

Research on the Protection of Consumers' Rights and Interests in China's Internet Financial Innovation

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Abstract: Internet finance is a new financial mode in our country. Compared with traditional financial consumers, the rights and interests of Internet financial consumers are facing many problems. This paper deeply analyzes the current situation of consumers' rights and interest protection in Internet financial innovation. In this context, relevant measures are put forward to protect consumers' rights and interests from infringement.

1. Introduction

In view of the problems of protecting consumers' rights and interests, even there was a provision that seven days for no reason to return and exchange as well as regulations on compensation and services for online trading platforms in the previous law on consumers' rights and interests, these provisions still can not cover the entire area of Internet finance, and can not effectively solve the problems of consumer protection in the field of Internet finance. Under the background of Internet financial innovation, it is important to analyze the protection of consumers' rights and interests.

2. Brief Description of the Definition and Characteristics of Internet

2.1 Definition of Internet

Internet finance has the characteristics of democracy, equality, sharing and openness, broad coverage, low cost and high efficiency, which is quite different from the traditional financial mode. But because the Internet finance lacks necessary management system, there exists great risks. With the rapid development of network technology, financial service mode is innovated constantly. As a result, more Internet financial enterprises have emerged, among which the third-party payment institutions are representative. So far, Chinese first third-party organization was established in 1999. After years of accumulated experience, we have gained excellent results. At present, the number of third-party payment organizations tends to be stable. Representatives are Tenpay, Alipay, and so on. Their scope of usage is becoming wider and wider and transaction scale is also increasing ^[1]. Third-party payment institutions mainly have two payment modes of independent third parties and platform transaction guarantee.

2.2 Characteristics of Internet

First, low cost is low. In the Internet financial mode, consumers need to buy products through network without going to the bank in person. This kind of service is cheap and convenient. For Internet financial enterprises, there is no need to set up business sites, which will effectively reduce operating costs, as well as help consumers save time, which is a win-win situation for Internet enterprises and consumers. Second, full business coverage and high efficiency. Traditional financial institutions are subject to constraints such as time, space, geography and so on. Usually, financial institutions can operate only at a specific time, creating obstacles to consumers. In addition, the lack of such institutions in some regions makes it unable to meet the needs of consumers. The burgeoning Internet finance complements the shortcomings of traditional financial institutions, in which, consumers are able to look for resources at any time on the Internet, and online operations can smoothly complete transactions. Third, rapid development. With the help of Internet and

e-commerce, the development of Internet finance in our country is amazing. For example, five months after the introduction of Yu Ebao of Alipay, the scale exceeded 100 billion yuan, which accelerated the development of Internet finance^[2].

3. Current Situation of Consumers' Rights and Interests Protection in Internet Financial Innovation

Compared with the traditional financial consumption, rights and interests of Internet financial consumption are facing more problems. Besides, the laws and regulations of our country also have shortcomings, which are mainly reflected in the following aspects:

3.1 Partial Understanding of Internet Enterprises

So far, the industry has not unified the concept of Internet finance. Mainstream view holds that Internet finance includes network credit, financial management and sales, third-party payment and other network platforms. In order to effectively promote the development of Internet financial consumption, the above financial modes have gradually introduced different risk control strategies, which to a certain extent improve the security of consumption, but there are still shortcomings.

3.2 Unsound Legal Guarantee

Internet financial enterprises are mainly set up for profit, so they can not be relied on to ensure the legitimate rights and interests of consumers. In order to reduce risks, there must have a legal system of jurisdiction. According to the research, the law can reduce the economic transaction cost and transaction risk, but through the analysis of the linear Internet legal system, there are still some shortcomings, which mainly are reflected in the following aspects:

First, the protection of consumers' rights and interests. The rights and interests of consumers in China are legally protected. Relevant laws formulated in our country have been implemented in China for many years, and have achieved good result as well as have played a good role. However, with the development of social economy, the progress of network technology have changed people's living and consumption levels. Consumers in our country have changed both in shopping concepts and methods. Therefore, there are some new problems about the protection of consumers' rights and interests. Traditional consumer protection laws can no longer provide protection. Therefore, in 2014, our country implemented a new consumer protection law, which, compared with traditional laws, not only recognizes online transactions, but also clarifies the responsibilities and obligations of online transactions. But there are still shortcomings. In the newly established consumer law protection in China, the object of protection is consumers who buy goods or other services. Compared with ordinary consumers, Internet financial consumers have specific characteristics. Financial products purchased are not consumer goods, but value-added funds. Whether this belongs to consumer protection law category, there are still disputes. At present, there are still some limitations on the dealing procedures of consumer protection in the law of consumer protection in China. However, there is a gap between offline consumption and online consumption. Especially in the field of Internet finance, there are only electronic ones that are easily tampered with and destroyed without explicit vouchers, which makes it harder for consumers to defend their rights. Let us compared with the data of consumers' safeguarding rights in 2017 and 2016, as shown in table 1.

