

CIFC 2017

ANNUAL REPORT



Council on International
Financial Cooperation

CIFC 2017 ANNUAL REPORT



Council on International
Financial Cooperation

CONTENTS

- 04** Message from the Chairman
- 06** Background & Members
- 08** Message from the President of KFTC
- 10** CIFIC History
- 14** 2017 Key Activities
 - 16 Launch and Panel Discussion of Economic and Social Survey of Asia and the Pacific 2017 : Korean Perspective
 - 20 KEI with Vietnam
 - 24 Vietnam-Korea Financial Cooperation Seminar
 - 28 Vietnam's Macroeconomics and Financial Industry Trend
 - 30 Mongolia-Korea Financial Cooperation Forum
 - 36 Thailand-Korea Financial Cooperation Forum
 - 40 Workshop on Small and Medium Enterprises' Access to Finance and the Role of Development Banks in the Asia and the Pacific and Latin America
 - 46 Boosting Small and Medium Enterprises' Access to Finance to Support Sustainable Development in Asia and the Pacific
 - 48 Kish2017Invex, Iran Capital Market: Higher Diversity, Higher Return
 - 50 Iran's Capital Market: A Haven of Growth and Diversity
 - 52 The 4th UK-Korea Financial Cooperation Forum
 - 56 The 4th International Financial Cooperation Forum
 - 64 Cooperation Project

Message from the Chairman

The Council on International Financial Cooperation (CIFC), comprised of 20 financial institutions and associations, was established in February 2013 to support international financial cooperation in a systematic and efficient manner.

Since its launch, CIFC has been continuously building financial ties with foreign counterparts that are mutually beneficial for the involved parties. To drive the partnerships forward, CIFC has been sharing Korea's experiences and know-hows in advancing the financial industry and building networks with international financial authorities through efforts such as organizing international financial forums and invitational training programs for high-level authorities of emerging economies.

CIFC's Knowledge Exchange Initiative, an invitational training program for high-level authorities of emerging economies, has served as a stepping stone for establishing many strong partnerships among Korea and various emerging economies such as Indonesia, Iran, Mongolia, Thailand and Vietnam. The International Financial Cooperation Forum organized annually also hosts various financial leaders from all over the world to learn about the global financial trends along with Korea's best financial practices.

Our work is underpinned by overwhelming support and participation from the member institutions as well as proactive efforts from the financial authority. The CIFC 2017 Annual Report is published to revisit the efforts of CIFC over the past five years and also to examine the international financial cooperation made by our member institutions thus far. We hope that this report serves to deepen the understanding of our roles in the international financial cooperation among the member institutions and our global partners and becomes a good reference for further cooperation.

Shin, Sunghwan



Chairman
Council on International Financial Cooperation



CIFC's work is underpinned by overwhelming support and participation from the member institutions as well as proactive efforts from the financial authority.

Background & Members

The Council on International Financial Cooperation (CIFIC) is a consultative body comprised of 20 domestic financial institutions and associations, established to strengthen bases for global financial cooperation by sharing knowledge and expertise of the member institutions with various partners around the world.

Each year, the Council hosts various seminars, invitational training for foreign public officials called 'Knowledge Exchange Initiative (KEI)' and Financial Cooperation Forums as part of its active efforts to support international financial cooperation.

Also, as a coordination platform for global cooperation of key financial market players and regulatory authorities in Korea, CIFIC works to build a network among global financial authorities and international organizations to lay fertile ground for international financial cooperation.

PARTNERS



The following 20 domestic financial institutions and associations are currently listed as members.



Message from the President of KFTC

Korea Financial Telecommunications & Clearings Institute

Congratulations to the Council on International Financial Cooperation on the release of CIFIC 2017 Annual Report. By encapsulating the essence of international projects conducted by the Council over the past 5 years, this report will pave the way for even greater success of CIFIC going forward.

As one of CIFIC's 20 member institutions, the Korea Financial Telecommunications & Clearings Institute was established in 1986 under the aim of advancing domestic financial information systems. The institute has since been contributing to the integrated advancement of payment and settlement systems in Korea by creating an advanced interbank payment network and extending accessibility to diverse players such as micro financial institutions and securities companies. KFTC's services are currently utilized by 102 financial companies. In addition to payment services, the institute offers a wide range of services including information intermediation between government/public institutions and banks, and issuance of bank certificates for customer's authentication.

The KFTC is sharing its experiences with emerging nations by participating in local projects to build financial information networks. This is not only to help modernize concerned nation's financial infrastructure by providing Korea's exemplary payment and settlement systems but also guide all personnel taking in part in the system development project with KFTC to accumulate know-hows.

The KFTC first put together a special team dedicated to international projects in 2010, which has since then provided consulting services to Mongolia, Laos, the Philippines, Moldova, Armenia and Cambodia for the modernization of payment and settlement infrastructure. The Armenian overseas remittance system building project was finished in 2017, and the

Cambodian payment and settlement system building project is currently underway, slated for completion in April 2019.

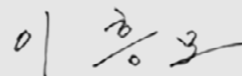
Starting this year, the KFTC is also planning to engage in financial information network training and consulting programs provided by World Bank to developing nations.

It is my understanding that CIFIC has a number of exciting programs such as international financial cooperation fora, invitational training for foreign government officials and financial industry players, and support programs for members' invitational training for overseas institutions coming along this year. The KFTC will gladly take part in the international financial cooperation projects pushed forward by CIFIC to establish global partnerships and share our insights.

New technologies such as the blockchain, AI and big data have come to be widely adopted across the financial industry of late, and are sparking interests among developing countries. If a roadmap for the application of these technologies is developed and included in projects, financial cooperation will be taken to another level.

