FSC CHAIRMAN HOLDS TALKS WITH SME AND SMALL MERCHANT GROUPS

FSC Chairman Koh Seungbeom met with the heads of the Korea Federation of SMEs and other relevant industry groups representing small merchants on September 9 and held talks on the coronavirus support measures.

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

The Korean economy has undergone major changes since the coronavirus outbreak began in February last year. In response to COVID-19, the government rolled out KRW175 trillion-plus stimulus programs to overcome the crisis. To support SMEs and small merchants, ultra-low rate loans and special guarantees were provided. Along this line, maturity extensions on existing loans and deferments on interest and principal payments became available through all financial sectors. Following concerns over possible credit rating downgrades and deteriorating lending conditions, the authorities urged all financial sectors to take into account individual businesses' recovery prospects when assessing their credit standing for loans. Due to these measures, the liquidity risks of SMEs and small merchants have come down in large parts with improvements also shown in terms of their credit standings.

The economy and financial markets now show signs of stability backed by active response from the government and efforts by businesses. However, SMEs and small merchants in contact-intensive sectors, such as restaurants, hospitality, tourism and wholesale and retail, continue to face difficult situations, especially with growing numbers of newly infected cases from July.

With regard to the possibility of providing another extension on loan maturity extensions and payment deferrals, which have been extended twice for a six-month period each, the authorities will work to come up with optimal measures as soon as possible while considering the coronavirus situation, conditions of the real economy and comments from the financial sectors.

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