

GOVERNMENT TO ENSURE PROVISION OF FINANCIAL SUPPORT FOR VULNERABLE SECTORS

- Financial support programs for SMEs and small merchants to be implemented swiftly.
 - Support for PF loan-backed development projects to be bolstered.
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The Financial Services Commission announced the government's plan to ensure provision of financial support intended to help improve conditions for vulnerable sectors on March 27.

To reduce the financing burden of SMEs and small merchants and boost their operating conditions, the following measures have been prepared. First, for SMEs, KRW41.6 trillion in funding support will begin to be provided from April, and additional guarantee support (KRW1.7 trillion) for small merchants will also be sought after through coordination between related ministries. Second, banks will continue to work on making sure that their own interest refund programs for small merchants amounting to about KRW1.5 trillion are being implemented seamlessly. Interest refunds from nonbanks, amounting to about KRW300 billion, will begin to be paid out from the end of March. Borrowers with high interest rate loans (7% or higher interest rates) will have opportunities to switch to lower interest rate loans. In addition, the banking sector plans to make available KRW600 billion more in financing support for vulnerable groups from April. Banks will make contributions to relevant agencies in support for lower income households and small merchants. Third, there will be steady provision of support for small merchants to help them recover and regain footing through debt adjustment (New Start Fund) and credit recovery support. As of the end of February 2024, about 175,000 individuals have already benefited from this credit recovery support program, with their credit scores increased by an average of 102 points.

To ensure stability in the housing market, the government will bolster support for project financed real estate development projects and actively seek to resolve difficulties of construction firms through a private-public joint effort. First, additional support in the form of loan guarantees amounting to a total of KRW9 trillion is newly planned for property developments under PF loans (KRW5 trillion) and non-housing development projects (KRW4 trillion). For property development projects facing temporary liquidity shortages, new loans will be made available from the real estate PF market normalization fund. Second, there will be sufficient liquidity provision for construction firms to help resolve difficulties in financing PF loan-backed development projects. By making an effective use of the KRW85 trillion-plus market stabilization program, authorities will promptly supply KRW8 trillion or more in liquidity and continue to keep close tabs on the situation regarding real estate PF loans.

Authorities will seamlessly implement the support measures and closely communicate with various stakeholders to continue to seek improvements along the way.

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