It is my sincere hope that this literature serves as invaluable information not only for 20 CIFIC member institutions but also government and central bank officials across the globe.

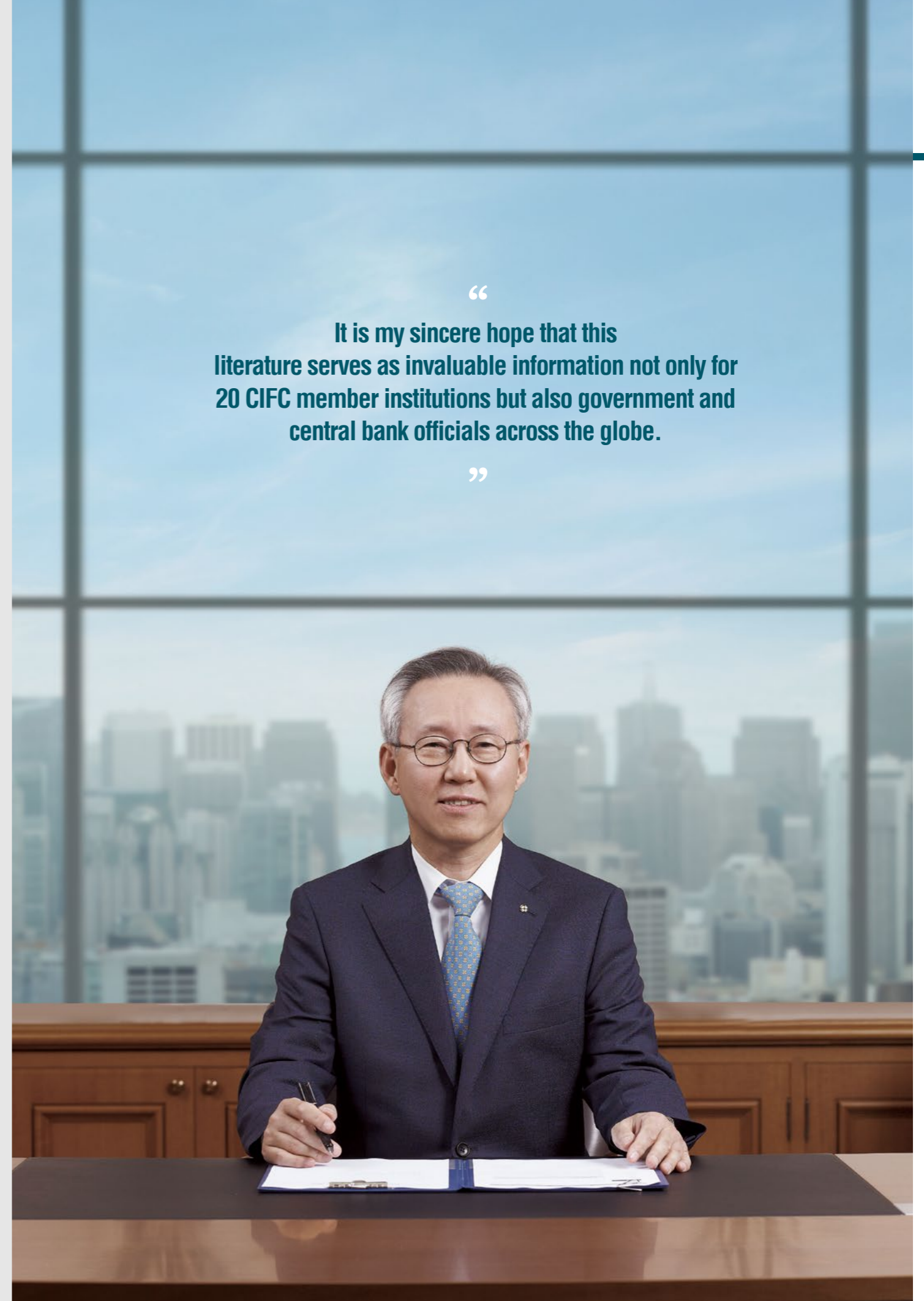
Lee, Heung Mo



President

Korea Financial Telecommunications & Clearings Institute

“
It is my sincere hope that this literature serves as invaluable information not only for 20 CIFIC member institutions but also government and central bank officials across the globe.
”



CIFC HISTORY

2013 Key Activities

- Mar.** **Established a secretariat for Council on International Financial Cooperation**
Workshop The 1st CIFC Cooperation Workshop
- Apr.** **Meeting** April General Meeting
Research Project 「The Role of Public Financial Institutions in the History of Korean Economy and Financial Development」
- May.** **Meeting** May General Meeting
- Jun.** **Meeting** June General Meeting
Knowledge Exchange Initiative Ministry of Finance, Uzbekistan
Seminar Uzbekistan-Korea Financial Cooperation Seminar
- Jul.** **Meeting** July General Meeting
- Sep.** **Established CIFC Website**
Knowledge Exchange Initiative State Securities Commission, Vietnam
- Oct.** **Meeting** October General Meeting
Forum Uzbekistan-Korea Insurance Industry Development Forum
- Nov.** **Meeting** 2013 Annual General Meeting
Meeting Meeting on International Financial Cooperation Hosted by Vice Chairman of Financial Services Commission
- Dec.** **Lecture** Dr. Ilhyock Shim, Principal Economist, Bank for International Settlements
Knowledge Exchange Initiative Financial Services Authority, Indonesia
Seminar Indonesia-Korea Financial Cooperation Seminar
Workshop The 2nd CIFC Cooperation Workshop

