

Toward Unification: A Jurisprudential Reshaping of the Definition of Financial Consumer in the Era of the Financial Stability Law

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ABSTRACT

The definitional system of financial consumers, formed under the traditional separate regulatory framework, increasingly exhibits fragmentation and inconsistency. Concepts of consumers or investors constructed by industries such as banking, securities, and insurance based on their respective institutional logics fail to accurately reflect the true risk structure of financial products in cross-institutional and cross-channel sales scenarios. This not only leads to practical dilemmas such as inconsistent regulatory standards and divergent judicial adjudication scales but also hinders the effective flow of behavioral risk information within the financial regulatory system. Against the backdrop of unified legislation for the Financial Stability Law, reconstructing the legal definition of financial consumers has become both a practical necessity and an institutional imperative. It is essential to construct a cross-industry unified basic definition of financial consumers, centered on functional attributes and risk exposure. Under this unified concept, a multi-tiered protection rule system should be established, institutional behavioral obligations unified, and consumer behavioral data integrated into the systemic risk monitoring framework. By promoting the coordinated application of regulatory, judicial, and industry self-regulatory rules, a unified definition of financial consumers is poised to become a crucial institutional fulcrum connecting micro-prudential conduct regulation with macro-financial stability, providing a solid conceptual foundation for the effective implementation of the Financial Stability Law.

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KEYWORDS: *Financial Consumer; Financial Stability Law; Integrated Operation; Behavioral Risk; Functional Regulation; Macro-prudential Supervision.*

INTRODUCTION

In recent years, China's financial industry has undergone profound transformation characterized by digitalization, platformization, and integrated operations. The structure of financial products has become highly complex, with the same product often sold by diverse entities such as banks, securities companies, insurance institutions, and internet platforms. Due to the complexity of financial product categories and the professionalism of financial content, ordinary consumers find it difficult to assess product risks using existing knowledge. The information asymmetry between consumers and financial institutions is prominent, positioning consumers as the weaker party in financial consumption. The consumer protection system, formed under the traditional separate regulatory model, can no longer comprehensively cover cross-

industry sales scenarios and risk relationships. The consumer protection systems constructed separately in different sectors, evolving from their respective institutional logics, are increasingly unable to adapt to the realities of the market in the context of integrated operations. As financial innovation accelerates, the market participation of financial consumers has significantly increased. Behavioral factors such as consumer complaints, public opinion fluctuations, and concentrated redemptions are gradually demonstrating a tangible impact on market stability. Some typical risk events indicate that disorderly behavior on the consumer side often possesses strong diffusivity and amplification effects, potentially impacting market liquidity, institutional creditworthiness, and even regional financial stability within a short period. However, the current consumer

protection rules primarily focus on individual dispute resolution and fail to establish informational linkages with macro-prudential regulation. This results in behavioral risks not being incorporated into the systemic risk assessment framework, creating a gap in the regulatory chain.

Against this backdrop, China has initiated the legislative process for the *Financial Stability Law*, aiming to establish a unified legal framework for financial stability and improve mechanisms for risk monitoring, disposal, and coordination. As a vital component of the financial stability system, the consumer protection regime needs to be built upon a unified and clear legal definition of "financial consumer." However, the current definitions of financial consumer are fragmented across industries with inconsistent standards. This not only causes variations in regulatory enforcement but also leads to issues in judicial practice, such as different judgments in similar cases and ambiguous liability boundaries. Therefore, systematically reviewing and legally reshaping the concept of "financial consumer" within the context of unified legislation is both an inherent requirement for building the financial stability system and an urgent issue for regulating financial market order, protecting consumer rights, and enhancing judicial predictability.

