Press Release

July 14, 2020

GOVERNMENT TO INTRODUCE PERSONAL CREDIT RATING SYSTEM USING NPS CONTRIBUTIONS DATA

The FSC and the Ministry of Health and Welfare announced on July 14 that an improvement to the personal credit rating scheme using information about individuals' national pension contribution payments will be made available in October this year.

The government has worked on improving the personal credit rating system using nonfinancial data, such as information about individuals' contributions toward national pension and health insurance, along with the National Pension Service (NPS) and Korea Credit Bureau (KCB).

In December 2019, the FSC designated Korea Credit Bureau's data analysis service using homomorphic encryption technology as an 'innovative financial service' to be included in the regulatory sandbox program,[1] which allowed data convergence between KCB's credit data and NPS' contributions data while paving the way for developing an improved credit rating model.

Taking into account research findings that show a positive correlation between diligent contribution payments to national pension and low probability of loan defaults, the improved personal credit rating system will offer additional points to personal credit scores for the period of diligent contribution payments.

As the improved credit rating system will go into effect in October this year, national pension subscribers are eligible to receive maximum 41 additional points for their credit scores. Up to 550,000 KCB-registered national pension subscribers are expected to see their credit scores go up. In particular, recent graduates and young adults[2] who have thin credit records will benefit from this system.

It also marks the first time application of homomorphic encryption technology in the world.

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

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[1] Please click here to see the relevant press release dated December 19, 2019.
[2] 240,000 out of 550,000 KCB-registered national pension subscribers are 34 years old or younger.