CIFC HISTORY

2014 Key Activities

- Jan.** **Knowledge Exchange Initiative** Financial Regulatory Commission, Mongolia
- Feb.** **Meeting** February General Meeting
- Mar.** **Meeting** March General Meeting
- Apr.** **Forum** The 1st UK-Korea Financial Cooperation Forum
Meeting April General Meeting
- May.** **Meeting** Meeting on Spreading Korean Financial Wave Hosted by Chairman of FSC
Forum Korea-Myanmar-ADB Financial Cooperation Forum
- Jun.** **Meeting** June General Meeting
Research Project 「Establishing Strategies for Korean Financial Institutions Venturing into International Market」
- Jul.** **Meeting** July General Meeting
- Aug.** **Knowledge Exchange Initiative** Securities and Exchange Commission, Thailand
Seminar Thailand-Korea Financial Cooperation Seminar
- Sep.** **Meeting** September General Meeting
- Oct.** **Knowledge Exchange Initiative** Danske Bank, Denmark
Meeting October General Meeting
- Nov.** **Knowledge Exchange Initiative** Myanmar Insurance, Myanmar
Seminar Myanmar-Korea Financial Cooperation Seminar
Meeting November General Meeting
- Dec.** **Forum** The 1st International Financial Cooperation Forum - Strengthening Financial Infrastructure: Toward Shared Growth of Financial Markets in Asia
Meeting December General Meeting

CIFC HISTORY

2015 Key Activities

Jan.	Meeting January General Meeting
Feb.	Meeting 2015 Annual General Meeting
Mar.	Meeting March General Meeting Knowledge Exchange Initiative IDB Korea Insights Program, Latin America and Caribbean Seminar Latin America and Caribbean - Korea Financial Cooperation Seminar
Apr.	Meeting April General Meeting
May.	Research Project 「In-depths Study on the Indonesian Financial Market」 Research Project 「Examining Korea's Financial Infrastructure Development Process and Evaluating Its Competitiveness」 Meeting Meeting on Overseas Expansion Hosted by the Chairman of Financial Services Commission Meeting Networking Luncheon with Deputy Prime Minister of Economy of Vietnam Forum The 2 nd UK-Korea Financial Cooperation Forum
Jun.	Workshop The 3 rd CIFC Cooperation Workshop Lecture H.E. John Prasetyo, Ambassador of Indonesian Embassy in Seoul, Korea Survey Overseas Expansion of Financial Organizations for Financial Sales Diplomacy
Jul.	Meeting Meeting on Overseas Expansion of Financial Organizations Hosted by Chairman of Financial Services Commission Meeting July General Meeting
Sep.	Meeting Meeting on Supporting Overseas Expansion Hosted by Standing Commissioner of Financial Services Commission Meeting September General Meeting
Oct.	Knowledge Exchange Initiative Financial Services Authority, Indonesia Seminar Indonesia-Korea Financial Cooperation Seminar
Nov.	Meeting November General Meeting
Dec.	Forum The 2 nd International Financial Cooperation Forum – The Launch of ASEAN Economic Community (AEC) and Its Future Prospects Meeting December General Meeting

CIFC HISTORY

2016 Key Activities

Jan.	Meeting January General Meeting
Feb.	Meeting Meeting on Supporting Overseas Expansion Hosted by Standing Commissioner of Financial Services Commission Meeting 2016 Annual General Meeting
Mar.	Knowledge Exchange Initiative Alogabank, Uzbekistan Workshop The 4 th CIFC Cooperation Workshop with World Bank Songdo Office Knowledge Exchange Initiative Central Bank of Myanmar, Ministry of Finance, Ministry of National Planning and Economic Development, Ministry of Construction, Construction and Housing Development Bank, Myanmar Seminar Myanmar-Korea Financial Cooperation Seminar
Apr.	Meeting April General Meeting
Jun.	Forum Myanmar-Korea Financial Cooperation Forum Meeting June General Meeting
Jul.	Knowledge Exchange Initiative Ministry of National Planning and Economic Development, Myanmar Seminar Myanmar-Korea Financial Cooperation Seminar Meeting July General Meeting
Aug.	Knowledge Exchange Initiative Ministry of Finance, Bank of Thailand, Thai Credit Guarantee Corporation, National Science and Technology Development Agency, Thailand Seminar Thailand-Korea Financial Cooperation Seminar Knowledge Exchange Initiative Financial Services Authority, Indonesia Seminar Indonesia-Korea Financial Cooperation Seminar
Sep.	Meeting September General Meeting
Oct.	Meeting October General Meeting Knowledge Exchange Initiative Ministry of Economic Affairs and Finance, Securities & Exchange Organization, Central Securities Depository, Iran Fara Bourse, Iran Seminar Iran-Korea Financial Cooperation Seminar
Nov.	Meeting November General Meeting
Dec.	Forum The 3 rd International Financial Cooperation Forum - Financial Innovation Within Reach Meeting December General Meeting Research Project 「Financial Infrastructure Institutions in Korea」 Research Project 「The Role of Policy Financial Institutions During the Crisis」

2017 Key Activities

Jan.

Meeting January General Meeting

Feb.

Meeting 2017 Annual General Meeting

Mar.

Meeting March General Meeting

Lecture Mr. Chungkeun Park, Director, Ministry of Strategy and Finance

Lecture Mr. YoungMo Kim and Eunyong Yang, Partner, BAE, KIM & LEE LLC

Apr.

Meeting April General Meeting

May.

Seminar Launch and Panel Discussion of Economic and Social Survey of Asia and the Pacific 2017: Korean Perspective

Cooperation Project Korea Securities Depository and Korea Financial Investment Association: Vietnam

Meeting May General Meeting

Jun.

Knowledge Exchange Initiative State Bank of Vietnam, Ministry of Finance, National Technology Innovation Fund, National Payment Corporation of Vietnam, Vietnam

Seminar Vietnam-Korea Financial Cooperation Seminar

Lecture Mr. Byungwon Yoon, Consul, Consulate General of the Republic of Korea

Meeting Meeting on Financial Infrastructure Export Plans Hosted by Financial Services Commission

Meeting June General Meeting

Jul.

