

# *Research on Risk Prevention, Control and Supervision Path of Cross-border Wealth Management under the Background of Digital Economy*

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**Keywords:** Digital Economy; Cross-Border Wealth Management; Risk Prevention and Control; Supervision Path; Legal Convergence

**Abstract:** This paper takes the cross-border wealth management business under the background of global digital economy continuous development as the core research object. This paper sorts out the realistic development foundation and current operation status of the cross-border wealth management industry in the digital economy era, and analyzes the prominent convergence and adaptation problems existing in the current supervision legal framework of the cross-border wealth management field. This paper clarifies the insufficient risk coverage of bilateral financial cooperation treaties, the limitation of relevant clauses in regional economic and trade agreements, and the docking gap between domestic supervision system in China and international prevailing rules. This paper puts forward targeted legal convergence paths and rule construction schemes from bilateral, regional and domestic levels, and the research conclusions provide practical theoretical reference for the risk prevention and control work and supervision cooperation promotion of cross-border wealth management business.

## **1. The Realistic Foundation for the Development of Cross-border Wealth Management Industry and Its Current Development Status Under the Background of Digital Economy**

This chapter takes the cross-border wealth management industry under the background of global digital economy sustainable development as the core analysis object, and defines the core research dimension around the realistic development foundation and current operation status of the industry. The global digital economy with continuous technology iteration has reshaped the operation mode and service boundary of the traditional wealth management industry, and broken the long-term geographical restrictions and information barriers that restrict the cross-border allocation of resident assets. The continuous expansion of global cross-border capital flow scale has laid a stable basic market environment for the sustainable development of cross-border wealth management business.

The continuous innovation of digital technologies such as big data, blockchain and intelligent risk control has built a core technical support for the standardized operation of cross-border wealth management business, the two-way opening policies of financial markets launched by various countries around the world have created a relaxed policy environment for the cross-border flow of

wealth management funds, the growing demand for cross-border asset allocation of global high-net-worth individuals and middle-class families has formed a sustained market driving force for the development of the industry<sup>[1]</sup>. The global market scale of cross-border wealth management has maintained a continuous growth trend in the past five years, the coverage of digital cross-border wealth management service platforms has expanded to more emerging market regions, the business cooperation between wealth management institutions in different regions has been continuously deepened, the service mode of the industry has completed the transformation from traditional offline exclusive service to full-process digital online service, the service capacity of market entities in the industry has shown obvious regional differentiation characteristics.

This chapter completes the systematic sorting of the realistic development foundation and current operation status of the cross-border wealth management industry in the digital economy era, and clarifies the core development characteristics and market operation logic of the industry. The sorted industry development context and factual data provide sufficient factual basis for the subsequent analysis of the convergence and adaptation problems of the current supervision legal framework, and lay a solid foundation for the construction of targeted risk prevention and control paths and supervision schemes in the following chapters.

## **2. Analysis of the Convergence and Adaptation Problems Existing in the Current Legal and Regulatory Framework of Cross-border Wealth Management Under the Digital Economy Background**

### **2.1 The Current Situation That Bilateral Financial Cooperation Treaties Have Insufficient Coverage of Various Risks Involved in Cross-border Wealth Management**

The risk coverage capacity of bilateral financial cooperation treaties directly determines the effectiveness of cross-border supervision cooperation between two countries, and forms the core institutional basis for cross-border wealth management risk prevention and control. Bilateral financial cooperation treaties with clear legal binding force bear the basic function of coordinating regulatory standards and resolving cross-border financial business risks between contracting parties. The continuous expansion of global cross-border wealth management business scale has put forward higher requirements for the targeted risk coverage of existing bilateral treaty systems.

As of the end of 2025, China has signed bilateral financial cooperation agreements with 68 countries along the Belt and Road and major global economies, only 8 of the signed documents contain relevant expressions on cross-border wealth management supervision, the proportion of documents with clear provisions on business operation, market and capital flow risks is less than 12%. Most existing treaties focus on cross-border settlement and banking supervision cooperation, have no clear regulatory responsibility division and risk response provisions for the whole process of cross-border wealth management, have no unified identification standards for digital risks brought by digital technology to the business<sup>[2]</sup>.

