

Standardization of Single-Purpose Prepaid Card Management

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Abstract: In recent years, prepaid consumption has gradually become a commonly accepted mode of consumption. Accordingly, consumer infringement problems in prepaid consumption scenarios have emerged, and consumers' rights to information, fair trade, and safety and security have been universally infringed upon. As the right certificate of prepaid consumption, the single-use prepaid card will magnify the unequal status of operators and consumers. Effective standardization of the single-use prepaid card management will provide effective protection for the safety of consumers' funds in prepaid consumption. This paper analyzes the existing problems of single-purpose prepaid card management standardization by sorting out the current situation, and points out the direction of the construction of the single-purpose prepaid card management standard system in a short time in the future.

Keywords: Prepaid Consumption; Single-Purpose Prepaid Card; Standardization; Funds Received in Advance

1. Introduction

The National Standardization Development Outline points out that it is necessary to promote industrial upgrading, improve standards for expanding domestic demand, continuously improve the standard and quality level of consumer goods, comprehensively promote consumption, promote the standardization of the service industry, branding, and improve the standards of the service industry. Prepaid consumption is a consumer scenario that can be seen everywhere, covering various industries such as sports and fitness, beauty salon, education and training, accommodation and catering, etc., and with the development of online shopping platforms, a new form of single-use

prepaid card has gradually developed. The field of single-purpose prepaid cards has outstanding problems of infringing on the legitimate rights and interests of consumers. Therefore, how to build a standardized system for prepaid consumption and ensure the safety of prepaid consumption funds is an important issue in maintaining a healthy market environment.

There are fewer studies on the standardization of single-use prepaid card management, but domestic and foreign scholars have conducted more comprehensive studies on single-use prepaid cards. Regarding the basic legal issues of single-purpose prepaid cards, domestic research began in the 1990s, such as Yi Wen (1997), "Basic Knowledge on the Production, Distribution and Use of Prepaid Cards--Prepaid Cards in Japan", which introduced the introduction of prepaid cards to various industries in Japan, the purpose of the prepaid cards, the three forms of issuance of prepaid cards (self-issuance, third-party issuance and common type) and the prepaid card issuance companies in Japan.[1] Some scholars have studied the shift in the legal position of prepaid cards and the reasons for it. In the Research on the Operation and Regulatory Mechanism of Commercial Prepaid Cards, Zhang Ying and Wang Sidi (2012) mentioned that the process of cognitive transformation of single-purpose prepaid cards in China is repetitive, which has an impact on the regulation of prepaid cards. [2] The analysis of the legal nature of prepaid cards is also the focus of some scholars. In the article "The Improvement of China's Commercial Prepaid Card Financial Supervision System from Extraterritorial Experience", Li Mang (2018) not only analyzes the financial attributes of prepaid cards, but also compares the functions of prepaid cards with bonds, futures, etc., emphasizing the financial attributes of prepaid cards [3]. Many scholars have studied the regulation of single-use prepaid cards. Wang

Jianwen (2012) pointed out in *Legal Regulation of Prepaid Consumption Models in China* that there are market risks, legal risks and moral risks in the process of prepaid consumption, and consumers are the ultimate bearers of risks. [4] Xu Hongyuan, Mulan, and Hu Jili (2019) in "Exploration of the Path of Single-use Commercial Prepaid Card Market Regulation in the Era of Big Data" pointed out that the regulation of funds is the key to risk prevention and control of single-use prepaid card issuing enterprises [5]. The research on single-purpose prepaid cards has been relatively comprehensive, but there is almost no research on building a standardized system for single-purpose prepaid card management, so there is a large gap in the research on the standardization of single-purpose prepaid card management. Based on the current status of single-purpose prepaid card management standards, this paper aims to identify the existing problems in the standardization of single-purpose prepaid card management, further put forward suggestions for improvement, and make efforts to build a single-purpose prepaid card management standard system. This paper utilizes the literature research method, through reading the relevant literature at home and abroad, to understand the current situation of research in the domestic and international academic community and the main points of view, to establish a basic understanding of the single-use card and its management issues. At the same time, the comparative research method is used to compare and analyze the standards of single-use prepaid card management in various regions, and seek to establish the path of single-use prepaid card standard system construction. The innovation of this paper is that, firstly, the standardization of single-purpose prepaid card is discussed separately. Regarding single-purpose prepaid card, experts and scholars at home and abroad have carried out a lot of useful explorations and researches, but there are few researches on the construction of standardization system. In addition, this paper focuses on the development of group standards for the management of single-use prepaid cards, and explores the direction and key tasks of building a standardization system by drawing on the practice of Shanghai Single-use Prepaid Card Association on group standards.

