

Analysis of the Real-Name System of Express Delivery in China

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Abstract

Despite the volume of China's express delivery is huge, occasionally there will be a lot of security incidents. To this end, the State Post Bureau Office implements the real-name system on November 1, 2015. However, for the reasons that the express delivery enterprises believe the implementation costs are too high, consumers worry the leakage of personal information, the real-name system of express delivery has not been well implemented. The more fundamental reason is that the supervision and management of the government are not strict enough. This article believes that the real-name system can be more effective by strengthening the supervision and management of the real-name system, with high-tech equipment as well as improving relevant laws and regulations.

Key words: Express delivery; Real-name system; Personal information; Industry regulation

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INTRODUCTION

As more and more crimes and accidents happen by express delivery, the real-name system has become the focus of discussion. The real-name system of express

delivery refers to the customers need to show their identity cards and other valid documents, register their personal information on the express mail. The State Post Bureau Office implemented the real-name system on November 1, 2015. However, although the real-name system has been implemented for several months, the effect is not satisfactory. Therefore, this paper analyses the reasons for poor implementation and makes suggestions on perfecting the real-name system.

1. THE NECESSITY OF IMPLEMENTING REAL-NAME SYSTEM OF EXPRESS DELIVERY

With the rapid development of e-commerce, China's express industry is also in the rapid growth of the situation. The volume of China's express delivery exceeded 20 billion, continue to maintain the world's No.1, its growth rate is 7 times as the speed of the same period of GDP, becoming the representative of the new format.

Though the volume of express delivery is huge, there have been some accidents such as "deadly express", "drug delivery" and so on. In 2012, Tianhe District of Guangzhou, Mr. Li was seriously wounded after he opened a courier parcel. Later police found out that the suspect made this explosive parcel and sent it by pseudonym because he thought that Mr. Li destroyed the relationship with his girlfriend. Another case which had shocked the country was that a consumer appeared vomiting, abdominal pain and other symptoms in a few hours after he received a parcel and the next day he died. The reason was that a pharmaceutical factory sent chemical by an express delivery company which promised without inspection. During the transportation, this parcel leaked and polluted other express couriers including the consumer that one. In addition, it is common to mail

narcotics, dangerous chemicals and other prohibited items by express delivery in recent years.

As more and more crimes and accidents happen by express delivery, the real-name system has become the focus of discussion once again. At present, China has implemented the network real-name system, train ticket real-name system and mobile phone real-name system. The real-name system of express delivery refers to the customers need to show their identity cards and other valid documents, register their personal information on the express mail. Courier clerk will not only need to inspect the goods, but also needs to upload the information to special software installed by the Public Security Department.

In fact, as early as June 1, 2010, the Narcotics Brigade of Shaoxing County had proposed the real-name system of express delivery. 25 courier companies in Shaoxing need to check the customer ID at the time of collection. Subsequently, Beijing, Yunnan, Guangdong, Tibet, Xinjiang and other provinces and cities began to pilot the real-name system of express delivery. The implementation of express delivery real-name system had played a positive role in preventing drug trafficking and other criminal acts.

The State Post Bureau Office implemented the real-name system on November 1, 2015. According to the regulation, mail and express delivery can only be collected and sent after validating the customer's phone number and relevant information. On June 1, 2016, according to the "express delivery safety production operational norm" issued by the State Post Bureau Office, the real-name system of express delivery began to implement as the national industry standard. There is no doubt that the implementation of the real-name system will take into account the social benefits, regulate the healthy development of the express industry and reduce the occurrence of safety accidents. However, although the real-name system has been implemented for several months, the effect is not satisfactory.

