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# Research on the Multiple Governance Paths of Civil Legal Disputes in Private Lending from the Perspective of Public Management

**Mingwei Yan\***

Hubei Fahui Law Firm, Wuhan 430077, Hubei, China

*\*Author to whom correspondence should be addressed.*

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**Abstract:** Civil legal disputes in private lending constitute a public issue that combines financial risks with social governance attributes. The traditional single judicial adjudication model proves inadequate for both efficient dispute resolution and source control of legal conflicts. Integrating public management theories—such as holistic governance, collaborative governance, and risk governance—into the governance of private lending disputes is crucial for achieving efficient resolution, source control, and enhanced governance effectiveness. From a public management perspective, this article first outlines the governance logic of private lending disputes, then explores diversified governance approaches, aiming to provide references for safeguarding financial security and promoting social harmony and stability.

**Keywords:** Public administration; Private lending; Civil legal disputes; Interdepartmental coordination; Governance

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## 1. Introduction

As a vital component of China's financial system, private lending plays a crucial role in addressing residents' capital turnover needs and meeting financing demands for small and medium-sized enterprises. However, with the deepening of China's market economy and the continuous improvement of its financial system, private lending has become prone to various civil legal disputes due to factors such as irregular lending entities, inadequate guarantee mechanisms, unclear interest rate agreements, and insufficient regulatory oversight. These issues not only pose risks to financial security but also present significant challenges to grassroots social governance, financial stability, and the enhancement of public service efficiency. From a public management perspective, strengthening research on diversified governance approaches for civil legal disputes in private lending has become a key solution in the new era. Yet, current dispute resolution still relies on the traditional litigation-centered model, which is costly, time-consuming, and lacks effective coordination mechanisms. This approach fails to meet the growing demands of diverse and multifaceted private lending disputes. To effectively improve governance standards, it is essential to continuously advance research and practical implementation of diversified governance strategies under the framework of public management.

## **2. Governance logic of civil legal disputes of private lending from the perspective of public management**

### **2.1. The value logic of multiple balances**

The essence of public administration lies in realizing public value. From this perspective, the resolution of civil legal disputes in private lending should adhere to a multi-value equilibrium logic, balancing diverse interests. On one hand, it is crucial to protect legitimate lending and normal private financing needs while strictly prohibiting usury and violent debt collection practices, thereby achieving substantive fairness between creditors and debtors, as well as between dominant and vulnerable parties. On the other hand, the traditional litigation-centered approach to civil dispute resolution must be transformed. Instead, emphasis should be placed on implementing diversified and low-cost mechanisms such as negotiation, mediation, and industry self-regulation, which can enhance resource utilization efficiency and reduce the costs of civil dispute resolution <sup>[1]</sup>.

### **2.2. The structural logic of multi-party collaboration**

The governance framework of public administration is characterized by holistic, lifecycle-spanning, and networked features. From a public management perspective, resolving civil disputes over private lending should adopt a multi-stakeholder collaborative structure, emphasizing multi-center co-governance and closed-loop governance throughout the entire lifecycle. In multi-center co-governance, the roles of diverse entities—including Party committees, governments, judicial bodies, administrative departments, grassroots organizations, and social forces—must be fully leveraged to establish a collaborative governance structure: “Party and government leadership, judicial safeguards, administrative oversight, grassroots implementation, and social participation.” For lifecycle-spanning governance, a three-tiered approach—preemptive prevention, diversified resolution, and judicial redress—should drive the transition from traditional “reactive handling” to proactive governance of private lending disputes.

### **2.3. The logic of the system of the combination of rigidity and flexibility**

Institutionalization, standardization, and the rule of law constitute the core features of public administration. Therefore, from a public management perspective, the governance of civil legal disputes in private lending should adhere to a balanced institutional logic that combines firmness with flexibility. On one hand, the resolution of private lending disputes must strictly comply with the definitions of legality and illegality in the Civil Code of the People’s Republic of China and relevant judicial interpretations, clearly establishing the upper limit of interest rates, guarantee rules, and contract validity <sup>[2]</sup>. Strict law enforcement and criminal accountability should be enforced against issues such as predatory lending and violent debt collection. On the other hand, the governance of civil legal disputes in private lending should enhance non-litigious, conciliatory, and restorative mechanisms, emphasizing the principle of integrating sentiment, reason, and law to reduce adversarial litigation and maintain harmonious social relations.

