

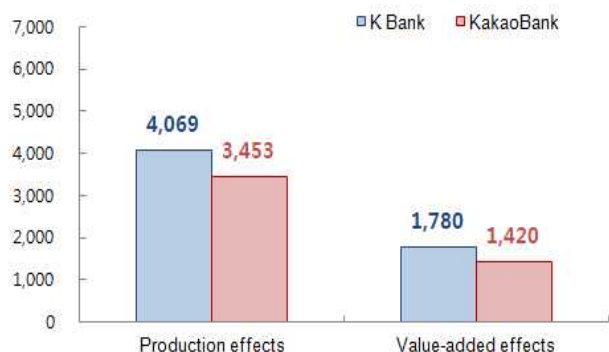
## Achievements at a Glance with Statistics

The FSC announced the financial policy achievements during the first half of the Moon Jae-in administration on November 11.

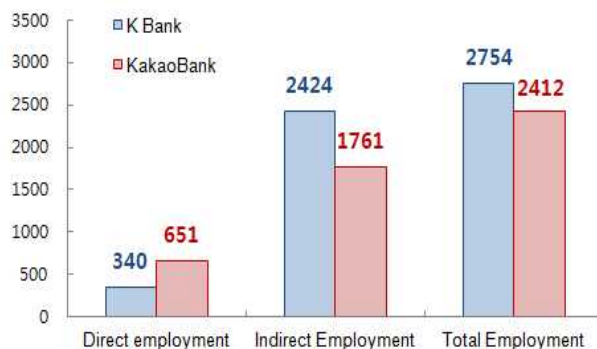
### Policy Outcomes

#### I. Increased innovation and competition in the financial industry

- ▶ The introduction of the Special Act on the Establishment and Operation of Online-only Bank in October 2018 has led to increased competition in the financial sectors.
- ▶ More than 5,000 new jobs were created by the internet-only banks and their R&D investment sectors.



<Production & Value-added Effects of Internet-only Banks >



<Employment Effects of Internet-only Banks>

- ▶ The government has lowered the entry barrier into the financial markets: New licenses have been issued to one online-based insurance company and three real estate investment trust companies.
- ▶ The FSC has designated a total of 60 'innovative financial services' since the Special Act on Financial Innovation Support took effect in April this year.

#### II. Enhanced opportunity to raise capital for innovative start-ups and SMEs

- ▶ KOSDAQ market capitalization, average daily trading volume as well as the ratio of institutional and foreign investors have continued to increase.
- ▶ An increasing number of innovative firms are being listed in KOSDAQ based on their future growth potential of technology and business model,<sup>1)</sup> without

1) Number of new Kosdaq listings: 70(2016), 79(2017), 81(2018), 81(2019)

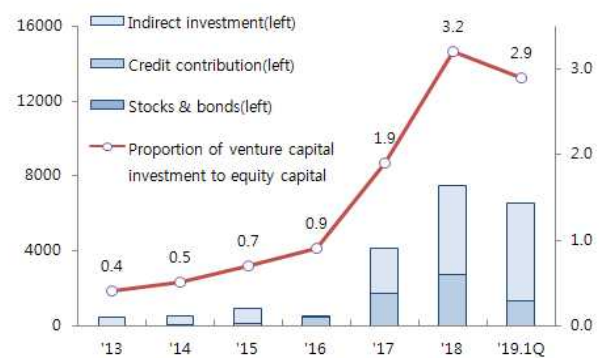
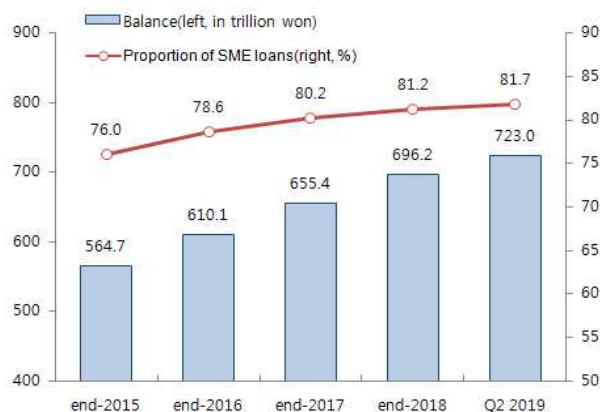
conducting an evaluation of their financial performance.

- ▶ The government has facilitated the supply of venture capital through a 'growth support fund' worth 8 trillion won for 2018-2020.
- ▶ Crowdfunding has emerged as a significant source of raising capital for innovative businesses.



