

The Enlightenment of Foreign Individual Credit Repair System to Our Country

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Abstract: At present, our country has made preliminary progress in the field of individual credit repair system, but compared to the developed countries, our individual credit repair system is still in an embryonic state, there are many problems, such as the provisions for personal credit repair are scattered and lack of legal provisions in the narrow sense. According to the present legal mechanism, the implementation and development of the personal credit repair mechanism are still in the slow start stage. Today, the global credit repair system can be roughly divided into market-driven and government-driven systems, among which the United States and South Korea are especially worthy of reference in terms of personal credit legislation and the establishment of professional credit repair institutions.

Keywords: Credit Repair, Personal Credit, Trust-Breaking Subject, Experience Enlightenment

1. The current situation and insufficiency of personal credit repair system

With the development of joint punishment measures for trust-breaking, a large number of trust-breaking subjects have emerged, so the domestic experts and scholars on the establishment of a perfect credit repair system is also rising. Many normative documents are issued by central and local authorities in view of personal credit repair. In practice, The General Office of the State Council issued Several Opinions on the Instructions on Accelerating the Construction of China's Social Credit System by Establishing and Improving the Linkage Incentive Mechanism for Keeping Good Faith and the Linkage Punishment Mechanism for Breaking Faith clearly mentioned that the maintenance of the rights and obligations of credit subjects should be strengthened, and the Regulations of Shanghai Municipality on Social Credit also clearly mentioned that information subjects should take positive actions. It includes fulfilling obligations, applying for extension, etc., to reduce the loss of trust-breaking, and requires severe punishment for acts violating socialist credit, so as to promote the construction of socialist credit system.

At present, our personal credit repair system is still in the exploratory stage, and there are still great problems in the identification institutions, processing institutions and relief methods of credit information rights subjects of personal credit repair, including the lack of specialized credit repair institutions to provide credit repair services, late credit repair disposal methods and effective supervision mechanisms^[1]. At present, when personal credit bad records come into being, the external management method is usually to settle the overdue principal and interest, and maintain good credit habits. After five years, the credit report will automatically stop showing bad records. But this credit repair method, the way is relatively simple, and time-consuming, is not conducive to the repair of credit bad individual credit. Consummation and solving of these problems will enrich the application of our individual credit repair system in the field of credit repair.

2. Experience and enlightenment of personal credit repair system abroad

2.1 The experience and enlightenment of the personal credit repair system in the United States

The United States is a typical market-led personal credit repair system. With the mature market economy system, the research on personal credit repair system in the United States is more systematic and standardized. The personal credit repair system in the United

States mainly relies on market credit repair institutions to carry out credit repair. Generally speaking, the personal credit repair practices in the United States have the following characteristics: the establishment of sound laws and regulations; Establish a sound credit repair supervision system.

First, the United States attaches great importance to the legislative perfection of individual credit repair system. The promulgation of the Fair and Honest Reporting Act, the Fair and Accurate and Honest Trade Act and the enforcement rules of the Fair and Honest Reporting Act of the United States government has established a set of strict credit management institutions with strong enforcement force, which can be used to protect the legitimate rights and interests of citizens and better help them obtain more equal and fair information. The first version of the Law on Fair and Honest Reporting stipulates that banks and information providers should review and report relevant data to trust-breaking subjects as soon as possible; The Fair and Accurate Honest Trade Act also specifies the legal responsibility to report malicious information to the relevant authorities immediately.

Second, the United States has formed a relatively complete credit repair supervision system. This regulatory system mainly includes two aspects, namely government regulation and market industry self-regulation. The U.S. National Trade Commission (FTC) is responsible for supervising and directing individual credit recovery companies in the market and taking necessary actions in accordance with relevant provisions of law. If a company is found to have violated federal law, the agency can refer it to the Justice Department and take administrative action. The Federal Trade Commission can take administrative action against agencies that illegally conduct credit repair, and can impose administrative penalties in cases of emergency. In addition, in order to ensure the professional competence of practitioners, the American Association for International Accounts Collection (ACCP) has put forward a unified credit data collection format and a unified credit investigation industry standard to ensure the self-regulation of the industry^[2].

