

FSC REFORMS CARD PROCESSING FEE RATES

The FSC plans to reform card fee rates as part of the government's efforts to ease burdens on small merchants and self-employed business owners.

Under the plan, credit card processing fees for small merchants with annual revenue of between KRW 500 million and KRW 1 billion will be lowered to 1.4 percent per transaction from 0.25 percent. For those with revenue between KRW 1 billion and KRW 3 billion, the rate will be lowered from the current 2.21 percent to 1.6 percent.

The FSC estimates the cut will reduce an average of KRW 1.5 million in card processing fees for 198,000 merchants that generate annual revenue between KRW 500 million and KRW 1 billion. For those with annual revenue between KRW 1 billion and KRW 3 billion, falling to 46,000 merchants, the cut will save an average of KRW 2.1 million annually.

The FSC also plans to create a task force with credit card companies to discuss ways to address excessive marketing expenses and strengthen their competitiveness.

As "credit cards have become a dominant method of payments, accounting for 70% of private consumption, credit card companies need to pay more attention to their social responsibility and co-prosperity with merchants and consumers," said FSC Chairman Choi Jong-ku at a meeting with CEOs of credit card companies last week.

The changes in credit card process fees will take effect from the end of January 2019.

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