develops into monopoly capital, monopoly capital is increasingly dependent on the financial sector, gradually forming monopoly financial capital, capitalism.

Financialization is one of the important characteristics of the stage of capitalist development—the stage of monopoly financial capitalism (Foster, 2007). Expanding to a global scale, Arrighi believes that the financialization of capitalism is the result of increased competition for power distribution between countries and between capitals during the transition period of world economic hegemony (Arrighi, 1994).

1.2. Characteristics of Financialization

1.2.1. Main Features of Economic Financialization

Corresponding to the macro-level and micro-level of economic financialization, the performance characteristics of economic financialization can also be summarized from the macro level and the micro level. The main characteristics of economic financialization at the macroeconomic level include the increase in the relative macroeconomic scale of various financial activities, the expansion of income inequality, the suppression of aggregate demand, and the increase in financial fragility. The specific manifestations of the relative increase in the scale of financial activities in the macro-economy include: the increase in the output value of the financial sector (including banks, economic banks, and financial enterprises) in GDP, the increase in the proportion of employment in the financial sector, and financial and non-financial enterprises. The ratio of output to production is increased (Krippner, 2005) income from financial services and financial derivatives markets is increasing in GDP (Anseeuw et al., 2017). At the same time, it is also manifested in the global penetration of financial institutions, financial groups and financial transactions among various countries, more developed countries' financial penetrate into developing countries, and the growth rate of the total amount of international capital flows is faster than world output, goods and services (Milberg, 2008). And in developing countries, the financialization can be seen from the expansion of foreign banks and the large-scale entry of foreign financial capital (Bonizzi, 2013). The increase in financial fragility is reflected in the increase in the ratio of social debt to GDP (Palley, 2013) the explosive growth of financial transactions by numerous financial instruments (Krippner, 2004) the increase in the overall leverage of the real economy, and the concentration of financial and real estate ownership (Lagoarde-Segot, 2017) the growing risk trading and exposure (Hardie & Howarth, 2009). From the perspective of income inequality and aggregate demand: the financialization is reflected by the increase in the proportion of profits of financial enterprises and non-financial enterprises (Krippner, 2005) the increase in capital gains and the decrease in the share of labor income, which in turn affects aggregate demand (Mishel, Bernstein, & Shierholz, 2009).

The main characteristics of economic financialization at the microeconomic level are concentrated on the financialization of financial sectors, non-financial enterprises, and individual households. The financial sector's own financial performance characteristics are the development of various types of financial innovation, and the traditional banks dominate the market to transform into a financial market-oriented financial system. For example, financial liberalization reforms, financial transaction speeds, speculative trading, asset securitization, shadow banking, internet finance, geopolitical finance, such as banking finance, are shifting their operations to open financial markets (Lapavitsas, 2011, 2013), 11 led to the gradual separation of finance from the real economy. Some scholars believe that the financial sector financial performance is characterized by financial liberalization reform, financial turnover, changes in speculative trading, bank securitization and shadow banking, more complex information networks and the emergence of geopolitical finance (Lagoarde-Segot, 2017). 12 the characteristics of financialization of non-financial enterprises mainly include two aspects: First, financial activities are increasingly occupying an important position in the production activities of non-financial enterprises, such as financial products becoming one of the non-financial enterprise product lines (Milberg, 2008) commodity financialization Such phenomena are becoming more and more common (Basak & Pavlova, 2016) financial talents, financial instruments and investment funds control the scale of industrial capital gradually (Anseeuw et al., 2017); second, the maximization of shareholder value becomes a core business of management, resulting in the "shareholder value revolution", which began in the 1980s, corporate governance was influenced by financial theory, corporate profits were used more to increase shareholder returns, through dividend payments, stock buybacks, and even Through mergers and acquisitions to increase shareholder returns, as well as the increasing value of corporate stock assets, financial and real asset ownership concentration (Lagoarde-Segot, 2017); a larger portion of non-financial corporate profits are from financial channels (Krippner, 2005). Non-financial companies are increasingly using finance rather than production as a source of funding (Milberg, 2008). The financialization of individual household economic activities are mainly reflected in the increase in total household debts as a percentage of disposable income and the proportion of household financial income to total income (Karwowski et al., 2017).