### **2.2 The Limitations of the Supervision Clauses Related to Cross-border Wealth Management in Regional Economic and Trade Agreements**

Regional economic and trade agreements are the core institutional carrier for multi-country coordinated promotion of financial market opening and cross-border financial supervision coordination, and have a guiding role in standardizing the development of cross-border wealth management business within the region. The cross-border flow of wealth management funds within major regional economic and trade cooperation frameworks accounts for more than 70% of the

global total scale, and puts forward clear requirements for the operability and binding force of relevant supervision clauses in the agreements<sup>[3]</sup>.

The Regional Comprehensive Economic Partnership (RCEP) covering 15 Asia-Pacific countries has only 2 chapters involving cross-border financial service cooperation, the proportion of clauses specifically targeting cross-border wealth management supervision in the full text is less than 5%, all relevant clauses are principled expressions without clear operational rules and regulatory responsibility division mechanisms<sup>[4]</sup>. The CPTPP has more financial service clauses, but most clauses focus on the market access of wealth management institutions, have no unified regulatory standards for cross-border product sales and risk disposal, cannot form effective constraints on digital risks of the business.

### **2.3 The Docking Gap Between China's Domestic Wealth Management Supervision System and the Internationally Accepted Prevailing Rules**

The matching degree between China's domestic wealth management supervision system and internationally accepted prevailing rules directly affects the institutional cost of domestic institutions carrying out cross-border wealth management business, and restricts the depth of cross-border supervision cooperation between China and other global economies. The internationally accepted prevailing rules represented by IOSCO core principles have formed a relatively complete standard system for global cross-border wealth management supervision, and become an important reference for the formulation of domestic supervision rules.

The matching degree between China's current wealth management supervision rules and IOSCO core principles for cross-border wealth management supervision is only 59%, there are obvious docking gaps in the fields of cross-border investor protection, regulatory information sharing and digital risk supervision<sup>[5]</sup>. The Cross-boundary Wealth Management Connect Scheme between Chinese mainland and Hong Kong & Macao has covered more than 520,000 investors as of the end of 2025, but the current domestic supervision system has no clear provisions on cross-border dispute resolution consistent with international rules, has no unified identification standard for cross-border wealth management products in line with international norms<sup>[6]</sup>.

## **3. The Legal Convergence Paths and Rule Construction Schemes for Risk Prevention, Control and Supervision of Cross-border Wealth Management Under the Digital Economy**

### **3.1 The Specific Legal Convergence Measures for Cross-border Wealth Management Supervision Cooperation Carried Out at the Bilateral Level**

Targeted legal convergence measures at the bilateral level can directly fill the risk coverage gap of existing bilateral financial cooperation treaties, and form the most direct legal basis for cross-border wealth management supervision cooperation between two countries. Bilateral financial cooperation treaties with clear legal binding force are the core carrier for coordinating regulatory standards and resolving cross-border business risks between contracting parties, and the targeted optimization of such treaties can effectively match the expanding scale of cross-border wealth management business between the two countries. The continuous growth of global cross-border wealth management business has put forward clear requirements for the operability and binding force of legal convergence measures at the bilateral level.

China and Singapore signed a supplementary agreement on cross-border financial service supervision cooperation at the end of 2025, the agreement adds 8 special clauses on cross-border wealth management business, the clauses clarify the unified identification standard of wealth management products, the division of regulatory responsibilities in the whole business process, and

the collaborative disposal mechanism of cross-border business risks, the cumulative scale of cross-border wealth management business between the two countries increased by 42% within 3 months after the agreement entered into force<sup>[7]</sup>. Countries with frequent cross-border wealth management business exchanges can add special chapters on cross-border wealth management to existing bilateral financial cooperation treaties, clarify the regulatory mutual recognition standards for market entities, build a cross-border regulatory information sharing mechanism, and formulate a unified risk response plan for cross-border wealth management business.

### **3.2 The Construction Ideas of Unified Supervision Rules for Cross-border Wealth Management Formulated at the Regional Level**

Unified supervision rules at the regional level can break the regulatory barriers between countries within the region, and form a consistent institutional environment for the cross-border flow of wealth management funds within the regional economic and trade cooperation framework. Regional economic and trade agreements with wide coverage and strong binding force are the core carrier for formulating unified cross-border wealth management supervision rules, and the construction of such rules can effectively match the continuous growth of cross-border wealth management business scale within the region. The cross-border flow of wealth management funds within major regional economic and trade cooperation frameworks has put forward urgent demands for unified, operable and binding supervision rules.

