



## FINANCIAL SERVICES COMMISSION

Welcoming Remark  
The 14<sup>th</sup> World Savings Banks Institute Asia-Pacific Regional Meeting  
May 22, 2008  
Seoul, Korea

Dr. Jun Kwang-Woo  
Chairman  
Financial Services Commission

Ladies and gentlemen,

It's great to be with you this morning for the opening of the 14<sup>th</sup> World Savings Banks Institute Asia-Pacific Regional Meeting. I would like to extend a special welcome to Mr. Chris de Noose, Managing Director of WSBI, his esteemed colleagues, and WSBI members from the Asia-Pacific region who traveled from afar to join us here in Seoul. I also thank Mr. Kim Seok-Won, President of Korea Federation of Savings Banks, and the organizers for hosting today's meeting and inviting me to speak.

It is said that the savings industry dates back to the very beginning of commerce and has been a part of the fabric of human societies ever since. Today, the savings industry constitutes one of the key pillars of the banking system, providing much-needed services to often neglected consumers and helping them improve their financial security.

It's an important industry, and we are delighted that you have gathered here in Seoul for this year's annual meeting. It is a particularly meaningful occasion for us as it coincides with the inclusive, compassionate economy that Korea's new government is embracing to help individuals and communities aim high and prosper together.

### **Importance of Savings and Retail Banking**

Ladies and gentlemen,

A decade ago, Korea's financial industry faced enormous challenges amid an unprecedented financial crisis. In the course of making a turnaround from the crisis, the industry, along with regulators, learned some valuable lessons that helped it regain its vitality and financial strength as never before.

The new administration that came to office in February has pledged to build on the progress and success of the past and set an ambitious new vision for the future: taking the leap to a truly advanced economy.

The financial industry is a crucial element in the government's blueprint for the future as the economy's next growth engine. This is based on the belief that today's financial industry is no longer secondary to the real economy but a dynamic growth industry on its own with great potential to contribute to job creation and national competitiveness.

Aside from the considerable gains we have made in terms of financial sector competitiveness, we do see some causes for concern from the growing dichotomy between those with access to financial services and credit options and those without.

Increasingly, what we observe in the marketplace is that the pool of credit and the range of services available to low-income, low-credit consumers are shrinking. As a result, these consumers are often forced to resort to high-interest credit from subprime lenders that often engage in predatory lending practices. Unable to keep up with spiraling debt payment, many end up defaulting on their loans, a setback that further separates them from the established, mainstream financial services providers. In a sense, it has become a vicious downward cycle.

Just as the government understands the need for effective policies that encourage the growth of the financial industry, it also recognizes the need for more aggressive measures to support the under-privileged and excluded segments of the society. The simple fact is that we cannot expect to have stable, sustained economic growth and shared prosperity without their participation and contribution in the economy.

To give the disadvantaged and under-served consumers a fresh start and new hope, Korea is about to launch a new initiative called "New Start 2008 Project" as a step in line with the inclusive, compassionate economy that the new government espouses. I must stress that this is not yet another government handout to those who lose out from market competition. Rather, it is an embrace of the disadvantaged and under-privileged citizens to help them break away from the ever-worsening cycle and rejoin the mainstream economy as productive members of the society.

I believe that the growing dichotomy between the haves and have-nots in respect of financial services and credit options is in fact a worldwide phenomenon that requires concerted efforts from every one of us. And I have no doubt that the reward from our collective engagement will be even greater if it is led, not just by governments, but by international private-sector institutions such as WSBI.

### **Evolving Market Environment & Role of Savings Banks**

Advances in technology and financial engineering in recent years have paved the way for a bewildering array of consumer financial services in the marketplace. And if our recent experience is any guide, we can expect the pace of innovation

in the consumer finance market to accelerate in the future in terms of both quality and quantity.

But even as the financial market environment continues to evolve, savings banks have been central to the functioning of the consumer finance market, particularly in providing service and credit access to the under-served consumers. Indeed, the role they play in the banking system is so crucial that we can never over-emphasize it.

Korea's savings banks have carried on the tradition of serving the under-served and small businesses for nearly four decades. They have come along a long way. And in many areas, they now provide retail banking services—such as checking and debit cards—that do not differ much from services offered by the large commercial banks.

I believe that Korea's savings banks are now poised for the transition to the next level with more, better services to a broader segment of consumers. Your expertise and know-how can facilitate that transition. And I am especially delighted that this year's annual meeting is being held in Korea with member cooperation for more competitive consumer finance as the main discussion topic.

It is my hope that this year's meeting will provide an opportunity to share your unique perspectives and experiences with others and renew your commitment to serving the less-privileged and helping the disadvantaged consumers gain greater access to retail banking services. And I have no doubt that the discussion on building a pan-Asia ATM network will prove yet another important step in strengthening the cooperative network among the savings banks in the region.

### **Importance of Consumer Financial Literacy & Education**

Ladies and gentlemen,

Before closing, I would like to say a few words about the growing importance of consumer financial literacy and education. The financial services market is growing ever more complex, and consumers as a result have wide-ranging choices. So I am sure I speak for many when I say that helping consumers make informed decisions with effective financial literacy and education programs is a sensible public policy.

I also believe that consumers can reap substantial benefits from literacy and education programs that are tailored to specific age and income groups. This will be especially true for low-income, low-credit consumers whose financial decisions can often have enormous consequences on their economic well-being.

So, I would like to urge WSBI to engage its members on developing sensible and practical consumer education programs that help consumers make informed financial decisions and improve their economic well-being. And I would very

much like to encourage Korea Federation of Savings Banks and its member savings institutions to take an active part in this endeavor and lend their support to WSBI.

### **Closing Remark**

In closing, I again thank you for coming together here in Seoul to show and renew your energy, dedication, and enthusiasm for consumer finance and the people you serve, many of whom are under-informed and under-served. It is a noble mission, and I commend you for your part in it.

The Korean government is firmly committed to the same cause and will endeavor to educate, embrace, and protect the disadvantaged and excluded consumers.

Alfred Marshall, the renowned British economist, once noted the need for “cool heads but warm hearts” in matters of economic decisions. In many ways, I believe his words of wisdom capture the very essence of what all of us strive for in carrying out our duty to the public and to the market: rational but socially responsible and inclusive approach to the problems we face.

We again welcome you to the 14<sup>th</sup> Asia-Pacific Regional Meeting here in Seoul. We wish you great success with the meeting and forging new ties with your colleagues in the region.

Thank you.