Cooperation Project Korea Credit Guarantee Fund and Industrial Bank of Korea: Cambodia

Forum Mongolia-Korea Financial Cooperation Forum

Aug.

Published CIFC BiAnnual Vol.1

Sep.

Cooperation Project Korea Credit Information Services and NICE Information Service: Laos

Meeting September General Meeting

Forum Thailand-Korea Financial Cooperation Forum

Workshop SME Financing Workshop with UN ESCAP, UN ECLAC, AF, ADBI and AFI

Oct.

Meeting October General Meeting

Forum Kish2017Inxev, Iran Capital Market: Highly Diversified with Great Potential

Nov.

Forum The 4th UK-Korea Financial Cooperation Forum

Meeting November General Meeting

Dec.

Forum The 4th International Financial Cooperation Forum – Key Financial Divers for the Era of Cooperation and Shared Prosperity

Meeting December General Meeting

Cooperation Project Korea Financial Telecommunications and Clearings Institute-CIFC: Cambodia-Korea Financial Cooperation Seminar

Seminar :

Launch and Panel Discussion of Economic and Social Survey of Asia and the Pacific 2017 : Korean Perspective

On the 12th of May, the Council on International Financial Cooperation (CIFC) and the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) held a joint event, the Launch and Panel Discussion, at the convention hall of the Korea Federation of Banks building on the details of The Economic and Social Survey of Asia and the Pacific 2017 (Survey 2017). The survey was a flagship publication of UNESCAP, which was launched simultaneously in over 25 locations around the world. The Panel Discussion featured Korean perspectives on the Survey 2017 and Korea's experience in strengthening economic growth and financial infrastructure.

A number of delegations from other countries and international agencies were present at the event, such as the President of the Green Technology Center, the Papua New Guinean Ambassador to Korea and the El Salvadoran Ambassador to Korea. Furthermore, presenters included Ms. Dorothea Lazaro, Economic Affairs Officer of UNESCAP ENEA Office, Dr. Sungwook Park, Research Fellow of Korea Institute of Finance, Dr. Nowook Park, Director of Korea Institute of Public Finance, Mr. Sun Joon Choe, Team Head of Korea Asset Management Corporation, Mr. Jong-goo Lee, Director of Korea Credit Guarantee Fund, and Dr. Seungkon Oh, Senior Research Fellow of Korea Deposit Insurance Corporation. Ms. Soonhee Kim, Professor of KDI School of Public Policy and Management moderated the event.

Ms. Dorothea Lazaro presented on the main details of the survey. Projecting a moderate but solid growth for economies in the Asia-Pacific region, Ms. Lazaro underscored that governance is underpinned by transparency and accountability, and that greater

attention is warranted not just on economic growth, but social inclusion and environmental sustainability. In his presentation on Korea's standpoint regarding the survey, Dr. Sungwook Park remarked that the KIF estimated Korea's GDP growth rate for 2017 to be 2.8%, identical to the previous year, and pinpointed the deployment of THAAD (Terminal High Altitude Area Defense) and Korea-China relations, protectionist trade policies of the US, North Korean nuclear threats and president Donald Trump as some of the short-term risk factors facing Korea. Dr. Nowook Park named inefficiently designed programs and lack of decision-making as the main issues with current efforts to reform the management of public finances. He then went on to propose a sweeping overhaul of the government's HR procedures and analysis of quarterly performance results of programs via FMIS as potential solutions.

The first presentation of the panel discussion, centered on the impact that economic growth and enhanced financial infrastructure has in the Asia-Pacific region, was delivered by Mr. Sun Joon Choe who introduced On-bid, a system for online trading of property. The second presenter of the session, Mr. Jong-goo Lee, covered the topic of increasing SMEs' accessibility to financial support, and suggested a way to tackle the challenges by commenting in a subsequent press interview that "since private finance takes time to sufficiently mature in developing countries, active engagement of government in the market is required to accelerate the pace of growth for SMEs in concerned nations." The last presenter, Dr. Seungkon Oh, elaborated on KDIC's global knowledge sharing program and shared insights on a previous knowledge sharing project with Mongolia.



Highlights of Economic and Social Survey of Asia and the Pacific 2017 – Governance and Fiscal Management

Dorothea Lazaro
Economic Affairs Officer at UNESCAP ENEA Office

Ms. Dorothea Lazaro concluded that the Asia-Pacific region will enjoy moderate and steady economic growth, but advised that local and regional growth momentums are required to drive the economies forward.



2017 Economic Outlook for Korea

Sungwook Park
Research Fellow of Korea Institute of Finance

Dr. Sungwook Park discussed the major risk factors for economic growth both on the domestic and international front, and set the course for future monetary, fiscal, and macro-prudential policies aimed at economic growth.



Current Issues of Public Financial Management Reforms in Korea

Nowook Park
Director of Korea Institute of Public Finance

Dr. Nowook Park's presentation included his analysis of the shortcomings of the ongoing reform for Korea's management of public finances and future challenges.

Moderator

Soonhee Kim
Professor of KDI School of
Public Policy and Management



Introduction of On-bid, Online Asset Disposal System

Sun Joon Choe
Team Head of Korea Asset Management Corporation

Mr. Sun Joon Choe explained that On-bid is Korea's most advanced public bidding system built upon KAMCO's know-how and top-notch information system that compiles all bidding information of public institutions nationwide in one location, and enables the general public to participate in online bidding.