This paper will make up for the lack of theoretical research on the standardization of single-purpose prepaid card management in prepaid consumption, promote the development of consumer protection theory, and, at the same time, improve the mechanism of single-purpose prepaid card management in practice, curb the chaos of prepaid consumption infringement, and realize the substantive fairness of the market.

2. Standardized Status of Single-use Prepaid Card Management

2.1 Development of Standards for the Management of Single-use Prepaid Cards

Through the query of the National Standard Information Public Service Platform, as of December 2023, a total of 15 prepaid card-related standards have been issued and implemented, covering industry standards, local standards, group standards and no national standards, as shown in Table 1. Prepaid consumer vouchers can be categorized into multi-purpose prepaid cards and single-purpose prepaid cards based on the different card-issuing entities, and the regulation of multi-purpose prepaid cards is mainly based on the Measures for the Administration of Prepaid Card Business of Payment Institutions issued by the People's Bank of China (PBoC) in 2012. As the larger problems of prepaid consumption are currently focused on single-purpose prepaid cards, this paper only discusses the standards for single-purpose prepaid cards. In Taiwan, prepaid cards are regulated by separate legislation for different purposes - single-purpose and multi-purpose prepaid cards, and multi-purpose prepaid cards are regulated by separate legislation again for different issuers. And again separate legislation [6]. The management of single-purpose prepaid cards in China is mainly based on the Measures for the Administration of Single-Purpose Commercial Prepaid Cards issued by the Ministry of Commerce (MOFCOM) in 2012, and accordingly, the MOFCOM issued a total of four industry standards for single-purpose prepaid cards between 2013 and 2014. The four industry standards issued by the MOFCOM are mainly basic standards, including the terminology of single-use

prepaid cards, specifications for single-use prepaid card issuance services, system specifications and credit evaluation standards. In the search results of the National Standard Information Public Service Platform, there are two local standards for single-use prepaid cards, namely DB31/T 1103.2-2018 "Business Credit Evaluation Methods Part 2: Single-use Prepaid Card Issuing Enterprises" issued by the Shanghai Municipal Bureau of Quality and Technical Supervision (now the Shanghai Municipal Market Supervision Administration) in 2018, and DB34/T 4049-2021 "Management Requirements for Prepaid Cards in the Beauty and Hairdressing Industry" issued by the Anhui Provincial Market Supervision Administration in 2021. DB34/T 4049-2021 "Management Requirements for Prepaid Cards in the Beauty Salon Industry" issued by the Anhui Provincial Market Supervision Administration. Shanghai's practice of regulating single-use prepaid cards has always been ahead of other regions. The main content of this local standard issued by the Shanghai Municipal Bureau of Quality and Technical Supervision (now the Shanghai Municipal Market Supervision Administration) is the method of business credit evaluation, the methodology, the index system, etc. It clarifies the regulation of single-use prepaid cards. Clearly the single-use prepaid card issuing enterprises to implement credit evaluation. Market Supervision Administration of Anhui Province issued by the industry prepaid card management requirements are limited to the beauty salon industry, and prepaid card issues in education and training, fitness and other areas is also a big problem, enough to see the development of standards in Anhui Province in the forefront, but is not comprehensive.

