

FSC DECIDES 6-MONTH POSTPONEMENT IN ROLLING BACK REGULATORY LCR FOR BANKS

The FSC held a meeting with the Financial Supervisory Service (FSS) and five major banks¹ on October 20 to review financial market situation with a focus on the banking sector's capital raising and management and the atmosphere of financial markets including money market.

At the meeting, financial authorities and participants from five major banks shared the recent view that volatility and uncertainty have expanded in money market.

In order to actively respond to this situation, financial authorities decided to slow down the pace to reverse eased regulations during the pandemic. Following this, the date of regulatory rollback on banks' LCR (liquidity coverage ratio) requirement will be postponed for six months. Moreover, financial authorities encouraged banks to step up efforts in helping to stabilize the corporate bond and CP (commercial paper) markets.

* Under the current regulatory rollback plan, banks are allowed to maintain regulatory LCR of 92.5% until the end of December 2022. But a six-month postponement would allow them to maintain LCR requirement of 92.5% until the end of June 2023.

Financial authorities will strengthen monitoring of financial markets in the future and seek timely implementation of necessary measures.

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¹ Kookmin, Shinhan, Hana, Woori and Nonghyup Banks