



### FSC TO RESUME PROCEDURES TO APPROVE ADDITIONAL DIGITAL BANKS IN KOREA

The FSC announced its plan to resume a new round of procedures for granting preliminary approval for additional digital banks in Korea.

Earlier this year, the FSC intended to approve one or two additional digital banks under the Special Act on Online-only Banks, which allows non-financial companies to own a 34% stake in an online-only bank. However, the FSC granted no preliminary approval to either of the two applicants – Kiwoom and Toss – in last May as both fell short of the evaluation committee's standards.

Against the backdrop, the FSC decided to resume a new round of procedures to live up to the purpose of the special legislation on online-only banks and continue a momentum of policy initiatives for Korea's innovation-led growth.

As initially announced, the number of new digital banks will be one or two, given the level of competition in the banking sector and the examples of other major economies.

#### **PROCEDURAL IMPROVEMENTS**

However, in order to ensure more effective evaluation, some operational changes will be made in procedures from application to operation of the evaluation committee.

- ▶ The FSC will provide applicants with consultation over the whole process of application to help them better informed.
- ▶ If necessary, the chairman of the evaluation committee will be attending FSC meetings to explain evaluation criteria so that FSC commissioners could have in-depth discussions and reviews on the committee's evaluation results.
- ▶ Applicants will be given enough opportunities to express their opinions during the evaluation committee's evaluation process.

#### **SCHEDULE**

- ▶ Application period: 10<sup>th</sup> October ~15<sup>th</sup> October, 2019
- ▶ Announcement of preliminary approval: within 60 days upon the date of application
- ▶ Announcement of official approval: within one month upon the date of application for official approval

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For any inquiry, please contact Foreign Press & Relations Team at [fsc\\_media@korea.kr](mailto:fsc_media@korea.kr)