

FSC CHAIRMAN MEETS WITH HEADS OF FINANCIAL ASSOCIATIONS AND URGES CLOSE COOPERATION

FSC Chairman Eun Sung-soo met with heads of financial associations¹ on August 12, and held talks on the progress of the COVID-19 emergency financial support, ways to promote big techs' entrance into the financial services industry while ensuring a framework of fair competition and the role of finance in the government's new deal initiative and the post-pandemic economy. The following is a summary of Chairman Eun's remarks.

The pandemic-induced economic shock was effectively minimized thanks to swift provision of relief programs including maturity extensions and deferral of interest payments by financial institutions. As there are concerns over a protracted pandemic crisis, financial institutions should work to bolster their loan loss provisions and the management of financial soundness.

With regard to the big techs' entrance into the financial services industry, the financial authorities plan to set up a public-private joint consultative body made up of the government, financial institutions, big tech companies along with academia and consumer experts to facilitate discussions on the issues related to fair competition, systemic risks and consumer protection.

The post-pandemic era presents both opportunities and challenges, requiring coordinated actions from the financial industry. The government's new deal initiative aims to transform the Korean economy from a fast follower to an innovative leader. In this regard, the role of the financial industry is crucial in achieving that goal.

Financial institutions should be adequately informed about the relevant measures concerning the government's housing market stabilization policy. The financial authorities will continue to keep a close eye on violations in lending practices to prevent market disturbances.

Chairman Eun also expressed his gratitude to financial companies making contributions for victims of torrential rains and urged prompt implementation of financial support to the affected households and businesses, while pledging to maintain close communication with the industry.

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For press inquiry, please contact Foreign Media Relations Team at fsc_media@korea.kr.

¹ Korea Federation of Banks, Korea Life Insurance Association, General Insurance Association of Korea, Credit Finance Association and Korea Federation of Savings banks