

South Korea: Wage increase is possible only when public institutions are excluded. “It’s hard to release it just because of the labor cost”.

Tuesday 11 February 2025, by [LEE Heejo](#) (Date first published: 14 January 2025).

IBK Industrial Bank of Korea’s labor union, which is on strike over wage hikes, is raising its voice, asking “to lift IBK from other public institutions.” This is because the Industrial Bank of Korea can adjust employees’ wages without being controlled by the government only when they are excluded from other public institutions.

According to the financial sector on the 14th, the Industrial Bank of Korea of the Korean Financial Industry Workers’ Union plans to send a request to the Public Institution Steering Committee of the Ministry of Strategy and Finance to exclude Industrial Bank of Korea from other public institutions.

According to the Act on the Operation of Public Institutions, Industrial Bank of Korea is currently designated as another public institution and is subject to the ‘total labor cost system’. Labor costs can be set only within the upper limit of the annual increase rate set by the Ministry of Economy and Finance, meaning that the total amount of labor costs is limited by the government.

The Industrial Bank of Korea maintains its position that it is difficult to raise wages, citing this situation. Even if the bank wants to raise employee wages, it is impossible to raise it on its own due to the government system.

The labor union of the Industrial Bank of Korea says that the government is not providing adequate compensation while setting wages 30% lower than commercial banks to Industrial Bank of Korea. The union also claims that each employee has an unpaid overtime allowance of about 6 million won. The union plans to push for the second and third general strikes if the wage problem is not resolved.

Previously, the Industrial Bank of Korea was excluded from public institutions in 2012 for the purpose of privatization, but was designated as a public institution again in 2014, two years later. This was the result of the Industrial Bank of Korea’s withdrawal of its privatization plan, saying it would strengthen policy financial support for small and medium-sized enterprises.

The Industrial Bank of Korea’s labor union aims to lift the designation of public institutions, but many say that the decision to lift it is unlikely to be made within this year. A government official said, “It is practically not easy to lift the designation of Industrial Bank of Korea, leaving other state-run financial institutions behind. If there are other justifiable reasons other than the wage issue, the Public Transportation Commission may consider lifting it.”

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