

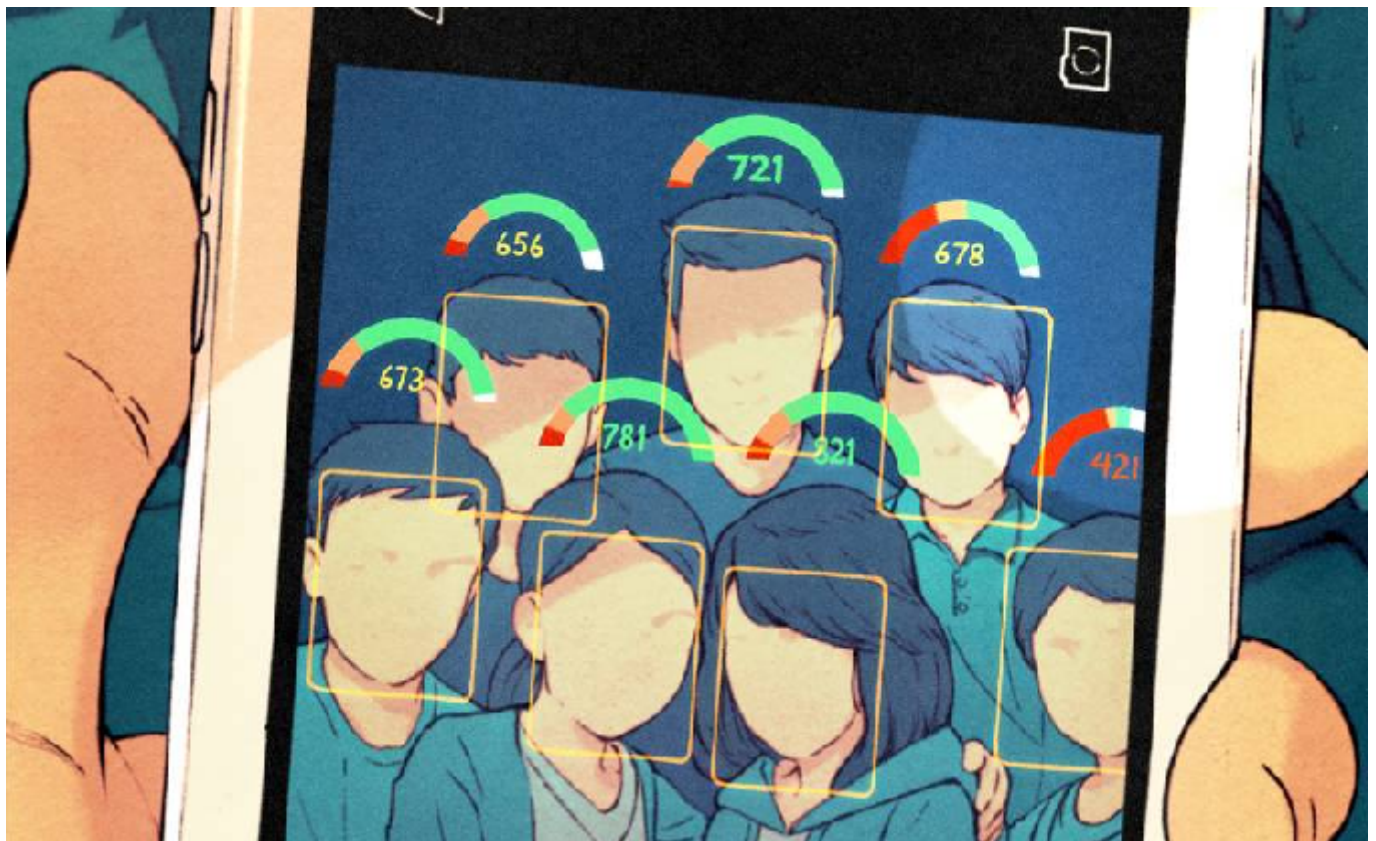
Orwell was wrong; bureaucracy has triumphed

What has become of China's social credit system?

