

## VICE CHAIRMAN URGES PREVENTIVE MEASURES AS BANKS READY TO ACCEPT LOAN & RELIEF PAYMENT APPLICATIONS

FSC Vice Chairman Sohn Byungdoo held a financial risk assessment meeting on May 12, and discussed the second phase financial support program for small merchants and the preparations for emergency relief payments and key industry stabilization fund.

The following is a summary of Vice Chairman Sohn's remarks:

**(DOMESTIC FINANCIAL MARKETS)** The financial markets show signs of stability. Liquidity shortages in the corporate bond market and the short-term money markets have subsided following the policy responses to purchase commercial paper and issue primary collateralized bond obligations. The government will closely monitor markets and take prompt measures when necessary.

**(2<sup>ND</sup> PHASE FINANCIAL SUPPORT FOR SMALL MERCHANTS)** The government and the financial institutions will work to swiftly provide the 2<sup>nd</sup> phase financial support to small merchants beginning on May 18, which amounts to KRW10 trillion for about one million business owners. With 95 percent of loans guaranteed from the Korea Credit Guarantee Fund, the lending institutions will face reduced burdens.

**(EMERGENCY RELIEF PAYMENTS)** On May 18, banks will begin accepting applications for the COVID-19 emergency relief payments for households. The relevant institutions, local branches and individuals should adhere to the preventive measures in order to prevent the spread of virus.

**(KEY INDUSTRY STABILIZATION FUND)** The preparations to launch the key industry stabilization fund have been taking place. The designated key industries are vital to maintain the global competitiveness. This stabilization fund will help the key industry enterprises and their subcontractors weather the pandemic-caused hardship while protecting jobs for their employees.

The government will work to overcome the pandemic-driven economic crisis while supporting businesses to retain jobs and maintain their global competitiveness.

### **FINANCIAL SUPPORT PROVIDED**

Between February 7 and May 8, a total of KRW87.0 trillion (1,044,000 individual cases) in loans and guarantees as well as loan and guarantee extensions were provided to the SMEs and small-scale businesses that have been hit by the COVID-19 pandemic.

- ▶ **FINANCING BY TYPE:** KRW44.4 trillion (811,000 cases) in new loans and guarantees, KRW39.9 trillion (205,000 cases) in maturity extensions and deferred payments, KRW700 billion (4,000 cases) in deferment of interest payments, and KRW1.9 trillion (22,000 cases) in export-import credit finance and discounted interest rates and late fees
- ▶ **FINANCING BY INDUSTRY:** KRW10.7 trillion (118,000 cases) to wholesale businesses, KRW7.2 trillion (221,000 cases) to restaurant businesses and KRW7.0 trillion (176,000 cases) to retail businesses
- ▶ **FINANCING BY PROVIDER:** KRW48.1 trillion (659,000 cases) by policy banks and KRW38.2 trillion (356,000 cases) by private sector financial institutions<sup>1</sup>

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<sup>1</sup> Local banks, insurance companies, credit card companies, credit finance businesses and savings banks