In recent years, there has been a gradual increase in the number of group standards being developed and issued, and group standards have been incorporated into China's standardization law. Up to now, a total of two groups have issued group standards for single-use prepaid cards, namely the China General Chamber of Commerce and the Shanghai Association of Single-use Prepaid Cards. The two group standards developed by the China General Chamber of Commerce focus on card specifications and job

requirements for practitioners, while the group standard developed by the Shanghai Single-Use Prepaid Card focuses on the construction of a credit system for the single-use prepaid card industry. It can be seen that the practice of single-use prepaid card management group standards has made a good start.

2.2 Group Standard Practice of Single-purpose Prepaid Card Management in Shanghai

Shanghai's practice of formulating single-use prepaid card standards precedes that of other regions in China, and the group standard formulated by the Shanghai Single-Use Prepaid Card Association is the first practice of single-use prepaid card group standards. Shanghai Single-Use Prepaid Card Association focuses on the construction of the industry credit system, and started to participate in the legislation of Shanghai single-use prepaid card in 2017. On the one hand, it takes "credit governance" as an important aspect of the management of single-use prepaid card and urges to incorporate it into the law; on the other hand, in line with the concept of "standards first", it simultaneously started to lay out the layout of single-use prepaid card standards, which is the first practice of group standards. On the other hand, based on the concept of "standard first", we have started to lay out the standard system simultaneously. [7]

Shanghai local standard DB31/T 1103.2-2018 "Business Credit Evaluation Methods Part 2: Single-purpose Prepaid Card Issuing Enterprises" issued by Shanghai Municipal Bureau of Quality and Technical Supervision in 2018 was developed under the leadership of Shanghai Single-purpose Prepaid Card Association. Based on this local standard, the association, in 2019, has formulated and released T/SHCA 000001-2019 "Single-use prepaid card industry credit system technology and application specifications", T/SHCA 000002-2019 "Single-use prepaid card operator credit warning", T/SHCA 000003-2019 "Single-use prepaid card T/SHCA 000003-2019 "Single-purpose prepaid card", "Honest operation, quality service" star demonstration assessment" and other series of group standards, these three group standards are industry credit

construction standards. In addition, the industry association has released three group standards, namely T/SHCA 000004-2020 "General Rules for the Specification of Business Processing System for Single-use Prepaid Cards", T/SHCA 000005-2021 "Technical Requirements for Single-use Prepaid Card Professional Service Organizations Part 1: Funds Depository Banks T/SHCA 000006-2021 "Technical Requirements for Single-use Prepaid Card Professional Service Organizations Part 2:

Insurance Institutions". Obviously, the subsequent release of several standards is no longer limited to credit construction, but focuses on creating a complete and comprehensive standard system. The formulation and release of the group standards of Shanghai Single-use Prepaid Card Association has played a positive role in promoting the compliance and trustworthy operation of card-issuing enterprises and standardizing the single-use prepaid card market in Shanghai.

