

## FSC SIGNS MOU TO BOOST IP FINANCING FOR REGIONAL SMEs AND STARTUPS

FSC Chairman Eun Sung-soo attended the 2<sup>nd</sup> Intellectual Property Finance Forum held on November 28, and signed a Memorandum of Understanding with the Korean Intellectual Property Office, regional banks and guarantee institutions to promote intellectual property (IP) financing for regional SMEs and start-ups.

IP financing is an important source of raising capital for SMEs and start-ups that have outstanding technologies and yet lack collateral or credit records.

The government unveiled the comprehensive measures to promote IP financing last year, and five private sector banks are currently offering IP-backed loans as well as the policy banks. The amount of newly issued IP-backed loans increased rapidly from KRW86.6 billion in 2017 and KRW88.4 billion in 2018 to KRW236 billion in October 2019.

And yet, IP financing has been concentrated in the Seoul metropolitan area with a 68 percent of the total IP financing occurring in Seoul and Gyeonggi Province in the past five years.

The government expects that this MoU will provide regional SMEs and startups an easier access to raising capital as it helps spread IP financing throughout different regions.

Chairman Eun stated that IP financing will serve as an impetus for developing and spreading intellectual properties, and that the government will continue innovation in financial services by introducing a lump-sum collateral system<sup>1</sup> and integrating the technology and the credit evaluation systems.

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<sup>1</sup> An en masse appraisal, acquisition and disposal system for firm's diverse types of assets, including machinery, inventory, bonds and IP.