Consequently, a cross-industry applicable, multi-tiered legal concept system for financial consumers, capable of reflecting the characteristics of modern financial business, can be constructed. By systematically analyzing the differences in consumer definitions across sectoral laws (banking, securities, insurance) and the resulting difficulties in regulation and judicial application, the foundational function of a unified definition in the operation of the legal system can be clarified. Operable legislative ideas can be proposed to enable the consumer protection system to apply in the context of integrated operations and product homogenization. It involves extracting "financial consumer" from the traditional consumer protection context and placing it within the structural framework of financial stability, re-examining its institutional status from the perspective of financial risk generation and transmission. By revealing the sensitivity and forward-looking nature of consumer behavioral data in risk monitoring, the definition of financial consumer is endowed with a risk identification function. It becomes not only the starting point for conduct regulation but also a crucial input variable for macro-prudential supervision, thereby promoting the formation of an integrated identification and governance system for behavioral risk and systemic risk based on a unified concept.

The Current Situation and Institutional Dilemmas of the Financial Consumer Concept in China

Financial consumer protection in China has long developed within the separate regulatory system. Different industries have constructed their own distinctive consumer definition systems based on their respective institutional objectives and risk structures. Within China's current separate regulatory framework, there is still no unified definition of a financial consumer, and theoretical consensus has yet to be reached. As the trend towards comprehensive integrated operation of financial services deepens, the fragmentation and inconsistency of the financial consumer concept are increasingly evident. This not only causes dispersion and conflicts in the application of regulatory rules but also directly impacts the uniformity and predictability of judicial decisions.

A. Generalization and Blurred Boundaries of the Banking Consumer Concept

The banking industry was among the first in China's financial system to establish a consumer protection framework. In 2012, the former China Banking Regulatory Commission issued the *Guidelines for the Protection of Consumers' Rights and Interests in the Banking Industry*, which explicitly defined "banking consumers" as natural persons who purchase or use banking products or accept banking services. This definition is highly inclusive, covering a wide range of business scenarios, emphasizing the attribute of the bank's obligation when providing financial services, and reflecting the logic of "protecting the vulnerable."

However, the high degree of generalization in the banking definition has also led to blurred boundaries. For example, in scenarios involving the sale of funds on a consignment basis, structured deposits, or wealth management products, whether the client should be regarded as a "consumer" or an "investor" often leads to conflicts in determination within regulatory and judicial fields. When a dispute arises over a privately-offered fund purchased through a bank's consignment channel, some adjudicators tend to treat it as a consumer protection case, thereby applying stricter disclosure obligations and review standards to the bank. However, if a client purchases a similar product through a securities company, investor suitability rules typically apply, emphasizing the principle of self-risk bearing. Consequently, the broad concept within the banking system creates new contradictions in cross-channel sales, causing similar businesses to exhibit different levels of legal protection depending on the institution. In summary, while the banking industry's consumer definition is beneficial for strengthening consumer rights protection, its lack of uniform boundary rules coordinated with other

industries exacerbates the sectoral fragmentation in the application of the concept.

B. Blending of Consumer and Investor Concepts in the Securities and Futures Sector

Unlike the banking industry, the securities and futures sector has long adopted "investor" as its foundational concept. The investor suitability system requires classifying investors into ordinary investors and professional investors. The former enjoy stronger protection, while the latter bear a higher duty of risk identification. This classification, based on the high-risk characteristics of the capital market and differences in investor capabilities, emphasizes professional judgment and "caveat emptor," reflecting a distinct capital market logic.

In this context, the concept of "financial consumer" does not constitute an independent chapter in the securities field but exists in the form of "investor." The protection system in the securities sector revolves around mechanisms such as product risk disclosure, suitability matching, and information disclosure. Its protective focus differs from the logic of "retail service" in the banking industry. Due to these different sectoral institutional foundations, inherent differences have emerged between the "investor" under securities law and the "financial consumer" under banking law in terms of protection intensity, obligations, and legal status.

This disparity becomes more pronounced in cross-industry product sales. For instance, ordinary investors purchasing high-risk products in the securities sector are subject to strict restrictions, while the bank consignment channel might have a relatively looser sales space under the guise of "consumer protection," leading to institutional fault lines between different regulatory logics.