1.2.2. Main Features of Capitalist Financialization

The main characteristics of capitalist financialization are generally considered to have different financial performances at different stages of capitalist development. From the perspective of the early stage of capital development, the financial capital theory in the book "Financial Capital", the performance characteristics of early financialization are mainly the participation of bank capital in industrial development, and the integration of industrial capital, such as bank capital investment in joint-stock companies to control a firm is an important phenomenon of early financialization and an early stage of financial capital generation

(Hilferding, 1982). However, with the further development of financialization, financial capital has produced new characteristics, and its role and function have also undergone great changes. Foster believes that financialization is an important feature of monopoly financial capitalism (Foster, 2007) and that financialization is an important way for monopoly capitalism to enter monopoly financial capitalism. The economic characteristics of monopoly capitalism are economic stagnation and financial Development, in turn, drives capitalism into the stage of monopoly financial capitalism (Foster, 2010).

Not only that, but scholars also summarize the main features of capitalist financialization from the role of financial capital and the relationship between financial and physical sectors. Its representative view is that Lapa Vicas studies the performance characteristics of financialization from the perspective of class analysis. The new food class emerges from the essence of financial capital interest in the evolution of financialization. It is other classes (workers and others). The personal income) is plundered by the food-sector financial sector, and financial capital is increasingly dominant, fueling financial plunder (Costas. Lapavitsas, 2009). David Kotz believes that under the background of economic globalization and neoliberalism, monopoly financial capital gradually shows economic and political hegemony, and is independent of the real economy and above the real economy. The financial sector is increasingly moving away from the real economy, that is, in the economy, the separation between the financial sector and the real industrual sector is accelerated, as financial transactions do not serve the real economy, but are independent of the entity and benefit for themselves (Kotz, 2008).

2. The Motivation and the Realization Mechanism of the Financialization

Foreign scholars have more discussions on the motivation and realization mechanism of financialization, mainly focusing on two aspects: economic stagnation and neoliberalism.

2.1. Financialization and Stagnation of the Real Economy

Some scholars believe that the financialization of capital accumulation has further deepened economic stagnation, and economic stagnation is a by-product. Financial debt financing is the main factor causing economic bubbles and turmoil. The long-term stagnation in the economic cycle comes from financialization (Palley, 2013). Some scholars believe that capitalist financialization is caused by economic stagnation. Studies have shown that a large amount of profits are retained for production investment, which will lead to excessive accumulation and overcapacity, which in turn will intensify market competition and reduce profit margins. This contradiction between capital accumulation and economic stagnation usually alternates in the development of capitalism: in the 1930s, with the capitalism stagnation of the United State, Keynesianism used state capital investment to stimulate domestic demand; after the Second World War, many factors Stimulated economic growth after the war, but by the 1970s, capitalism society had once again stagnated. In this historical context, financial instruments have gradually changed from the original role of serving the real economy to shelters that avoid economic stagnation. For example, non-financial companies rely more on financial instruments such as debt and equity financing, and individuals tend to borrow for consumption or financial investment, etc. (Foster, 2007). Magdoff and Foster also pointed out: "Capitalism is increasingly relying on the financialization of capital accumulation to digest excess capacity (high-intensity exploitation and income inequality brought about by capitalism itself inhibits aggregate demand) and economic stagnation,... Financialization is the inevitable result of the stagnation of monopoly capital (Magdoff & Foster, 2014).

