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Press Release

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EXPANDING MICROFINANCE FOR YOUNG ADULTS AND LOW-INCOME HOUSEHOLDS

The FSC announced a set of plans for further expanding microfinance to help financially difficult young adults and low-income households manage financially-stable lives.

EASE FINANCIAL DIFFICULTIES FOR YOUNG ADULTS AND LOW-INCOME HOUSEHOLDS

1. Switch their high-interest loans to low-interest loans

Banks will jointly raise KRW 50 billion of guarantee funds within the first half of this year to switch young borrowers' high-interest loans (over 20% interest rates) to low-interest loans, which will amount to a total of KRW 250 billion.

2. Extend microcredit loans for emergency use

A total of KRW 30 billion out of the Smile Microcredit Fund will be extended to financially difficult young adults, up to KRW 3 million per person.

3. Provide financial support for young entrepreneurs

A fund of KRW 0.5 trillion will be created to support young entrepreneurs and start-up companies.

ENSURE MICROFINANCE PROGRAMS WORK AS INTENDED

1. Smile Microcredit Program

- The volume of microcredit loans for small merchants in traditional markets will be almost doubled from KRW 35.6 billion in 2011 to KRW 70 billion in 2012.

Loan ceilings will be temporarily raised for 10 days before and after the national holidays when merchants' demand for cash is particularly high.

- The review process for loan applications will be made more flexible to take into consideration various factors such as borrowers' will to repay debt and business feasibility.



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- In order to build a strong bond with local communities, each branch of the Smile Microcredit Foundation will establish an operating committee and hire experts familiar with local communities as business consultants.
- Supervision on the Smile Microfinance Foundation and its welfare business operators will be strengthened to ensure transparency and fairness in management and operation.

2. Sunshine Loans

- Microfinance products such as 'Sunshine Loans' will be exempted from regulation on loan-to-deposit (LTD) ratios for mutual cooperatives.
- Various credit factors will be reflected into reviewing loan applicants' qualifications to extend loan services to more beneficiaries.

3. New Hope Loans

- A total of KRW 1.5 trillion will be provided within this year to extend more loans to low-income earners or low-credit holders.

4. Debt Restructuring Program

- Microcredit loans of more than KRW 100 billion will be newly extended within this year to individuals who repaid their debt on schedule under the debt restructuring program.
- The amount and period of debt repayment will be flexibly adjusted depending on each individual's situation.

STRENGTHEN THE ROLE OF MICROFINANCE INSTITUTIONS

1. Further mutual cooperation between microfinance institutions

One-stop service centers will be created to provide consulting services for microfinance customers. A consultative body composed of microfinance institutions and related agencies will be established to come up with measures to support microfinance programs.

2. Create an information hub for microfinance services

Based on the existing microfinance website 'Hope Net' (www.hopenet.or.kr) run by KAMCO, a new portal site will be launched to provide a comprehensive package of microfinance-related information.



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3. Launch promotion and education programs tailored to low-income households' need

- Along with promotion activities using existing network of banks and mutual cooperatives, there will be more promotion tours to directly contact with those in need of microfinance programs.
- For those with less accessibility to financial services, education programs will be expanded to help them informed of financial knowledge.

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