

Research on Credit Regulation of Legal Consulting Industry

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Abstract: This study focuses on the credit regulation of legal consulting industry in China. In view of the increasing importance of this industry in the construction of a society ruled by law, it faces many credit difficulties, aiming at exploring ways to effectively improve the credit level of this industry. Through literature research, current situation analysis, international experience comparison and other methods, this article combs the relevant theories of credit, deeply analyzes the current situation of industry credit, and reveals outstanding problems such as false propaganda, illegal operation and customer information leakage. It is found that the international mature model and the experience of related industries in China are valuable for reference. Accordingly, the article proposes to build a credit regulation system from three aspects: improving the legal system, innovating the supervision mechanism, and strengthening the industry self-discipline, clarifying the punishment rules for various violations, building a multi-collaborative supervision model, and strengthening the industry self-discipline. Multi-dimensional improvement of credit regulation is of great significance for promoting the healthy development of legal consulting industry, maintaining market order and protecting customers' rights and interests.

1. Introduction

With the steady progress of the construction of a society ruled by law, the legal consulting industry plays an increasingly critical role in social governance and economic development by virtue of its important functions of providing professional legal advice to the public and assisting in solving legal problems [1]. With the remarkable improvement of people's legal awareness and the continuous growth of market participants' legal demand, the market scale of legal consulting services has been expanding and has become an indispensable part of modern service industry [2]. However, behind the vigorous development of this industry, the problem of lack of credit has become increasingly prominent. In order to seek personal gain, some legal consulting institutions or practitioners do not hesitate to mislead consumers by means of false propaganda, or operate illegally in the course of service, which seriously damages the legitimate rights and interests of customers [3]. These behaviors not only caused direct economic losses and legal risks to the parties, but also had a negative impact on the credibility and social image of the entire legal consulting industry. It disrupts the normal market order and hinders the healthy and sustainable development of the industry [4].

In this context, it is particularly urgent to carry out in-depth research on credit regulation of legal consulting industry and explore effective credit regulation paths [5]. The purpose of this study is to build a scientific and reasonable credit regulation system by systematically analyzing the roots and manifestations of credit problems in this industry and drawing lessons from relevant international experience, so as to standardize the behavior of practitioners in the legal consulting industry and improve the overall credit level of the industry. Theoretically, this is expected to enrich and improve the theoretical system of industry regulation, and provide new perspectives and ideas for academic research in related fields. From a practical point of view, this can provide targeted and operable reference for government regulatory authorities to formulate policies and industry organizations to strengthen self-discipline management, and help China legal consulting industry to achieve standardized and professional development.

2. Legal consulting industry credit related theoretical basis

Credit, from an economic point of view, is a special form of value movement based on trust and conditional on repayment. From the perspective of law, it is a legal or agreed obligation and responsibility [6]. For the legal consulting industry, credit can be defined as the ability and state of practitioners and institutions to win the trust of customers and the public based on professional ability, professional ethics and legal norms in the process of providing services.

In terms of regulation theory, the government regulation theory holds that due to information asymmetry and externalities in the market, the government needs to intervene in specific industries by means of law and administration to correct market failure [7]. In the legal consulting industry, it is often difficult for customers to accurately evaluate the service quality and potential risks, and there is serious information asymmetry, so government regulation is essential. The theory of industry self-discipline emphasizes the realization of self-management and restraint within the industry by formulating rules and establishing supervision mechanisms [8]. The legal consulting industry is highly professional, and industry organizations, based on their familiarity with professional knowledge and industry practices, can formulate practical self-discipline norms and promote the healthy development of the industry.

Credit regulation is of great significance to the legal consulting industry [9]. On the one hand, it can guarantee the quality of service, enable customers to obtain reliable and professional legal advice and safeguard their legitimate rights and interests. On the other hand, it helps to maintain the market order, prevent unfair competition by standardizing the behavior of practitioners, create a fair and orderly market environment, and promote the sustainable development of the legal consulting industry.

3. Current situation and problems of credit in legal consulting industry

With the advancement of the rule of law in China, the legal consulting industry has developed rapidly, but the credit problems have gradually exposed, which seriously affects the healthy development of the industry [10]. The following analyzes the current situation and existing problems of credit in this industry from many aspects.

In order to attract customers, some legal consulting institutions make exaggerated or false propaganda. For example, he promised to guarantee the successful outcome of the case, or boasted that he had a special relationship with the judiciary. This kind of behavior misleads consumers and makes them choose services based on wrong information, which damages consumers' rights and interests. According to relevant survey statistics, in the sample survey of 200 legal consulting institutions (see Table 1), 40% of the institutions have false propaganda behaviors in different degrees. Among them, the proportion of exaggerating service ability is 25%, the proportion of false promises winning the case is 10%, and the proportion of boasting about the relationship with the judiciary is 5%. This kind of false propaganda not only destroys the fair competition environment in the market, but also reduces the credibility of the whole industry.