Driven by the motivation of economic stagnation, some scholars have analysed the realization mechanism of financialization. They believe that the realization of financialization is the financial accumulation of enterprises through retained profits, and the profits of enterprises are continuously transformed into financial profits. Financial profits are not converted into production investment to achieve (Fine, 2013). At the same time, some scholars believe that technological advancement, e-commerce expansion, financial products and investment tool innovation, leverage and other factors make financial investors more profitable than the real economy (Anseeuw et al., 2017). At the same time, Lapavitsas believes that under the circumstance of the unstable international environment, the central bank's control over the domestic monetary system has become a leading and guarantee institution for financialization, and the phenomenon of financialization has been further strengthened and promoted (Lapavitsas, 2013). Under the condition of globalization, the level of financialization brought about by economic stagnation has accelerated. The realization mechanism is that for mature capitalist countries, multinational corporations monopolize global trade and production, and the focus of production shifts from the Western society to the Eastern Emerging economy. Domestic overcapacity brings economic stagnation, which makes capital flow to the domestic financial market, and expands globally through the situation of multinational corporations and foreign banks, in order to achieve capitalist development and digest excess capacity (Aalbers, 2017; Lapavitsas, 2013). Especially for developing countries and emerging economies, with the opening of capital markets, capital accumulation has accelerated and domestic financialization has increased (Bonizzi, 2013). From the perspective of the international monetary system, after the Bretton Woods system collapsed, the US dollar became a quasi-world currency. In response to the instability of international exchange rates and interest rates, international capital flows increased, thus accelerating the financialization of developing countries (Lapavitsas, 2013).

2.2. Financialization and Neoliberalism

Many scholars believe that in the past few decades of financialization, neoliberalism has caused economic structural changes, which has promoted the rapid emergence of financialization, which is a feature of neoliberalism (Kotz, 2008; Lazzarato, 2009; Rolnik, 2013; Tomaskovic-Devy, 2015). From the perspective of capital accumulation mechanism, the implementation of neo-liberal-related policies has expanded the scope of monopoly capital's pursuit of profits (interest, dividends, intellectual property, etc.), which in turn allows financial penetration into all aspects of society. Financialization is catalysed by neoliberal stimuli, both of which advocate global trade freedom. However, there are still some differences between the content and policy implications of the two. Under the impetus of neoliberalism, financialization has its own new characteristics (the difference and the characteristics of the dominant stage of financial capital at the end of the 19th century). Financialization is concerned with capital transactions and how to create the best conditions for transactions. Neo-liberalism is more concerned with production and consumption, involving all aspects of economic society, but ignores the ability of finance to create money and its other economies. Impact (Davis & Walsh, 2017).

There are also scholars who hold different views. Scholars such as Sweezy and Foster believe that economic depression and stagnation stimulate the emergence of financialization, but have nothing to do with neoliberalism (Foster, 2007; Sweezy, 1994). Neoliberalism began in the 1980s and is closely related to neoclassical economics and economic liberalism. It advocates that market mechanisms are superior to state interventions, and many policy interventions should be eliminated to ensure that markets operate freely (Davis & Walsh, 2017). And financialization is more and more prominent since the 1970s, so there is a more common view in capitalist political economy that the continuous development of financial markets promotes the birth of neoliberalism (Duménil & Lévy, 2001; Foster, 2007), neoliberalism is an ideological product of the development of financialization (Foster, 2007).

3. Financialization and Economic Growth

Different scholars have different views on the impact of financialization on economic growth. The most opposing views are that one thinks that financialization can promote economic growth, and the other think that financialization inhibits economic growth.

3.1. The Positive Effects of Financialization on Economic Growth

Scholars who hold the view that financialization can promote economic growth illustrate this positive impact mechanism by constructing a corresponding growth model, including the Kalecki model, the consumption-driven model, and the export-oriented growth model. Some scholars use the growth model based on the Kalecki model to analyze the long-term effects of monopoly capital financialization. In the post- Kalecki endogenous growth model, Hein used shareholder control as a financial indicator. The results showed that the increase in shareholder rights stimulated capital accumulation, productivity, and economic growth (Hein, 2012). Under the new Kalecki growth framework, Palley uses debt indicators to represent financialization. He believes that high debt has an impact on economic growth. The impact mechanism is that under the financial conditions, the return of borrowed capital increases, which in turn increases consumer spending and reduces savings, capacity utilization and profit margins increase, and investment grows, ultimately contributing to overall economic growth (Palley, 2013).

Stockhammer has proposed a consumption-driven model (primarily for Anglo-Saxon countries) and an export-oriented growth model (representative countries include Japan, Germany, and China) to explain the model of financialization promoting economic growth. In the case of a consumption-driven model, some countries' disposable income shortfalls are compensated by increased credit and debt levels and the boom in the real estate market has allowed individual households to lend more money, and these countries have developed a credit boom generated by the current account deficit to stimulate ecnomice growth. But it has further exacerbated the two-level differentiation of income distribution in Anglo-Saxon countries. On the export-oriented growth model, countries that have weak consumption expenditures even if they provide sufficient credit have established Export-oriented growth model (Engelbert Stockhammer, 2010).