In 2018, I wrote a blog post [entitled 'Scored Down in China'](#) about one of the plans put forward by the Chinese authorities, which was more like an **episode of *Black Mirror***. Over the past eight years, however, instead of the points-based system, a much harsher blacklist system based on digital bureaucracy has emerged.

The social credit system (*social credit system*) punishes political disobedience with immediate digital exile and travel bans, and now affects foreigners as well.

This post highlights the dreary reality that has replaced the sci-fi dystopia.



Return behind the Great Wall

In 2018, there was still a Black Mirror-style sci-fi dystopia, where buying nappies earned points, whilst playing video games resulted in penalties. By 2026, the situation had changed completely. The unified, all-seeing points system anticipated by the Western media did not materialise. Instead, the world's largest bureaucratic, digital tax monitoring system was established, which, whilst bearing less resemblance to the original points-based system, appears far more tedious and all-powerful.

The Great Divide: Sesame Credit vs. State Control

The big tech giants, **Alibaba (Sesame Credit)** and **WeChat** have been completely disconnected from official records by the state. It is illegal to impose state penalties based on loyalty points awarded by private companies.

Although **Alibaba** and **Tencent** 's points systems (e.g. Sesame Credit) have officially separated from the state, at the service level the companies operate as the digital enforcers of the party-state. If WeChat's algorithm detects politically prohibited keywords or anti-government messages in a private chat, it immediately and permanently blocks the account. As WeChat serves as the basis for digital identity, a means of payment and official administrative procedures in China, losing one's account is, in practice, tantamount to digital exile.

China has realised that, due to the private companies' (such as Alibaba or Tencent) own, isolated databases, the banking system lacks a clear picture of the population's actual level of indebtedness. Therefore, the **People's Bank of China (PBOC)** established the **Baihang Credit (Baihang Credit Scoring)**. This platform is modelled on the **German SCHUFA**, meaning it has adopted the operating model (surprise, surprise) of one of the most effective credit reference agencies from Germany.

The German SCHUFA

SCHUFA (Schutzgemeinschaft für Absatzfinanzierung) is Germany's largest credit reference agency, which maintains a file on almost every adult living in Germany (more than 68 million people). It is not a government body, but a private company whose job is to assess how reliable you are as a payer. If you want to rent a flat in Germany, open a bank account, apply for a loan or even just take out a mobile phone contract, a SCHUFA report is essential.

The basic principles of the system and the "*black box*" :

SCHUFA does not spy on you; the data is provided by its partners (banks, telecoms companies, utility providers, online retailers). They can see the bank accounts you've opened, your credit cards, your mobile phone account, your existing loans and, most importantly, your unpaid, overdue debts.

The system assigns you a score between 0 and 100 per cent. A score above 97 per cent is excellent, whilst a score below 90 per cent already represents a serious risk and it is almost certain that your application for a loan or a mortgage will be rejected. Although the law requires SCHUFA to show you, free of charge once a year, what data it holds about you, to this day nobody knows exactly how the score is calculated.

The *German Federal Court of Justice (BGH)* has previously ruled that the scoring formula constitutes a trade secret. Consequently, despite legal challenges from private individuals and consumer protection organisations, SCHUFA has successfully defended its mathematical formula. To an outside observer, the system is a '*black box*': you see a number at the bottom of the page, but you have no idea whether a rejected credit card application or too many house moves has had a greater negative impact on it.

The German SCHUFA 's "*blessed*" activities. We wanted to buy a house just over 15 years ago. We

viewed several properties and, on several occasions, requested a SCHUFA report to assess our eligibility for a bank loan. Then, after a while, the banks refused to grant us a loan. We later discovered that every single creditworthiness enquiry (!) had lowered our SCHUFA score, which eventually dropped so low that the banks were unwilling to lend to us. We had to wait half a year for our score to recover (on its own), and we became creditworthy again. Then we bought a house.