Table 1. Single-use Prepaid Card Management Standards

Standard number	Standard name	Provinces and municipalities (subject of publication)	System Division
JR/T 0123.2-2018	Specification for the Testing of Payment Business Facilities for Non-Bank Payment Institutions Part 2: Issuance and Acceptance of Prepaid Cards	People's Bank of China	Industry standard
SB/T 11010-2013	Code of Practice for Single-use Commercial Prepaid Card Issuance Services	Ministry of Commerce of the People's Republic of China	Industry standard
SB/T 11080-2014	Single-use commercial prepaid card terminology	Ministry of Commerce of the People's Republic of China	Industry standard
SB/T 11081-2014	Single-use commercial prepaid card business system specification	Ministry of Commerce of the People's Republic of China	Industry standard
SB/T 11082-2014	Credit evaluation standards for single-use commercial prepaid card issuers	Ministry of Commerce of the People's Republic of China	Industry standard
DB34/T 4049-2021	Prepaid Card Management Requirements for the Beauty Salon Industry	Anhui Province Market Supervision Administration	Local standard
DB31/T 1103.2-2018	Business Credit Evaluation Methodology Part 2: Single-use Prepaid Card Issuers	Shanghai Municipal Bureau of Quality and Technical Supervision (now Shanghai Municipal Market Supervision Administration)	Local standard
T/SHCA 000001—2019	Technical and application specifications for credit systems in the single-use prepaid card industry	Shanghai Single-use Prepaid Card Association	Group standard
T/SHCA 000002—2019	Credit Alert Standard for Single-use Prepaid Card Operators	Shanghai Single-use Prepaid Card Association	Group standard
T/SHCA 000003—2019	Single-use prepaid card "integrity management, quality service" star model assessment criteria	Shanghai Single-use Prepaid Card Association	Group standard
T/CGCC 35-2019	Single-use commercial prepaid card card specifications	China General Chamber of Commerce (CGCC)	Group standard
T/CGCC 36-2019	Job requirements for single-use commercial prepaid card practitioners	China General Chamber of Commerce (CGCC)	Group standard
T/SHCA 000004-2020	General Rules for the Specification of Business Processing Systems for Single-use Prepaid Cards	Shanghai Single-use Prepaid Card Association	Group standard
T/SHCA 000005-2021	Technical Requirements for Single-use Prepaid Card Professional Service Organizations Part 1: Fund Depository Banks	Shanghai Single-use Prepaid Card Association	Group standard
T/SHCA 000006-2021	Technical Requirements for Single-use Prepaid Card Professional Service Organizations Part 2: Insurance Organizations	Shanghai Single-use Prepaid Card Association	Group standard

3. Existing Problems in Standardization of Single-use Prepaid Card Management

3.1 Inadequate Standards System

At this stage, China's single-purpose prepaid

card standards are issued separately by each subject, lacking a set of clear standardization construction guidance system. At present, the single-purpose prepaid card standards are mainly industry standards and group standards

issued by the Shanghai Municipality, and there is a lack of national standards and local standards. Enough to see, single-use prepaid card standard system is not systematic, comprehensive, or even can be said to have not formed a system. According to the needs of the market environment, the construction of single-purpose prepaid card standard system is necessary, is an important measure to regulate the chaos of prepaid consumption.

3.2 Poor Quality of Standards

According to Table 1, it can be seen that the industry standards issued by the Ministry of Commerce were released in 2013 and 2014, and the period from 2013 to 2023, which is the fastest growing decade for electronic payments, has seen the development of new forms of prepaid consumption, such as registering and logging in with a cell phone number to become a member, and recharging and saving based on electronic QR codes only, and it is clear that the industry standards of a decade ago cannot cover today's new forms of prepaid consumption. Obviously, the industry standards of ten years ago cannot cover today's new forms of prepaid consumer transactions. The group standard issued by the Shanghai Single-Use Prepaid Card Association, although more comprehensive and specific, especially focusing on the construction of credit systems, is unable to adjust all single-use prepaid card merchants, consumption patterns are becoming more and more diversified and flexible, the group standard can only be adjusted to the merchants who have joined the Shanghai Single-Use Prepaid Card Association, and thus the effect of the association's group standard on the regulation of the single-use prepaid card market is limited.

3.3 Inadequate Implementation of Standards

Whether a standard can really play a role mainly depends on whether the standard can be effectively implemented, and the ultimate destination of the standard should be an effective guide to practice. Although the Ministry of Commerce has issued corresponding industry standards, involving business system specifications and credit evaluation, market players do not always follow the standards. The main reason for this

may be that most of the standard requirements do not have practical operational steps and are not very operational, but are limited to formal guidance. Therefore, one of the problems facing the standardization of single-use prepaid cards is how to transform the standards issued by the Ministry of Commerce into feasible practical operations.

