

PIPA, Network Act and CIUPA passed at the plenary session of the Korean National Assembly

On January 9, 2020, the revision bills of the Personal Information Protection Act (“PIPA”), the Act on Promotion of Information and Communications Network Utilization and Information Protection (“Network Act”), and the Credit Information Use and Protection Act (“CIUPA”) passed at the plenary session of the Korean National Assembly. The revision bills will come into effect six months after their promulgation.

[I. Amendments to the PIPA and the Network Act](#)

1. Key Provisions

A. Standard for Determining Personal Information

In determining whether certain data constitutes information which will allow a specific individual to be identified if easily combined with other information, one should reasonably consider the time, cost, and techniques needed to identify the individual, such as the possibility of acquiring such other information.

B. Introduction of the Concept of Pseudonymized Data

“Pseudonymized Data” is defined as information that has been partially deleted or entirely replaced such that it cannot be used to identify a specific individual, and that without the use or combination with other information required to recover the original information cannot be used to identify a specific individual.

Pseudonymized Data may be used to compile statistics, carry out scientific research, or preserve public records without the data subject’s consent.

A specialized agency prescribed by the Personal Information Protection Commission or the heads of the competent central administrative agencies may authorize the combination of Pseudonymized Data or the disclosure of such data.

C. Scope of Use and Provision of Personal Information

Personal information handlers may use and provide personal information without the data subject’s consent, to the extent reasonably related to the original purpose of collecting the personal information, by taking into account whether there is any disadvantage to the data subject and whether the handler took necessary steps to secure safety such as encryption.

D. Reform of Personal Information Related Laws and Supervisory Authorities

Provisions related to the personal information protection specified in the existing Network Act have been deleted, and instead Special Provisions Concerning the Processing of Personal Information by Information and Communications Service Providers are added to the amended PIPA.

The Ministry of the Interior and Safety and the Korea Communications Commission are no longer in charge of matters related to the protection of personal information, as that responsibility is transferred to the Personal Information Protection Committee.

2. Implications

The introduction of the concept of Pseudonymized Data will allow extended use of personal information. Also, the enhanced power and independence of the Personal Information Protection Committee also increases the chance of passing the adequacy assessment under EU’s General Data Protection Regulation (GDPR). It is necessary to further monitor the future amendments of the Presidential Decrees regarding the procedure and methods for combining Pseudonymized Data, and the scope of personal information that can be used without the data subject’s consent (i.e., the meaning of “the extent reasonably related to the original purpose of collecting the personal information”).

[II. Amendments to the CIUPA](#)

1. Key Provisions

A. Scope of Use/Provision and Utilization of Personal Credit Information

Pseudonymized personal credit information may be used and provided to compile statistics, carry out scientific research, or preserve public records without the credit information subject’s consent.

By allowing personal credit information to be presumed as anonymous information, if adequacy is assessed by a professional data institution designated by the Financial Services Commission, legal uncertainty from being utilized as big data will be removed.

The amendment has prepared grounds to establish procedures and methods for combining credit information among different industrial sections.

B. Reform of Regulatory System for Credit Information-Related Businesses

The existing CIUPA defines “credit inquiry service” rather broadly. The amendment breaks down the credit inquiry service into subcategories based on the nature of the service, such as the “personal credit evaluation service,” “sole proprietorship credit evaluation service,” and “corporation credit inquiry service,” while easing the minimum capital requirements for carrying out corporation credit inquiry service, corporation credit rating service and technology-based credit rating service.

Credit inquiry companies are no longer prohibited from engaging in any other commercial business at the same time as a credit information business, and are now allowed to concurrently carry out a commercial business that would not likely harm a credit information subject or the sound practices of credit transactions.

The amendment introduces a system similar under the Act on Corporate Governance of Financial Companies, with regard to the approval of change in controlling shareholders, eligibility of executives of a credit information company, and review of eligibility of the largest shareholder of certain personal credit rating company and sole proprietorship credit rating company.

C. Introduction of Self-credit Information Management Service (MyData)

The amendment introduces “self-credit information management business”, which engages in services of integrating one’s own credit information in a certain way and transmitting it to such person.

2. Implications

Stereotypical data that has been systematically controlled by each financial sector, such as banks, credit card companies, insurance companies and financial investment companies, has been accumulated in great volume. The amendment is significant in that it lays down legal grounds for analyzing and utilizing big data to enable those companies to develop financial products customized to reflect individual features or foster new industries by integrating with other industries such as IT, GPS and health care. It has also reformed the regulatory system for credit information-related businesses as data industry in the financial sector.

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