3.2. The Inhibitory Effects of Financialization on Economic Growth

Many scholars start with the relationship between financialization and real economic growth. By studying the growing financial investment of non-financial companies and the economic growth of the sector, it is concluded that the financialization of the non-financial sector usually reduces the economic growth of the sector itself. The rate and growth of the non-financial corporate sector are mainly reflected in the increase in corporate debt and shareholders' equity (Tomaskovic-Devey, Lin, & Meyers, 2015). Through the analysis of the total financial data of the US financial sector on the contribution of national economic growth, profit scale, and employment, Foster believes that from 1980 to 2007, the GDP of the U.S. FIRE (financial industry, insurance industry, real estate industry abbreviation) industries contribute to the GDP rate at 16% or 20% level, while the manufacturing trend was reversed in the same period (Foster, 2007). Orhangazi empirically tested the degree of financialization of non-financial companies in the United States from 1952 to 2002, and found that the financial activities of non-financial companies would have an effect on the crowding out of physical investment (Orhangazi, 2008). The deepening of the degree of financialization not only squeezes out the real economy, but also the dependence of the real economy on financial credit increases, the status of finance is higher than that of the real economy. And at the same time, the development of financialization has also increased the scope of risk diffusion which was originally confined to a certain link of production and consumption (Aalbers, 2008). Lazonick believes that the root cause of the financialization of non-financial companies in the United States lies in the value concept of maximizing the interests of shareholders in order to maximize the interests of shareholders, thus causing short-term behaviors that raise the stock price, impairing employment stability and economic growth, and affecting the sustainable development of economic prosperity. Balancing the degree of financialization with economic development (Lazonick & O'sullivan, 2000).

4. Financialization and Industrial Development

In analyzing the impact of financialization on economic growth, some scholars have focused on further studying the impact of financialization on the industrial development of a country. These research mainly focuse on two aspects, one is the impact of financialization on the industrial structure of a country; the other is the impact of financialization on industrial organization.

4.1. The Impact of Financialization on Industrial Structure

The existing researches mainly discuss the impact of financialization on industrial structure, including scale structure, spatial structure, and employment structure. From the perspective of scale structure to analyze the impact of financialization on the scale structure of the industry, some scholars believe that financialization has transformed the scale structure of various industrial sectors within the industry. Through the study of the US economy since the 1980s, Krippner has drawn a deepening of the degree of financialization, which has led to a gradual increase in the output value of the financial industry relative to the output value of the non-financial sector, and an increase in the proportion of the tertiary industry. The proportion of the financial industry in the industry has increased (Krippner, 2005). Feijó, Lamônica, and Lima (2016) made a quantitative analysis of the relationship between industrial structure and financialization in Brazil in the 21st century, and found that financialization promoted the early de-industrialization process, and the proportion of industry in GDP also declined with the deepening of financialization (Feijó et al., 2016). Some scholars have also analyzed that financialization can further support high-risk capital-intensive industries and promote the growth of related capital-intensive industries because of their profit-seeking behaviors (Morawetz, 2019). At the same time, some literature also analyzed the impact of different financial sector structures on industrial structure. In the financial market, if the stock market and the bond market are developed, it is easier for small-scale enterprises to obtain external financing, thereby ensuring the rationalization and upgrading of the industrial structure. However, if the system and level of financialization are not comprehensive enough, the monopoly capital of some large enterprises will have more advantages in the capital market, squeezing the financing and development of small and medium-sized enterprises, and thus affecting the coordinated development between industries. On a global scale, companies that exhibit underdeveloped countries are often difficult to survive in capital-intensive, high-level industries in developed countries, mainly because of their lack of capital support. Therefore, under the conditions of financialization, these small enterprises, enterprises with less developed capital markets, are usually at a disadvantage in international competition (Lin & Zhang, 2007).