C. Contractual Characteristics and Differentiation of the Insurance Consumer Concept

Consumer protection in the insurance field is structured around contract law. The tripartite relationship of "policyholder-insured-beneficiary" forms the basic system of rights and obligations. Insurance consumer protection emphasizes the duty of disclosure, rules of contract interpretation, and the claims process, imposing strong constraints on contract validity and the obligations of insurance institutions.

However, with the development of investment-linked insurance products such as universal life insurance and unit-linked insurance, the securitization of insurance business has increased significantly. The risk attributes of such products are highly similar to

funds or wealth management products, yet they still fall under the unique consumer protection framework of the insurance sector. Insurance consumers are in a typical vulnerable position regarding protection-type products, but they also possess the attribute of "investors" regarding investment-type insurance. This makes it difficult for the traditional insurance consumer definition to encompass their multifaceted role. This tension between "contractual protection" and "investment risk" further exacerbates the inconsistency of consumer definitions across industries, making investment-linked insurance products the most typical hybrid case within the consumer protection system.

Institutional Consequences of the Fragmented Consumer Concept

A. Inconsistent Regulatory Standards Creating Structural Regulatory Arbitrage

Under the current separate regulatory system, differing definitions of financial consumers across industries lead to significant variations in core rules concerning duty of care, information disclosure, and risk matching. When the same type of financial product is sold through banking, securities, and insurance channels, the applicable regulatory requirements often differ. This allows institutions to reduce compliance costs by choosing the channel with lighter regulatory burdens, or even evade the responsibilities they should originally bear. Such differentiated regulation not only results in varying intensities of legal governance for products with identical risk attributes when handled by different market players but also creates structural gaps within the regulatory system that can be exploited. As integrated operations deepen, the boundaries between products and channels are further broken down, transforming differences in regulatory standards into significant opportunities for institutional arbitrage. This undermines the uniformity and effectiveness of regulation and is detrimental to maintaining a fair competitive market environment.

B. Divergent Judicial Adjudications in Similar Cases, Lack of Uniformity in Liability Determination Standards

In judicial practice, the fragmentation of the consumer concept caused by industry differences directly translates into severe inconsistencies in adjudication standards. When trying financial dispute cases, courts often rely heavily on the identification of consumer status as a basis for determining the extent of institutional liability. The differing rules across industries lead to different legal classifications for the same type of product based solely on the sales channel. In bank sales scenarios, consumers are often

viewed as the vulnerable party, requiring institutions to bear a higher degree of disclosure and duty of care. In the securities field, investors are deemed to possess a certain level of discernment and thus must bear more risks themselves. In the insurance sector, rules of contract interpretation and industry practices may further strengthen institutional obligations. This approach, which uses the type of institution as the criterion for the intensity of protection, results in fragmented judicial decisions in related cases, even leading to "different judgments in similar cases," affecting the stability and predictability of legal application. In the long run, a non-uniform liability system not only weakens judicial authority but also creates a sense of uncertainty regarding rules among market participants.

C. Inability to Effectively Transmit Behavioral Risk Across Regulatory Departments, Forming "Regulatory Islands"

Behavioral risk indicators such as consumer complaints, administrative penalties, and negative public opinion are highly sensitive and forward-looking, serving as important early warning signals for identifying financial risks. However, within the separate regulatory framework, this information is confined within different regulatory departments, hindering effective cross-industry flow. Complaint data from the banking industry is typically used only for localized compliance supervision. Securities regulation focuses more on investor suitability requirements than on retail-end sentiment and behavioral fluctuations. Insurance supervision often concentrates on claims disputes. Behavioral risks are not integrated into the overall risk monitoring system. Due to the lack of a unified consumer concept and common review benchmarks and information access mechanisms across industries, behavioral risk information struggles to enter the systemic risk assessment framework, creating a significant "regulatory island effect." In an era of highly intertwined and interconnected financial businesses, this inability to share behavioral data collectively weakens the regulatory authorities' holistic grasp of risk transmission chains, making it difficult for the regulatory system to capture the critical stages of brewing potential crises.