Korean Experience in Credit Guarantee Scheme to Enhance Financial Accessibility of SMEs

Jong-goo Lee
Director of Korea Credit Guarantee Fund



Mr. Jong-goo Lee provided a brief overview of the Korean government's financial support system for SMEs as well as Korea's credit information infrastructure, credit guarantee system, and credit risk management model, etc. He also discussed the current status of credit guarantee institutions in the Asia-Pacific region, current challenges, and the lessons they can draw from Korea's experience.

Global-KDIC KSP: Sharing Experience on Deposit Insurance

Seungkon Oh
Senior Research Fellow of Korea Deposit Insurance Corporation



Dr. Seungkon Oh explained the backdrop to KDIC's KSP project, and the details and phases of, as well as overseas demand for the project. Furthermore, he shared the experience and lessons learned through KDIC's establishment of a deposit insurance system in Mongolia through a government-led knowledge sharing project in 2010.

Interview

Kilaparti Ramakrishna

Director and Head UNESCAP East and North-East Office



Q Thank you very much for your time. What are the main objectives and significance of the Launch and Panel Discussion of Survey 2017?

A The launch presented the key findings and policy options of the UN Economic and Social Survey of Asia and the Pacific 2017 (Survey 2017) (an annual flagship publication of UN ESCAP), which aims to sustain and increase the economic dynamism of Asia-Pacific economies while improving the quality of growth in line with the 2030 Agenda for Sustainable Development. In line with the Survey 2017 highlighting the urgent need for better governance and effective fiscal management to achieve long-term economic and sustainable growth, the panel discussions provided an opportunity to deliberate on the emerging issues and priorities under the new administration of President Moon Jae-in which called for better governance and inclusive economy. The panel also explored Korea's experience and increasingly important role in strengthening economic growth and financial infrastructure in the Asia-Pacific region.

Q What are some of your prospective cooperative relationships among our CIFC member institutions and CIFC, and how are they related to ESCAP's business direction?

A ESCAP recognizes the role of CIFC and its member institutions in promoting international best practices through sharing Korea's financial experiences, including through the annual International Financial Cooperation Forum. Noting Republic of Korea's increasing role in development cooperation, particularly through its knowledge-sharing programs, ESCAP looks forward to enhancing collaboration with CIFC, particularly in financing for Development for the implementation of the 2030 Agenda. In particular,

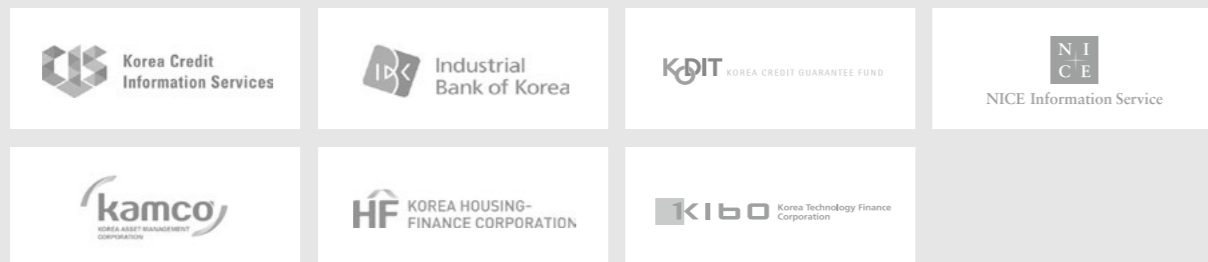
ESCAP and CIFC could jointly organize high-level policy dialogues and capacity-building activities such as the upcoming workshop on SME financing planned in September 2017 in Bangkok.

Q In ESCAP's perspective, what is the role of the business entities in achieving Sustainable Development Goals (SDGs)?

A Private sector could make profound contribution to regional integration and sustainable development by driving productive processes to generate jobs and investment; and green growth to enhance social wellbeing and the health of the environment. It is critical that the Asia-Pacific region develops new forms of partnerships with businesses that go beyond the delivery of traditional government-to-government official development assistance and technical support. For instance, promoting public-private partnerships (PPPs) is among the core priority of ESCAP in mobilizing the financial resources needed to support the 2030 Agenda. Among the processes underway to ramp up private sector engagement with 2030 Agenda is the global SDG Compass initiative, which provides companies with an innovative guide to align their strategies with relevant SDGs and measure and manage their impacts. Additionally, developed through ESCAP's Sustainable Business Network Task Force on Banking and Finance, the Responsible Business Model 2.0, is a framework to facilitate companies' engagement with the SDGs and enhance their ability to address pressing global challenges. It aims to promote socially responsible business practices and corporate sustainability among banks and financial institutions, and others, responsible for facilitating the enhancement of productivity in the regional business community.

Knowledge Exchange Initiative (KEI): KEI with Vietnam

CIFC invited 20 officials from the State Bank of Vietnam, Ministry of Finance, and Ministry of Science & Technology of Vietnam to Korea from the 12th to 16th of June to exchange information regarding the financial system, regulations and licensing procedures of both countries. As part of the KEI program, the Vietnamese delegation participated in the 'Vietnam-Korea Financial Cooperation Seminar' co-hosted by CIFC and FSC, and visited 7 CIFC member companies including Korea Credit Information Services, Industrial Bank of Korea, Korea Credit Guarantee Fund, NICE Information Service, Korea Asset Management Corporation, Korea Housing Finance Corporation and Korea Technology Finance Corporation to share experiences and know-hows.



**Korea Credit
Information Services**

June 13th (Tues), 14:00~16:00

Korea Credit Information Services provided training for the delegation on the 13th of June on the 14th floor of the Korea Federation of Banks building. The lecturers from the credit information division elaborated on the role of the Korea Credit Information Services as the only comprehensive credit information database and introduced Korea's credit information management system, technology financing and the Tech Data Base (TDB).



