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법무법인(유) 세종

Shin & Kim Digital Finance Review (October 16, 2026 – October 29, 2026)

2026.11.17

Key Regulatory, Legislative, and Industry Developments in Digital Finance

The Shin & Kim Digital Finance Review provides a biweekly overview of key regulatory and legislative developments, industry trends, and research in the digital finance sector.

This issue covers developments from October 16 to October 29, 2026. We hope you find it informative and useful. For further information or inquiries, please contact our team.

I. Regulatory Updates | FSC Approval of Amendments to the Regulations on Supervision of Credit Information Business

II. Legislative Updates | Administrative Notice of Proposed Amendments to the Regulations on Supervision of Specialized Credit Finance Business

III. Industry Developments | Four Major Financial Groups Suspend Plans to Enter the Online Investment-Linked Finance Business; Growing Support for Deferring Virtual Asset Taxation

IV. Research Highlights | Financial Consumer Protection in the Convergence of AI and Open Finance

Shin & Kim's Digital Finance Team advises clients across the digital finance sector, including electronic finance, fintech, virtual assets, stablecoins, and security token offerings ("STOs"). Our team provides comprehensive legal support throughout the business lifecycle, from licensing and regulatory compliance to engagement with financial authorities and the development and review of internal compliance frameworks.

For further information on any of the topics covered in this issue or advice on related legal matters, please contact our team.

I. Regulatory Updates

- **[Financial Services Commission] October 21, 2026: FSC Revises Administrative Surcharge Rules under the Credit Information Act (Original Source)**
  - On October 21, 2026, the Financial Services Commission (the "**FSC**") approved amendments to the Regulations on Supervision of Credit Information Business that revise how administrative surcharges are calculated under the Credit Information Use and Protection Act (the "**Credit Information Act**"). The amendments took effect on October 23, 2026.
  - The amendments change where the administrative surcharge criteria under the Credit Information Act are set out. They move from the Regulations on Inspection and Sanctions of Financial Institutions to Appendix 9 of the Regulations on Supervision of Credit Information Business. The amendments also make the criteria more specific, reflecting the nature of the Credit Information Act and legislation in Korea and other jurisdictions.
  - The key changes include:
  - (**i) More flexible surcharge rates**: The existing fixed rates of 50%, 75%, and 100% are replaced with three ranges based on the severity of the violation: 1% to less than 30%, 30% to less than 65%, and 65% to 100%.
  - **(ii) Revised criteria for assessing materiality**: The "amount of unjust enrichment" is replaced with the "type and nature of personal credit information," while the "scope of harm" is replaced with the "scope and impact of harm to data subjects."
  - **(iii) Higher surcharges for serious violations**: The base administrative surcharge may be increased by up to 100% for serious violations, including repeated violations of the same type or large-scale credit information leaks. Active remedial efforts following a violation may also be considered grounds for reducing the surcharge.
  - The amendments also clarify which rules apply to past violations. Under the supplementary provisions and Article 14 of the General Act on Public Administration, violations committed before October 23, 2026 will generally remain subject to the Regulations on Inspection and Sanctions of Financial Institutions in effect at the time of the violation. However, the amended surcharge calculation standards may apply if they are more favorable to the violator.
- **[Financial Services Commission] October 28, 2026: FSC Holds Emergency Meeting Following Suspected Data Breach at Bithumb (Original Source)**
  - On October 28, 2026, the FSC held an emergency meeting with the Financial Supervisory Service (the "**FSS**"), the Korea Financial Security Institute (the "**KFSI**"), the Digital Asset Exchange Alliance ("**DAXA**"), Bithumb, and other relevant parties to review recent cybersecurity incidents in the virtual asset sector.
  - Bithumb reported signs of a possible data breach involving information on officers and employees of the company, its affiliates, and business partners following unusual external access to its systems. Whether user information was also compromised remains under investigation. According to Bithumb, the affected system was an employee support system, not the core infrastructure used for virtual asset trading. The company also reported that it had found no evidence of a leak involving information that could enable unauthorized payments or virtual asset transfers, such as wallet addresses.
  - The financial authorities have launched an on-site investigation and are working with relevant agencies to determine the cause of the incident. They also plan to assess any harm to users and oversee consumer protection measures, including full compensation for any losses incurred.
  - The authorities also plan to strengthen cybersecurity standards and practices across the virtual asset sector, which is not subject to the Electronic Financial Transactions Act, with the aim of bringing security protections

closer to those of major financial institutions. They intend to establish a rapid response framework for cybersecurity incidents and continue investigating recent incidents involving non-bank financial companies while taking measures to protect affected users.