The Necessity of a Unified Definition of Financial Consumer from the Perspective of the *Financial Stability Law*

Currently, China's economic development faces the triple pressures of demand contraction, supply shocks, and weakening expectations. Financial risks in some sectors are prominent and carry the possibility of spillover. For example, recent typical financial risk

events such as the "village bank incident" in the banking sector and "forced mortgage suspensions" in the real estate sector are highly concerning. The *Financial Stability Law*, currently seeking public comments, can, to a certain extent, prevent the spillover of financial risks. It is of great significance for adhering to the fundamental baseline of preventing systemic financial risks and maintaining China's financial security and overall financial stability. In this context, unifying the legal concept of "financial consumer" is not merely a terminological integration issue. Against the backdrop of fully integrated financial operations and the behavioral and sudden nature of risk transmission, it is a foundational project concerning the coordinated operation of conduct regulation, market stability, judicial adjudication, and the macro-prudential system.

A. The Separate Industry Definitions Are No Longer Adaptable to the Reality of Integrated Operations

With the rapid development of new business forms such as platform finance, third-party payment, and bank wealth management subsidiaries, the once clear industry boundaries have been completely broken down. Banks not only sell their own wealth management products but also extensively act as consignment agents for funds and insurance. Securities companies sell insurance and fixed-income products within their wealth management businesses. Insurance companies offer fund-like investments through unit-linked products. The design logic of financial products has gradually shifted from "division by industry" to "division by business function." Product attributes are becoming highly composite. Integrated operations are deepening, even becoming the mainstream of market competition. However, China's current financial institutional system remains a framework matching separate operation and separate regulation.

In this context, the consumer definition system based on separate legislation for banking, securities, and insurance is not only unable to accurately cover the true risk structure of financial products but also fails to effectively connect with the integrated operation mode of financial institutions. The sectoral fragmentation caused by separate definitions results in products with identical risk attributes having different legal identities when sold through cross-channel channels. For example, funds sold through bank channels fall under the "banking consumer protection" framework, but when sold through securities channels, they are treated under "investor suitability" rules. Unit-linked insurance, as an insurance product, applies insurance consumer

protection, yet its investment risk attributes are highly consistent with funds and structured products. This mismatch in the definitional system not only weakens the uniformity of consumer protection rules but also hinders regulatory authorities from conducting holistic risk identification and conduct supervision across the entire market. In practice, regulatory loopholes arising from integrated operations, such as shadow banking risks, channel business risks, cross-market manipulation risks, cross-market arbitrage risks, and the disorderly expansion of capital using fintech, are becoming increasingly prominent. Essentially, the root of these problems lies in the "institutional mismatch" between China's integrated financial market practices and its separate legislative framework.

B. Consumer Behavior Has Become a Key Preceding Variable Affecting Financial Stability

In the digital and platform-based financial environment, consumer behavior has become a crucial factor directly impacting market stability, no longer merely a matter of individual disputes in private law. Behavioral risk exhibits clear "early signal" characteristics, capable of indicating market vulnerability before risks are truly exposed.

Public opinion fluctuations, concentrated complaints, and panic-driven redemptions have become typical phenomena in recent financial risk evolution. The platform economy's bilateral market characteristics allow market risks to spread across industries. Risks from the non-financial side can spill over to the financial side through transmission mechanisms. A single risk event may evolve into a complex risk matrix, thereby increasing financial system vulnerability and planting seeds for systemic risk. For example, during the net asset value management reform of asset management products, some products experienced net value declines due to market fluctuations, triggering concentrated redemptions in a short period. Public opinion spread further exacerbated investor panic, potentially culminating in a liquidity crisis. When disputes arise over the redemption of wealth management products sold by banks on a consignment basis, a surge in concentrated complaints often serves as a crucial reference for regulators to assess institutional risk. The spread of claims disputes in the insurance sector on new media platforms may also lead to a wave of policy surrenders in specific regions, causing asset-side pressure.