June 13th (Tues), 16:00~18:00

Industrial Bank of Korea's training program was held in the afternoon of the 13th of June at the head office. Under the title 'A New Future for SME Financing,' participants covered topics including the economic outlook for Korean SMEs, introduction of the Industrial Bank of Korea, and the difference between IBK and commercial banks.



June 14th (Wed), 10:00~12:00

Korea Credit Guarantee Fund welcomed the delegation on the 14th of June, at their Seoul office. The program was divided into two sessions. In the first session, presentations were made on the overview of the credit guarantee system, management and performance of Korea Credit Guarantee Fund and support system for start-ups. The second sessions was focused on the current status of Vietnam's credit guarantee system, its shortcomings and ways for improvement.





NICE Information Service

June 14th (Wed), 14:00~16:00

NICE Information Service held the training program in the afternoon of the 14th of June at the Nice Data Building. The NICE Information Service overseas business team delivered a lecture on building credit infrastructure through a public-private partnership, and the role and significance of credit infrastructure in the Korean economy and financial industry. Moreover, overviews of the NICE Group and credit information services, as well as investments in and cooperation with Vietnam were provided.



June 15th (Thurs), 14:00~16:00

Training by the Korea Housing Finance Corporation took place in the afternoon of the 15th of June, at the 27th floor conference hall of the Busan head office. Lecturers from the Housing Finance Research Institute, Securitization Department, and Trust Management Department gave an overview of the KHFC and introduced their business regarding housing guarantees, housing pensions, and securitization. Furthermore, ways to revitalize the secondary market for MBS securities were discussed.



June 15th (Thurs), 10:00~13:00

Korea Asset Management Corporation provided training on the 15th of June, at the conference room of the Busan head office. The KAMCO overseas business division shared lessons learned from overcoming challenges by trading NPLs in large volumes during the 1997 Asian Financial Crisis and 2008 Global Financial Crisis. On top of this, the role of KAMCO as a public asset management-specialized institution facilitating the recovery of vulnerable sectors of the economy, and know-hows of establishing and managing the On-bid system were discussed.



June 15th (Thurs), 16:00~18:00

Korea Technology Finance Corporation hosted a training program in the afternoon of the 15th of June at the Busan head office. The International Business Office led the training, introducing the founding objective of Korea Technology Finance Corporation, its capital contribution and business supervision system, as well as main areas of business and guarantee products. Moreover, the structure, assessment criteria and procedure of KTFC's signature technology assessment model, KTRS (KIBO Technology Rating System), were covered in detail.



Seminar: Vietnam-Korea Financial Cooperation Seminar

Vietnam-Korea Financial Cooperation Seminar signaled the start of the KEI for Vietnamese officials. The Vietnamese delegation was introduced to CIFIC's member companies that represent Korea's financial industry. Dr. Kyeong-hoon Kang, Associate Professor of Dongguk University, and Dr. Sangche Lee, Senior Research Fellow of Korea Institute of Finance who participated in the CIFIC's 2016 Research Project 「Financial Infrastructure Institutions in Korea」 and 「The Role of Policy Financial Institutions During the Crisis」 consecutively elaborated on the functions of CIFIC members based on the assessment results. Furthermore, Mr. Nguyen Cong Duong, leader of the Vietnamese delegation and Director General of the Banking Supervision Agency at the State Bank of Vietnam, and Ms. Nguyen Thi Tu Quyen, Manager of National Credit Information Centre at the State Bank of Vietnam explained Vietnam's banking supervision system and credit information system.



Interview



Nguyen Cong Duong

Director General of the Banking Supervision Agency
State Bank of Vietnam

Q Thank you very much for your time. Could you tell us how you feel about the 'Vietnam-Korea Financial Cooperation Seminar'?

A First of all, on behalf of the delegation, I extend my sincere gratitude to the CIFIC and member companies for their invite and warm welcome. For me, the 'Vietnam-Korea Financial Cooperation Seminar' was an invaluable opportunity to deepen my understanding of Korea's credit information infrastructure and the role of policy finance institutions.

Q Of the diverse topics covered during 'Vietnam-Korea Financial Cooperation Seminar,' what was most memorable?

A I would have to say I found the presentation on the Korea Credit Guarantee Fund most interesting. Vietnam is acutely feeling the need to establish a similar system, and thus has more to learn from Korea's precedent.

Q In your opinion, what are some areas that require improvement in Korea-Vietnam relations?

A This year, we celebrate the 25th anniversary of Korea and Vietnam's diplomatic ties. Over the past 25 years, the two countries have constantly expanded their partnership, concluding diverse MOUs on the way. We are already witnessing the launch of many projects made possible by our active exchange, but I believe further efforts are needed to produce more tangible outcomes in the future.

Jae Hoon Hwang

Team Head of International Cooperation
Korea Housing Finance Corporation



Q Could you briefly introduce the main activities of the Korea Housing Finance Corporation?

A The mandate of the KHFC is 'contributing to public welfare and the national economy by ensuring a long-term stable supply of housing finance.' To fulfill such a mission, the KHFC designs and manages financial products tailored to different stages of an individual's lifecycle. For starters, we provide housing guarantees for working-level citizens who have difficulties securing housing deposits or home loans from commercial banks. Also, we provide policy (public sector) mortgage loans to low-income and middle-class citizens. Mortgage-backed bonds are issued with policy mortgages as the underlying asset, through which a stable supply of low-interest mortgage loans is generated, and a housing finance market centered on long-term fixed-rate loans is formed. Last but not least, the housing pension offered by the KHFC is touted as an essential product managed by the government in this fast aging society. Considering that around 80% of senior citizens in Korea are homeowners, one can assume that housing pension subscription will constantly rise.

Q What is the biggest challenge for housing finance in Vietnam?

