

FSC CHAIRMAN HOLDS PRESS BRIEFING AND DISCUSSES POLICY OUTLINE FOR NEXT YEAR

FSC Chairman Eun Sung-soo held a virtual press briefing on December 14 and discussed key policy plans for the next year.

The following is a summary of Chairman Eun's remarks.

(LOOKING BACK TO 2020) In the wake of the pandemic declaration earlier this year, financial markets fell into turmoil temporarily. Contractions in economic activities put extra burdens on small merchants and self-employed business owners. Then, the KRW175 trillion-plus emergency support programs were introduced by the government to respond to the situation in a prompt and preemptive manner. As a result, the OECD forecast Korea's 2020 economic growth to be the first among its member economies. In recent weeks, KOSPI has been setting record highs as well.

This successful market turnaround was made possible due to the effectiveness of K-quarantine and economic response measures on top of strong corporate earnings performance. While focusing our attention on the COVID-19 crisis management, the FSC has also worked on financial innovation, consumer protection and fair economy measures this year. The revision to the Credit Information Use and Protection Act built foundations to develop data industry. The consultative body meetings on digital finance have focused on establishing an environment for fair competition between financial companies, fintechs and big techs. The Financial Consumer Protection Act is scheduled to go into effect next year and the newly passed legislation on the supervision of non-holding financial groups will help remove loopholes. In the meantime, however, the issue of large scale investor damages in the wake of redemption halts by some PEFs remains regrettable.

(2021 FINANCIAL POLICY OUTLINE) The first policy task is overcoming the pandemic crisis. Overcoming the spread of the virus requires prompt treatment, preventive measures and development of vaccines. The COVID-19 financial policy requires a well-balanced functioning of financial support for the vulnerable sectors, financial risk management and the soft-landing of expansive financial policy. With the number of new infections rising again, the authorities will take prompt and strong measures using the existing KRW175 trillion-plus programs and through new measures if deemed necessary. The authorities will closely examine and monitor the trends in household and corporate debt and real estate prices.

The second policy task is ensuring effective implementations and generating outcomes. In this regard, the FSC will work to launch the K-New Deal fund as soon as possible and continue to ensure the availability of financing support for innovative

businesses. With the statutory maximum interest rate set to be lowered starting in the second half of next year, the authorities will make sure the availability of financing support for lower income households while working to bring about changes in the areas of digital finance, too.

The third policy task is making sure that close communication takes place between all stakeholders. Communication is a key ingredient to formulating an effective policy and in promoting it to the public once it takes effect. With high levels of uncertainties existing about the spread of COVID-19 and the pace of economic recovery, communication between the authorities, market players, experts and the general public is very important. As such, the FSC will work to maintain close communication with the financial industry and the public with a goal of bringing about meaningful policy outcomes.

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