- **[Financial Services Commission] October 16, 2026: FSC Warns Investors of Risks Associated with Perpetual Futures on International Platforms (Original Source)**
  - The FSC issued an investor advisory highlighting the risks associated with the increased trading of perpetual futures linked to stocks and virtual assets on international trading platforms, including virtual asset exchanges.
  - Unlike conventional futures, perpetual futures have no expiration date and do not provide for delivery of cash or other assets on a specified future date. They can also be traded around the clock, year-round. These features distinguish their contractual, trading, and settlement structures from those of traditional derivatives. More importantly, perpetual futures may offer leverage of up to 200 times, meaning that even a small adverse price movement can result in substantial losses. Given their highly speculative nature, these products are not currently authorized for trading in Korea.
  - Most global virtual asset platforms operate outside Korea's regulatory framework. Investors using these platforms may therefore have limited access to the protections available in regulated financial markets in Korea. They may also face difficulties seeking legal remedies under Korean law if a platform becomes insolvent, ceases operations, unilaterally suspends trading, experiences IT or financial incidents, or becomes involved in disputes.
  - The Korean financial authorities plan to monitor new products linked to Korean-listed stocks offered on global trading platforms and assess their impact on Korea's financial markets. Where unauthorized business activities targeting Korean residents are identified, such as unlawful solicitation of trades, the authorities intend to respond with measures including referrals to investigative authorities. They will also carefully consider whether to permit similar products in Korea and how to regulate them, taking into account potential market impacts, investor protection, and international regulatory developments.

II. Legislative Updates

- **October 23, 2026: FSC Proposes Changes to Real Estate Lending Limits, Payment Gateway Oversight, and Leasing Rules (Original Source) (Original Source)**
  - The FSC issued an administrative notice of proposed amendments to the Regulations on Supervision of Specialized Credit Finance Business. The proposals follow the *Measures to Improve the Real Estate PF Soundness Framework*, announced in December 2025, and discussions between the FSC Chairman and CEOs of specialized credit finance companies in November 2025. The proposed amendments are open for public comment from October 23 to December 2, 2026.
  - The key proposed amendments include: (i) tighter limits on real estate-related lending to reduce concentration risk*; (ii) new requirements for credit card companies to assess and manage risks associated with payment gateway ("**PG**") companies**; (iii) a higher aggregate limit on rental business activities conducted by specialized credit finance companies***; and (iv) the removal of limits on individual categories of rental assets.
  - * **Real estate lending limits**: Real estate loans and construction-industry loans, including debt guarantees, would each be capped at 30% of total credit assets. The combined amount of real estate project financing

("**PF**")-related loans, real estate loans, and construction-industry loans would be limited to 50% of total credit assets.

- ** **PG company oversight**: Credit card companies would be required to assess PG companies' payment risks when entering into or renewing contracts and quarterly thereafter. Assessments must cover regulatory status, financial condition, settlement fund management, and history of unlawful transactions. Based on the findings, credit card companies would be required to take appropriate measures, including refusing to enter into contracts, declining to renew them, or terminating them early.
- *** **Rental business limits**: The aggregate limit on rental business activities would be raised to the combined value of leased assets and installment financing assets, provided that the installment financing assets included in the calculation do not exceed the value of leased assets.
- The amendments are expected to take effect on April 1, 2027, following review by the Regulatory Rationalization Committee and approval by the FSC. Specialized credit finance companies exceeding the new real estate-related lending limits on that date would have three years to comply.

III. Industry Developments

▶ **[Maeil Business Newspaper] October 26, 2026: Major Korean Financial Groups Reconsider Online Investment-Linked Finance Plans Amid Lawmakers' Concerns (Original Source)**

- Viva Republica (Toss) has formalized its entry into the online investment-linked finance business (P2P lending). Meanwhile, the four major financial holding companies (KB, Shinhan, Hana, and Woori), which had once been rumored to be considering entry, have reportedly turned skeptical or withdrawn their review plans. This shift appears to follow industry pushback and the National Assembly's annual audit, where lawmakers raised conflict-of-interest and fair-competition concerns over large financial platforms entering the P2P lending business.
- At a National Assembly Political Affairs Committee audit on October 8, concerns were raised that operating both a loan brokerage platform and an online investment-linked finance business could create conflicts of interest. These include favoring affiliated financial products in platform listings and using competitors' information. At a subsequent audit on October 22, concerns were also raised that allowing platform operators to offer their own financial products could distort competition. Calls were made for stronger regulatory safeguards, including mandatory disclosure of loan brokerage platform fees.
- Meanwhile, Toss completed the incorporation of a dedicated subsidiary, Toss Inclusion Preparatory Corporation, on October 16, 2026, and reportedly plans to apply for registration with the FSC as early as the beginning of November 2026. Although Toss has pledged not to give preferential treatment to affiliated products, opposition from existing industry players persists, and the debate over platform operators' entry into the sector is likely to continue.

