



ONE YEAR OF THE MOON JAE-IN ADMINISTRATION: **PROGRESS IN FINANCIAL REFORM AND POLICY TASKS AHEAD**

FSC Chairman Choi JongKu held a press conference on May 9 to brief on progress the FSC has made in its financial reform initiatives and explain financial policy tasks ahead, on the occasion of the first anniversary of the Moon Jae-in administration.

PROGRESS IN FINANCIAL REFORM

In line with the government's policy agenda, the FSC pushed forward financial reform initiatives to achieve four major policy goals:

- ***Enhancing trust of investors and consumers in the financial sector***
 - The FSC outlined its plan to introduce a comprehensive supervisory framework for financial conglomerates, reflecting global supervisory principles intended to capture and manage a full spectrum of their group-wide risks.¹
 - The FSC proposed amendments to the Act on Corporate Governance of Financial Companies to address problems found in the actual practice of implementing corporate governance rules in financial companies.²
- ***Supporting the innovation-led growth of the Korean economy***
 - A state-funded venture capital, Innovation Venture Fund, was launched in March, aiming to raise KRW 10 trillion of public and private capital over the next 3 years to finance innovative start-ups at each stage of their business cycle.
 - In April, the FSC completely banned the practice of requiring joint guarantee in public financial institutions, with which entrepreneurs had been burdened when making loans to start business.
 - Kosaq Venture Fund has attracted KRW 2.1 trillion since it was first launched in April to boost investment into Kosdaq-listed companies, as part of the FSC's plan for vitalizing the Kosdaq market.
- ***Expanding financial inclusion to better protect financial consumers***
 - The FSC has written off KRW 33 trillion in long-overdue, small debt owed by financially marginalized borrowers to relieve their debt burden, helping them make a fresh start.
 - The FSC reduced the burden of financial cost for financial consumers by lowering statutory ceilings on interest rate, interest penalties on overdue loans and credit card fees on small merchants.

¹ Press release (Feb. 1, 2018) titled 'Plan for Comprehensive Supervision of Financial Conglomerates'

² Press release (Mar. 15, 2018) titled 'Plan to Improve Corporate Governance of Financial Companies'

- ***Promoting competition and innovation in the financial industry***
 - The FSC outlined its plan to facilitate the use of big data by financial companies in developing innovative financial services, while better protecting individuals' right to their personal information.
 - In May, the FSC proposed regulatory reform on entry barriers across the financial sector, for the first time in 20 years, to encourage innovative players to enter the market.³

FINANCIAL POLICY TASKS AHEAD

Going forward, the FSC will continue to carry out financial reforms, particularly focused on financial consumer protection and economic democratization in the financial sector. To this end, the FSC is planning an organizational reshuffle, expected to come as early as the first half of this year, to strengthen its functions related to consumer protection. To implement economic democratization in the financial sector, the FSC will follow through on its plans for introducing a comprehensive supervisory framework for financial conglomerates and improving corporate governance in financial companies.

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

³ Press release (May 3, 2018) titled 'Regulatory Reform on Entry Barriers to Financial Services Industry'