Table 1: Investigation and Statistics on False Advertising Behavior of 200 Legal Consulting Institutions

Type of False Advertising Behavior	Number of Institutions	Proportion
Exaggerating service capabilities	50	25%
Making false promises of winning cases	20	10%
Boasting about relationships with judicial authorities	10	5%

In the process of service, some legal consulting practitioners have illegal operations. Some of them engage in legal consulting business without obtaining relevant qualification certificates, or undertake business beyond their own business scope. Some practitioners do not operate according to legal procedures and industry norms when representing cases, which leads to mistakes in case handling and losses to customers. In the analysis of industry complaint cases, it is found that the complaints caused by illegal operation account for 30% of the total complaints. These illegal operations seriously disrupt the order of the industry, damage the interests of customers, and also

affect the image and reputation of the industry.

Legal consultation involves a lot of sensitive information of clients, such as personal privacy and business secrets. However, some organizations and practitioners lack effective awareness and measures to protect customer information. Customer information is leaked due to poor management, technical loopholes or improper behavior of individual personnel. This not only infringes on customers' privacy, but also may expose customers to potential economic losses and other risks. According to incomplete statistics, in the past year, disputes caused by customer information disclosure have been on the rise, which has had a great negative impact on industry credit.

To sum up, the credit problem in the legal consulting industry is severe, and problems such as false propaganda, illegal operation and customer information disclosure need to be solved urgently, otherwise it will restrict the long-term development of the industry.

4. Experience and enlightenment of credit regulation in legal consulting industry

Taking the United States as an example, it has formed a relatively complete system for the credit regulation of the legal consulting industry. In terms of industry access, practitioners are required to pass a strict lawyer qualification examination and have a good moral quality review record. The American Bar Association (ABA) plays a key role in it, and is responsible for formulating the professional code of conduct for lawyers. In the practice supervision, there is a special disciplinary agency for lawyers. Once lawyers are found to have violated the credit norms, such as false statements and conflicts of interest, they will be seriously investigated and punished. Punishment measures include warnings, fines, suspension of practice and even revocation of licenses. Britain emphasizes the combination of industry self-discipline and government supervision. The British Bar Association has formulated detailed professional standards, which clearly define lawyers' code of conduct and customer service standards. At the same time, the government carries out macro-control over the industry through legislation. For example, the Law on Legal Services makes comprehensive provisions on the access, operation and supervision of the legal service market to ensure that the industry operates on the track of the rule of law. In handling complaints and disputes, Britain has set up an independent complaint handling agency to ensure the fairness and professionalism of complaint handling.

China financial consulting industry has accumulated a lot of experience in credit regulation. The financial supervision department has formulated a strict market access system, which requires financial consulting institutions to have certain capital strength and professional personnel allocation. At the same time, a credit rating system was established to dynamically evaluate the credit status of financial consulting institutions and practitioners, and the rating results were made public to the public. In dealing with violations, according to relevant financial laws and regulations, institutions and individuals who violate the rules are severely punished, such as fines and restrictions on business scope. Figure 1 shows some credit regulation measures in China's financial consulting industry.

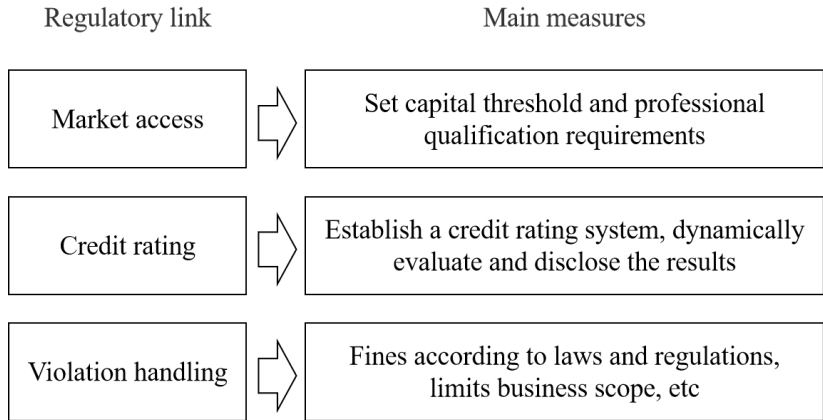


Figure 1 Credit regulation measures in financial consulting industry

From the experience, first of all, the government should improve the system of laws and regulations, clarify the industry access standards, practice norms and penalties for violations, and provide a solid legal basis for credit regulation. Secondly, the government can strengthen the role of industry self-regulatory organizations, learn from ABA and the British Bar Association model, and the industry organizations will formulate codes of conduct and ethics that conform to the characteristics of the industry and be responsible for daily supervision and management. Furthermore, the government should establish and improve the credit evaluation and information disclosure mechanism, quantitatively evaluate the credit status of legal consulting institutions and practitioners, and announce it to the public in time to enhance market transparency. Finally, relevant departments can also set up special and independent complaint handling and dispute resolution institutions to ensure that the legitimate rights and interests of customers are effectively safeguarded and the social credibility of the industry is improved. By learning from international advanced experience, China legal consulting industry is expected to build a scientific and reasonable credit regulation system to promote the healthy development of the industry.

