

Establishing Efficient Social Credit System in China from European Experience of Social Credit System¹

ETABLISSEMENT DU SYSTEME DE CREDIT SOCIAL EFFICACE EN CHINE D'APRES LES EXPERIENCES DU SYSTEME DE CREDIT SOCIAL EUROPEEN

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Abstract: This paper analyses European credit system and its experience we can learn from. The paper firstly discusses the three European social credit modes. Then we study the experience in society credit system construction in Europe. Many difficulties would be faced without a sound social credit system, so the establishment of a nationwide social credit system should be sped up to improve the development of social credit. The paper discusses what to do as to the development of social credit system.

Key words: credit investigation, social credit system, credit bureau, mode

Résumé: Le présent article analyse le système de crédit européen et les expériences dont on peut s'inspirer. L'article présente d'abord les trois modèles de crédit social européens. Puis on apprend les expériences dans la construction du système de crédit social en Europe. Beaucoup de difficultés devront apparaître sans un système de crédit social sain, ainsi l'établissement d'un système de crédit social à l'échelle nationale doit-il être accéléré pour promouvoir le développement du crédit social. L'article discute ce qu'on doit faire dans le développement du système de crédit social.

Mots-Clés: investigation de crédit, système de crédit social, bureau de crédit, modèle

The highest percentage of individual credit is reported in Britain, Germany and Switzerland, and the work to exchange credit information between credit bureaus has already been done several decades. Europe is the origin of public credit registration system. The credit administration mode is the public credit registration system established by the Central Bank, which is mainly take credit bureau as the main body on credit administration.

There are three modes in European social credit, but certain difference can be seen in social credit system's pattern existence because of different countries.

1. PUBLIC CREDIT BUREAU MODE

This mode is used in the major country like Germany, Italy, Spain, Belgium, Austria, France, Portugal. European credit bureau is controlled by the Central Bank or the banking supervision organization. Various financial organizations such as commercial banks, insurance companies, rent companies and credit card companies which financial organizations are organized to cooperate together.

The content registered includes credit information of the enterprises and the individuals. This organization is invested by government, and the network system about national database is established by the government. The information is mainly used by the bank interior. Its goal is to supply of related enterprises and individuals' debt condition information for the commercial bank, the Central Bank and other bank Supervision organization. The credit bureau has a common characteristic: The compulsion join, the

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secrecy, the privacy protection, the loan information report lowest limit and the computer technology. Central Bank or banking supervision organization must participate in the public credit investigation organization through the law, and legally the periodic report commercial borrower and the consumer loans situation.

2. THE TRADE ASSOCIATION BUSINESS MODEL.

Typical representatives of this mode are Finland, Ireland, Switzerland and so on. This mode is that the financial organizations, such as commercial banks voluntarily invest to establish the credit bureau which is independent of debtor and creditor and only its members can enjoy the information which provided by the credit organizations, every member has the duty to provide accurate and the comprehensive credit information to the credit bureau. The credit bureau does not take the profit as the goal but operate by the law seriously. The credit bureau provides credit information to the shareholder bank or the financial companies and does not provide the service to government or tax bureaus.

3. ENTERPRISE OPERATION MODE

The main representative is the Britain. The credit bureau is set up by individuals not by government. Britain's credit bureau is run by individuals. Retailers originally set up credit system during trade process of their customers, and later evolved gradually into specialized credit bureau. The credit bureau is possessed by individuals, operated according to marketing rules, getting the benefits to develop, It has flexible managing styles, providing multiplex service.

From the experience in society credit system construction in Europe, The experience has provided the following modes:

3.1 Form more complete legal frame system

Credit society is also legislative society, providing credit information of enterprises and Individuals, which involved in commercial secret and personal privacy, even more the questions about human rights and racialism, In Europe, "lack of credit" has become an important factor that restricts economic growth. it is

impossible to establish a perfect social credit system without a reasonable credit legal system. In Europe, many related laws have been passed through to prohibit credit transaction discrimination behavior and make difference in forming the credit administration. As a result, complete frame system has been founded at present. Therefore, the legislation about society credit should precede other procedures in the whole credit system construction in China to make sure that credit bureau business can be developed according to law or regulation. Government should issue relative laws and regulations so as to ensure credit service smooth development.

3.2 Make the present credit organization run in order

The three European social credit modes have high efficient credit organization that offer information to given object. Firstly, it makes financial organization could know about the credit situation of the loan enterprises and individuals or consumers to decide whether they should trade; Secondly, it makes enterprises and individuals with good credit get advantages and the one with bad credit will be punished.

The government should accelerate opening to credit data. He should make policies to coordinate opening data in those departments of business administration, tax, bank, and court to create good condition to establish credit investigation database and to credit bureau. The goal is to form a credit investigation network system in the whole country.

3.3 Play the important role of Government effectively

Practice has shown that under the public credit model of some countries in Europe, credit registration system should be established by Central Banks or supervisor and administer of the government, the government is the core role during the development of society credit system. In China, the government should play important roles in promoting the establishment of legislation, dispelling some negative influence specifying, constructing market management and supervising. A well credit environment should rely on the support from the government. The main function of government is supervising and managing efficiently, forming legal frame system, promoting the development of social credit system. The construction of credit system in China still needs government's guidance and laws' perfection.

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