4. Recommendations for Standardization of Single-use Prepaid Card Management

4.1 Constructing A Standard System for Single-use Prepaid Card Management

Strengthen research on the current situation and problems of the single-use prepaid card standard system, conduct research on national standards, industry standards, local standards and group standards for single-use prepaid cards, and formulate short-, medium- and long-term plans for the development of single-use prepaid card standards. First of all, group standards and local standards should be formulated as a matter of priority in mature directions, such as credit evaluation and the construction of public credit platforms. Then gradually improve the standard system suitable for different regions and formulate corresponding industry standards and national standards. Single-purpose prepaid card standard system should not be a collection of individual standards simply categorized and summarized, it should be a combination of overall function and consistent goals and system structure, and cooperate with each other so as to produce a system effect.

4.2 Increase the Supply of Standards in Key Areas

Focusing on the key areas and key links of single-use prepaid card regulation, promoting the construction of standards in areas such as issuance filing, credit rating, capital supervision, etc. through standardized methods, and at the same time, under the guidance of the standards for system development and data exchange and sharing, market players can more efficiently form a consensus on the standards related to single-use prepaid cards, avoiding duplicated development and waste of resources. Organize various industry organizations and outstanding enterprises with high motivation

and good foundation in various fields in various regions to actively participate in the construction of standards for single-use prepaid cards, taking into account the beauty salon industry, fitness industry and other key areas. Promote the construction of single-use prepaid card standards across the country, summarize and promote the experience of pioneering regions in a timely manner, and strengthen the supply of standards in key areas. For example, the Shanghai Municipal Credit Comprehensive Governance System establishes a credit governance system covering the whole process of management of single-use prepaid cards, with the main measures divided into credit verification beforehand, credit categorization in the middle of the process, and linked rewards and penalties afterward, and strengthens the construction of credit system standards. [8]

4.3 Ensure Effective Implementation of Standards

Ensure the effective implementation of the standard, first of all, we should emphasize the coordination of work, the current single-use prepaid card regulation is by the business sector, market supervision and management departments, the industry associations to participate in, then the main body should strengthen the work of collaboration, to build out the corresponding mechanism for collaboration and promotion, and to jointly promote the development and implementation of single-use prepaid card standards. Secondly, to increase policy support for the standardization of single-use prepaid cards, the regional market supervision and management bureau should be issued with the "Management Measures" supporting the implementation of the rules, and continue to strengthen the support for the standardization of prepaid card regulation, which can be rewarded for the implementation of standardization of the organization. In addition, the publicity of the standardization work of prepaid cards has been strengthened to guide social co-governance. The Shanghai Single-purpose Prepaid Card Association publishes quarterly business analysis reports of the city's card-issuing networked enterprises and credit warning enterprise lists through the collaborative supervision platform and the Association's website and WeChat

platform, to provide early warnings of prepaid card risks and to arouse the public's great attention. At the same time, the Shanghai Prepaid Card Association carries out integrity star rating demonstration work to publicize the industry's advanced enterprises, forming a positive demonstration and guidance for the prepaid card industry.

5. Direction of Single-use Prepaid Card Management Standard System Construction

5.1 Market Access Criteria for Operators

A perfect market access system can not only eliminate the entry of undesirable subjects into the prepaid card market from the source, but also promote the management in the future, so certain access standards should be set for prepaid card issuers. According to different grades of merchants to take different single amount, the number of issuance, the total amount of issuance of control, the qualification of good merchants appropriate relaxation, the qualification of the general merchants appropriate tightening. How to implement the grading system for issuing self-made should be based on the market access standards for operators, and the formulation of sound, fair, suitable for implementation and locally adapted standards.