A In most Southeast Asian countries the capital market is relatively underdeveloped and there are difficulties in lowering the benchmark interest rate. In order for the general public to buy homes from government-funded housing finance, the benchmark interest rate has to be set at a low level. Vietnam has an interest rate that hovers at the 6% level, which is substantially lower than that of other Southeast Asian countries. This allows for fertile ground to grow an effective housing finance system. However, an upgrade of

the laws and regulations is needed to create an environment conducive for further development.

Q What efforts are needed to overcome this challenge?

A I think the first priority is to have a government-led policy mortgage (long-term fixed rate loans) system in place. It is necessary to establish relevant laws and standard work procedures to provide at least 20 year-long fixed rate loans and create liquidity with them as the underlying asset. The precondition for such a system is an advanced credit-centered primary financial market. The market also has to have effective deposit insurance functions so that investors from home and abroad can rest assured with their money deposited at the bank over the long-run. As most developing nations largely offer short-term floating rate loans, loans mostly stay in the primary market and it is difficult to trade them on the secondary market. As such, the Vietnamese government should lead the effort in making policy mortgages available to help build the Vietnamese housing finance market around long-term fixed rate credit. This will also go a long way in hedging against housing price fluctuations even when household debt increases, and since commercial banks would not be able to set the interest rate higher than that of policy loans, mortgage loans will be offered at a lower interest rate at the end of the day. This is also beneficial for consumers, as they end up paying back a fraction of the principal every month, which, over the long-term, will reduce household debt in general. The bottom line is that the government and market need to join hands to improve Vietnam's housing finance system. If the market is uncooperative to the housing finance policies put forth by the government, the effort is highly likely to end in vain. Korea has learned through past

experience that lack of participation from the market creates many hurdles in building a credit market centered on long-term fixed rate loans. The Korean government addressed the situation by establishing an institution to implement long-term housing finance policies and laying the legal groundwork. It then put in efforts to collaborate with the market and forged a partnership with commercial banks so that they would supply long-term fixed rate loans and KHFC could subsequently translate that into liquidity.

Q What are the social and economic differences between Korea and Vietnam that we should be mindful of in expanding cooperation in housing finance and what subsequent improvements could be made to the system?

A I believe that the housing markets of Korea and Vietnam bear stark differences, and that developing housing finance in Vietnam requires the government to supply various types of housing and facilitate valuation of housing by compiling housing price data as well as establishing price indices. In Vietnam, 70% of the population forms extended families, whereas nuclear families only comprise 30%. Due to fact that flats are not apt for a large extended family, apartment buildings are not a preferred form of housing. Even families that started off as nuclear eventually become an extended family as most senior citizens move in with their sons, daughters or grandchildren at some point. As such, 60% of housing in Vietnam is either multi-household houses or villas. The housing culture greatly resembles that of Korea in the 1980s, and Korean construction companies are currently venturing into Vietnam to build Korean-style apartment buildings. This will probably have a great impact on Vietnam's real estate market and housing finance. Korea has a fairly advanced secondary market for housing finance. It established the Asset-Backed Securitization Act in 1998 to boost the securitization industry and has accumulated great knowledge over the past two decades. I would have to say that the most common way of purchasing housing in Vietnam is by paying a lump sum of money upfront, just like what was witnessed in Korea back in the days. In the wake of the Asian Financial Crisis, Korea strived to emulate the housing finance system of the US. The effort resulted in a success, although there were many challenges that

had to be overcome. Likewise, Vietnam is attempting to learn from Korea's experience of developing the housing finance industry and tweak the model to best fit Vietnam.

Q We understand that Vietnam is working to establish a body serving similar functions to KHFC. Could you comment on the efforts underway?

A In the aftermath of the Asian Financial Crisis, the Korean government pioneered the effort to adopt a long-term housing finance system. The Ministry of Construction and Transportation (currently Ministry of Land, Infrastructure and Transport) was at the forefront of the movement, establishing the Korea Mortgage Corporation (KoMoCo) and working to progress Korea's housing finance system by emulating Fannie Mae of the US. However, the market refused to show the cooperative attitude essential for boosting the mortgage securitization industry. The KHFC was established under the aim to resolve this issue, and with its inception, the Mortgage-backed Bonds Securitization Act was amended into the Korea Housing Finance Corporation Act. The act provided grounds for KHFC to issue mortgage-backed securities based on self-procured underlying assets, and by forming active partnerships with commercial banks, the effort to increase liquidity in the market began in full swing in 2012. Basically, the government, KHFC, and commercial banks started working together to effectively run the long-term housing finance system. The government made it mandatory for commercial banks to offer long-term fixed rate loans, and the KHFC played a critical role in forming a low-interest long-term mortgage loan market by issuing MBSs upon purchasing mortgage loans from commercial banks and pumping liquidity into the market. Since Vietnam has the benchmark interest rate set in the 6% range, I believe it already has the preconditions for establishing a healthy secondary market for housing finance. At the current stage, it is imperative to lay the legal and institutional groundwork to suit the interests of all market participants by establishing laws for securitizing mortgage-backed bonds, providing incentives so as to enlist participation from commercial banks and developing various products that meet the diverse needs of MBS investors.