No, this isn't a Chinese story, but a German one. The Chinese certainly had plenty of inspiration from which to draw when setting up their despicable systems.

SCHUFA is an opaque and, in many cases, unpredictable 'black box'. China has adopted this logic to control the economic sector (the *Baihang Credit* system), but whilst SCHUFA is only interested in your money, the Chinese state is also interested in your loyalty.



in China

The real Chinese weapon: The Blacklists

The government has realised that continuously scoring the population is complicated and chaotic. It is much simpler to put people on lists. If, for example, you fail to pay your court debts or your taxes, you are simply added to the public Credit China blacklist (**shìxìnrén**). As a result, your internet speed will be slowed down, you'll be banned from aeroplanes and high-speed trains, and even your phone will play an automated voice message to anyone calling you: *"Warning: the person you are calling is an unreliable individual who has been convicted by a court."*

If you commit a political offence – such as criticising the government, taking part in a banned demonstration, or even simply posting about sensitive topics – the state doesn't mess about with points, but places you on the political blacklist immediately. The consequences are the same as those described above, but in addition, the children of blacklisted citizens may be officially barred from the better private schools, and they themselves cannot hold government or senior corporate positions. Furthermore, your WeChat account may be deleted, which is tantamount to social death: you will no longer be able to make payments anywhere, or only to a very limited extent; you will lose the ability to chat; and your options for carrying out administrative tasks will also be restricted.

What's more, blacklists now restrict not only domestic travel but also travel abroad (exit bans). For example, if, as a foreign businessman, you have a dispute with a Chinese partner who is sufficiently influential, the court can, at the touch of a button, prohibit you from leaving the country. The US and other Western countries have already issued official travel advisories because of this.

Cities and differences

Furthermore, the scoring system varies from city to city (or region to region). Let's take three cities that illustrate these differing classifications well:

Hong Kong: Full exemption

Hong Kong's status is the most unique, as the city is part of the *"one country, two systems"* principle, and thus the city's residents are not subject at all to mainland China's state social credit system or its blacklisting system. Although political repression has intensified in Hong Kong since the introduction of the National Security Law in Beijing, this is managed through traditional police and judicial channels (arrests, asset freezes) rather than via digital points-based systems. Hong Kong operates a credit rating system similar to that of the Western world, based purely on financial criteria.

Shenzhen: The technological testing ground

Shenzhen, China *"Silicon Valley"* and special economic zone. It is home to the country's most advanced and highly digitised local system. In Shenzhen, local regulations governing everyday behaviour are extremely strict.

For example, crossing a zebra crossing when the light is red (*jaywalking*) **is recorded by facial recognition cameras**, and the offence is immediately entered into the resident's local database. If a driver receives more than five traffic fines in a year, they automatically receive a negative record. These points and data are stored within Shenzhen's own municipal system and are primarily used to assess the efficiency of municipal services and the legal compliance of businesses (*Corporate Social Credit*).

Chongqing: The gigantic domestic model

Chongqing is not a special economic zone, but a municipality with provincial status under direct central government control (with a population of 32 million). It follows the classic mainland Chinese model.

It is here that Beijing's central policies are implemented most strictly. There are no unique digital tech experiments like those in Shenzhen; the focus is almost entirely on the blacklist of court debtors and on ensuring companies comply with tax and environmental regulations.

Chongqing has already been mentioned on this blog; when I wanted to see this city up close, so [we went to see the world's largest city](#).

PS

Total control has been achieved, but not in the way Hollywood would have imagined ten years ago. The Chinese do not live in some futuristic video game where a virtual score hovers above everyone's head.

Instead, they've been saddled with a dreary, bureaucratic form of capitalism, kept on a digital leash, one of whose main tools (the SCHUFA) was imported from no less bureaucratic Germany.

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Sources

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The official government platform for public court debtor lists and regulatory checks: Credit China Portal

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Official travel advisory from the US Department of State on the legal environment in China and exit bans: [U.S. Department of State – China Travel Advisory](#)

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