## **3. Multiple governance paths of civil legal disputes in private lending from the perspective of public management**

### **3.1. Strengthen front-end governance and risk early warning to achieve source prevention and control**

From the perspective of public management, in the multi-governance of civil legal disputes of private lending, we should strengthen the front-end governance and risk warning, effectively prevent and control the source, and effectively reduce the problems of civil legal disputes of private lending.

The first priority is to enhance institutional frameworks and redefine regulatory norms. In addressing civil disputes over private lending, local authorities must first establish comprehensive regulations. This involves establishing clear boundaries for interest rates, contractual requirements, funding sources, and debt collection practices. By defining legal

and illegal boundaries through institutional and regulatory measures, the government can standardize lending practices and prevent disputes caused by predatory lending schemes or aggressive debt collection. Meanwhile, government agencies should promote standardized contract templates for private lending, ensuring that key terms like amounts, interest rates, repayment periods, guarantees, and liability for breaches are legally compliant. This approach helps avoid disputes arising from insufficient evidence.

Second, enhance risk monitoring and information sharing. To address civil legal disputes in private lending at their source, it is essential to strengthen risk monitoring and information sharing by establishing a robust local financial risk monitoring platform. This platform should systematically integrate data from courts, public security agencies, financial regulators, and credit reporting agencies, enabling real-time monitoring and control. When large-scale, high-frequency, or high-interest private lending activities are detected, immediate alerts should be issued. Meanwhile, townships, streets, and village communities must conduct regular risk assessments, with particular focus on high-risk areas such as rural mutual lending, corporate cash flow, campus loans, and pension loans. A scientific risk ledger should be established, and a tiered response mechanism should be implemented based on risk levels<sup>[3]</sup>.

Third, enhance public education and contractual empowerment. From a public management perspective, to prevent civil disputes over private lending at their source, regular “Law into Communities, Villages, and Enterprises” campaigns should be conducted. These initiatives aim to educate all social strata on legal knowledge regarding private lending interest rates, evidence preservation, and rights protection channels, thereby strengthening public awareness of risk identification and contractual obligations. Meanwhile, timely risk alerts should be issued for emerging typical cases, exposing “high-interest traps” and “false guarantees” while providing positive guidance to the public.

### **3.2. Adopt progressive method to solve disputes and realize stratified dispute resolution**

From the perspective of public management, the multi-level governance of civil legal disputes in private lending should adopt a progressive approach to solve civil legal disputes in layers, and construct a hierarchical progressive civil legal dispute governance system of “non-litigation priority, litigation mediation docking, and adjudication docking.”

The first approach is grassroots self-regulatory mediation. As the primary safeguard in tiered governance of civil disputes over private lending, this mechanism mobilizes diverse community entities—including neighborhood mediation committees, grid coordinators, local notables, clan elders, and chamber of commerce representatives. Leveraging their familiarity with local dynamics and personal connections, these mediators resolve small-scale private lending disputes and neighborhood lending conflicts through grassroots self-governance. The process emphasizes the integration of emotional and legal approaches, focusing on mending neighborly and kinship ties to mediate between parties. Simultaneously, the “grid + mediation” model is extensively implemented, where grid coordinators from townships, subdistricts, and village committees serve as invited mediators. By combining online and offline mediation methods, this framework enables the swift resolution of private lending disputes.

The second approach is professional industry mediation. As the second line of defense in the tiered governance of civil legal disputes over private lending, this mechanism primarily involves establishing mediation centers for such disputes, forming specialized mediator teams, and coordinating with financial regulators, the Federation of Industry and Commerce, and microfinance associations. This collaborative framework enables efficient resolution of commercial, high-value, and complex private lending disputes from a professional perspective.

The third layer in the tiered governance of private lending disputes is arbitration and summary proceedings. This mechanism primarily employs the commercial arbitration model for private lending disputes, offering advantages such as procedural flexibility and strong confidentiality, making it particularly suitable for large-scale and inter-enterprise lending. At the same time, courts at this level adopt a “divided mediation and arbitration” approach for private lending disputes. For small-scale and simple cases, summary litigation or small claims procedures are used, typically resulting in immediate court rulings and rapid enforcement. For batch private lending disputes, the “model litigation + batch mediation” method is employed, using exemplary cases to mediate and resolve similar disputes<sup>[4]</sup>.

