

FSC PLANS TO ADJUST CARD PROCESSING FEE RATES

The FSC announced a plan to adjust card processing fee rates on December 23 with an aim to ease fee burdens on small merchants and self-employed business owners. The rate adjustments for both credit and debit card processing fees are designed in a way to ensure that businesses with lower earnings will receive larger reductions in fee rates as shown below.

CHANGES IN CREDIT CARD PROCESSING FEE RATES¹

- a) For businesses with annual sales of up to KRW300 million, the fee rate will be lowered 0.3 (0.25) percentage points from 0.8 (0.5) percent to 0.5 (0.25) percent.
- b) For businesses with annual sales of more than KRW300 million and up to KRW500 million, the fee rate will be lowered 0.2 (0.15) percentage points from 1.3 (1.0) percent to 1.1 (0.85) percent.
- c) For businesses with annual sales of more than KRW500 million and up to KRW1 billion, the fee rate will be lowered 0.15 (0.10) percentage points from 1.4 (1.1) percent to 1.25 (1.0) percent.
- d) For businesses with annual sales of more than KRW1 billion and up to KRW3 billion, the fee rate will be lowered 0.1 (0.05) percentage points from 1.6 (1.3) percent to 1.5 (1.25) percent.

Pursuant to the revision of the Specialized Credit Finance Business Act in 2012, the authorities are required to make adjustments to the card processing fee rate every three years based on a reassessment of total eligible expenses. The authorities expect that the fee rate adjustment scheme drawn up for 2022 will help reduce fee burdens of about KRW470 billion on businesses. It is expected that about 60 percent of benefits from the cut will be directed toward businesses with earnings of up to KRW300 million per year. Some 30 percent will be given to those in the KRW300 million to KRW1 billion range with the rest of the benefit going to the businesses in the KRW1 billion to KRW3 billion range.

In order to help boost the competitiveness of the card industry, the authorities will set up a taskforce made up of relevant stakeholders in the first quarter of 2022 to come up with measures to promote card companies' business expansion into digital, data and platform sectors, while also ensuring that the interests of consumers and merchants are proportionately represented. The changes in fee rates will take effect from the end of January 2022 after going through a regulatory revision process.

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For press inquiry, please contact Foreign Media Relations at fsc_media@korea.kr.

¹ Rate changes for debit card processing fees are shown in parentheses.