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**Opening Speech**

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Good morning, ladies and gentlemen,

Welcome to 2012 Financial Hub Seoul Conference. It is great to have you with us, and I thank you for joining our conference today.

I also extend my special thanks to Mr. John McCormick, CEO and Chairman of RBS Group, Asia Pacific, and Mr. David Wong, Deputy Chief Executive, Bank of China for kindly accepting our invitation to join us and speak to you.

You know, we hosted our first Financial Hub meeting in 2009 here in Hong Kong. Since then, we have been undertaking wide-ranging efforts to promote Seoul as an attractive financial center. Some of these efforts are already paying off.

And, as you learn more today, I hope you will come to share our enthusiasm for Seoul, our belief in Seoul, as the next financial center.

Let me first start off with recent developments in our markets, the economy, and financial supervision. I will then turn to our financial center initiative.

As you know, the global economy has run into some headwinds in the face of mounting uncertainties. Many euro-zone countries are still struggling with fiscal problems. And concerns are being raised over sluggish growth in the U.S. and China. Emerging economies are also not as vigorous as we had seen for many recent years.

The effect is being felt in Korea as well, at a time when we are tackling our own problems such as household debt and troubled mutual savings banks.



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However, Korea has been moving forward on the back of its enhanced crisis-fighting capability from the financial crises in 1997 and 2008. Indeed, the government's crisis management capability, along with Korea's strong fiscal fundamentals and economic resilience, has led to the recent sovereign rating upgrades by Moody's and Fitch. One more piece of welcome news was that Korea jumped to 19th place from 24th in the 2012 Global Competitiveness Report by World Economic Forum last week.

I believe these positive assessments about the Korean economy represent the growing confidence that market participants have in Korea's recent policy and regulatory responses. So, I would like to take this opportunity to thank you for your continued interest and support for Korea's economy and financial market.

However, it looks like global uncertainty will be with us for some more time to come. And, in general, the sense we get is that there is no quick fix to Europe's problems.

So, Korea's supervisory authorities set the priority on the soundness of financial firms and the stability of financial markets. To cushion the impact of adverse market developments, we are actively encouraging financial firms to maintain ample foreign currency liquidity and diversify their funding sources.

In addition, to help reinforce the stability of the financial system, we are conducting round-the-clock market monitoring. And maintaining a close contact with international regulatory authorities is a core part of our efforts to ensure financial stability. As for household debt, an issue of some concern for us, we are taking supervisory measures to keep debt growth under control and improve debt payment structure.

As many of you perhaps know, we also had some difficulty with our mutual savings banks last year. But Korean regulators took swift and forceful actions to overhaul and restructure the industry. We clearly learned a lesson from it and will remain on alert to guard against any distress in our financial system.

Going forward, we stand ready to act in a timely and preemptive manner for the restructuring of financial firms showing signs of distress in the future and believe that this will help us keep our financial markets competitive.

Let me now update you on where our financial center initiative stands. First, we continue to implement policies to promote Seoul as a key financial center in Asia. Some of you may already know that the government enacted the Financial Hub Act in 2007 and designated Yeouido in Seoul the central financial center. And a wide range of measures to improve the business environment and create a living environment friendlier to foreigners have been under way.



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In coming November, the Seoul International Finance Center will be completed, which we hope will be your next headquarters. For a part of the center that was completed, many domestic and foreign financial firms already moved in.

Indeed, since the government launched the financial center initiative, some of our efforts have been already paying off. 33 foreign financial firms have established their presence in Seoul. And, in March this year, the Global Financial Centers Index ranked Seoul the 9th most competitive city, a major improvement from 35th in 2009.

I may also note that, under the newly amended Financial Hub Act, foreign financial firms setting up a new operation in Korea can qualify for financial incentives. So, if you decide to relocate to Korea, you will be able to take advantage of government-provided assistance.

As you may probably know, Korea's hedge fund industry is also now up and running. And we are looking at new measures to further lower the entry barrier and attract many more qualified hedge funds.

Ladies and gentlemen,

There is no denying that Korea still has some way to go to achieve its ambition as a financial center. But Korea has some uniquely strong attributes not easily found in other financial centers.

First, Korea is the world's 7th largest trading nation, yet its financial assets relative to GDP are still quite low. This suggests a huge growth potential in the asset management sector.

Second, Korea is home to world-class manufacturing industries led by globally successful companies like Samsung, Hyundai, and LG. The potential business opportunities arising from such a sizable real economy for global financial services firms are significant.

Third, Korea has a deep pool of highly trained finance professionals, especially young talents with overseas experience and native-like English proficiency. We have been encouraging more finance MBA programs at our universities and supporting overseas recruitment programs.

Last but not least, Seoul is rich with globally appealing K-pop, food, and other life experiences that make the city an exciting and enjoyable place to live in. You have probably seen "Gangnam Style," a K-pop music video which has received nearly 120 million views and counting on YouTube. This well captures where K-pop currently stands.



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Ladies and gentlemen,

Korea is a country that strives for the very best. And I would say the very same about our ambition to develop a global financial center in Seoul, Korea.

Before closing, there are two messages that I would like to stress. First, let me assure you that Korea's regulators are committed to keeping our regulatory environment transparent and consistent enough for foreign financial firms to stay comfortable doing business in Korea. And, second, we will make our earnest efforts to lay the very foundation that would help your business prosper and enrich your personal life, while you are in Seoul, Korea.

So please take our commitments very seriously and accept our heartfelt invitation to Seoul and come and see what changes we are making for you.

Thank you.