

APPLICATION FOR INTEREST REFUNDS FROM NONBANK LENDERS TO BE AVAILABLE FOR SMALL MERCHANTS FROM MARCH 18

- Assistance in the form of interest refunds averaging about KRW750,000 per person to be made available for about 400,000 small business owners.
 - Application opens on March 18 and will be available throughout the year.
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The Financial Services Commission (FSC) and the Ministry of SMEs and Startups (MSS) announced that small merchants who borrowed from nonbank financial institutions with interest rates ranging from 5 percent to 7 percent as of December 31, 2023 will be able to apply for interest refunds from their lenders starting from March 18.

From March 13, the nonbank financial institutions, such as savings banks, mutual finance businesses, and specialized credit finance businesses, will start notifying their customers about the availability of this interest refund support program through their website or via mobile text message. Borrowers who are eligible to receive interest refunds will be able to apply starting from March 18. Interest refunds will begin to be paid out starting from March 29.

For a borrower to be eligible to receive interest refunds, he or she should have made interest payments for at least a full-year. Once the lender verifies the receipt of a full-year interest payments, the borrower will receive interest refunds within six business days from the last business day of the first quarter that falls after the borrower made full-year interest payments. For those holding multiple loan accounts, interest payments should have been made for a full-year on all of their loan accounts to be eligible for the payback in interest refunds. Thus, borrowers are advised to check whether they have made interest payments for a full-year before applying.

The refund rate on loans will vary depending on actual borrowing rates adopted as of the last day of December 2023. For loans with interest rates ranging from 5.0 percent to 5.5 percent, a refund rate of 0.5 percent will be applied. For loans with interest rates ranging from 5.5 percent to 6.5 percent, the refund rate will be determined as a difference between the actual interest rate adopted and 5 percent. For loans with interest rates ranging from 6.5 percent to 7 percent, a refund rate of 1.5 percent will be applied. The maximum amount of loans for which a borrower can apply for support under this program is KRW100 million, and the maximum amount of interest refunds a borrower can receive is KRW1.5 million (= 1.5 percent of KRW100 million).

The FSC and the MSS will work to ensure a seamless implementation of the interest refund support program by operating a taskforce with related organizations and agencies to closely monitor the progress and quickly address the issues that need to be resolved along the way.

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