

AUTHORITIES HOLD MARKET MONITORING MEETING TO CHECK MARKET STABILIZATION EFFORTS OF BANKS

The FSC and the FSS had a meeting with five major banks on October 26 to check the progress of the banking sector's efforts to stabilize current financial market situation after last week's decision to postpone gradual normalization of banks' LCR (liquidity coverage ratio) requirement by six months.¹

At the meeting, officials from the banking sector said that banks now have more capacity for lending—with the help of the postponement in gradual normalization of their LCR requirement—and pledged to strengthen efforts to stabilize markets. In particular, banks said that they will purchase CPs (commercial papers), ABCPs (asset-backed commercial papers) and electronic short-term bonds to stabilize money market and bond market. Meanwhile, banks showed their commitment to quickly respond to capital calls from the bond market stabilization fund and minimize issuance of bank bonds. In addition, banks expressed their willingness to maintain financing support for the corporate sector through the purchase of special bank bonds including bonds issued by the Korea Development Bank (KDB), the supply of corporate loans and the extension of credit line.

Financial authorities encouraged the banking sector to prop up and stabilize financial markets. Authorities also promised to step up communication with banks and keep close tabs on financial market situations.

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¹ Please click [here](#) to see the press release dated October 21, 2022.