▶ **[ChosunBiz] October 29, 2026: FSS Plans Sector-Wide Cybersecurity Review and Targeted On-Site Inspections (Original Source)**

- The FSS plans to review cybersecurity management across Korea's financial sector through a comprehensive document-based assessment, followed by on-site inspections of companies with identified vulnerabilities. The FSS will consult with industry representatives to develop detailed assessment criteria for evaluating each

company's cybersecurity practices.

- The move follows concerns about the reliability of earlier self-assessments. The FSS required financial companies to assess their own security controls and submit the results by October 8. However, some companies that had recently experienced cyberattacks or data breaches reportedly rated every item on their checklists as compliant, raising questions about the effectiveness of the process.
- The FSS therefore plans to conduct a regulator-led review to identify vulnerabilities that may have been missed in self-assessments, strengthen cybersecurity oversight, and help prevent further incidents.

▶ **[Money Today] October 29, 2026: Further Deferral of Virtual Asset Taxation Under Discussion (Original Source)**

- On October 28, 2026, a consultation group involving the Democratic Party and government officials met to discuss a further delay in the introduction of virtual asset taxation. The discussions highlighted concerns about inadequate tax infrastructure and the potential tax burden on younger investors.
- Three key issues emerged: (i) gaps in transaction reporting and tax monitoring, particularly for decentralized and over-the-counter ("**OTC**") transactions that are difficult for tax authorities to track; (ii) limited access to tax information on cross-border transactions due to differences in the timing of jurisdictions' implementation of the Crypto-Asset Reporting Framework ("**CARF**"); and (iii) the inability to carry forward losses because virtual asset income is classified as miscellaneous income.
- The consultation body is expected to reach a position on whether to proceed with taxation or seek another deferral. Any postponement would require an amendment to the Income Tax Act, with further discussions expected at the National Assembly's Committee on Finance and Economy, particularly its Tax Subcommittee, which is scheduled to meet in November.

IV. Research Highlights

▶ **[Korea Financial Consumer Protection Foundation] AI and Open Finance: Opportunities, Risks, and Consumer Protection (Research Report No. 2026-19) (Original Source)**

- The Korea Financial Consumer Protection Foundation published a report examining the benefits and risks of combining AI with open finance, drawing on the OECD's July 2026 report, *Artificial Intelligence and Open Finance: Synergies, Trade-Offs and Policy Implications*. The report also reviews the OECD's policy recommendations and recent developments in Korea.
- AI and open finance can reinforce each other. Open finance gives AI access to a broader range of financial data, while AI uses that data to deliver more personalized financial services. Potential benefits include more accurate credit assessments for consumers with limited credit histories and automated investment advice tailored to their current financial circumstances.
- However, the combination also raises risks, including discriminatory outcomes caused by biased data, limited explainability, use of data beyond its original purpose, cybersecurity threats and targeted fraud arising from data concentration, and the exclusion of vulnerable consumers. AI agents introduce additional concerns, such as pursuing objectives that do not align with users' interests, acting beyond their delegated authority, and exposure to prompt injection attacks. To address these risks, the OECD highlights the importance of human-centered governance, data protection, consumer trust, and technology-neutral, risk-based regulation.
- In Korea, a MyData-based service that allows AI agents to request interest rate reductions on behalf of

consumers was designated as an innovative financial service in December 2025. With consumer consent, the service enables AI agents to exercise the right to request an interest rate reduction, and approximately 4.07 million applications had been submitted as of July 2026.

- In its draft *MyData Development Plan*, announced in August 2026, the FSC proposed allowing AI agents to request debt adjustments, seek relief for voice-phishing victims, and apply for loan refinancing. It is also considering safeguards, including recordkeeping, designation of responsible personnel, and disclosure to consumers of the reasons for and outcomes of AI agents' actions.
- The report identifies five key considerations for financial consumer protection: (i) applying data controls proportionate to the risks of each service*; (ii) clearly allocating responsibility for AI errors and malfunctions and establishing mechanisms for dispute resolution and other remedies; (iii) strengthening fairness testing, ongoing monitoring, internal controls, and risk management to ensure that automated decisions are fair and explainable; (iv) improving consent procedures and protecting consumers' control over their personal information; and (v) developing a proportionate, risk-based regulatory framework through cooperation among relevant authorities.
- * AI agents could be allowed to perform low-risk, consumer-beneficial tasks, such as requesting interest rate reductions, based on initial consent alone. Higher-risk activities, such as modifying loans or investment portfolios, would require additional safeguards, including final approval, predefined limits, and human review.

[Korean version] 디지털금융 ISSUES (2026. 10. 16. – 2026. 10. 29.)

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