

FSC TO HOLD INFORMATION SESSION ON REVISED CREDIT INFORMATION ACT

The Financial Services Commission will hold an information session on February 20, 2020 on the amendment of the Credit Information Use and Protection Act, which is scheduled to take effect starting August 5, 2020. The information session¹ will provide useful information about the revised law, while offering the government a chance to listen to and gather opinions from diverse stakeholders. The FSC will revise relevant rules and regulations prior to the effective date while working to reflect public opinions.

KEY FEATURES OF THE AMENDMENT

▶ ESTABLISHING NEW LEGAL BASIS FOR USING AND ANALYZING BIG DATA

- Pseudonymised personal information may be used without consent for statistical, industry research and public documentation purposes.
- Converging data is permitted only by the institutions designated by the government.
- Safety measures are established for the use and convergence of pseudonymised data, including a prohibition on re-identification of pseudonymised data² and a requirement for separate management of additional information.³

▶ STRENGTHENING THE ROLE OF PERSONAL INFORMATION PROTECTION COMMISSION

- The revision bill⁴ on the Personal Information Protection Act upgrades the status of the Personal Information Protection Commission (PIPC) from an administrative commission to that of a central administrative agency with authority to conduct investigations, regulate commercial enterprises and implement relevant laws.

▶ IMPROVING REGULATORY FRAMEWORK ON CREDIT BUREAU INDUSTRY

- The credit bureau industry will be categorized into a) personal CB, b) individual business CB⁵ and c) corporate CB, while the entry barrier for credit bureau businesses will be lowered.

¹ On Thursday, February 20, 2020 at the Korea Federation of Banks from 14:00 to 15:30

² Violation may be subject to an imprisonment of up to 5 years, or a fine of up to KRW50 million or 3 percent of the total sales revenue if re-identification is found to be intentional.

³ Violation may be subject to a fine of up to KRW30 million.

⁴ It merges the implementation functions of the Korea Communications Commission (which oversees online personal information-related matters) and the Ministry of Interior and Safety (which oversees offline personal information-related matters), and transfers enforcement functions to the PIPC.

⁵ Credit card companies may enter the CB industry under the category of 'individual business CB.'

	Category	Minimum capital Requirement	Investment requirement from financial institutions	
As-is	Credit Bureau (no subcategories)	KRW5 billion	Required (more than 50%)	
To-be	Personal CB	KRW5 billion	Required (more than 50%)	
	① non-financial CB ⁶	KRW 500 million/2 billion ⁷	Exempted	
	② individual business CB	KRW5 billion	Required (more than 50%)	
	Corporate CB	Corporate ratings	KRW2 billion	Required (more than 50%)
		Technology credit evaluation	KRW2 billion	Required (more than 50%)
Data inquiry services		KRW500 million	Exempted	

- The current regulation which restricts credit bureau businesses from performing for-profit operations will be lifted, and credit bureau businesses will be allowed to conduct data analysis and processing as well as consulting.
- Conduct regulations will be established to improve the soundness of the credit bureau industry. Largest shareholders of personal CB and individual business CB businesses will be subject to eligibility tests.

► INTRODUCING MYDATA BUSINESS IN FINANCIAL SECTORS

- The revised bill introduces MyData businesses⁸ through which individuals may access their integrated personal information and receive credit and asset management services.
- MyData businesses can make recommendations on different financial products and offer financial advisory services using personal data.
- The revised bill has put in place safety and security measures, such as the application of a standard API for the transfer of credit information and strict personal authentication procedures.

► ENHANCING PERSONAL INFORMATION PROTECTION IN FINANCIAL SECTORS

- Based on the level of information sensitivity, consumers will be notified of which class of private data they are giving consent to be used.
- Consumers will have the right to request an explanation or file an objection against profiling.
- Consumers will be entitled to the right to data portability through which a request can be made for a transfer of private information from one financial institution to another.
- The penalty of punitive damages on breach of personal information will be raised from three times the amount of inflicted damages to five times.

⁶ CB specializing in non-financial information, such as utilities and telecom payment history, will be newly established under the 'personal CB' category.

⁷ KRW500 million for non-structured data; KRW2 billion for structured big data

⁸ Minimum capital requirement for launching a MyData business will be set at KRW500 million with no investment requirement from financial institutions to encourage participation from fintech start-ups.