2. THE REASONS OF POOR IMPLEMENTATION

2.1 Courier Company Operating Costs Increased

In 2015, the courier business volume growth is 12.7% higher than the courier business revenue. The industry average price continues to decline, compared with the average price in 2010 of 24.6 yuan, the average price in 2015 is only 13.4 yuan, which means that industry operating costs continue to increase. The express market concentration of either CR4 or CR8 has continued to decline, the competition among different brands continues to increase. At this stage, the market is still in short supply that express, courier companies can not meet

the needs of the market. At the same time, this fiercely competitive market exists the phenomenon of enterprise homogenization, which also led to the delivery of low-cost and low-quality services. Michael Porter, known as the father of the competitive strategy, proposed that if companies want to gain an advantage in the competition, it can only be used as overall cost leadership or differentiation strategy (Porter, 1980). When the market is homogenization not differentiation, there is no doubt that the implementation of the express delivery real-name system does not conform to overall cost leadership. So many courier companies do not cooperate with it, because the process point of view, in the current technology and equipment is not completely cover the case of real-name registration consists of paper records and ID card reader registration. The first way will increase the single express collecting time, which makes the courier's work efficiency greatly reduced, and the income and profits of the enterprise will be lower. If the enterprise wants to maintain the original income, it has to add labor and increase cost. And the second way is required to pay the cost of purchasing equipment. It is not a small burden for the enterprise to be equipped with such equipment, especially for some of the smaller courier companies. Because of the homogenization, it is more easily appear 'bad money drives out good' phenomenon. Some companies which implement real-name system strictly may be subject to customer dissatisfaction. Its market share may be replaced by those who do not need to check the identity information. In the course of time it is also likely to cause the whole industry not actively cooperate with the implementation of the real-name system.

2.2 The Lack of Supervision of the Relevant Departments

Although the courier companies do not implement the real-name system actively, it is only a direct cause, the primary cause is the lack of effective supervision of the relevant departments. At present, as the regulatory authorities of the express industry are the State Post Bureau Office. However, it lacks effective supervision and management mechanism. Its provision of the real-name system is punishing the enterprises and related staffs that do not implement the relevant measures and result in serious delivery problems. But the provision is easily to be understood that the enterprise will only be punished when there are serious consequences. The enterprise will certainly exist fluky psychology in order to reap more profits because of the low illegal cost. Relative to the barbaric growth of express industry, the State Post Bureau Office and other government departments lag behind in publishing rules. For example, the real-name system has no relevant regulations as a support, whether specialized regulatory agencies or the system of assessment, reward and punish express company is not well implemented. Not to mention the supervision and management system of

the entire industry (Chen, 2016). In general, supervision including approval, registration, punishment, rectification, some special supervision including inspection, supervision report, information disclosure and interviews etc.. Express industry uses commercial franchise form and the relevant laws to regulate the conditions of market access, such as registered capital, service capacity. But with the implementation of the real-name system, some small courier companies do not meet the corresponding service capabilities. The relevant departments still lack of inspection of the real-name system in the delivery channel, it is not a good way if departments still rely on simple supervision, inspection and administrative penalties, because not only it consumes a lot of manpower and material resources but also the effect may not be ideal. In addition, the government also lacks a sound system of information disclosure and credit system as well as follow-up supervision.

2.3 Consumers Worry About Information Leakage

Besides the implementation of enterprise, another effect is consumers' worry during the process of delivery. For the real-name system, consumers do not doubt its original intention, because no one would like to have a safety accident. However, the majority of consumers are wary of register the name, ID number and mobile phone number, because they are concerned that some of the information will be sold to the criminals. In fact, it was common that the information of express waybills was sold online a few years ago. Consumers may not only be harassment, but also may be threatened. Previously, whether accommodation, network real-name system, or the train ticket, mobile phone real-name system, there is also a dispute about information leakage, but the implementation process has been continuously improved. Take the real-name system of accommodation as an example, the hotel reception installs the security management system of the hotel industry, when passengers check-in, the receptionist will check the information of the passengers including ID card information into the system and upload to the public security organs. The use of this equipment and technology protects the travelers' information security well. As the real-name system of mobile phone, related law clearly stipulates the telecommunication business operators shall establish the user information security management system. At the same time they should inspect the true identity of the phone user information registration and protection at least once each year. The basic operators are also required that they should use second-generation ID card reader and cannot copy information when they apply for network access procedures. In the final analysis, the real-name system of express delivery which has been controversial is because the law does not make comprehensive and information protection technology is not advanced enough, leading consumers

to worry about the risk of leakage of information and do not cooperate with the implementation of the real-name system.

