

[ABSTRACT]

A portable electronic device of an embodiment includes a first value information storage unit, a second value information storage unit, a transaction processing unit, and a switching processing unit. The first value information storage unit stores first value information corresponding to a remaining amount of an amount paid in advance. The second value information storage unit stores second value information capable of being used in a credit transaction settlement. The transaction processing unit performs a prepaid settlement process of performing a settlement by subtracting the first value information stored by the first value information storage unit in accordance with an amount of a transaction. In a case where a predetermined condition based on information relating to the transaction is satisfied, the switching processing unit converts the first value information stored by the first value information storage unit into the second value information, stores the second value information in the second value information storage unit, validates a function of a credit transaction settlement process, and invalidates a function of the prepaid settlement process.