From the perspective of spatial geography, we analyze the influence of financialization on the spatial structure of industry. Some scholars believe that financialization promotes the accumulation of industrial capital in space. The main reason is that financialization enables investment to be concentrated in the region, thus spatial integration allows capital flows to maintain better shape (Theurillat, Corpataux, & Crevoisier, 2010). Moreover, Zadmach believes that financial markets can effectively allocate capital to the most efficient output, and the better the financial development, the better the matching effect (Zademach, 2009).

From the employment structure, we analyze the impact of financialization on the employment structure in the industrial structure. Dore believes that financialization has led to a financialization of labor distribution among industries (Dore, 2008). Financialization has changed the distribution of talent employment among industries: for example, colleges are more willing to cultivate talents in finance, and financial markets not only absorb talents of the profession, but also recruit talents in science and engineering, using mathematics and information technology in finance (Dore, 2008; Kedrosky & Stangler, 2011). Some scholars believe that the contraction of the financial services sector plays an important role in the restructuring of the industrial structure. The labor generated after contraction can be absorbed by start-up companies, which is conducive to the development of start-up companies and thus promotes industrial development (Kedrosky & Stangler, 2011).

4.2. The Impacts of Financialization on Industrial Organization

While studying the impact of financialization on structure, many scholars have also studied the organization, mainly including market structure and market behavior.

In terms of market structure, the dominant view is that financialization has accelerated the increase of industrial concentration, and the monopoly of industrial capital and the arrival of monopoly financial capital have accelerated this process. Because monopoly capital can obtain monopoly profits on the one hand, and it is easier to obtain loans from financial institutions on the other hand, whether it is endogenous financing or exogenous financing, it has a stronger advantage to make up for its own funding gap. Therefore, it is more competitive in the market, that is, the competitiveness of enterprises in the capital market affects their competitiveness in the real economy (Bolton, Santos, & Scheinkman, 2016; Bolton & Scharfstein, 1990; Riordan, 2003). The above phenomenon was as early as the 1990s. Some scholars have suggested that enterprises with competitive advantages in the capital market will also have stronger competitiveness in the real economy. The incumbent capital predators will tighten the financing constraints of competitors. To achieve a monopoly victory in the product market, the theory is called the theory of predation, which combines corporate finance with industrial organization (Bolton & Scharfstein, 1990).

In terms of market behavior, some scholars have studied the competitive relationship between incumbents and potential entrants. The results show that financialization further reduces the ratio of enterprises entering the industry, especially the number of SMEs (Onyishi & Abugu, 2017). Because the stage of financialization is a stage of monopoly capitalism, the capital requirements and costs of entering the enterprise are relatively high, which further promotes the market structure to become more monopolistic. After the industrial concentration has increased, the threshold for start-ups to enter the existing industry has increased. Correspondingly, industrial concentration has generally risen due to operations such as market mergers and acquisitions, which in turn has inhibited the degree of competition among banks (Christophers, 2018). The rise of industrial concentration means that the degree of competition declines. The iconic industrial organization theory Structure-Conduct-Performance (SCP) analysis paradigm proposes that monopoly and competition are corresponding. The decline of competition will increase the degree of industrial monopoly and increase corporate monopoly behavior. Improve corporate profitability (Sawyer, 1988).

5. Financialization and Financial Crisis

Regarding the causal relationship between financialization and financial crisis, scholars also discussed more topics after the outbreak of the US financial crisis in 2008. It is generally believed that financialization has triggered or aggravated the financial crisis, but there are many explanations for the way of influence.

5.1. Financialization and Capitalist Economic Crisis

Some scholars who studied the relationship between the capitalism economic crisis and financialization earlier, according to the characteristics of the capitalism economy itself, derived the financial crisis as an inevitable outcome of financial development. In Balan, Sweezy and Magdoff, it is the increase of speculative activities of financial capital in monopoly capitalism. Capitalism develops into monopoly capitalism, the profit rate of the real economy declines, and the accumulated surplus capital cannot enter capital. Recycling, the production surplus is rising day by day, when the financial speculative activities of capital increase, which in turn triggers the economic crisis (Baran, Sweezy, & Magdoff, 1966). Arrighi believes that financialization is an inevitable trend in the development of a capitalism country, and the deepening of financialization will inevitably lead to a financial crisis. For the world economic hegemonic country, financialization is a specific country that enters a recession after material expansion, and International competition between countries has intensified, and financial expansion will inevitably lead to the ultimate crisis of economic hegemony (Arrighi, 1994). By analyzing group behavior, short-term behavior and Minsky's super-cycle theory in financialization, Thomas Palley suggests that financialization may lead to economic debt deflation and long-term recession, and financial crisis is the inevitable outcome of financial development (Palley, 2013).

