

FSC HOLDS EMERGENCY MEETING ON FINANCIAL MARKETS AFTER COURT RULING ON PRESIDENTIAL IMPEACHMENT

FSC Chairman Yim Jong-yong convened an emergency meeting on Sunday, March 12 with top officials from the Financial Supervisory Service(FSS) and other relevant financial institutions to monitor market effects and discuss policy responses after the Constitutional Court's decision on last Friday to uphold the parliamentary vote to impeach the country's President.

Korea's financial market remained calm even in the face of an unprecedented situation of presidential impeachment. Global investors and foreign media generally view that the court's ruling has eliminated a considerable amount of uncertainty, which would help boost consumption and investment in the Korean economy. However, there is a possibility of further market fluctuations depending on political developments including the upcoming presidential election. We also face external uncertainties such as the Fed's possible rate increase and growing security tension involving North Korea's nuclear threat.

Against this backdrop, the government will stay alert to internal and external risks and take swift actions, if necessary, with a 24-hour emergency response system already in operation since last year. In a pre-emptive move to stabilize corporate bonds market after the U.S. interest rate hikes, policy banks are ready to inject a total of KRW900 billion in helping smaller companies issue corporate bonds. The government will crack down and strongly discipline market-disruptive activities to capitalize on the upcoming presidential election, while tightening its monitoring over possible cyber attacks against financial institutions. We will continue to manage household debt risks in a preemptive manner with a particular focus on the recent rapid growth in the non-banking sector and high-risk loans. The government will continue corporate and industry restructuring as planned to ease market concerns.

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For any inquiry, please contact Foreign Press & Relations Team at fsc_media@korea.kr