



Korea Communications Commission

NEWS RELEASE

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Contact:

Consumer Policy Bureau

Telecommunications Market Investigation Division (02-2110-1530, 1533, ktg129@korea.kr)

TELECOMMUNICATIONS BUSINESS ACT PROHIBITING FORCED IN-APP PAYMENT METHODS GOES INTO EFFECT

- Expected to create a fair and sound app market ecosystem –

- ▶ Prepare sub-decrees to ensure smooth implementation of world’s first law on this topic
 - ▶ Various efforts to ensure app market operators such as Google and Apple comply with the law
- September 14, 2021 – The Korea Communications Commission (KCC, Chairman Han Sang-hyuk) announced that the Telecommunications Business Act, which prohibits app market operators from forcing certain payment methods, will go into effect today.

Enforcement of the Telecommunications Business Act

- o Require app market operators to protect consumer rights and prevent harm (Article 22-9, Paragraph 1)
- o Provide basis to conduct investigations on operations of app markets (Article 22-9, Paragraph 2)
- o Disputes regarding usage fee payment, refunds are subject to telecommunications dispute mediation (Article 45-2, Paragraph 1, Subparagraph 6)
- o Define prohibited actions by app market operators such as forcing certain payment methods, delaying review or deleting mobile content (Article 50, Paragraph 1, Subparagraphs 9-11)
- ※ Article 22-9, Paragraphs 1 and 2 will go into effect after six months

- Considering this is the world’s first legislation to prohibit forcing specific in-app payment methods, the KCC will do the following to ensure the intent of the law is carried out.

- o **(Formulate sub-decrees)** The KCC will swiftly prepare and carry out an enforcement decree and any sub-decrees necessary to enforce the provisions of the law, including measures on prohibited actions.
 - The KCC will draw up the enforcement decree to ensure app market operators carry out their mandate to protect consumer rights and prevent harm, as well as implement investigations on the operations of the app market.
 - The standards for review needed in the enforcement decree, such as for imposing penalty surcharges on prohibited actions, and for determining whether actions fall under prohibited actions, shall also be drawn up.

- o **(Current status inspection and investigation)** In addition to monitoring app market operators’ changes to policy, the following will also take place.
 - Draw up plans to inspect the app market ecosystem as a whole, including expanding the scope of what is subject to inspection according to the newly created prohibited actions and specifying the content of inspection.
 - In the case where prohibited actions by app market operators are detected or reported, the KCC will immediately determine whether to carry out an investigation and follow through if necessary.

- o **(Support system, collection of opinion)** A support system will be formed with an “institutional measures organization group” and “inspection and investigation group” composed of experts from academia, law and research technical institutions in order to support the formation of sub-decrees and app market operation inspections and investigations (starting from September 9, 2021).
 - In particular, the “inspection and investigation group” will be used as a channel to collect

opinions from app market operators, developers and creators, and reflect those opinions in creating the enforcement decree and other rules.

- Along with this, opinions will be widely collected across all stages of the process, and issues or progress on any discussions will be disclosed to the public.

- Furthermore, the KCC will make diverse efforts to help the amended law be accepted. It will also ensure that app market operators like Google or Apple comply with the law so that the intent of the amendment is not compromised.
- Immediately after the law goes into effect, app market operators will need to submit proposals and detailed schedules demonstrating how they will comply with the law. The KCC will also organize a meeting to hear from app developers and others regarding any issues with implementation.
- Additionally, in coordination with experts from academia, industry and users, the KCC will explore the necessary measures to ensure there are no unintended side effects, such as app operators delaying policy changes or changing their business model to preserve profits margins.
- KCC Chairman Han Sang-hyuk commented, “above all else, what is needed for enforcement is for big tech app market operators to voluntarily improve their policies and be committed to complying with the law.”
- He emphasized that “enforcing this law is the first step towards a fair app market ecosystem. In addition to the government, all members of the ecosystem, from platforms to content companies, creators and users alike need to take an interest and participate, keeping a watchful eye on the process.”
- Furthermore, he added, “I hope that this law taking root in the platform market will ensure developers’ and creators’ rights, enhance user interests, and bring about a business model of mutual growth where innovation and creativity coexist, ultimately creating a fair and sound platform ecosystem.”

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