Fourth, the Comprehensive Governance Center provides one-stop dispute resolution. As the final safeguard in the tiered governance framework for civil legal disputes over private lending, it serves as the ultimate support hub. County-level and township-level Comprehensive Governance Centers are established across regions, systematically integrating resources for mediation, arbitration, legal aid, notarization, and petition services. These centers deliver a “one-stop service with integrated support and closed-loop processing” to resolve private lending disputes, establishing them as the definitive destination for civil legal dispute mediation.

### **3.3. Cross-departmental coordination and restructuring of authority and responsibility to achieve collaborative governance**

From the perspective of public management, in the multi-stakeholder governance of civil legal disputes in private lending, it is essential to adopt the collaborative governance concept of public management. This involves integrating multiple governance entities, enhancing interdepartmental coordination, and clarifying the rights and responsibilities of each party. By doing so, a synergistic force for resolving civil legal disputes in private lending can be formed, achieving collaborative governance and effectively improving the efficiency of dispute resolution.

First, Party-Government Coordination. From a public management perspective, establishing a unified and efficient Party-Government coordination mechanism is essential for resolving civil legal disputes in private lending. This mechanism aims to enhance interdepartmental collaboration, clarify jurisdictional boundaries, and address challenges in traditional dispute resolution. The Party-Government coordination framework emphasizes the Party committee’s leadership as the core entity and government accountability as the fundamental principle. It strengthens top-level design, clarifies the Party committee’s pivotal role in guiding direction, assessing risks, and coordinating governance within private lending dispute resolution, while fully leveraging the functions of Party committees and governments in finance, judiciary, market regulation, and grassroots governance. Simultaneously, through mechanisms like joint meetings, coordinated law enforcement, and information sharing, the governance system for private lending disputes is further refined. This approach reinforces primary responsibilities, defines regulatory boundaries, systematically integrates governance resources, and creates a synergistic force for dispute resolution. By leveraging Party-Government coordination, the effectiveness of private lending dispute resolution can be significantly enhanced.

The second approach is the “Court+N” collaborative mechanism. From a public management perspective, this framework emphasizes a “Court+N” network as the core for cross-departmental coordination in resolving civil disputes over private lending. It clarifies departmental responsibilities and establishes a comprehensive, multi-tiered resolution system. First, courts collaborate with public security agencies to combat illegal practices like predatory lending and violent debt collection. They standardize joint procedures, transfer criminal leads, and develop coordinated enforcement measures. Second, courts work with judicial administrative departments to establish mediator databases tailored to dispute resolution needs. Through pre-litigation mediation by professional mediators and legal aid programs, they enhance dispute resolution efficiency. Third, courts collaborate with financial regulators to share dispute data. Data analysis helps identify legal risks in private lending, thereby standardizing micro-lending, collateral services, and pawnshops<sup>[5]</sup>. Policy incentives encourage financial institutions to expand grassroots services, effectively curbing illegal lending activities.

Third, social participation. From a public management perspective, collaborative governance of civil disputes in private lending should emphasize the involvement of social forces to diversify governance entities and ensure fairness, justice, and rationality in dispute resolution. On one hand, accounting firms, law firms, credit reporting agencies, and industry associations are encouraged to actively participate in dispute resolution by providing professional services such as mediation, legal education, and risk assessment. On the other hand, chambers of commerce and industry associations should leverage their self-regulatory role by implementing membership systems, regularly evaluating members’ credit scores, and establishing lending whitelists and credit blacklists. This approach effectively strengthens industry discipline and reduces civil disputes in private lending.

## 4. Conclusion

In conclusion, from a public management perspective, civil legal disputes in private lending should adopt a governance logic that balances multiple approaches, coordinates diverse measures, and combines firmness with flexibility. This requires strengthening front-end governance and risk early warning, adopting a step-by-step approach to resolve disputes, and deepening cross-departmental collaboration to comprehensively enhance governance effectiveness. Moving forward, the multi-dimensional governance of private lending disputes should emphasize digital empowerment, leveraging smart governance and process reengineering to continuously improve governance efficiency.

## Disclosure statement

The author declares no conflict of interest.

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