5. Strategies to improve the credit regulation of legal consulting industry

To improve the credit regulation of legal consulting industry, we need to start from legal system, supervision mechanism, industry self-discipline and other aspects to build an all-round credit regulation system.

At the level of legal system, it is the key to improve the legal and regulatory system. At present, China's laws on credit norms of legal consulting industry are not perfect, and the legislative process should be accelerated. Clearly define all kinds of credit violations, such as listing in detail the specific circumstances of false propaganda, illegal operation, customer information disclosure and other acts. At the same time, the government should formulate corresponding punishment rules, increase the punishment and increase the illegal cost. Figure 2 visually presents the relevant content:

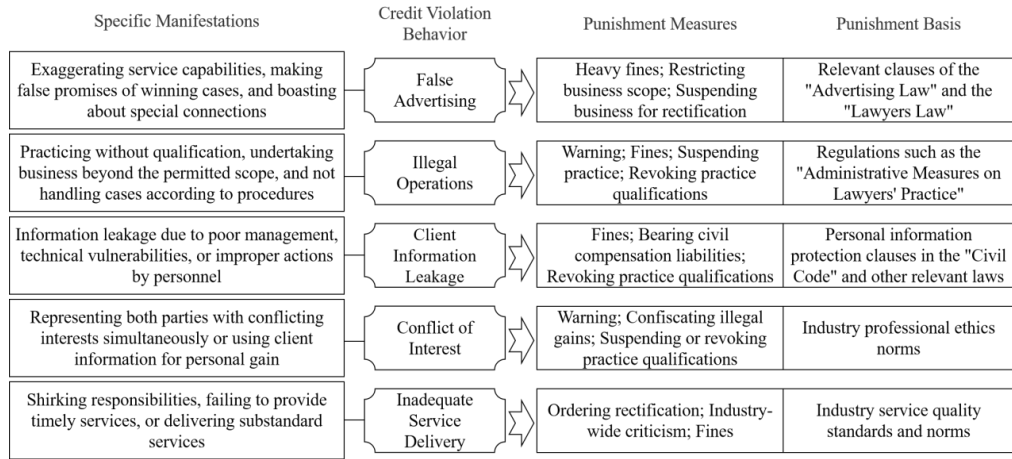


Figure 2 List of credit violations and punishment measures in legal consulting industry

In terms of supervision mechanism, it is necessary to build a multi-collaborative supervision model. Government departments such as judicial administrative organs should play a leading role, strengthen the daily supervision of the industry, and regularly check the operation of legal consulting institutions and the professional qualifications of practitioners. Trade associations should actively cooperate and make full use of their professional advantages to investigate and evaluate the credit problems in the industry. At the same time, social supervision forces can be introduced to encourage the public and the media to report and expose violations; Establish a unified regulatory information platform, realize information sharing among regulatory subjects, and improve regulatory efficiency.

Construction of industry self-discipline: industry organizations need to formulate a perfect self-discipline convention, and clarify the professional ethics standards and service quality

standards of employees. It is necessary to strengthen the credit education for employees, organize regular training activities, and enhance their integrity awareness and professionalism. Relevant departments can also set up a credit reward and punishment mechanism within the industry to commend and reward institutions and individuals with good credit, such as awarding honorary titles and providing business promotion opportunities; Penalties such as informed criticism in the industry and restriction of members' rights and interests will be imposed on those who break their promises. This will guide the industry to form a good credit atmosphere and promote the legal consulting industry in China to develop in a healthy and standardized direction.

6. Conclusions

In this article, the credit regulation of legal consulting industry in China is deeply discussed, and it is found that the lack of credit is more serious in the process of rapid development of the industry, which has had a negative impact on the industry image, market order and customer rights and interests. Through the analysis and reference of relevant international experience, the strategy of perfecting credit regulation proposed in this article has strong pertinence and feasibility.

At the legal system level, the government needs to improve laws and regulations, clearly define violations and punishment measures, and provide solid legal support for credit regulation. In terms of supervision mechanism, relevant departments should build a multi-collaborative supervision model, integrate the forces of all parties, and improve supervision efficiency. In terms of industry self-discipline, the role of industry organizations can be strengthened, self-discipline conventions can be formulated, and credit education and reward and punishment mechanisms can be strengthened. By promoting the construction of credit regulation system in many ways, it is expected to create a healthy and orderly industry development environment, improve the overall credit level of the industry, enhance the public's trust in the legal consulting industry, and promote it to play a greater role in the process of building the rule of law in China and achieve sustainable development.

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