

Press Release

November 2, 2015

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CREDIT CARD MERCHANT FEES TO BE LOWERED

The FSC plans to cut credit card merchant fee rates by 0.3%p~0.7%p from the end of January 2016 to reflect cost-saving factors in card business. As interest rates continue to remain at low levels, funding cost for credit card companies has decreased since 2012. The ban on VAN operators from providing large merchants with unfair rebate (implemented from July 2015) allows card companies more room for further cuts of VAN and merchant fees. The FSC expects lowering merchant fee rates would save KRW 670 billion for about 2.38 million merchants.

merchants classification (by annual sales)			current	to be	%p cut
credit card	small and medium-sized merchants (preferential rates)	~ KRW 200 million	1.5%	0.8%	0.7%p
		KRW 200 million ~ KRW 300 million	2.0%	1.3%	0.7%p
	general merchants (average estimates)	KRW 300 million ~ KRW 500 million	about 2.15%	about 1.85%	0.3%p
		KRW 500 million ~ KRW 1 billion	about 2.22%	about 1.92%	0.3%p
		KRW 1 billion~	about 1.96%	about 1.96%	no change
	ceilings on merchant fees		2.7%	2.5%	0.2%p
	tax payment service fees		1.0%	0.8%	0.2%p
debit card	small merchants	~ KRW 200 million	1.0%	0.5%	0.5%p
	medium-sized merchants	KRW 200 million ~ KRW 300 million	1.5%	1.0%	0.5%p

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