



The following is the full text of the keynote address that First Senior Deputy Governor Yoo Kwang-yeol delivered at the FSS Speaks on Thursday, March 15, 2018.

Good morning, ladies and gentlemen.

It's a great pleasure for me to stand before you today as we open this year's FSS SPEAKS. At the outset, I would like to extend my deep gratitude to all the distinguished guests joining us here today.

I would especially like to acknowledge and thank the honorable Simon Smith, the newly-appointed British Ambassador to Korea. Thank you for gracing us with your presence despite your busy schedule after taking office just last week. My special thanks also go to Mr. Marc Knapper, Charge d'Affaires of U.S. Embassy in Korea, and diplomats from China, Japan and Australia. We are greatly honored to have you with us today.

FSS SPEAKS, an event we organize each year to share meaningful values and opinions with foreign financial companies, is already marking its 10th anniversary this year. And I can proudly say that it has now grown into an indispensable channel for communication between the FSS and foreign financial companies.

Clear evidence of this can be seen in the ever-growing number of participants who have joined us – we have had more than 3,000 people who have attended and contributed to this occasion. I should also add that the participation and advice from all of you has served towards our work of advancing the Korean financial market into a renowned global financial center.

And it provided invaluable contributions in enabling us to continuously develop and enhance our supervisory capacity. While a well-known Korean proverb tells us that “Even the rivers and mountains change in 10 years,” it has been truly moving to have seen how your trust towards the FSS and the Korean financial market has remained steadfast throughout the past decade. And thus, I happily take this opportunity to express my heartfelt gratitude to all of you.

It is my sincere hope that FSS SPEAKS will continue to develop into a prestigious gathering as we celebrate yet another decade and many more in the years to come. And I ask for your unwavering support along the way.

Distinguished guests,

As you all know, encouraging signs of economic recovery can be seen both at home and abroad these days. But nevertheless, we must not lose sight of possible financial market volatility or other adverse effects likely to emerge in the market. It would also serve us well to bear in mind that any overheating of the stock market or moves to raise interest rates in major economies may, at any time, lead to a drastic fall in asset prices, just as we witnessed several weeks ago.

Additionally, there remain a number of issues to be addressed that continuously call for our attention, such as household debt or restructuring of vulnerable industries. Moreover, the Korean financial industry faces an overarching challenge of restoring the fundamental values of finance and thereby rebuilding trust in the market.

This should be seen as essential because while the fundamental role of finance is to drive innovative growth of the economy through financial intermediation and to spread its benefits to all financial consumers, the overall consensus is that the financial industry is failing to play such a role due to the deeply entrenched culture of self-protectionism and the seeking of short-term gains.

In view of these challenges, the FSS intends to stay vigilant on all fronts to effectively guard against market uncertainties throughout the year. And our key endeavor will be to uphold the essential role of finance – protecting financial consumers and supporting innovative growth of the economy.

As the specific details about our supervision plan will mostly be covered in Session II, I will now briefly touch upon some of the key messages that I wish to convey to foreign financial companies.

My first message is that it is imperative for foreign financial companies to provide and harness a “wind of competition and innovation” in the Korean financial market by actively sharing advanced financial know-how and expertise. Reflecting upon how the introduction of 401K in the U.S. and Superannuation in Australia led to the development of their financial markets, I believe it is very much the case that the Korean financial market, which is now experiencing rapid population aging, will present a new chapter in the near future.

And it is also noteworthy that Korea has been ranked at the top of the Bloomberg Innovation Index and ICT Development Index a number of times in recent years. This demonstrates that Korea has a solid foundation where your innovative financial technologies will be able to firmly take root. Given these new opportunities, I’m sure that active use of your advanced financial knowledge and expertise in the Korean financial market will bear fruitful results for all your companies, as well as for domestic financial companies and the overall market.

Secondly, I hope that foreign financial companies will redouble their efforts on internal control and risk management. We see these days far more complicated and diverse forms of financial transactions taking place, while the convergence between finance and technology continues at a rapid pace. Under such circumstances, one-sided regulatory measures of financial authorities are no sure guarantee of securing stability and trust in the financial system.

It is only when financial companies themselves preemptively manage internal control on an ongoing basis that a higher level of autonomy can be offered to them. And it will indeed pave the way for consumer protection and building a solid reputation for long-term growth.

On that note, the last thing I want to ask of you is to place special focus on the field of anti-money laundering (AML). Risks associated with money laundering are on the rise these days with the increase of cross-border transactions and rapid development of fintech services such as virtual currency.

I understand that AML is quite a challenging task for your companies given the limited size of your business and workforce. But let me once again ask all of you to work on minimizing exposure to money laundering risks and build a robust internal control system across the board.

Distinguished guests

As part of an effort to develop Korea into a financial hub of Northeast Asia, the FSS has demonstrated firm resolve to enhance the financial system through our financial reform initiative. And we intend to continuously pursue this goal with a firm belief that anything we truly believe in can be achieved and made reality.

I hope that all of you will also work towards this by actively providing us with constructive advice by referring to the best practices of your home country's regulatory system and innovative ideas of your head offices. I'm sure that such efforts will bring forth innovative changes in the Korean financial market.

And it is my wish that FSS SPEAKS, celebrating its 10th anniversary this year, will further deepen understanding and trust between the FSS and foreign financial companies.

In closing, let me wish you and your companies lasting success in the Korean financial market.

Thank you.