

GOVERNMENT ANNOUNCES IMPROVEMENTS TO EMERGENCY LOAN PROGRAM FOR SMALL MERCHANTS

Vice Chairman Sohn Byungdoo presided over the 21st financial risk assessment meeting via teleconference on September 15, and discussed COVID-19 emergency support measures and follow-up plans for the Korean New Deal fund.

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

(EMERGENCY SUPPORT) The government announced last Thursday its plans to make available a new round of emergency support for small merchants and SMEs to help them with the impact of the COVID-19 resurgence. The first round emergency loan program for small merchants provided support to about 540,000 businesses. With regard to the second round emergency loan program for small merchants, the government will double the individual loan cap from KRW10 million to KRW20 million and allow first round support recipients to be eligible for second round emergency loans as well. Accordingly, the first round support recipients within KRW30 million may apply for second round emergency loans starting from September 23. For SMEs, the government will make available KRW2.5 trillion in additional lending support through preferential credit loans and expand P-CBO issuance available for each business entity and sector.

Local banks and the Korea Credit Guarantee Fund should take measures to ensure that their IT systems are ready for processing changes in the second round emergency loan program for small merchants, which will take effect from September 23. With approximately 500,000 small merchants expected to be eligible for this program, lending institutions should also focus on virus prevention measures.

(K-NEW DEAL FUND) The government will work on follow-up measures for the launching of the Korean New Deal fund. To this end, a working group will be set up this week led by the Korea Development Bank and Korea Growth Investment Corporation to come up with operational guidelines and specific plans. Within September, the government will establish a guideline for K-New Deal investment, which will specifically designate investment targets and areas in Digital and Green New Deal initiatives. The government also plans to have IR events on K-New Deal based on different investment areas, which will help boost awareness and interest from private sector investors.

Considering the expected changes in the global economic order and changing industrial trends in the post-pandemic era, it is important to expand investment in both Digital and Green New Deal sectors. In this regard, the government will strongly encourage financial institutions' participation in the K-New Deal fund.

FINANCIAL SUPPORT PROVIDED¹

(In trillion won)

▶ EMERGENCY LOANS FOR SMALL MERCHANTS	TARGET	PROVIDED
- 1 st round of financial support (Feb 7~)	16.4	14.2
- 2 nd round of financial support (May 25~)	10.0	0.65

(In trillion won)

▶ FINANCIAL SUPPORT FOR SMEs & MIDDLE MARKET ENTERPRISES	TARGET	PROVIDED
- Loans (Mar 16~)	21.2	16.7
- Guarantees (Apr 1~)	7.9	5.9

(In trillion won)

▶ LIQUIDITY SUPPORT FOR CORPORATE BOND & SHORT-TERM MONEY MARKETS	TARGET	PROVIDED
- Liquidity support for securities firms (Mar 24~)	5.0	6.9
- Corporate bond and CP underwriting and refinancing programs (Mar 30~)	6.1	2.3
- Low-rated corporate bond & CP purchase program (Jul 24~)	20.0	1.2
- P-CBO issuance (Apr 1~)	11.7	1.9

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

¹ From February 7 to September 11, 2020