



Financial Reform

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Financial
Services
Commission

Press Release

January 18, 2016

Creative Finance
Financial Inclusion
Solid Financial System

2016 FINANCIAL POLICY FOCUS # 2

< PROMOTE COMPETITION AND INNOVATION IN FINANCIAL SECTOR >

The FSC unveiled its second part of policy plan for 2016 in a policy report to President Park Geun-hye on January 18. Following on its first statement on January 14 focused on economic risk management and financial stability, the second announcement is particularly focused on promoting competition and innovation in the financial sector to maintain the momentum for financial reform drive.

1. Financing innovative businesses to boost the “creative economy”

- Startups and SMEs will be able to raise funds through crowd funding as the newly-introduced funding scheme is scheduled to take effect on January 25.
- A total of KRW 750billion will be operated through tech investment funds to further stimulate investment in tech start-ups, while loans of KRW 20trillion per year will be extended to tech firms according to evaluation of their technology.
- The FSC will push forward the structural reform of the KRX to bring more competition among exchanges and facilitate funding for venture and start-up companies.
- A total of KRW 80trillion will be injected to boost new growth drivers such as ICT, software and cultural sectors.
- Financial regulations will be enforced in a more transparent, rational and responsible manner. Financial institutions will be also called for cultural changes on their own such as performance-based compensation and stricter standards for compliance.

2. Promoting Fintech and financial industry as key growth driver

- The FSC will continue to make policy effort to help Korea’s fintech industry to go abroad and provide globally competitive services.
- Regulatory constraints will be eased to facilitate use of big data by financial institutions to provide a variety of financial services.
- Internet-only banks will be launched in the second half of this year to enable more convenient banking services.
- Securities firms will be encouraged to go into high value-added and innovative businesses to compete with global IBs.
- Regulations on pricing and asset management in insurance businesses will be further eased to spur competition among insurers.

3. Enabling more convenient and innovative financial services

- Non-face-to-face-identification, introduced in the banking sector for the first time in December last year, will be expanded into financial transaction in non-banking sector in the first quarter of this year.
- The 'Pay Info' service, introduced in October last year, which enables customers to easily switch their main bank account from one to another, will be available through mobile banking or at bank branches in February, currently available only in the website. The scope of services, currently limited checking, cancellation and switching of bank accounts, will be widened to automatic transfer.
- The 'e-insurance supermarket,' launched in November last year, which enable customers to compare prices and coverage of insurance policies in a single website, will be further improve in the second quarter of this year to provide better price comparison service and direct link to purchase an insurance policy.
- Korea's Individual Savings Accounts (ISAs) will be introduced in March to provide a more comprehensive asset management vehicle for households.
- We will vitalize financial advisory business – for example, introduction of robo advisor service and independent financial advisors(IFAs) – to support households to increase and better manage their wealth.

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