

FSC TO INTRODUCE IMPROVEMENTS TO SUBSCRIPTION ECONOMY'S PAYMENT AND REFUND SYSTEM

The FSC announced its plan to improve rules on subscription businesses' payment system to enhance consumer protection and user experience on December 3.

Subscription businesses generally attract customers by offering free subscription to their services first. However, once the free subscription period expires, the procedure of informing customers about the details of recurring payments and their cancellation and refund policy has remained inadequate. As such, the FSC plans to work on the following measures to strengthen consumers' right to information, simplify the cancellation process and make more refund options available in subscription businesses.

KEY MEASURES

I. ESTABLISH STANDARDIZED TERMS AND CONDITIONS

(DEFINITION OF RECURRING PAYMENTS) A clearly defined scope of recurring payments will be introduced on the standardized terms and conditions.

(NOTIFICATION REQUIREMENT) Subscription businesses will be required to notify their customers at least seven days prior to switching their services from free offering to recurring payment-based services.

(CANCELLATION) The process of cancelling a subscription service will be made easier through mobile applications and online platforms and the cancellation of services will be made available even after the regular customer service hours.

(REFUND POLICY) When a cancellation of recurring payments occurs, only the amount of fee commensurate with the used monthly service may be charged, while more refund options will be made available through credit cards and account transfers.

II. STRENGTHEN PAYMENT GATEWAYS' SUPERVISION OVER THEIR AFFILIATES

By introducing revisions to the Enforcement Decree of the Specialized Credit Finance Business Act, legal grounds will be established that will allow payment gateways to strengthen supervision over their affiliates and ensure that their affiliates provide appropriate transaction information to customers.

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