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**KOREA SHOWCASE SPEECH
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Ladies and gentlemen,

Let me first welcome all of you to Korea Showcase. It's great to be with you today, and I thank you for joining us. Before we begin, I would like to thank the Islamic Financial Services Board and the Monetary Authority of Singapore for giving us a chance to showcase Korea today.

I see today's showcase as a wonderful opportunity to highlight Korea to investors, business executives, and professionals from the Islamic banking community. So I am delighted to speak to you today, and I very much look forward to meeting you and getting to know you better.

Ladies and gentlemen,

The world economy is reeling under the worst financial crisis since the Great Depression. As the major economies sharply downgrade growth prospect for the year, the IMF forecasted that the global economic contraction will be deep and prolonged.

Many now attribute the financial crisis to excess liquidity, lax regulation, and financial markets out of sync with real, productive economic activities. To be sure, many Islamic economies are feeling the impact of the crisis as well. But, overall, they have fared better than many others, and the Islamic banking sector as a whole remains vibrant.

The principles of Islamic law that bound financial activities to real economic activities are said to be one key reason for the relative stability of Islamic economies.

According to McKinsey & Company, the value of assets managed by Islamic banks will grow to one trillion dollars by next year, a significant increase from 386 billion dollars in 2006. McKinsey also noted that, between 2001 and 2007, global Sukuk issues jumped from 500 million dollars to 32.5 billion dollars, averaging a 61% increase a year. And investment vehicles such as Dow Jones Islamic Market Indexes and FTSE Islamic Index Series have been around for at least a decade.

So there are many reasons to believe that the Islamic financial services industry can look forward to a bright future with its strong growth potential.

As many of you know, Korea co-hosted Seminar on Islamic Finance with the Islamic Financial Services Board in January this year. It was a truly unique and special occasion for us. And I had the great privilege to get acquainted with many Islamic finance practitioners and to learn a great deal about Islamic banking.

In the wake of the global financial crisis, Korea's interest in Islamic banking has heightened as a potential addition to conventional banking. So we are exploring how we should go about building the right regulatory and market infrastructures. Because Islamic banking is a new form of banking for Korea, developing a deep pool of Islamic finance professionals who can drive the growth of Islamic banking will be one of our key challenges.

I can also tell you that we are closely studying and examining IFSB-published standards, the principles of Shariah-compliant finance, and the practice of Islamic banking. And it is my hope that our participation in the IFSB Summit and today's showcase will send a strong signal to the Islamic community of Korea's long-term commitment.

Going forward, we intend to meet with you more often, take an active part in Islamic finance discussions, and work to build a close working relationship with the IFSB, its members, and the industry practitioners.

Ladies and gentlemen,

Korea drastically stepped up financial supervision by consolidating banking, non-banking, securities, and insurance supervision following the 1997 Asian financial crisis.

As a result, what we now have in Korea is strong and effective financial regulation and supervision that has kept markets calm and stable even in the face of a devastating global financial crisis.

For example, Korean banks' tangible common equity stood at 6.2% and non-performing loans at 0.85% at the end of 2008. The financial soundness of Korean companies is equally strong. The overall debt-equity ratio was 107%

in 2007, compared with 425% in 1997. During the same period, interest coverage ratio has also drastically improved from 115% to 405%.

More recently, amid surging trade surpluses and solid business performance of global companies like Samsung and Hyundai, foreign investors are fast becoming more positive about Korea. The success Korean banks have had recently in global bond offerings with great interest from foreign investors also erased any lingering doubt about Korea's liquidity conditions. I would also point to concerted efforts of the government to create a level playing field and a market-friendly investment climate for all market participants, both domestic and foreign.

And I am pleased to say that these efforts are paying off, as seen by a rebound in foreign direct investment last year after three years of decline. I may further note that the Wall Street Journal recently picked Korea, along with China and India, as the most attractive investment destination this year. This is the same positive, upbeat assessment Korea received from the IMF and the OECD, which praised Korea for its strong, effective response to the global financial crisis.

In short, these developments demonstrate once again the fundamental soundness of the Korean economy and its capacity to withstand shocks from the global financial crisis.

Ladies and gentlemen,

It is said that Korea's historical, cultural, and commercial ties with the Islamic world date back more than a thousand years. Korea's President Lee Myung-Bak also has had a long personal experience in the Islamic countries since the 1970s when he first worked on major construction projects in the Gulf region as a business executive.

Korean companies played a key role in carrying out infra-structure development projects in many Gulf countries. And what Korea received in return helped pave the way for Korea's future economic success as one of the world's most dynamic and advanced economies. So our experience tells us that we lent each other a helping hand and made possible our shared prosperity.

Going forward, I firmly believe that we can build on our experience and expand our trade and commerce into capital investment and financial services for a new era of shared prosperity.

Ladies and gentlemen,

The fact that Korea—the world's 13th largest economy—is taking its first step into Islamic finance bespeaks the still large untapped growth potential of Islamic banking. This will become more apparent as Korea and other countries open up to Islamic finance and explore new capital and growth opportunities together. For our part, we intend to make a focused effort on Islamic finance and step up our engagement in the Islamic financial services industry.

Today's showcase very much echoes that effort. So we are honored and delighted to have you join us. We welcome you to Korea Showcase.

I hope it will be a special occasion for all of you to learn about many exciting opportunities that await you in Korea.

Thank you.