The common characteristic of these behavioral factors is their transmissibility across institutions and industries. They often first manifest as consumer-side

emotions and appeals, subsequently evolving into institutional liquidity strain, reputational risk, and even credit crises. If the definition of consumer is not uniform across industries, making it difficult for behavioral risk information to form channels within the regulatory system, early warning signals will fail to enter the systemic risk monitoring framework. This undermines the institutional foundation for the *Financial Stability Law* to build a forward-looking monitoring system. Therefore, unifying the definition of financial consumer is not only a requirement for conduct regulation but also a key link for the financial stability framework to integrate behavioral risk into the systemic risk identification chain.

C. The Judicial System Urgently Needs Uniform Applicable Standards

Judicial adjudication plays a vital role in stabilizing expectations and regulating behavior in financial markets. However, the current adjudication system's identification of consumer status remains heavily influenced by separate industry definitions. In bank sales scenarios, courts often rely on the consumer's vulnerable position, requiring banks to fulfill a high duty of disclosure and suitability review. In the securities field, similar products might be deemed investor transactions, emphasizing the principle of self-risk bearing. In the insurance field, contract interpretation rules may further tend to protecting the policyholder. This sectoralized adjudication system results in fragmented case outcomes, where similar disputes lead to completely different liability allocations depending on the sales channel.

From the perspective of the judicial system's operation, a non-uniform consumer definition directly leads to inconsistent standards of care and a fragmented liability system, hindering the formation of stable and predictable adjudication rules. As cross-institutional sales of financial products become the norm, the judicial system cannot rely on industry divisions to maintain its current decision-making logic. There is an urgent need for a set of uniform applicable standards covering the entire industry. Such standards would not only provide a clear conceptual basis for judicial decisions but also help prevent institutions from exploiting different judicial approaches for rule arbitrage, thereby enhancing the overall transparency and consistency of legal application.

D. International Experience Provides Clear Reference Value for Unifying the Definition

International financial regulation generally adopts a functional regulatory approach, defining consumers (or investors) uniformly based on their function in participating in the market and their characteristics of

risk exposure, rather than using the type of institution as the classification criterion. The EU's MiFID II classifies market participants according to their business functions, uniformly applicable across all sales channels, thereby achieving consistent cross-industry suitability and disclosure requirements. In recent regulatory reforms, the UK's FCA has placed greater emphasis on "behavioral risk," requiring institutions to identify potential market vulnerabilities based on consumer behavior and integrating early warning data such as complaints and public opinion changes into core industry supervision indicators.

These international experiences demonstrate that, against the backdrop of highly integrated and platform-based financial services, a unified consumer definition is a prerequisite for achieving cross-industry uniform regulatory standards and enhancing risk identification capabilities. When constructing the *Financial Stability Law*, China needs to form a unified legal concept of the consumer that suits its financial system structure, drawing on the paths of functional regulation and behavioral risk supervision, to achieve overall coordination among regulation, judiciary, and market behavior.

Institutional Pathways for Unifying the Definition of Financial Consumer

Currently, China has not yet enacted a *Financial Consumer Protection Law*. Given the trend in financial legislation towards a shift from private law to public-private cooperative regulation, unifying the definition based on the concept of public-private cooperative regulation can effectively address the dual failure phenomenon of market failure and regulatory failure. Reconstructing a unified concept of the financial consumer within the institutional framework of the *Financial Stability Law* is not about terminological fusion. The key lies in providing the entire market with an institutional system that can truly reflect the risk structure, cover diverse business scenarios, and be applicable in both regulation and adjudication. To achieve this goal, interconnected institutional arrangements are needed at the conceptual level, the rule level, and the risk monitoring mechanism level, making the consumer definition a foundational pillar within the financial stability legal system.

