

REVISION PROPOSAL TO THE ENFORCEMENT DECREE OF MICROFINANCE SUPPORT ACT SETS CONTRIBUTION RATES

The FSC announced a revision proposal to the Enforcement Decree of the Microfinance Support Act and relevant regulation on June 8 in order to prescribe specific contribution rates for financial institutions making contributions to the pool of microfinance funds as required by the revised Microfinance Support Act.¹

For the purpose of expanding the pool of microfinance funds available to help ease burdens of lower income households and expand microfinance opportunities for individuals with low credit backgrounds, the revision proposal sets the common contribution rate at 0.03 percent of the balance of household loans for each financial institution. The types of household loans that are subject to the contribution requirement by some other legislation, microfinance loans guaranteed by the Korea Inclusive Finance Agency (KINFA) and government-backed loans for lower income households are exempted from the contribution requirement.

The revision proposal also sets differential contribution rates of 0.5 percent to 1.5 percent on the balance of guarantees as shown in the table below.

Subrogation rate of each financial company in previous year	Contribution rate
Over 150%	1.50% per annum
Over 100% ~ Up to 150%	1.25% per annum
100%	1.00% per annum
Over 50% ~ Below 100%	0.75% per annum
Up to 50%	0.50% per annum

The revision proposal also established specific details regarding the management and organization of the microfinance support center under a joint management by KINFA and Credit Counseling & Recovery Service.

The revision proposal will be put up for public notice for forty days from June 9 to July 19, 2021.

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

¹ Please click [here](#) to see the press release dated May 21, 2021.