

FSC CHAIRMAN ANNOUNCES FINANCIAL POLICY ROADMAP

FSC Chairman Choi Jongku had his first meeting with the press since taking office and announced financial policy direction under the Moon Jae-in administration. The FSC will ensure (a) funds are channeled into more productive and innovative businesses, and (b) enhance financial accessibility for the financially-marginalized in a bid to establish a strong foundation for sustainable economic development.

Funds channeling into productive businesses

1. Financial industry as job creator

Policy finance system will be overhauled so that necessary funds are effectively channeled into innovative businesses and sectors related to the fourth industrial revolution which have significant job-creating potentials. Companies with competitive technology and innovative idea will be enabled to take out loans with non-tangible assets such as patent and future sales as collateral. Moreover, the FSC will come up with measures in September for non-regular workers at public financial institutions to sign a full-time contract.

2. Create quality jobs through financial innovation

The FSC will announce in the second half this year measures to encourage steady job creation in the financial sector through development of new innovative financial technology and services. Moreover, financial business licensing procedures will be improved to ease innovative financial companies' entrance to the market.

3. Overhaul financial system to facilitate investment into productive areas

Capital regulations of each financial business sector will be overhauled to ensure investments are made into productive areas. Financial institutions will be encouraged to reasonably and transparently set interest rates at their own risk.

4. Vitalize capital market investment for household income growth

Capital market investment will be vitalized to help households accumulate wealth. The government will create a system that efficiently and stably manages household wealth such as enacting individual pension plan act

5. Stably manage household debt issue

The financial regulators will enforce monitoring and supervision on financial companies to encourage more thorough risk management and credit assessment. The FSC will devise comprehensive measures to curb household debt issue within August.

'Financial Inclusion'

1. Lower maximum legal lending rate to ease burden for the financially-marginalized

Maximum legal lending rate will be lowered to 24% starting from January next year in a bid to alleviate financial burden of marginalized financial customers with low credit scores. Moreover, the financial regulators will strongly crack down on and oversee credit businesses to prevent financial customer damage.

2. Write-off long-term overdue debt to aid overdue debtors to make a comeback

The FSC will announce measures in August to help debtors to pay back their long-term overdue small-sum loans borrowed from the National Happiness Fund, policy banks, and credit businesses. The government will buy in debts with extinctive prescription terminated from both the National Happiness Fund and other private financial institutions to ease burdens of those suffering from long-term default.

3. Enhance financial accessibility for borrowers with mid-to-low credit scores

Retail credit assessment system will be improved to enhance accessibility to financial products for those with mid-to-low credit scores. The volume of mid-interest rate loans currently sold by commercial and savings banks will be expanded from KRW 1trillion to KRW 2.15trillion. Mutual finance companies will also be allowed to sell mid-rate loan products.

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For any inquiry, please contact Foreign Press & Relations Team at fsc_media@korea.kr