A. Constructing a Basic Definition of Financial Consumer Based on Functional Attributes

The prerequisite for unifying the definition of financial consumer is to move away from the traditional institutional classification logic of separate regulation and instead identify the consumer's legal status based on the functional attributes of financial products and services. Constructivism emphasizes

that the construction of an institutional system should be organized by a comprehensive formal logic. The financial stability legal system can be constructed based on the formal logic of the generation and elimination of financial risks, following the developmental logic of the entire process and chain of risk prevention beforehand, mitigation during the event, and disposal afterwards. This is precisely the logical structure presented in the People's Bank of China's *Financial Stability Law of the People's Republic of China (Draft for Comments)* and the Standing Committee of the National People's Congress's *Financial Stability Law (Second Draft)*. As stipulated in Article 2 of South Korea's *Financial Consumer Protection Act*, which took effect in 2021, financial consumers cover both natural persons and legal entities, referring to the counterparty in a transaction involving a financial product seller in a financial product sales contract, or the counterparty in the advisory business of a financial product advisor. They can be specifically divided into professional financial consumers and general financial consumers. This law embodies the concept of functional regulation, abandoning the institutional regulation that classifies based on the seller of financial products (such as banks, securities companies, insurance companies, trust companies, fund companies, etc.).

The reason consumers need protection depends not on the name of the institution providing the service, but on the risks they bear in the transaction and the structural characteristics of information asymmetry. Therefore, the basic definition should revolve around this risk-bearing relationship. In specific terms, a unified definition should appropriately center on natural persons, emphasizing the fact that they accept financial products or services and thereby expose themselves to financial risks. Such a definition can find common ground across different institutions and business types, allowing the consumer concept to maintain consistency across industry boundaries. It also provides a stable conceptual fulcrum for subsequent conduct regulation and risk identification.

B. Constructing a Multi-Tiered Consumer Protection Rule System

After achieving conceptual unification, differences between various business scenarios and risk characteristics still need consideration. Financial products vary enormously in complexity, return structure, and potential loss. Consumers' knowledge levels and risk tolerance are also inconsistent. Therefore, a single-tiered protection measure cannot meet practical needs. China can learn from Japan's model in constructing a financial code, progressively building a comprehensive financial code. The

ultimate goal of Japan's financial legal system reform is to enact a unified *Financial Services and Market Law*. Under the progressive financial code construction model, attention should be paid to the private law norms of financial product transaction behaviors, expanding the scope of consumer rights protection.

Based on this understanding, it is necessary to establish a multi-tiered protection system under the unified concept. Basic protection should focus on the minimum safeguards all consumers should enjoy, such as disclosure of truthful information, indication of key risks, and transparency of sales practices. For products with higher risk or more complex structures, additional obligations beyond basic protection are needed, such as enhanced explanatory duties, stronger risk disclosure intensity, and stricter access management. For groups with limited knowledge or weak risk perception capabilities, special protection through stricter sales constraints is required. This tiered structure gives the unified concept flexibility, enabling it to adapt to the risk differences across various products and groups, while maintaining the overall coordination of the system.

C. Unifying the Behavioral Obligations of Regulated Institutions

The effectiveness of a unified consumer definition ultimately depends on the unification of institutional behavioral obligations. If there are significant differences in applicable disclosure standards, risk-matching requirements, or conflict-of-interest management rules when similar products are sold through different channels, the unified concept cannot play a coordinating role in the market. Regarding suitability obligations, their rules are designed to ensure that financial consumers can make independent decisions based on adequate understanding of relevant financial products or services. This is also the premise of "caveat emptor." While China's regulatory legal documents provide relatively detailed provisions on investor suitability obligations, the hierarchical effectiveness of these rules is low, and their content is not uniform, often leading to considerable contingency in the outcomes of such cases.

To avoid the institutional arbitrage caused by this inconsistency, a consistent system of behavioral obligations needs to be constructed at the industry-wide level. In terms of information disclosure, institutions should be required to present the return structure, risk sources, and cost composition to consumers according to the same standards, so that deviations in protection levels due to different disclosure intensities across channels are eliminated.