2.4 Lack of Relevant Supporting Laws and Regulations

At present, the information protection laws and regulations of the express industry are not perfect. Although article 27 and 28 of the *Express Market Management Regulations* regulate that courier companies and courier employees cannot provide user's information, the penalty is too mild. And because of high mobility features of courier employees, sometimes it is not easy to find the perpetrator in time. Article 35 of the *Postal Law* regulate that postal enterprises and their employees are not allowed to reveal any information of the postal service, and article 59 also shows that the rule applies to express, however, it is not targeted. Others such as the *Tort Liability Law*, *Consumer Protection Law* and *Criminal Law* have the personal information disclosure provisions, but it may not be well applied in the real-name system to maintain legal rights. The most effective way is to improve laws and regulations for information protection. On one hand is for the protection of users' information requirements in advance, on the other hand is the legal consequence after the emergence of information disclosure and the approach and compensation of consumer rights.

2.5 Lack of Advanced Technological Means

Besides the supporting laws and regulations, effective technical mean is also a guarantee of the real-name system, however, the current process of the use of advanced technology in the collection is still far from enough. In fact, the more effective real-name system inspection should be equipped with authentication information of the equipment which can read the identity card information by scanning, and then upload to the public security system for proof. This can not only effectively verify the identity of the customer information which is not recorded in the courier document, but also save the time of courier and consumer, improve efficiency. However, due to the high cost of the courier companies, this equipment has not been put into use in large scale. If the couriers only verify the identity card information by themselves, it is not only a very high professional quality requirement, but also increase the risk of consumer information exposure.

3. SUGGESTIONS ON PERFECTING THE REAL-NAME SYSTEM

3.1 Strengthen the Supervision and Management of the Delivery Channels

At present, the State Post Bureau official website will announce the information of rectification, punishment

and interview of the courier companies throughout the country. Also they will reflect the consumer complaints each month as well as summarize and publish the courier market supervision report each year. However, the supervision is still in a vacuum in the delivery channels especially to the real-name system. This is also the main reason for the courier companies to ignore the real-name system and maintain the status quo.

The market access standards can be said to be the previous regulation. When the *Postal Law* regulated the registered capital of express enterprises, it played an immediate effect. Some illegal couriers that only have a few tables, a few transport vehicles closed and the entire courier industry was also better to get development. With the rapid development of the industry, the market access standards also need timely adjustments, such as the quality of service delivery and the security mechanism. This will ensure that the courier companies enter the market with strength and basis to implement the real-name system, rather than the increase in the cost of enterprises as an excuse to avoid legal regulation.

For the delivery channel regulation, to ensure that the express real-name system implemented effectively, the State Post Bureau Office and relevant departments should joint the Commerce and Industry Bureau and Public Security to check the courier companies and delivery person whether they implement the real-name system by daily inspection, random inspection and unannounced visits. Fine for some highly profitable businesses may be a drop in the bucket. Therefore, in addition to the simple formulation of penalties, a more effective approach should be to establish a blacklist system through the enterprise credit mechanism. To those who do not comply with the provisions, the relevant departments should interview and warn the enterprise executives as well as put on record. If similar situation occurs again, they should expose the enterprise of social media, just like the State Post Bureau Office regularly published complaints and ratings.

Whether daily inspection or unannounced visits, there may still be some of the companies slipped through the net. Therefore, follow-up supervision by technical means should be used. Just like the accommodation real-name system, the public security organs can immediately understand the situation of passenger because the information uploaded to the system. If the equipment of express is widely used, the relevant departments can know whether the courier express company implements the real-name system by checking the corresponding order number and ID number. This method will greatly reduce the cost of law enforcement and it will be more deterrent for the courier companies.

