

FSC AND MOIS SIGN MOU TO BOLSTER PRUDENTIAL SUPERVISION ON MG COMMUNITY CREDIT COOPERATIVES

- The agreement between the Financial Services Commission and the Ministry of the Interior and Safety will strengthen cooperation between relevant authorities and organizations to ensure better supervision over MG Community Credit Cooperatives.
-

The Financial Services Commission announced that it has signed a memorandum of understanding (MOU) with the Ministry of the Interior and Safety (MOIS) to strengthen cooperation between the two organizations to bolster supervision over MG Community Credit Cooperatives (MGCCC) on February 5.

In the wake of large-scale deposit outflows that took place at MGCCC last year, the FSC and the MOIS came to agree on the need to expand the role of financial authorities in carrying out prudential supervision over MGCCC. Shortly thereafter, in December last year, the Financial Supervisory Service (FSS) and the Korea Deposit Insurance Corporation (KDIC) each set up an internal organization tasked with supervising MGCCC.

In this regard, today's agreement lays out rules and principles needed to build a stronger cooperative supervisory network between the two organizations. Key details of the agreement are as follows.

First, regarding the rules and procedures, the MOIS will decide on MGCCC's prudential management standard in consultation with the FSC and on a par with the prudential standards observed by other types of mutual financial businesses. Second, regarding information sharing, the FSC will be able to regularly and frequently receive information needed to ensure prudential supervision over MGCCC from the MOIS. Third, regarding inspection and post-inspection measure, the MOIS and the FSC will mutually consult with each other in establishing a plan for inspection and deciding on a post-inspection measure.

At the MOU signing event, FSC Chairman Kim Joo-hyun pledged to actively cooperate with the MOIS and urged related authorities to make sure a seamless operation of the joint inspection units.

The government expects that this agreement will serve as a first step in helping to bolster prudential supervision on MGCCC.

#