The 15 member countries of the Regional Comprehensive Economic Partnership (RCEP) achieved a cumulative cross-border wealth management business scale of 1.2 trillion US dollars in 2025, accounting for 67% of the total scale of the Asia-Pacific region, the member countries can formulate a special supplementary protocol on cross-border wealth management supervision under the RCEP framework, clarify the unified access standard of cross-border wealth management products within the region, build a regional regulatory mutual recognition mechanism for wealth management institutions, establish a unified cross-border investor dispute resolution mechanism, and formulate a coordinated supervision standard for digital risks of cross-border wealth management business<sup>[8]</sup>. The regional unified rules can be formulated in a progressive way, from principled framework clauses to detailed operational rules, to match the actual development level of countries within the region.

### **3.3 The Improvement Direction of China's Domestic Legal System for Cross-border Wealth Management Supervision**

The improvement of China's domestic cross-border wealth management supervision legal system is the bottom-line support for bilateral and regional supervision cooperation, and can effectively fill the docking gap between domestic rules and internationally accepted prevailing rules. China's domestic wealth management supervision legal system is the core basis for regulating domestic cross-border wealth management business, and the systematic improvement of the system can effectively match the continuous expansion of China's cross-border wealth management business scale. The deepening of China's financial market two-way opening has put forward clear requirements for the improvement of domestic cross-border wealth management supervision legal system.

As of the end of 2025, the cumulative business scale of the Cross-boundary Wealth Management Connect Scheme in the Guangdong-Hong Kong-Macao Greater Bay Area exceeded 580 billion yuan, the number of participating investors exceeded 520,000, the current domestic supervision system has no unified provisions on cross-border investor collective litigation, cross-border regulatory information sharing and digital risk supervision of wealth management business<sup>[9]</sup>. China

can revise and improve the current wealth management supervision regulations such as the Measures for the Supervision and Administration of Commercial Bank Wealth Management Business, add special chapters on cross-border wealth management business supervision, formulate unified identification standards for cross-border wealth management products consistent with IOSCO core principles, improve the cross-border investor rights protection system, and build a full-process digital supervision system for cross-border wealth management business<sup>[10]</sup>.

### **3.4 The Establishment of a Full-process Data Compliance Governance Mechanism for Cross-border Wealth Management**

A full-process data compliance governance mechanism is an indispensable institutional support for the risk prevention and supervision of cross-border wealth management in the digital economy. Unlike traditional financial services, digital cross-border wealth management depends heavily on the collection, processing, transmission and application of investor data, including identity information, asset structure, risk preference, transaction records and behavioral data. These data elements not only improve the efficiency of product matching and risk assessment, but also bring new compliance risks such as excessive data collection, unclear authorization, illegal cross-border data transfer and improper algorithmic use. Therefore, the construction of regulatory rules for cross-border wealth management should not only focus on financial product access and institutional qualification, but also establish a systematic data governance framework covering the whole business chain.

The first step is to clarify the legal boundary of data collection and use in cross-border wealth management. Wealth management institutions should obtain investors' explicit and informed consent before collecting personal financial information, and the purpose, scope, storage period and sharing object of data processing should be clearly disclosed. For high-sensitivity data such as income source, investment experience, family asset allocation and biometric identification information, stricter authorization procedures should be adopted. Regulators may require institutions to establish classified data management rules, under which ordinary business data, sensitive personal information and important financial data are subject to different levels of review, encryption and storage standards. This can prevent data governance from remaining at the level of general compliance commitment, and make regulatory requirements operable in actual business scenarios.

The second step is to improve the compliance review mechanism for cross-border data transfer. Cross-border wealth management platforms often involve investors, product issuers, custodians, payment channels and technology service providers located in different jurisdictions. Once investor data flow across borders without clear legal review, it may lead to conflicts between domestic data security rules and foreign regulatory requirements. Therefore, institutions should conduct prior compliance assessments before transferring investor data abroad, focusing on the necessity of data transfer, the security capacity of overseas recipients, the legal environment of the destination country and the availability of remedies after data leakage. For data related to large-scale investors or important financial market operations, regulators can require security assessment, standard contractual clauses or certification mechanisms to ensure that cross-border data flow remains controllable.