Table 1 Statistics of Consumers' Safeguarding Rights

Time Project	2016 Year (Case)	2017 Year (Case)	Growth Rate (%)
Consultation	116244	131092	12.77%
Complaint	15126	18279	20.84%
Report	3437	4380	27.44%
Total	134807	153751	14.05%

Second, the protection of civil law has its limitations. Legally, the protection of consumers' rights and interests is mainly realized by adjusting the obligations and rights of the parties, that is to say, on the protection of consumers' rights and interests, civil law has congenital advantages. However, the protection of consumers' legitimate rights and interests should not depend on the restriction of operators' rights, but need to be interfered in a fair way. The essence of civil law is one of the law of confirmation, which cannot restrict private rights in all directions. Civil law mainly emphasizes fairness, justice and self-control, leading to its lagging characteristics when civil remedies appear. If the rights and interests of Internet financial consumers are damaged, civil law can only rely on the principle of equal compensation mediation, so relief is far not enough and it can not protect the rights and interests of Internet financial consumption in an all-round way.

Third, the regulatory law is not sound. Internet finance is a new vitality of China's financial market, which brings convenience to consumers. However, due to the lack of supervision, there are many problems in the Internet finance work, acquiring the attention and standardization of the leaders of relevant departments^[3]. Firstly, there is a lack of a sound market system. Any industry can not be separated from a systematic and perfect market system. This also applies to the Internet financial industry, which is not only government's supervision of industry standards, but also the basis to promote the development of Internet financial industry. By observing China's Internet financial market, we can see that there is no corresponding market access standards. Only with the record of industrial and commercial departments, Internet financial enterprises are allowed to implement financial activities. There is no accurate requirements for other businesses. Secondly, there is a lack of scientific regulatory standards. For financial market operation and supervision, there are risk management and compliance supervision. Currently, there are some deficiencies in Internet financial supervision. If there is a danger, it will affect the safety of consumer funds. Compared with other industries, Internet financial industry can only improve its own sustainable development by achieving healthy competition. So far, traditional financial institutions have withdrawn from the regulatory system, but the government has not given a sound rule for the introduction of Internet financial industry, which can not fully protect the rights and interests of consumers^[4].

4. Perfect Protection of Consumer' Rights and Interests in Internet Financial Innovation

4.1 Follow the Basic Principles

First, the principle of security. Security is the primary principle of the law of rights and interests protection, and the basic right that consumers enjoy. Security not only refers to personal security, but also property security. For Internet financial enterprises, security is mainly account security. Internet companies provide service to meet consumers' financial management and investment services. Such profits are based on security. Without safety of users, all profits will become empty talk. Second, online and offline protection. The main difference between Internet financial institutions and traditional financial institutions is the way of transaction. The traditional way of protecting consumer' rights and interests of financial institutions is not suitable for Internet financial institutions. Relevant institutions should formulate corresponding protective measures according to the characteristics of Internet financial consumption, establish a systematic dispute resolution system, and provide consumers with ways to safeguard their rights. At present, many foreign countries have formulated remedies and perfect systems for Internet financial institutions, but China has no clear provisions. Therefore, in the next stage, we should actively promote differential supervision standards, distinguish the supervision of Internet financial enterprises and the supervision of traditional financial institutions, so as to meet the differential supervision^[5].

4.2 Innovate Measures to Protect Consumers' Rights and Interests

4.2.1 Formulate safety protection measures

The main contents of Internet financial work is account security. Main solutions include formulating physical security protection strategy, improving computer system security, and

providing physical environment for running financial software. If we want to access website safely on the network, it is available to promote hierarchical authorization and authentication, prevent other illegal users from intruding, and formulate relevant safeguard rules and regulations. Consumers can define their responsibilities and obligations, and promote insurance system at the same time. Internet financial enterprises only need to pay premiums to relieve burial liability and ensure the safety of their own businesses.

Consumers also should be relieved. If conditions permit, the compulsory insurance system can be promoted to safeguard the legitimate rights and interests. In addition, Internet financial enterprises are supposed to formulate operating procedures for reporting system and safety management system, accounting systems and so on, so as to achieve transparency of funds, and prevent the occurrence of funds from misappropriation.

4.2.2 Create a regulatory system

Internet financial enterprises do not have the same economic strength of traditional financial institutions. Meanwhile, Internet financial enterprises may not be able to compensate for the damage to the rights and interests of vulnerable consumers without relevant national systems. If they want to ensure the legitimate rights and interests of consumers, they should set up security funds for Internet financial enterprises, which can not only enhance the trust of consumers, but also help Internet financial enterprises build up due credibility. Detailed funds should be paid by each financial enterprise according to a specific proportion and managed by the association. When consumers' legitimate rights and interests are damaged by Internet financial enterprises and can not be compensated, it is available to make an appropriate amount of compensation to the association^[6].

4.2.3 Strengthen consumer protection

Consumer privacy is not protected in Internet finance. At present, China has no clear legal provisions, but in the international community, how to protect consumer privacy under the network environment has attracted great attention. According to the situation of our country, we should make clear the importance of privacy under the network environment and forbid to unlawfully authorize the release of information. If there is any violation of the regulations, the responsibility should be pursued and the legitimate rights and interests of consumers must be protected.

5. Conclusion

New development of Internet finance in China has its own development flaws, including Internet financial products, information disclosure drawbacks, Internet consumers' own shortcomings and so on. In order to develop the Internet financial industry, it is necessary to perfect and optimize the traditional drawbacks, set up development goals, learn from the new and advanced western experience, and strengthen Internet attention. For Internet financial consumption, scientific supervision methods are used to carry out management work, optimize information disclosure, establish information standards, vigorously publicize relevant knowledge of Internet financial consumption, and carry out training.

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