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## 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.
2. 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.
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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