Some scholars believe that the global expansion of a country's financialization will further aggravate the financial fragility of other countries. In the process of economic recovery, the specific manifestation of financialization is securitization. Securitization deepens the dependence of financial markets on debt leverage and lacks stability, which also exacerbates the fragility of individual countries, such as European countries (Buchanan, 2017). This emphasizes that a central bank of a country plays an important role in financial stability (Daniela, 2010). Some scholars believe that financialization has made global financial stability show an extreme imbalance across the world (Dore, 2008).

5.2. Financial Liberalization and Financial Crisis

Financialization is generally considered to be a manifestation of financial liberalization, and the expansion of financial activities and the relaxation of regulation have triggered financial crises. Brenner believes that financialization is a mode of accumulation, that is, profits are mainly accumulated from financial channels. As capitalism increases with capital accumulation, the continuous expansion of production capacity reduces the profit rate of physical investment, and thus the dependence of enterprises on low borrowing is deepened. At this time, the government maintains the dependence of enterprises on low borrowing by relaxing financial regulation. The relaxation of financial industry supervision has further promoted financial speculation activities, increased capital market risk accumulation, and promoted the formation of real estate and credit market bubbles. Similarly, Johnson believes that the new stage of capitalism society is a financial society controlled by vested interests. Under the conditions of financial liberalism, speculative capital surplus, but will lead to the improper accumulation of capital and the collapse of the financial system, financial stability. Threatened, triggering an economic crisis (Johnson, 2017). Chris Harman and Callinicos argue that financial expansion and credit supply growth are characteristics of financialization and a significant trend in contemporary capitalism, which accelerates the process of economic crisis (Callinicos, 2010; Harman, 2010).

6. Financialization and Financial Supervision

With the development of financialization, financial supervision has also occurred. The two interact and are causal. Under the conditions of increasingly complex economic development, the difficulty of financial supervision has further increased. In this regard, many scholars have conducted special research.

6.1. The Relationship between Financialization and Financial Supervision

6.1.1. Financialization Promotes Financial Supervision

In the 1970s, with the rise of neoliberalism, free competition, free markets, and government non-intervention became the means and policy directions for improving market performance. It was this market environment that gave birth to the deregulation policy of capitalism countries. It also made the academic community pay attention to and study the issues of financialization and financial supervision.

Many scholars believe that the financial crisis triggered by financialization makes the existence of financial supervision necessary. Sweezy believes that the lack of high-profit investment opportunities will encourage large-scale enterprises with large economic surplus and investors with large capital to be more inclined to speculative investment. At the same time, the conditions of economic globalization have allowed such speculative behavior to spread across the globe. For example, bonds, options, futures, and various financial derivatives, speculators use leverage to speculate, and more and more capital flows into the financial market, which has created a bigger financial bubble, not only to further resolve the economic stagnation. Instead, it caused an economic crisis (Stockhammer, 2012). In response to the complexity and vulnerability of this economic system, other scholars have proposed to construct corresponding financial supervision mechanisms from different angles to solve these problems. Some scholars have suggested that regulators should increase the flexibility of financial networks through some measures to prevent the collapse of the system and conduct risk management through the market self-regulation model (Ho, Palacios, & Stoll, 2013). Some scholars regard economic and social financial stability as public goods, and on this basis, design public control policies and behavioral mechanisms to ensure the smooth operation of economic functions. Financial markets have their own risk control system, but market-based self-regulation cannot maintain the financial stability of the entire society, so the corresponding financial supervision should be regarded as public goods, and the public sector involves regulatory policies (Ülgen, 2017). Some scholars believe that the rapid development of financial markets and the volatility of the economic crisis are all derived from the contradictions inherent in the capitalism economy, and this requires the establishment of a suitable structural regulatory system, including wage relations, competition relations, monetary constraints and the environment. Constraints to control the rhythm and form of financialization (Becker, Jäger, Leubolt, & Weissenbacher, 2010).

