



Press Release

For release on March 30, 2016

FSC Announced CCyB Rate for South Korea

The Basel Committee on Banking Supervision set global regulatory standards of bank capital adequacy and liquidity, including Countercyclical Capital Buffer (CCyB), on December, 2010, in order to protect the banking sector against excessive aggregate credit growth that have often been associated with the build-up of systemic risks. Therefore, the Financial Services Commission established the domestic regulatory basis for CCyB on December 16, 2015, with the amendment to the Regulation on Supervision of Banking Business.

The FSC announced its first CCyB rate for banks and bank holding companies in South Korea, with effect from March 31, 2016. At present, the buffer rate is set at 0% considering the current sequence of credit-to-GDP gap, macroeconomic conditions, coordination with relevant fiscal and monetary policies, and the current CCyB implementation cases of the other countries.

The FSC will continue to check whether the Korean banking sector is in an appropriate position in light of the current credit growth and system-wide risks, and will adjust the buffer rate if necessary. Furthermore, the FSC will conduct its quarterly review based on analyses and data provided by Financial Supervisory Service, in which the result will be shared with the policy-relevant institutions, such as Ministry of Strategy and Finance and the Bank of Korea.

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