

MAXIMUM LEGAL LENDING RATE TO BE LOWERED FROM 24% TO 20% FROM JULY 7

The FSC announced that the maximum legal lending rate will be lowered from the current twenty-four percent to twenty percent starting from July 7 this year as the government approved the amendments to the relevant laws¹ during a cabinet meeting held on March 30.

In order to minimize the possibility of negative impact on individuals with low credit scores, the FSC plans to make available a sufficient level of microfinancing opportunities to vulnerable groups, improve rules on credit businesses while working to prevent illegal predatory lending practices and work to expand the supply of mid-range interest rate loans to borrowers with low credit standing.

Financial institutions and credit businesses are encouraged to reduce their lending rates in excess of the twenty percent limit on a voluntary basis. The authorities will closely monitor the lending rates while working to inform the public about the change in the maximum lending rate.

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For press inquiry, please contact Foreign Media Relations at fsc_media@korea.kr.

¹ Enforcement Decree of the Act on Registration of Credit Business , etc. and Protection of Finance Users & Article II, section I of the Interest Limitation Act