Suitability requirements should also be consistent across industries, ensuring that similar products face similar risk characteristics with the same matching standards. Regarding conflicts of interest, transparent disclosure and internal isolation mechanisms should be established to ensure that potential incentive differences in agency sales, platform sales, and cross-institutional sales scenarios no longer harm consumer interests. This ensures that the unified definition is truly implemented, providing a practical basis for fact-finding and liability determination in regulation and adjudication.

D. Integrating Consumer Behavioral Data into the Risk Monitoring System

The institutional value of unifying the definition of financial consumer is not limited to optimizing post-event dispute resolution or strengthening micro-prudential conduct regulation. More importantly, it can provide a forward-looking risk identification tool for financial stability goals. In practice, the manifestation of financial risks often first appears in abnormal behaviors at the consumer level, such as a sustained increase in the number of complaints, rapid deterioration of public opinion sentiment, or concentrated redemptions or early surrenders for specific products or institutions. These behavioral signals typically occur before a significant deterioration in the balance sheet, thus possessing an "early warning" function. If the regulatory system still mainly relies on institutional reports and compliance submission data, it is prone to reacting only after risks have already accumulated or even spilled over, failing to meet the requirements of macro-prudential supervision for foresight and dynamism.

Based on this, it is necessary to systematically integrate consumer behavioral data into the macro-prudential monitoring framework. At the institutional level, a unified definition of financial consumer should serve as the premise for establishing a data collection and sharing mechanism for behavioral data covering the entire industry, including banking, securities, and insurance. Information on complaints, disputes, and public opinion feedback should no longer be fragmented and deposited within different regulatory lines or industry platforms. Instead, it should be integrated, compared, and analyzed through unified calibers and technical standards. Only when cross-industry and cross-institutional behavioral data can be continuously tracked within the same monitoring system can regulators identify whether risks have structural, contagious, or systemic characteristics, thereby avoiding misjudging common problems as individual institutional compliance flaws.

At the same time, institutional design needs to open up the connection path between consumer behavioral risk and risk disposal tools, ensuring that behavioral data is not only "seen" but also "usable." For example, abnormal complaint indicators, concentrated redemption signals, or negative public opinion indices can be incorporated as parameters into stress testing models and liquidity assessment frameworks, influencing the comprehensive judgment of institutional soundness. At the product regulatory level, continuously deteriorating consumer behavior feedback can also trigger product re-examination or risk alert mechanisms, curbing further risk diffusion at the source. In this way, micro-level behavioral changes on the consumer side can be transformed into macro-level risk information, entering regulatory decision-making purview early and becoming a crucial signal source for identifying and preventing potential systemic risks.

E. Promoting Coordination and Unification of Regulatory, Judicial, and Industry Self-Regulatory Rules

A unified concept can only be truly transformed into an institutional tool with binding force and guidance if it is commonly followed across different institutional fields. If a unified definition of financial consumer remains only in a specific regulation or policy document, without forming synergy in regulatory enforcement, judicial adjudication, and industry operational rules, its institutional effectiveness will inevitably be weakened. Therefore, it is necessary to promote coordination and unification among the regulatory system, the judicial system, and industry self-regulatory mechanisms from the perspective of overall institutional operation, enabling the unified concept to be applied consistently across different levels.

At the regulatory level, the unified definition should become the basic premise for various financial regulatory authorities to formulate and coordinate rules. For a long time, banking, securities, and insurance regulators have formed different institutional traditions and operational calibers in the field of consumer protection. This easily leads to different standards being applied to the same entity in different business scenarios, or even regulatory gaps or overlaps. By using the unified definition as a common starting point, institutional friction caused by departmental fragmentation can be dissolved at the conceptual level. This enables departments to maintain consistency in identifying regulatory objects, judging risks, and pursuing liabilities, thereby enhancing coordination and predictability among regulatory rules. At the judicial level, the function of

