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# **FSS Speaks 2011**

Tuesday, April 12, 2011  
Lotte Hotel, Seoul

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## **WELCOMING ADDRESS**

**KWON HYOUK SE**

**Governor**

**Financial Supervisory Service**

Ladies and gentlemen,

I am pleased to welcome you to FSS Speaks 2011.

It's great to have you.

And I thank you for joining us today, especially those of you who have traveled from far-away places.

This is a special event for me because this is my first meeting with you since I became the governor of the Financial Supervisory Service a little more than two weeks ago.

As you know, we held the first FSS Speaks in 2009.

So this is only our third gathering.

But judging by the interest you have shown for the past three years, I think I can safely say that FSS Speaks has taken hold as a forum for dialogue.

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Ladies and gentlemen,

The global market outlook has lately been clouded by the ongoing conflict in the Middle East and the post-earthquake difficulties in Japan.

As for the fiscal troubles the Euro-zone faces, investors seem to have concluded that there is no quick fix for them.

Another worrisome development is commodity-driven inflation, which is rising fast in many parts of the world.

Here at home, there is now a heightened sense of concern for the high levels of household debt and for the soundness of some project finance loans.

Even in the face of uncertainty on many fronts, however, we continue to see strong growth forecast for the Korean economy and upbeat investor sentiment in our markets.

The continuing advances in our stock markets are one indication of this.

And I can tell you that our financial sector remains well-capitalized and robust.

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Let me now share with you our approach to financial supervision going forward.

First, we intend to move quickly and aggressively to preempt risk and reinforce financial market stability.

A key step in this will be enhanced prudential supervision in line with global financial reform.

We are also completely re-organizing the way we examine financial institutions for safety and soundness.

The goal is to drastically improve the effectiveness of our supervision and prevent risk.

This is going to entail a significant reallocation of our supervisory resources to examination.

It also means more focused efforts to enhance the expertise of our field examiners and to improve the fairness and transparency of our examination.

And when we find misconduct, abuse, or transgression, we will exercise our full enforcement powers and take action.  
For the distressed mutual savings banks, we are going to insist on expeditious re-capitalization and business turnaround.

I would also stress that all of this will be carried out under the principle of consistency and transparency.

This, I believe, is the way to earn your trust in us.

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I know that some foreign businesses have expressed reservations about new regulations designed to moderate capital volatility.

So let me take this opportunity to say that the new measures are intended only as macroprudential safeguards to reduce risk to financial firms and to the market.

I do add that we intend to look for more effective ways to engage foreign financial firms in the rule-making process with greater transparency.

Another concern I hear is that regulators impose excessive demands on globally active financial firms doing business in Korea.  
Let me say that we are aware of the concern.

And we will not overlook impediments that unfairly disadvantage foreign firms with no benefit to their local risk management.

In addition to this, there are efforts under way to consolidate and simplify the way we handle applications for regulatory licenses and other interactions with foreign firms.

Finally, I would like to call attention to the need for more constructive dialogue between foreign financial firms and regulators.

This is especially true in times of grave market crisis or for matters that are clearly in the interest of consumers and investors.

I say this because we are after all on the same boat, and we are more likely to succeed when we speak with one voice.

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Ladies and gentlemen,

I believe Korea's success in hosting the G20 Summit last November has greatly enhanced its global stature.

The resilience of the Korean economy even in the face of one of the worst global financial crises has also attracted the interest of investors worldwide.

So we will continue to work hard to make Korea an even more attractive place to invest and to do business than before.

As we work to improve our regulatory climate, I stress that what you say matters to us, and we benefit from the perspectives you offer.

So I invite you to stay engaged with our effort to improve and strengthen our financial regulation and supervision.

We are ready to listen and eager to do our part.

I again thank you for joining us today. We have a full day ahead, a special occasion to better inform and understand each other.

So I do hope you leave today with what you came for.

Thank you.