### III. Significant changes in loan and investment practices

- ▶ The outstanding balance in SME loans has reached 700 trillion won, and large securities companies with an equity capital of three trillion won or more have increased their supply of venture capital to SMEs and start-ups from 70 billion won in the end of 2013 to one trillion won in the end of March 2019.



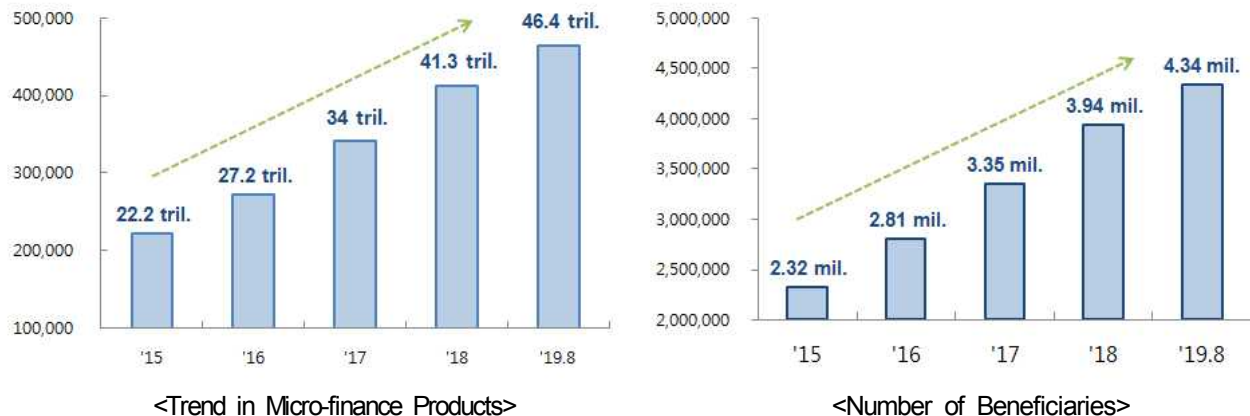
- ▶ The outstanding balance in loans on movable collaterals has increased by 3.4 times.

### IV. Lowered financial burden on lower income groups and stronger consumer protection

- ▶ Under the Credit Business Act, the maximum legal interest rate has been lowered from 27.9 percent to 24 percent, which is expected to help ease the burden of interest payment (about 1.1 trillion won) for 2.93 million borrowers.

Number of new Kosdaq listings based on non-financial aspects e.g. growth potential: 10(2016), 7(2017), 22(2018), 25(2019)

- ▶ The government introduced a mortgage refinancing program for lower income households, which will help ease the burden of interest payment for about 270,000 individuals, or about 200 billion won per year and 750,000 won per person.
- ▶ The government has increased support for the working class, and the number of individuals taking advantage of the micro-finance products in the amount of 46.4 trillion won has reached 4.34 million.



- ▶ The number of delinquent debtors has dropped significantly from 942,000 in December 2017 to 898,000 in June 2019 through debt adjustment schemes that offer tailored support for different stages.
- ▶ From consumer protection toward consumer satisfaction: The government will continue to work to improve the financial access for individuals with disabilities.
- ▶ Consumers' right to demand lower interest rates are guaranteed through the revision of the relevant laws.
- ▶ The government will improve the credit evaluation system in order to prevent disadvantages accrued by individuals who have borrowed from the secondary banks.

## V. Management of risk factors at home and abroad

- ▶ In the second quarter of 2019, household debt has increased 4.3 percent from the previous year, the lowest level since the third quarter of 2004. The overall structure of household debt has shown qualitative improvement over the years, with an increased prevalence of fixed interest rates and installment payments.
- ▶ The government has stabilized the overheated crypto-currency market by introducing real name-based transactions and anti-money laundering guidelines in crypto-currency markets.
- ▶ 188,000 jobs have been secured through corporate restructuring.

## VI. Establishment of fair market practices

- ▶ The government has strengthened corporate accounting and audit rules to improve transparency and accountability.
- ▶ The number of institutional investors who have adopted a stewardship code has

increased to 112 in the end of October 2019, up from 18 in 2017 and 73 in 2018.

- ▶ More than 200 businesses are expected to make their corporate governance reports available for public this year, up from 70 in 2017 and 95 in 2018.

### **Future Plans**

The FSC will continue to work in the following areas:

- ▶ Expand the current momentum for innovation in the financial sectors
- ▶ Shift the current paradigm of financial industry toward future growth potential
- ▶ Make financial inclusiveness a stepping-stone for further growth
- ▶ Establish a strong foundation for financial stability

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