



Social Credit System Construction in Liao Ning Province

Mr. Jiang Jianli

President, Liaoning Provincial Credit Association

Deputy Director, Liaoning Information Center

Environment for Developing Credit Industry in Liaoning



- **Social Development**

- **Total population: 42.71m, urban green coverage: 58.7%. It is the most developed province in terms of urbanization in mainland China.**
- **Number of Units with legal person status: 250,000; units with business activities: 310,000**
- **By the end of Nov. 2007, saving balance in financial institutions had reached 1.5038 trillion yuan and loan balance 1.0495 trillion yuan.**
- **Aggregate economic volume exceeds 1 trillion yuan, ranking No 8 in mainland China.**
- **Average annual economic growth rate during 2004—2006: 13%**
- **During 11th five-year plan period, Liaoning will maintain fast and stable development with the annual growth rate projected to be around 13%.**

Environment for Developing Credit Industry in Liaoning



- **Process of development**
 - 1st credit agency established in 2001 in Shenyang, capital of Liaoning
 - Credit service agencies gradually established handling credit evaluation, credit guarantee, etc.
 - Liaoning initiated the work of constructing social credit system in 2003
 - In 2005 Provincial Gov. issued Opinion on Strengthening Social Credit System Construction
 - a leadership group for credit system construction established, including 50 gov. departments, with Executive Vice Governor as group director and office set up in Provincial Development & Reform Commission
 - Credit Information Data Exchange Center Project, a province-level credit platform, has been initiated, providing credit announcement, credit enquiry & disclosure. So far, the project has been completed and is on trial operation.

Basic Ideas for Social Credit System Construction in Liaoning



- **Overall Objective**
 - **By 2010, a social credit framework with “1 guarantee, 2 platforms and 3 systems will have been set up.**
 - **Formulate credit system, standards and relevant laws & regulations, providing a legal guarantee for social credit system**
 - **Establish basic credit platform, providing technical support for social credit system service & application**
 - **Establish credit supervision platform, providing a standard operation mechanism & a good market environment for credit information gathering, evaluation, inquiry, announcement & management**
 - **Build a credit system including government, enterprises and individuals**
- **Guidelines**
 - **Take government credit as a precursor, enterprise credit as a pivot and individual credit as a foundation, social intermediary as a carrier, perfect credit system, build credit culture and improve credit environment. Gradually establish a provincial credit system with social morality as a support, ownership as a foundation and law as a guarantee. The system will be characterized by government supervision, industrial self-discipline, enterprise internal control and social supervision.**

Basic Ideas for Social Credit System Construction in Liaoning



- **Main Task**
 - **Formulate development plan & unified standard and strengthen credit legislature**
 - **Build a credit platform & integrate credit data resources**
 - **Speed up credit construction involving government, enterprises and individuals, uplift government credit, strengthen enterprise credit management and promote individual credit construction**
 - **Foster credit market, develop credit transaction**
 - **Develop & improve credit intermediary service**
- **Implementation steps**
 - **Collect credit information within industry to promote industry credit construction**
 - **Collect integrated credit information to promote credit information resource sharing**
 - **Standardize market to achieve diversification of credit service**

Our Practices



- **Government Promotion & market operation**
 - **Beginning stage**
 - **Provincial Information Center, a non-profit agency affiliated to Gov., is responsible for gathering, processing & exchanging and also provides credit information service to gov agencies and the general public**
 - **Gov exercises unified leadership with participation of different departments, coordinates resources to achieve information sharing**
 - **Gov. establishes an investment system for social credit system infrastructure constructure to support the development of credit industry.**
 - **Development Stage**
 - **Guided by Gov, credit investigation & service will be gradually operated on a market basis.**
 - **Credit service industry shall be operated under the government guidance & supervision.**

Our Practices



- **Build a basic credit platform**
 - **Credit Data Exchange Center has been set up with government investment to provide technical support for a unified credit information gathering & application platform, to process credit information related to supervision and to disseminate credit information in an orderly way**
 - **Support gov agencies with technical strengthen & credit data to establish industrial credit investigation system**
 - **Support cities to build city-level data exchange platform**
- **To achieve united credit investigation on the basis of industrial credit investigation**
 - **Achieve industrial credit investigation through gov agencies**
 - **Achieve local credit investigation via regional credit investigation agencies**
 - **Achieve united credit investigation by gathering & consolidating credit data with a unified system**
- **Plan to set up an industry association & motivate social sectors to get involved in credit construction**

Problems & experience



- **Factors affecting social credit system construction**
 - **Legal environment needs to be improved**
 - **Legal support & environment for credit data collection, credit information dissemination & application and credit agencies access & supervision**
 - **Institutional guarantee still needs to be further strengthened**
 - **Coordinate national & regional credit system construction**
 - **Establish mechanism & system for information collection, exchange & sharing**
 - **Social integrity needs to be enhanced**
 - **Market demands needs to be uplifted**
 - **Few enterprises actively seek credit service or apply for credit rating**
 - **Social sectors unwilling to provide their own credit data & lack of internal credit management in enterprises**
 - **Lack of credit professionals & technology**



Problems & experience

- **A dilemma in social credit system construction**
 - **Difficult to collect credit data**
 - **Need strong gov. coordination & supervision to collect gov. information**
 - **Difficult to process credit data**
 - **Strengthen standardization of data & data processing and continuously optimize data comparison rules**
- **Experience**
 - **Liaoning Province relies on strong gov promotion to set up a credit system and forster the market instead of relying on sheer market force, which can be a shortcut to speed up the development of market economy & credit industry.**

Future Work



- **Continue to perfect credit system**
 - Continue to improve local & industry credit information collection system and integrate gov. agencies' information into the platform
 - Conduct market-based credit information collection business to enlarge source of information
- **Explore the application of credit information**
 - Fully utilization of credit data in gov work
 - Gradually open credit data to society, encourage & support credit service agencies to conduct credit evaluation & rating activities and provide credit service
- **Seek technical & business cooperation**
 - Broad cooperation in technical development, business expansion and personnel training, etc
 - Learn from experienced friends at home and abroad
 - Utilize capital, technology and human resources at home and abroad