

GOVERNMENT REVIEWS FINANCIAL POLICY AGENDA FOR POST-PANDEMIC ERA

Vice Chairman Sohn Byungdoo held the 25th financial risk assessment meeting via teleconference on October 14 and reviewed financial policy tasks for the post-pandemic era. The policy agenda focuses on four key areas—(a) supporting innovation-driven growth, (b) promoting digital finance, (c) expanding support for inclusive finance and (d) ensuring stability in the financial system.

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

(NEED TO PREPARE FOR POST-PANDEMIC ERA) In response to the pandemic-induced economic shocks, the government has provided emergency financial support for small merchants and businesses. However, the disruption caused by COVID-19 may be just beginning. With global supply chains being reshuffled, contactless, medical, bio and green industries are becoming more prominent. This type of restructuring is also inevitable in the financial industry. There are also growing concerns about a deepening wealth gap between the haves and the have-nots. Potential risks in financial sectors, such as growing appetite for riskier and higher yield products as well as rising debt, have been accumulating. These are all the reasons that financial policies should account for the preparation of the post-COVID-19 era.

(FINANCIAL POLICY AGENDA FOR POST-PANDEMIC ERA) The policy agenda announced on July 24 includes (a) supporting innovation-driven growth, (b) promoting digital finance, (c) expanding support for inclusive finance and (d) ensuring stability in the financial system.¹ First, with regard to the first policy agenda, the government has been providing targeted financial support to innovative and promising businesses. Under the government-wide initiative to develop a thousand innovative firms, a total of thirty-two businesses have been selected with KRW211.1 billion in lending support being provided to sixteen of them. In November, more than 168 additional firms in the future car, biochemical and high-tech medical device industries are expected to be selected to receive support. With regard to the K-New Deal initiative, the government will begin to hold public information events on renewable energies, future autonomous vehicles, AI and 5G technologies to raise awareness and encourage participation from market players and investors. The K-New Deal information events will offer chances to share diverse information between government ministries, developers and investors.

Second, on the promotion of digital finance, the government launched a public-private joint consultative body to have vibrant discussions throughout the year to help

¹ Please click [here](#) for details.

formulate measures for strengthening the foundations of fair competition and further advancing digital finance infrastructures, such as open banking and MyData.

Third, on inclusive finance, the government will announce measures to help vulnerable debtors next week which will make available payment forbearance for all debtors prior to entering into a debt adjustment program. In addition, the government will work on expanding support for the vulnerable with the revisions to the Microfinance Support Act and the enactment of a consumer finance bill, both of which are currently pending in each respective legislative stage.

Fourth, on ensuring the stability in the financial system, the government will continue to closely monitor market conditions including derivatives markets, foreign investor trends and stock market situations following a six-month extension of short-selling ban beyond the initial period. To lift the ban and resume short sale trading as scheduled in March next year, the government will work on ways to improve the system by strengthening penalties on illegal short sale activities and making short sale trading more accessible to retail investors.

FINANCIAL SUPPORT PROVIDED²

(In trillion won)

▶ EMERGENCY LOANS FOR SMALL MERCHANTS	TARGET	PROVIDED
- 1 st round of financial support (Feb 7~)	16.4	14.5
- 2 nd round of financial support (May 25~)	10.0	1.36

(In trillion won)

▶ FINANCIAL SUPPORT FOR SMEs & MIDDLE MARKET ENTERPRISES	TARGET	PROVIDED
- Loans (Mar 16~)	21.2	19.3
- Guarantees (Apr 1~)	7.9	6.6

(In trillion won)

▶ LIQUIDITY SUPPORT FOR CORPORATE BOND & SHORT-TERM MONEY MARKETS	TARGET	PROVIDED
- Liquidity support for securities firms (Mar 24~)	5.0	8.4
- Corporate bond and CP underwriting and refinancing programs (Mar 30~)	6.1	2.4
- Low-rated corporate bond & CP purchase program (Jul 24~)	20.0	1.6
- P-CBO issuance (Apr 1~)	11.7	2.4

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

² From February 7 to October 8, 2020