Moreover, Aybar believes that the conflict of interest within capitalism in the process of capitalism financialization and liberalization has created a demand for financial supervision, and Basel II is the reaction of capitalist conflict of interest. Aybar believes that from a global perspective, the international standards provided by Basel II are more in line with the interests of developed countries such as Anglo-Saxon. Operating under appropriate document conditions will have a lower capital adequacy ratio, while developing country banks. There are many problems with SME financing (Aybar, 2012).

6.1.2. Financial Supervision Promotes the Financialization of Enterprises

Many scholars have studied from the other side and believe that financial supervision can promote the financialization of enterprises. Baud and Chiapello (2015) believe that the financialization of some enterprises comes from financial supervision. Take the example of the small French bank Mutual Bank, which is established by some organizations that need banking services but cannot obtain banking services from traditional banks. Most of the bank's customers are SMEs, but these companies all own shares in the bank. Their purpose is to obtain high-quality banking services rather than maximize profits, so that they do not rely on financial market assessment. However, capital cost and profitability dominate the international bank's operating model. Basel II is based on this basis to establish regulatory standards to prevent risks. France also applies Basel's agreement standards to domestic small and medium banks, thus changing the bank's internal management methods and credit relations have instead resulted in financialization (Baud & Chiapello, 2015) .

6.2. Financial Supervision under the Integration of Finance and Information Technology

With the development of information technology, the integration of finance and technology has brought about new changes in financialization, and corresponding financial supervision has also undergone corresponding changes. Ketterer proposes that with the integration of finance and information technology, the capitalist economy derives from information capitalism and digital capitalism (Ketterer, 2017). On this basis, the concept of digital financial services, including electronic transactions, electronic payment technology, electronic ticketing and other financial services, and a series of credit scoring platforms based on artificial intelligence and advanced analysis techniques, such as big data, are developed. At the same time, the development of blockchain technology and digital currency has brought about revolutionary changes in the financial industry (Galhau, 2016). The new digital technology has increased the efficiency of the capital market, fully released the utilization of capital in the market, and also improved the ability of market credit screening. Of course, this also makes monopoly financial capital gradually evolve into international monopoly financial capital, making speculation activities at the national level and even globally possible. And, not only can investors operate large-scale monopoly capital, but small and medium investors can access financial services in a more convenient and diverse way (Ketterer, 2017).

Some scholars believe that while informationization promotes capitalist financialization and the foaming and virtualization of financial capital, the integration of information and finance also implies risks and obstacles: lack of effective supervision of credit platforms, lack of access to high quality and affordability The way digital connections (broadband access), as well as payment space, can bring unpredictable and devastating changes. Credit evaluation and currency circulation are the two most important elements in financial services. Therefore, regulators should effectively supervise the information aggregation, transaction and transmission on the capital market information platform (Ketterer, 2017). At the same time, some scholars have summarized the financial regulatory changes brought about by new technologies. For example, blockchain technology has spawned encrypted digital currencies and expanded the areas and methods of financial capital accumulation, but the application of this technology has also spawned different regulatory perspectives. Some national digital currencies are considered commodities and require taxation of their transactions; others have simply treated digital currencies as monetary regulation. However, in the end, they focused on the regulation of their use mainly through legal means. Although the application of blockchain technology in financial services is regulated, it can also be used as a supervisory tool for regulators to regulate financial markets and even various types of trading markets (Cermeno, 2016).

7. Conclusions

This paper summarizes typical documents related to financialization, including the definition and characteristics of financialization, the motivation and realization mechanism of financialization, the relationship between financialization and economic growth, the relationship between financialization and industrial development, the relationship between financialization and finance crisis, the relationship between financialization and financial supervision. These studies provide a theoretical basis for further researches on the development of financialization and its impactse. However, the existing researches lack empirical test of evidence. This is mainly because the influence mechanism of financialization is complicated and the corresponding data is lacking. Therefore, research in this area needs further updating and development.

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