

**The 6<sup>th</sup> Islamic Financial Services Board Summit  
May 5-8, 2009  
Singapore**

**LUNCHEON KEYNOTE ADDRESS  
May 7, 2009**

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Distinguished guests,  
Friends and colleagues, and  
Ladies and gentlemen,

It is an honor for me to join you here in Singapore for the sixth IFSB Summit and to speak to you. I would first like to thank IFSB Secretary-General Professor Rifaat and MAS Managing Director Heng Swee Keat for hosting the Summit in this magnificent city.

As you know, Korea co-hosted Seminar on Islamic Finance with the IFSB in January this year and had the privilege to highlight Korea's opportunities and potential to contribute to the growth of Islamic finance. We also held Korea Showcase yesterday with great interest and warm reception from the summit participants. So I thank the IFSB and MAS for the success we had at the showcase.

Many attribute the global financial crisis we are grappling with right now to the collapse of financial asset bubbles that built up over the years. And we know that asset bubbles usually come about when financial investment becomes too detached from the real economy.

This is something we would not expect to see under Islamic finance, which is prudently guided by productive, real economic activities. And as Islamic economies make up an increasingly large share of the global output, we can expect to see Islamic finance become a more prominent feature of global finance.

Because of profit-loss-sharing partnership structures commonly found in Islamic financing, Islamic banking is also said to be particularly suitable for many start-up companies. I may note that Korea is home to some of the world's most dynamic technology start-ups with the potential to establish lasting business partnerships with Islamic investors.

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 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%, non-performing loans at 0.85%, and the loan-to-value ratio of bank mortgage loans at 47% 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 also drastically improved from 115% to 405%.

To be sure, we know that Korea's financial services industry is still striving to develop global competitiveness and achieve its potential as an engine of growth. This is in fact the key rationale for Korea's ongoing reform drive for better, more effective financial regulations. The Financial Investment Services and Capital Markets Act that took effect in February this year is one example of the vigorous reform efforts under way to further encourage market competition and innovation in Korea.

Let me also note that Korea recently gained membership in the Basel Committee on Banking Supervision and the Financial Stability Board. In addition to new responsibilities, I believe the new status gives Korea a unique opportunity to contribute to international rule-setting bodies and work with both advanced and emerging countries to ensure global financial stability and economic growth. As the Chair of the G-20 next year, Korea is ready to play a constructive, facilitating role in forging strong consensus on global financial regulation and supervision.

I would also emphasize that we will continue to work to improve the global competitiveness of Korea's financial institutions and its financial markets. In September last year, we opened a special office called Fn Hub Korea to better assist foreign financial firms in starting up business in Korea.

And in January this year, we designated two cities—Seoul and Busan—as special international financial centers to create an attractive, business-friendly environment for foreign financial firms. And it is certainly our hope that financial institutions and investors from the Islamic community will come and thrive in Korea. We did have Qatar-based Doha Bank open up

an office in Korea late last year, and we also know of a Malaysian bank looking to set up an operation in Korea. As President Lee Myung Bak emphasized at the Seminar on Islamic Finance we hosted in January, Korea very much looks forward to significantly expanded participation in the Islamic financial services market. And we now have efforts under way to create market conditions specifically tailored to Islamic banking.

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Ladies and gentlemen,

It is said that Korea's first contact with the Islamic world took place more than a thousand years ago and that the very name "Korea" was spread to Europe through the words of Arab merchants who first traded with Koreans.

During the 1970s and 80s, the Korean economy received a major boost from infrastructure project orders from the Middle East. And, Korea—the world's fifth largest oil importer—today relies on countries in the Middle East for 80% of its oil and 50% of its liquefied natural gas.

There is an old Islamic saying that "The best of friends are the oldest of friends." So, I would like to close my speech today by saying that Korea is ready and eager to build a new silk road and write a new chapter in our history with the Islamic community for the next one thousand years.

Assalamu Alaikum.

May peace be with you.

Thank you.