2.2 Experience and enlightenment of Korea's personal credit repair system

Korea has its own special features in the personal credit repair system, and its personal credit repair law has its own characteristics. Compared with the United States, South Korea and China are in the Southeast Asian cultural circle and share the same cognition in traditional culture and humanistic ethics. In general, the personal credit repair system in South Korea mainly includes the following features: a complete legal and regulatory system and a unique personal credit bonus and score raising mechanism.

First of all, South Korea has established a sound legal and regulatory system for personal credit repair. The South Korean government has enacted laws to better protect and manage citizens' personal credit. Their Personal Information Protection Law and Credit Information Use and Protection Law can effectively implement the maintenance and management of personal credit^[3].

Second, the Financial Services Commission of Korea (FSC) launched a new personal credit scoring system in 2013, aiming to motivate individuals to better fulfill their obligations. The specific performance is: 5 points will be awarded if there is no default in payment within 6 months, and 10 points will be awarded if the payment is kept for 1 year^[4].

3. Our country individual credit repair system to improve the path

The successful experience of South Korea and the United States in the field of personal credit repair provides important references for China: first, strengthen relevant laws and regulations; second, implement strict personal credit evaluation standards; third, expand the scope of personal credit repair services; fourth, set up a special personal credit repair assistance system^[5]. However, we cannot simply copy the dregs and systems of foreign countries, we should take the essence and discard the dregs, deeply consider the institutional advantages of foreign countries and walk out a personal credit repair system that suits the situation of our country.

Improving laws and regulations on personal credit repair. With the rapid economic growth, personal credit repair has become a key policy, which plays a vital role in maintaining equity and justice and promoting economic stability. However, at present, the legal provisions in this field are still quite confused, therefore, it is necessary to improve the relevant policies through legislation, and give more protection to relevant participants, so that they can get more fair and just treatment.

Establishing a sound personal credit rating mechanism. The first is to improve personal credit rating standards, increase the proportion of non-financial information in credit rating standards, and set credit repair bonus points according to the characteristics of different groups. For example, credit investigation agencies can include non-financial information such as public utility bills, medical insurance and charity activities, as well as financial management and loan repayment into the bonus points. If the parties fail to settle overdue debts in time without bad intentions, they can score extra points through the above items to improve their credit rating and

repair their personal credit.

With the progress of technology, the scale of personal credit repair institutions is also expanding. The establishment of professional personal credit repair institutions can provide some professional credit repair activities for those trust-breaking subjects. These institutions provide free credit repair services to help bad credit subjects discover their credit problems and provide them with effective solutions to improve their credit status. The continuous development of the scale of credit repair institutions plays a positive role for those bad credit subjects to carry out their own credit repair, because it can improve the efficiency of bad credit subjects to repair their own credit. At this time, they are in a passive situation. They have to give up taking high-speed trains, planes and other means of transportation, and they have to make multiple trips to deal with their credit problems. Special qualifications can deal with credit problems for bad credit subjects and reduce their negative effects.

In order to better help those in credit danger, we should actively explore new measures, we can refer to some successful international measures, set up some special credit repair funds to help those in credit danger. We can also help families with low credit levels and people with severe mental disorders. In general, improving the individual credit repair system is helpful to promote our social credit legislation, so as to guarantee the modernization of national governance. Building a healthy, fair and respectful social atmosphere is crucial to promoting fairness and integrity and safeguarding the public interest. The personal credit repair mechanism aims to help those dishonest subjects who violate laws and regulations rebuild their fair and upright public image and promote their fairness and integrity. Therefore, the establishment of a special credit repair fund can reduce the negative impact of trust-breaking subjects on society and promote the continuous improvement of their credit.

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