In addition, China can also learn from foreign experience. Take the Council of Supply Chain Management Professionals in the United States as an example. They will promote the development of express delivery industry by carrying out relevant professional knowledge training

to enhance the operator's operating standards, promoting the government to accelerate the delivery of the legislative (Li, 2012). China Express Industry Association should also enhance the sense of responsibility. And they should assist the government departments to supervise and manage the courier companies to implement real-name system.

3.2 Using Technical Means

Today, the technology to manufacture fake ID card is also more and more advanced, using high-tech equipment is clearly more effective than relying solely on the artificial identification of courier. At present, either Alipay or supermarket checkout payment will use a mobile intelligent terminal known as Bar code data collector. This kind of mobile intelligent terminal will directly extract all information after scanning the identity information, and then the information will be uploaded to the relevant platform. This convenient and efficient equipment is necessary for collecting, it can not only maintain the original efficiency, but also improve the accuracy of the real-name system. Besides, the identity information does not go through courier so the risk of identity information disclosure will be greatly reduced.

In fact, the rapid development of express industry cannot do without high-tech technical support. For example, in recent years, consumers can easily check the mail package status including the person of handling etc. Therefore, the widespread use of this mobile intelligent terminal is not out of reach. Some courier companies especially the small and medium-sized enterprises use the cost of equipment as an excuse that they can't implement the real-name system, however, this is equivalent to the market access standard in the courier industry, as the registered capital, the service quality of the enterprise management condition, the proportion of occupation qualification personnel, the express transportation vehicle standards. These are in order to better regulate the healthy and orderly development of the express industry. Those who can't adapt to the market of enterprises will eventually need to withdraw or be annexed. As the government departments should also try to cooperate and promote the development and application of the equipment. The cost will be able to be easily accepted by the enterprise when this kind of technology is as general as inquiring the status of express.

In addition, we can draw lessons from Japanese express model. In Japan, they implement mobile phone real-name system, and express real-name is also implemented by the real-name of the phone through which the customer's real information can be found (Li, 2015). Although China's mobile phone real-name system has not been perfect, it can also become the ideas of future development.

3.3 Improve Relevant Laws and Regulations

The disclosure of identity information is the biggest concern of consumers. On one hand, the legal regulation

should require and guide the courier companies how to carry out basic information protection measures. Just like the postal laws of Beijing, it regulate that the express courier should establish management system of waybill and electronic data file, take technical measures to ensure the security of user information. After the retention period, courier companies should destroy the waybills in accordance with the provisions of the law. On the other hand, even with advanced high-tech equipment as a security, the criminals are still likely to find loopholes to steal the information, so it needs to improve accountability system of information disclosure. If the disclosure is because of the courier or express company, they should be punished and recorded in the credit system. In view of the high flow rate of the courier, courier companies should also make a detailed record of their personal information when they employ. For information disclosure whatever caused by the enterprise or public information platform, the law should complete the relevant accountability system, such as the consumers can complaint the express service and obtain compensation.

3.4 Strengthen the Publicity and Popularization

Although the real-name system of express delivery has been widely discussed in the past year, most consumers do not understand how to perform as well as the specific circumstances. In their minds, the information on the courier waybill is easy to be stolen. In order to perform better, first of all we need to publicize and popularize the basic process of the real-name system, so that consumers

can understand the principle of identity information collection through high-tech equipment and this move does not cause leakage of information. Secondly, we need to inform consumers of the benefits and the necessity of implementing the express delivery real-name system and make them understand that as citizens should abide by the law. Finally, in addition to consumer advocacy, we also need to carry out propaganda and training of express employees. On one hand, they should understand the necessity of the real-name system of express delivery. On the other hand, they can make their proficiency in the use of testing equipment and improve the efficiency of the collection. Only by consumers and enterprises working together, can the real-name system of express delivery be implemented more effective.

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