the unified definition is to provide a stable and clear basis for determining liability in adjudications. In judicial practice, financial disputes often involve cross-industry businesses or composite financial products. Without a unified consumer concept, different courts or different cases may render divergent judgments due to differences in industry attributes, undermining the uniformity and authority of legal application. By embedding the unified definition into adjudicative logic through the publication of typical cases, adjudication guidelines, or judicial interpretations, judges can be guided to form relatively consistent standards in areas such as liability allocation, burden of proof, and protection intensity, reducing adjudicative conflicts and outcome uncertainty at the institutional level. At the industry level, self-regulatory organizations are crucial bearers of the unified definition's implementation. A unified concept can only truly influence the daily operational behavior of financial institutions if it is translated into specific sales norms, information disclosure requirements, internal control standards, and compliance review rules. Industry associations and self-regulatory bodies should systematically revise existing rules based on the unified definition, embedding consumer protection requirements into business processes and compliance management, avoiding situations where the unified concept is accepted in institutional design but practices diverge in actual operation.

Through the coordinated operation of regulatory, judicial, and industry self-regulatory rules, the unified definition can transform from an abstract institutional expression into an institutional foundation running through rule-making, adjudicative application, and industry practice. This coordination not only helps enhance the stability and consistency of consumer protection rules but also strengthens the predictability of financial market operations, enabling the unified concept to truly play a supporting and guiding role within the financial stability system.

Conclusion

Against the backdrop of the modern financial system fully advancing towards digitalization, platformization, and conglomeration, the concept system of "financial consumer" formed during the era of traditional separate regulation can no longer meet current institutional needs. Financial products are frequently sold across institutions and channels, the legal status of consumers changes with the channel, institutional application follows suit, and judicial decisions may reach completely different conclusions based on varying industry rules. As financial behavioral risk has demonstrated strong diffusivity

and forward-looking characteristics in several recent risk incidents, the fragmentation of the consumer concept has transcended the sphere of private law and gradually evolved into a key structural obstacle undermining regulatory uniformity and financial stability.

The unified legislation of the *Financial Stability Law* provides an institutional window to reconstruct the consumer concept, making cross-industry integration possible. Consumer behavior serves as an important preceding variable affecting stability. In the absence of a unified definition, this behavioral data struggles to flow efficiently within the regulatory chain. Risk information from different regulatory departments remains confined within their own systems, making it difficult for "early signals" to enter the systemic risk monitoring framework. From the perspective of institutional supply, unifying the consumer definition will help build cross-industry data channels, enabling behavioral risk to play its due monitoring and early warning function within the financial stability system. The unified definition provides a foundation for harmonizing regulatory standards, behavioral obligations, risk warnings, and suitability rules. Based on conceptual unification, regulatory authorities can formulate consistent behavioral norms for similar products, and judicial authorities can maintain a unified liability system in their adjudications. On this basis, market participants can form stable expectations, avoiding institutional arbitrage space created by differences in industry definitions. The unified definition can also guide the adjustment of sales norms and internal control mechanisms at the industry self-regulation level, ensuring institutional behavior maintains a consistent consumer protection logic across diverse business scenarios. The implementation path for unifying the consumer definition should be grounded in the concept of functional regulation, using the functional attributes of products and services as the basis for identifying consumers. It should establish a multi-tiered protection system, form a consistent structure of behavioral obligations across industries, and integrate consumer behavioral data into the systemic risk monitoring framework. Coordination mechanisms between regulation and the judiciary provide the necessary safeguards for institutional implementation, ensuring the unified definition truly transforms into a binding "market common language," rather than remaining an abstract expression within legislative texts.

Unifying the definition of financial consumer is not only a key link in constructing the macro-prudential system under the *Financial Stability Law* but also an

important foundation for enhancing regulatory consistency, strengthening judicial predictability, and optimizing market order. In an era where financial stability and conduct regulation are deeply coupled, this institutional reconstruction will propel China's financial legal system from fragmented separation towards coordinated unification, laying a solid conceptual foundation for establishing a modern financial stability framework.

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