

DEBTOR ASSISTANCE WITH LEGAL REPRESENTATION TO BOLSTER INCLUSIVE FINANCE

The FSC announced that the authorities will work to improve the debtor assistance program with legal representation through increased support, better accessibility and stronger coordination with investigative authorities in order to meet the rising demand for assistance and bolster financial inclusion.

From January 28, 2020, the debtor assistance program that makes available legal representation service at free of charge began to provide support to the victims of illegal and excessive debt collection practices and the borrowers who took out loans with interest rates exceeding the maximum legal lending rate. In 2020, 632 individuals applied for assistance in 1,429 cases and free legal representation was provided in a total of 915 cases through the Korea Legal Aid Corporation (KLAC). In 893 cases, the KLAC-registered lawyers provided legal representation to stand in place of the debtor in respond to excessive debt collection methods, whereas in 22 other cases, legal representation was provided for filing lawsuits on behalf of debtors for excessive interest rate charge. In 2021, demand for support has increased as legal assistance has already been provided to 881 cases as of the end of March. In addition, a four-percentage-point reduction in the maximum legal lending rate is scheduled to take effect in July 2021.¹

As such, the authorities plan to increase support, improve accessibility for both mobile and on-site applicants and strengthen coordination with the KLAC and investigative authorities to help strengthen financial inclusion.

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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 March 30, 2021.