

FSC CHAIRMAN DISCUSSES IMPORTANT ROLE OF MICROFINANCE POLICY

FSC Chairman Koh Seungbeom visited the Korea Inclusive Finance Support Center on September 14 and held a meeting with small merchants and self-employed business owners on the government's microfinance programs.

CHAIRMAN'S REMARKS

Microfinance policies are aimed at providing both financing and welfare opportunities. On the one hand, there is an obligation to make available adequate levels of low interest rate loans and debt adjustment opportunities to those that need them. On the other hand, there exist concerns over the possibility of loan defaults and the issue of moral hazard. Microfinance opportunities need to be provided in a flexible manner against the backdrop of a financial environment with these conflicting issues. With the lowering of the maximum legal lending and enhanced household debt management measures, lower income individuals with low credit backgrounds may face difficulties in accessing financing opportunities. With lower income individuals and other vulnerable groups continuing to face economic hardships due to COVID-19, it is important to make sufficient support available to them.

To this end, the authorities have increased the amount of support available for microfinance from KRW7.9 trillion to KRW9.6 trillion.¹ In this regard, a number of new microloan products were launched in this year to help prevent lower income earners and low credit holders from falling into a lending cliff.²

For individuals that have been hit by the COVID-19 and for young adults, the authorities will work to come up with more targeted support measures. For self-employed business owners facing the risk of business closure due to COVID-19, loan maturity extensions and payment deferrals as well as ultra-low rate loans have been made available. The authorities will look into ways to improve the debt adjustment programs to help those unable to pay off debt get back on their feet. The authorities will also work to introduce a new installment savings program with interest rate benefits to support young adults.

By closely cooperating with relevant authorities and institutions, the FSC will also strictly deal with unlawful activities, such as predatory lending, vishing scams, etc.

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

¹ Please click [here](#) to see the press release dated August 4, 2021.

² Please click [here](#) to see the press release dated March 30, 2021.