Chinese plans for a so-called social credit system have drawn widespread attention over recent years. Such a system is supposed to combat (financial) misbehavior, corruption and (re-)install trust throughout Chinese society. So far, however, no single system has emerged, but several private and (local) governmental systems were deployed side-by-side. Despite this divergence, the contours of a future nationwide system are beginning to show.

Our observations

- Government-led social credit systems have been developed in different cities and regions. National government strives to implement a single national system by 2020, but it already maintains an old-fashioned blacklist of 7 million citizens who, for instance, cannot book airplane tickets or first-class tickets for (high-speed) trains.

- The first experiment was held in Suining, where a digital system was meant to substitute random penalties and poor governance. However, it relied on poor and rather random data sources and the project was terminated following public protest. More recent pilots include Shenzhen, where facial recognition is used to name and shame (and fine) jaywalkers and Zhengzhou, where debtholders are shamed when they try to call someone. The most "Black Mirror"-like system is deployed in Rongcheng, where citizens are rated according to their misbehavior and/or exemplary behavior (e.g. caring for the elderly). Businesses are also targeted; in Shanghai and Luzhou, various businesses are subject to similar ratings depending on their compliance with regulations concerning (food) safety or pollution.

- In the region of Xinjiang, with a majority of Muslim Uighur, on-street facial recognition, biometrics collection and monitoring of online behavior are standard practice already. The region is thus seen as a "frontline laboratory" for future nationwide surveillance systems.

- Between 2012 and 2017, the number of surveillance cameras in China increased by an average of 13% per year (globally, annual growth is only 2%). More and more of those are equipped with facial recognition. Facial recognition is also increasingly integrated in e-commerce and (p2p) lending systems.

- The best-known private system is Sesame Credit, developed by Ant Financial, an affiliate of Alibaba. Its focus is on creditworthiness, but a low score can have an impact beyond loans (e.g. being banned from certain hotels) and government’s blacklist is also integrated. Sesame scores may feed into a future national system, but government is skeptical of the private systems because of their commercial origin; e.g. Sesame Credit actually resembles a loyalty program and the easiest way to up one’s score is to purchase more from Alibaba. Last February, the People’s Bank of China announced another credit scoring service, Baihang Credit Scoring (with Alibaba and Tencent among its shareholders).
Connecting the dots

For several years, the Chinese government has openly discussed the possibility of setting up a so-called social credit system. In 2014, these plans were formalized and by 2020, a national system is supposed to be in place. The system is to keep score (automatically) of the on- and offline behavior of Chinese citizens (and businesses) and having a low score will have serious consequences in multiple domains of everyday life and business. The obvious Western response to these kinds of social credit systems is disapproval, as it reminds us of darker times in our past and dystopian futures presented in books and films. However, the Chinese appear to be more positive about the plans and the very idea of social credit ratings, it seems, is not fundamentally challenged. Insofar as there is resistance, it is mostly limited to complaints about the design of particular experiments and their lack of transparency (e.g. the successful protest in Suining).

The seemingly general acceptance of the system may stem from different factors. We cannot rule out that people are too afraid to speak out or simply feel that they can do nothing about it. Nor can we rule out that many Chinese genuinely agree that such a system is more or less necessary to solve major societal problems of unpaid loans, widespread corruption and little respect for rules and regulations among citizens and businesses. These problems relate to the nation’s relatively immature, but fast-growing, economy and the lack of (Western-like) institutions to support it. In response, the social credit system is proposed as a cure-all structure that leapfrogs the kinds of (separate) institutions that we have built over much longer time spans in the West. That is, on a case-by-case basis, the collection and analysis of data about citizen and business behavior is not all that different from what happens in the West. What is radical about the projected Chinese system is really the unlimited integration of seemingly unrelated data sources and the ways in which penalties are imposed in domains of everyday life. In other words, the desire to solve persistent societal problems, combined with China’s single-party governance model and the nation’s technological prowess, amount to such a radical solution being deemed necessary and feasible.

Implications

- Regardless of the morality and desirability of the system itself, it is questionable whether it will actually help raise intrinsic moral standards. Enforcing “trustworthy” behavior is clearly not the same as teaching people how to be “better” citizens. Moreover, the proposed schemes entail some kind of bonus-malus system that would allow citizens to offset bad behavior in one domain (e.g. -50 points for drunk driving) with good behavior in another (+50 points for taking care of the elderly).

- The composition of social credit scores depends on the availability of (digital) data and since not everything is measurable, the resulting scores will not cover all relevant parameters. Over time, social norms may thus shift towards the measurable aspects of everyday life and doing business. Moreover, special interest groups may lobby for the inclusion of parameters in relation to their particular interests (e.g. animal welfare organizations).

- Naming and shaming is a major element in current and projected social credit schemes. For the Chinese, this is quite a common form of punishment (e.g. ‘struggle sessions’ during the Cultural Revolution), but we have noted earlier how social media has also led to digital lynch mobs in the West. From that perspective, and ongoing datafication, one could argue that the West is also moving in the direction of (implicit) social credit ratings.