

REGULATORY REFORM TO BE PURSUED FOR ONLINE-ONLY BANKS

The FSC held an event, attended by President Moon Jae-in, to assess positive changes that Korea's two online-only banks have made and discuss challenges ahead for further financial innovation. K bank and Kakao Bank, Korea's first-ever digital banks, have secured 7 million customers and extended loans of KRW 8 trillion since they were launched last year. They prompted fresh competition and innovation in the banking sector, which in turn would bring greater benefits to financial consumers with lower costs and more convenient services.

At the event, President Moon emphasized the importance of timely actions for regulatory reform to enable online-only banks to continue to grow and evolve as a pivotal part of Korea's fintech ecosystem. Five bills related to online-only banks have been proposed and are now pending in the National Assembly. The bills are intended to ease the current restriction that limits the ownership of a non-financial company in a bank so that IT companies could bring further innovation and capital needed for further growth of digital banks. President Moon called for joint efforts by lawmakers and government officials to make such proposals into legislation.

FSC Chairman Choi JongKu also reaffirmed the government's commitment to financial innovation and regulatory reform. To this end, the FSC will lower entry barriers to the financial sector to encourage more competition and innovation; introduce a regulatory sandbox in the financial sector; and facilitate the use of big data in financial services.

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

K bank (launched in April 3, 2017), Kakao Bank (launched in July 27, 2017)