

6 KEY TAKEAWAYS

The Chinese Social Credit System

[Kilpatrick Townsend's Scott Marrah](#) and [Adria Perez](#) recently spoke on the "Anti-Corruption and Compliance" panel at the [Association of Corporate Counsel of Georgia](#) seminar on "Doing Business in China: Exploring Cross-Border Legal Issues."

The following are six key takeaways on the Chinese Social Credit System ("SCS"):

1

The Chinese government will complete its roll out of the SCS in 2020.

SCS is a government-established system to collect information and rate companies and individuals to enhance trustworthiness and compliance with social norms and legal requirements.

2

3 The government uses algorithms to determine the ratings based on information and data using, for example, "Big Data" analyses and facial recognition.

4

There are incentives for good ratings, such as better credit conditions, easier market access and more public procurement opportunities.

5

Poor ratings can lead to fees, higher inspection rates and loss of government contracts and approvals.

6

Business partners, senior management and legal representatives can affect a company's rating and vice versa.

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