

## FSC TO BOOST SUPPORT FOR INNOVATIVE FIRMS AND STRENGTHEN ESG STANDARDS

The FSC held a financial development review committee meeting on February 4 and announced the direction of key policy areas and initiatives for this year including the government-wide support program to nurture more than one thousand innovative businesses and improving rules to strengthen ESG standards.

### **KEY TASKS**

#### **A. MAINTAIN FINANCIAL SUPPORT TO OVERCOME COVID-19**

- (1) Ensure an effective implementation of the KRW175 trillion-plus financial support programs for businesses
  - Help relieve financial burdens of small merchants especially those hit by social gathering restrictions through a reduction in guarantee fees, etc.
  - Extend the operation of the working capital support program for suppliers and subcontractors in the key industries for three more months<sup>1</sup> and extend the application deadline of the key industry stabilization fund
- (2) Create an on-site inspection and support team to closely communicate with small merchants and businesses on the ground to help address their needs
  - Introduce a measure to temporarily allow a deferral of business insolvency proceedings for small merchants undergoing a business closure with no overdue loan payments from February 15 to September 30, 2021 and require no repayment until the maturity date

#### **B. MANAGE POTENTIAL RISKS ARISING FROM THE PANDEMIC RESPONSE**

- (1) Work on long-term management of household debt to prevent it from over-burdening the economy
  - Prepare household debt management measures in the first quarter to promote lending based on individual borrowers' debt service capacities and strengthen management over excessive levels of unsecured lending
  - Strengthen financing support for young adults and first-time homebuyers
- (2) Establish a corporate debt management system and pursue a dual-track management according to the different needs of businesses
  - Develop a database platform that tracks financial exposures of businesses in different industries
  - Provide adequate liquidity to those experiencing a temporary liquidity shortage

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<sup>1</sup> Expiration date to be extended from early February to the end of April 2021.

through the KRW175 trillion-plus financial support programs while providing support for business transformation and restructuring to those facing issues with structural difficulties

### **C. SUPPORT ECONOMIC TRANSITION TOWARD A FIRST-MOVER ECONOMY**

- (1) Ensure a sufficient level of financing for the Korean New Deal initiatives through New Deal funds and the relevant financing efforts
  - Create New Deal funds worth up to KRW4 trillion in 2021 and offer retail investors opportunities to invest in the KRW140 billion publicly offered funds to make profit sharing available to them
  - Provide New Deal-related financing in the amount of KRW17.5 trillion in 2021 and boost efforts to increase public awareness and encourage participation from the private sector
- (2) Promote green financing to facilitate a transition toward an eco-friendly and low carbon economy
  - Double the proportion of state-backed financial institutions' investment in green sectors from the current level of 6.5% to about 13% and introduce a new green finance lending program once the K-taxonomy on green industries becomes available
  - Prepare guidelines to more systematically support the financial industry's response to climate change
  - Draw up measures to strengthen corporate disclosure on ESG standards
- (3) Support the promotion of new growth industries by boosting financial support available to innovative businesses
  - Continue to look for and designate at least four hundred promising businesses in 2021 as part of the government-wide initiative to nurture one thousand innovative businesses<sup>2</sup> and provide incentives to attract private sector investment
  - Continue to promote financing based on movable assets, intellectual properties, etc.

### **D. IMPROVE RULES TO PROMOTE AUTONOMY & INNOVATION IN THE FINANCIAL INDUSTRY**

- (1) Improve the current sanctions and licensing rules and procedures to make them more market-friendly
  - Draw up improvements based on the findings of a taskforce currently being operated by the financial authorities
- (2) Work to close the gap between the rules and practices of financial institutions' governance structure to improve their management autonomy and strengthen responsibility

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For press inquiry, please contact Foreign Media Relations at [fsc\\_media@korea.kr](mailto:fsc_media@korea.kr).

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<sup>2</sup> For more information, please click [here](#) to see the press release dated July 30, 2020.