

PERSONAL DEBT PURCHASE PROGRAM TO BEGIN JUNE 29

Vice Chairman Sohn Byungdoo attended the launching of the Korea Asset Management Corporation's personal debt purchase program on June 25 and spoke about the importance of inclusive finance.

KAMCO, lending institutions and other relevant institutions signed a memorandum of agreement. Under the agreement, lending institutions may sell non-collateralized delinquent personal debt to KAMCO, which in turn will take over individual debt and help debtors with debt adjustment plans.

KAMCO's personal debt purchase program begins on June 29 for the initial duration of one year with the possibility of extending thereafter.

The following is a summary of Vice Chairman Sohn's remarks.

With the government's KRW175 trillion-plus financial support programs have helped to ease problems of market instability and liquidity shortage. However, widening income gap in the society needs to be closely watched. Job losses and business closures have created extra burdens for many individuals, while asset prices are also showing signs of instability in the property and stock markets. The delinquency rate in household debt has not increased, but the rising trend in household debt needs to be watched carefully.

The agreement signed by KAMCO and financial institutions today is aimed at providing assistance to the most vulnerable debtors. The government introduced on April 29 a deferment of loan repayment program for individual debtors who are incapable of servicing debt due to the pandemic-related reasons. For delinquent debtors, KAMCO will take over individual debt from lending institutions and help with debt adjustment. To help establish a more appropriate relationship between lending institutions and debtors, the government will work on introducing a bill aimed at protecting debtors' rights and preventing excessive debt collection methods.

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