**Informal Finance in China**

**Participant information sheet for fintech company executive**

Thank you for agreeing to take part in this interview, which is part of a research project based at the University of Cambridge. The interview should last around one hour.

This preliminary information sheet outlines what we would like to talk about during the interview. Details about the research, including confidentiality of the interview, will be explained when we meet.

China’s rapid economic growth in recent decades has been attributed to its reliance on informal contracting and trust-based relationships. This claim is a reflection of the absence in China of some of the more formal legal and regulatory institutions of the market economies of the global north. Although the claim that China lacks formal legal mechanisms of market governance may have been somewhat overstated, it is the case that informal finance, particularly in the form of trade credit, family lending and communal investing, has played a major role in supporting China’s growth. The prevalence of informal finance constitutes a significance source of flexibility for China’s economy given the limitations of the formal sector, which remains dominated by state-owned banks lending largely to state-owned enterprises. Informal finance is also evolving quickly and is converging with the use of internet technologies to deliver finance (fintech) through such mechanisms as crowdfunding.

However, there is still limited understanding of the respective roles of informal, trust-based relations, and more formal, law-based and contract-based relations, in underpinning financial development, and economic growth, more generally in China. This an area where mainstream economists and law and finance scholars tend to take one type of position, in support of the extension of formal legal mechanisms of market governance, while development economists and China specialists, as well a minority of law and finance scholars, emphasise the importance of informal institutions in supporting China’s rapid growth.

The intention here is to try to explore the phenomenon of informal finance in China, identify the risks and potential associated with it, and assess how regulation can best respond to the risks while not sacrificing the innovations and flexibility associated with it, particularly in the context of fintech. The theoretical premise of the research we are proposing to conduct is that formal and informal institutions are often intertwined and complementary, and that it may be a mistake to assume that as economic growth occurs, informal institutions necessarily give way to more formal ones. Moreover, we think that the potential for the formal and informal sectors to reinforce and magnify systemic risks has been underplayed in the literature and merits a deeper examination.

We anticipate that the interview will take around one hour. All data will be confidential and will be stored securely.

If you have any questions about this research you can contact us at:

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**Informal Finance in China**

**Participant Consent form**

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As part of the project ‘Informal Finance in China’, [interviewers] are interviewing me at:

[Firm/organisation name

Address

Telephone number]

I do/do not consent to the interview being taped.

I understand that if this interview is taped with my consent, it will later be transcribed, and that the researcher will store the audio recording, transcriptions, and other material securely, consistent with UK and EU data protection law and any other relevant legal standards governing data protection and use.

I understand that I can stop the interview at any time.

I understand that I can withdraw my consent to participate in the research project at any time and that all materials relating to my involvement in the project will then be destroyed.

I do/do not consent to my organisation being named as a participant in the research project.

I do/do not agree to the researcher contacting me regarding participation in a further online expert discussion.

Name XXXXX

Position XXXXX

Date XXXXX

I understand the terms on which the interview will be conducted and material used, as described above.

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Signature