



AUTHORITATIVE INTERPRETATION TO BE PRESENTED TO PROMOTE FINANCIAL FIRMS' INVESTMENT IN FINTECH BUSINESSES

As part of our efforts to promote the fintech industry, the FSC plans to present an authoritative interpretation of current financial laws later this month to clarify the scope of businesses that financial institutions are allowed to invest.

Under current financial laws, financial institutions are allowed to invest only in financial businesses or companies related with operation of financial institutions. Fintech companies fall under the category of business directly related to financial businesses or necessary to efficient operation of financial institutions, according to the current laws. However, ambiguity over the scope of 'fintech' businesses has virtually hindered financial firms from investing in the sector. Therefore, the FSC will eliminate such ambiguity by offering an authoritative interpretation in regard with the business scope of 'fintech.'

1. Business Scope of 'Fintech'

The FSC will offer an authoritative interpretation about the scope of fintech businesses based on the current financial laws – e.g. the Electronic Financial Transaction Act and banking laws, while reflecting recent trends with the fintech industry.

(Electronic Financial Transaction Act)

- electronic financial business operator – payment gate(PG), electronic debit payment means, electronic prepayment means
- subsidiary electronic financial business operator – VAN, data system operator

('Financial Computerization Business'

under the article 35 of the Detailed Regulations on Supervision of Banking Business)

- business of providing and managing programs by which data relevant to banking business are processed and transmitted
- business of selling or leasing computer systems relevant to banking business
- additional communications business of relying and processing data relevant to banking business

(New Businesses)* to reflect recent trends in the fintech industry

- analysis of financial data – e.g. analysis & development of credit information or big data
- development of financial services software –e.g. financial mobile application, internet

- banking, financial data security
- operation of financial services platform – e.g. provision of securities market information based on membership

2. Criteria of ‘Fintech Business’ for companies with a variety of businesses

Different standards will be applied to small & medium-sized companies and large companies respectively.

For a small business entity which engages in two or more different business operations, the business will be deemed a ‘fintech’ company when its largest portion of the sales comes from the fintech business.

For a large company, its fintech business should take up more than 75% of its total sales or assets.

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