

FSC CHAIRMAN VOWS CONTINUED SUPPORT FOR SMEs

FSC Chairman Eun Sung-soo visited the newly opened financial support center at the Korea Federation of SMEs on March 29 and held talks on the government's efforts in providing financial support to SMEs.

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

The government has made various types of financial support available for SMEs and small merchants. It has abolished the joint and several liability by state-backed lending institutions and strengthened the provision of venture capital to promising SMEs and venture firms. To help with the COVID-19 crisis, maturity extensions and payment deferrals were made available from all financial sectors since April of last year.

The recently announced six-month extension of maturity extension and payment deferral as well as the government's plan for a gradual normalization have taken into account various comments from SMEs and small merchants. As such, the authorities will work to ensure that these support measures are effectively implemented.

For SMEs, there are growing concerns over deterioration in borrowing conditions, as their credit ratings will reflect last year's decreased sales performance which may cause higher borrowing rates. To help mitigate these concerns, the authorities are in close consultation with the financial sectors. First, for SMEs undergoing a temporary hardship due to a worsening of business environment but are expected to bounce back soon after, their potential for recovery will be sufficiently taken into account when assessing their credit ratings. Second, for SMEs experiencing an unavoidable fall in credit rating, the authorities will work to minimize the impact on their maximum borrowing cap, interest rate, etc.

Moreover, the government will work on measures to prepare for a post-pandemic economy. To help relieve the payment burdens after the expiration of maturity extension and payment deferral, consulting services will be provided to SMEs and small merchants to allow long-term installment payments based on their individual needs and conditions.

The government will also work to promote movable asset-based financing and strengthen financial support for innovative SMEs through the New Deal projects and the government-wide initiatives to cultivate innovative businesses.

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