

## VICE CHAIRMAN DISCUSSES IMPORTANCE OF PREPARING FOR POST-PANDEMIC ERA

Vice Chairman Sohn Byungdoo presided over the 12<sup>th</sup> financial risk assessment meeting on July 14 to discuss the financial market conditions and monitor the progress in implementing the COVID-19 financial support.

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

**(ECONOMIC RECOVERY)** Recent forecasts suggest that the global economy is expected to rebound after 2021 although the speed and shape of the recovery may be different from country to country as there are looming uncertainties.

The economic indicators in Korea began to show signs of improvement backed by the government's comprehensive K-quarantine response system and measures to support the real economy. Domestic demand improved for two straight months as consumption and business sentiment increased. Credit card transactions also rose compared to a year ago, while exports fell at a slower rate in June.

In order to build upon these positive results and continue the recovery momentum, the government will work to ensure that the COVID-19 relief and support programs are implemented effectively.

**(PREPARATION FOR POST-PANDEMIC ERA)** The qualitative changes to our lifestyle and the economy caused by the COVID-19 pandemic are here to stay. In this regard, agile responses to changes are required in the post-pandemic era.

The pandemic has accelerated digital transformation and the move toward "untact" or contactless economic activities. As the pandemic exposed vulnerabilities in the global value chain, new growth industries have emerged and more businesses are reshoring. To prepare for an "untact" economic environment, the government has been promoting innovation and easing regulations through the financial regulatory sandbox program, open banking system and revisions to the three key data-related laws. To help businesses improve their competitiveness, the FSC along with relevant ministries and policy banks will provide consulting to those who consider switching business types or restructuring.

The shift to "untact" and digital economy as well as disruptions in the global value chain may cause extra hardship for certain industries and businesses. To help remove blind spots in providing support to the vulnerable sectors and low-rated companies, the government will work to set up an SPV this week to start purchasing low-rated corporate bonds and CP in July. An SPV to provide working capital support

to the suppliers and subcontractors in key industries will be created in July as well. In addition, the government will strengthen measures for inclusive finance by supporting debt adjustment programs and increasing access to digital finance for the vulnerable.

### **FINANCIAL SUPPORT PROVIDED**

Between February 7 and July 10, a total of KRW156.6 trillion (1.77 million cases) in loans and guarantees as well as loan and guarantee extensions were provided to the SMEs, small merchants and middle market enterprises that have been hit by the COVID-19 pandemic.

- ▶ **FINANCING BY TYPE:** KRW74 trillion (1.36 million cases) in new loans and guarantees, KRW82.6 trillion (407,000 cases) in maturity extensions and deferred payments
- ▶ **FINANCING BY INDUSTRY:** KRW24.8 trillion (94,000 cases) to machinery & metal manufacturing, KRW20.3 trillion (204,000 cases) to wholesale businesses, KRW11.7 trillion (296,000 cases) to retail businesses and KRW11 trillion (347,000 cases) to restaurant businesses
- ▶ **FINANCING BY PROVIDER:** KRW80.8 trillion (1.03 million cases) by policy banks and KRW74.9 trillion (711,000 cases) by private sector financial institutions

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