The third step is to strengthen algorithmic transparency and accountability. Digital wealth management services increasingly rely on robo-advisors, intelligent risk profiling and automated product recommendation systems. However, algorithmic models may produce hidden risks such as biased suitability assessment, opaque recommendation logic and excessive inducement of high-risk products. Regulatory rules should require institutions to retain model training records, parameter

adjustment logs and recommendation basis, so that regulatory agencies can trace the decision-making process when disputes arise. At the same time, investors should have the right to obtain a reasonable explanation of automated recommendations and refuse decisions made solely by automated processing when such decisions have a significant impact on their rights and interests.

Through the above mechanism, data compliance governance can become a substantive part of cross-border wealth management supervision rather than an auxiliary technical requirement. It can connect investor protection, financial security and digital governance, and provide a more precise institutional foundation for the long-term standardized operation of the industry.

### **3.5 The Construction of a Dynamic Risk Monitoring and Emergency Disposal Mechanism for Cross-border Wealth Management**

The construction of a dynamic risk monitoring and emergency disposal mechanism is necessary to enhance the practical effectiveness of cross-border wealth management supervision. Cross-border wealth management risks in the digital economy are not static risks that can be fully identified at the stage of market access. They may evolve rapidly with changes in exchange rates, asset prices, platform operation, investor behavior, geopolitical environment and digital technology vulnerability. If supervision only relies on ex ante approval and post-event accountability, it will be difficult to respond to the real-time, contagious and cross-jurisdictional characteristics of such risks. Therefore, a dynamic mechanism integrating risk identification, early warning, graded response and emergency disposal should be established to improve the resilience of the regulatory system.

Dynamic risk monitoring should be based on the continuous collection and analysis of key business indicators. Regulators may require cross-border wealth management institutions to submit periodic and real-time data on product sales scale, investor concentration, redemption pressure, leverage level, currency mismatch, abnormal transaction frequency and complaint volume. Compared with traditional static reporting, this mechanism pays more attention to the trend changes of risk indicators. For example, a rapid increase in redemption applications, a sudden rise in cross-border fund outflow, or concentrated complaints about a specific product may indicate liquidity pressure, misleading sales or operational defects. By setting early warning thresholds for different indicators, regulators can identify abnormal signals before risks expand into systemic events.

A graded risk response system should also be introduced. Not all risk events require the same level of regulatory intervention. For general operational deviations, regulators may require institutions to submit rectification reports and strengthen internal control. For risks that may damage investor interests, such as inappropriate product recommendation, valuation abnormality or delayed disclosure, regulators may suspend new sales, require special disclosure, or order institutions to conduct investor suitability re-evaluation. For severe events involving large-scale capital loss, platform failure, data leakage or suspected illegal fundraising, emergency measures such as freezing relevant business, initiating cross-border regulatory coordination, preserving electronic evidence and activating investor compensation arrangements should be adopted. Such a graded response model can avoid both insufficient intervention and excessive regulatory burden.

Emergency disposal rules should further clarify the responsibilities of different market participants. Wealth management institutions should bear primary responsibility for product risk disclosure, investor communication, fund transfer records and internal emergency plans. Custodian institutions should ensure the independence and traceability of client assets. Technology service providers should be responsible for system stability, cybersecurity protection and data recovery when digital infrastructure failure occurs. Third-party sales platforms should retain complete records of product promotion, investor confirmation and risk warning procedures. By clearly

allocating responsibilities among these participants, regulators can prevent responsibility shifting after risk events and improve the efficiency of dispute resolution.

In addition, stress testing and scenario simulation should become regular supervisory tools. Regulators can require institutions to test their risk tolerance under scenarios such as sharp exchange-rate fluctuations, simultaneous redemption by high-net-worth clients, interruption of cross-border payment channels, cyberattacks and overseas market volatility. The results of stress testing should be linked to regulatory measures, including capital adequacy requirements, business scale limits and risk reserve arrangements. This can transform supervision from passive response to proactive prevention.

The dynamic risk monitoring and emergency disposal mechanism can make cross-border wealth management supervision more adaptive to the digital economy. It not only strengthens the ability to detect and control risks in real time, but also forms a closed-loop governance structure from risk warning to responsibility allocation and post-event correction.

## Conclusion

This paper systematically sorts out the realistic foundation and development status of cross-border wealth management industry under the digital economy background, analyzes the core problems existing in the current supervision legal framework, and puts forward targeted legal convergence paths and rule construction schemes from bilateral, regional and domestic levels. The research conclusions of this paper can provide practical theoretical reference for the risk prevention and control and supervision cooperation of cross-border wealth management business, and promote the standardized and healthy development of the industry.

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