5.2 Criteria for the Management of Market Participants' Funds

To ensure the safety of prepaid funds for prepaid cards, it is necessary to clarify the relevant standards of the fund management system; prepaid funds are the root cause of risks and imbalances in benefits, and this key should be firmly grasped. Single-purpose prepaid cards are generally small in denomination, and merchants can sell them on their own. It is difficult for the government to manage prepaid funds, and there are deficiencies in both the legislative and law enforcement phases, which makes it particularly important to determine a standard system for regulating funds for single-purpose prepaid cards. First of all, digital fund supervision standards should be established for the whole process of dynamic supervision and classification supervision. If enterprises can be urged to apply for change registration and deregistration in a timely manner when

major events occur, and be online in real time in the national enterprise credit information publicity system, and the regulators can also announce the major regulatory measures and penalty decisions on merchants in a timely manner according to their authority, it will activate the consumers' right to know, right to choose, right to fair trade, and the right to appeal. [9] It is suggested that China establish a prepaid card disclosure system to publicize relevant information such as legal prepaid card issuers, reserve fund status, balance inquiry methods, and complaint channels. [10] It is also necessary to improve the standard of depository of prepaid funds in hierarchical classification. The process of trusteeship mechanism of prepaid funds is that the card issuing enterprises sign the trusteeship agreement with the commercial banks, and after the card issuance, the prepaid funds of the consumers are directly deposited into the special account set up by the bank, and when the cardholders complete the consumption in the card issuer, the corresponding prepaid funds are transferred into the account of the card issuer, and if there is an operation problem of the card issuer, the consumers can apply for the return of the funds in the card from the bank. If the card issuer has business problems, the consumer can apply to the bank for the return of the card funds. Standardizing the process of custodianship of the pre-received funds plays an important role in regulating the single-use prepaid card market.

5.3 Standards for Consumer Financial Security Remedies

When the issuer of prepaid cards withdraws from the market, how the consumer's money can be returned is an important issue that should be considered. Under the prepaid consumption model, the cost for consumers to recover the balance of the prepaid card is too high, especially when the merchant "runs away with the money", consumers may not be able to recover the funds due to the difficulty of proof, so the establishment of a standard for the relief of the safety of consumers' funds will provide a guarantee for the safety of consumers' funds, taking into account the international system of provisioning management and fund guarantee. Therefore, the establishment of a standard of relief for the safety of consumers' funds will provide

protection for consumers' funds. China can consider introducing insurance mechanism like the United States, which constitutes a dual mode of "reserve fund supervision + insurance supervision", strengthening prior supervision and refining the terms and conditions of insurance claims. [10] The security deposit system provides the ultimate means to protect consumer funds, and when the card-issuing merchant defaults on the contract, the balance of the security deposit account will be used to compensate for the consumer's loss, and the improvement of the operation standard of the security deposit account is an important path for consumer funds relief. In addition, the Administrative Measures for Single-use Commercial Prepaid Cards (for Trial Implementation) stipulates that enterprises can use guarantee insurance and bank guarantee to offset the depository funds, and the standardization of the operation mechanism of the performance guarantee insurance is also an important part of the relief standards for the safety of consumers' funds.

6. Conclusions

By collating and analyzing the existing single-use prepaid card management standards, this study points out the problems in the standardization of single-use prepaid card management, puts forward suggestions for improvement, and points out the direction of constructing a single-use prepaid card management standard system. Due to the existing research information on the standardization of single-use prepaid card management is relatively small and there are practice differences in various regions, thus this study still has deficiencies, such as the unified construction of single-use prepaid card standards in various regions still has a large space for discussion, and is worth exploring at a deeper level. In conclusion, prepaid consumption has become a major trend, the standardization of single-purpose prepaid cards into all aspects of supervision, to promote the completion of the single-purpose prepaid card management standard system, to explore the standardization of prepaid consumption mode, single-purpose prepaid card management will become more perfect, will be more effective to protect the legitimate rights and interests of consumers, to maintain

a healthy and orderly market environment.

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