

FSC UNVEILS 5TH PLAN FOR FINANCIAL HUB POLICY

The FSC unveiled the 5th three-year plan for Korea's financial hub policy (2020-2022) on May 15. The specific strategies include pursuing regulatory reforms to promote private sector-driven innovation, building infrastructure to continue innovative growth in the financial industry and adopting a 'selection and concentration' approach to build global capacity with a particular attention paid to the ASEAN markets.

To accomplish these goals, the FSC adopted three key sectoral tasks—(a) supporting financial sectors that have comparative advantages, (b) developing financial infrastructure on a par with global standards and (c) providing effective support for financial hubs.

Since 2008, the FSC has drawn up three-year plans for Korea's financial hub policy, maintaining a consistent policy direction while effectively responding to rapid changes taking in the industry.

KEY TASKS

I. SUPPORT FINANCIAL SECTORS WITH COMPARATIVE ADVANTAGES

(FINTECH INNOVATION) Foster the fintech industry through adequate funding support and creating a virtuous cycle between the financial regulatory sandbox program and regulatory reforms

(ASSET MANAGEMENT MARKET) Promote pension fund management services and facilitate innovation in the asset management sector through improvements in regulations

(PUBLIC FUNDS' OVERSEAS INVESTMENT) Have the National Pension Service (NPS) and Korea Investment Corporation (KIC) boost their overseas investment as well as their contribution to the growth of the domestic asset management industry

II. DEVELOP FINANCIAL INFRASTRUCTURE ON PAR WITH GLOBAL STANDARDS

(DATA USE) Establish legal and institutional frameworks to promote a widespread use of big data in the financial industry

(ANTI-MONEY LAUNDERING) Improve the regulatory framework on anti-money laundering scheme on a par with global standards and strengthen capacity to combat money laundering

(FOREIGN EXCHANGE SYSTEM) Ensure smooth overseas transactions by improving user convenience in foreign exchange transactions and promote the operation of small-sum overseas remittance businesses through improvements in regulations

(INTERNATIONAL STANDARDS) Work to improve the credibility of domestic financial system vis-à-vis overseas markets by establishing regulatory frameworks on a par with global standards

III. PROVIDE EFFECTIVE SUPPORT FOR FINANCIAL HUBS

(BUSINESS CONDITIONS) Improve business conditions to host foreign-based financial companies at home and help domestic financial firms to enter foreign markets and expand their business opportunities abroad

(REGION-SPECIFIC STRATEGIES) Set up region-specific strategies tailored to the needs of financial hubs and build a regional governance mechanism to ensure effective implementation of these strategies

SCHEDULE & EXPECTATION

The 5th plan for financial hub policy will be finalized at a FSC meeting on May 27. The FSC expects that the plan will help enhance key advantages of Korea's financial industry while improving its global competitiveness.

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