Lecture:

Vietnam's Macroeconomics and Financial Industry Trend

Byeong-won Yoon

Consul of the South Korean Consulate in Ho Chi Minh City

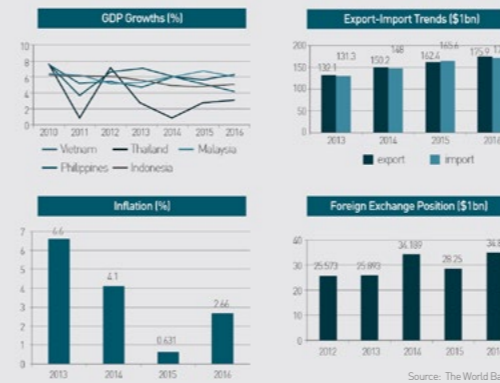
As part of the KEI with Vietnam, the CIFIC invited Consul Mr. Byeong-won Yoon of the South Korean Consulate in Ho Chai Minh City for a lecture on 'Vietnam's Macroeconomics and Financial Industry Trend.' The event, held at the grand conference room on 8th floor of the KIF building on the 12th of June (Tue), brought together 50 members of 27 financial institutions in Korea. At the event, Consul Yoon presented on trends witnessed in the Vietnamese economy, the outlook for the Vietnamese financial industry, and current activities of Korean financial companies with a presence in Vietnam.



01 Country Overview

Name of Country The Socialist Republic of Vietnam	Population 93,420k (2014.7), Kinh : 89%, Chinese : approx. 1 million, Korean: approx. 124 thousand
Climate South: Tropical climate with wet and dry seasons North: Subtropical climate with four seasons	Religion Buddhism, Catholic, Caodaism, etc.
Language Vietnamese Illiteracy : 2.9% (Between ages 15-60)	Political System Socialist-oriented market economy Communist Party : Primary role in all state/social activities
Area 330,951 Km ² (1.5 times that of the Korean peninsula) , South-North 1,650Km, coastline 3,200Km	

02 Major Economic Indices



03 Major Investors in Vietnam



Korea, No.1 Investor in Vietnam
Focus of investment is transitioning from labor-intensive industries such as sewing and textile to high value-added industries including electronics and metal.
Has become the No.2 production hub only after China
Investment portfolio has been diversified to include high-tech farming, etc.
On the flip side, investment in manufacturing accounts for 69% ('88-'16.6 cumulative sum)

Pronounced Decline in Investment of Late
Total investment dropped by 64% and 10% y-o-y in 2014 and 2015, respectively
Great amount of investment directed to retail such as Daiso and Aeon
Investment portfolio has been diversified to include high-tech farming, etc.
On the flip side, investment in manufacturing is dwindling

Came Out Strong in Real Estate Development
Although investment in Vietnam fell by a large margin in 2015, it rebounded in 2016 (For 2016.1-10, a 73.9% increase y-o-y)
Stopover region for investments made by China, Japan and Korea
Example: Samsung Electronics Mobile's investment in its Singaporean branch (\$5.9bn)

04 History of Korea-Vietnam Trade Volume

Since the beginning of official diplomatic ties in 1992 Korean-Vietnam trade volume has grown by over 90-fold

- Trade volume: \$0.5bn (1992) → \$47bn (2016)
- In 2016, Vietnam was Korea's largest trading partner among ASEAN nations
- Trade volume with ASEAN nations in 2016 (Unit: \$0.1bn):
① Vietnam [470] ② Singapore [176] ③ Malaysia [167]

Forum: Mongolia-Korea Financial Cooperation Forum

The CIFC and a delegation representing the Korean financial industry visited Ulaanbaatar, Mongolia from the 3rd to 6th of July and held the Mongolia-Korea Financial Cooperation Forum jointly with the Korea Federation of Banks (KFB) and Mongolian Bankers Association (MBA) on the 4th of July.

The forum received a significant amount of attention and media coverage by Mongolian financial magazines and local broadcasters, and ended in a resounding success with 99% of pre-registered participants showing up. An audience of 300, including Mr. Kwangyeol Yoo, Standing Commissioner of Securities & Futures Commission under Financial Services Commission, Mr. Sunghwan Shin, Chairman of the Council on International Financial Cooperation, Mr. Yung-Ku Ha, CEO & Chairman of the Korea Federation of Banks and other members of the delegation as well as Mr. Orkhon Onon, President of the Mongolian Bankers Association, and Mr. Erdembileg Ochirkhuu, First Deputy Governor of the Bank of Mongolia and members of other Mongolian financial institutions, filled the venue.

Not only the morning opening session but also the breakout sessions and panel discussions held in the afternoon boasted impressive turnouts and enthusiastic participation. The participants engaged in productive discussions in a limited amount of time with the help of brilliant moderators and other staff. Breakout sessions were held under 4 different themes: ① Fintech trends, ② Risk management systems, ③ Financial infrastructure, and ④ Payment and settlement and the capital market, to facilitate in-depth discussions on ways to expand bilateral financial cooperation.

It is noteworthy that fellows of the Korea Institute of Finance (KIF) showed outstanding presence at the forum, with KIF's Senior Research Fellows Mr. Jae-Youn Lee and Mr. Taiki Lee giving keynote speeches and Mr. Chung-Han Kim, Center Head of CIFC moderating the panel discussions for afternoon sessions. Also, presenters from 8 CIFC member institutions (KFTC, KOTEC, IBK, KODIT, KSD, KHFC, KCB, and NICE) introduced the nature of their work and strengths of each institution, as well as highlighting the high quality of financial infrastructure in Korea.

Members of Mongolian financial institutions and the Korean delegation engaged in heated discussions even after the event was over, and the venue served as an effective networking platform with a number of local business partners invited by KAMCO, KHFC, KOTEC, NICE and KCB present as well.

On the following day, the Korean delegation visited the Central Bank of Mongolia and Mongolia's largest commercial bank, Khan Bank, to share ideas on facilitating financial companies' ventures between the two countries and advancing cooperation in the financial industry.

Fintech Trends



Sang-Hyeon Paek

Chief Deputy General Manager of Industrial Bank of Korea
Industrial Bank of Korea and SME Financing in Korea

Chapter 1 of the presentation underscored the definition of SMEs pursuant to the Act on Small and Medium Enterprises and the role they serve in the national economy as the overwhelming majority among companies in Korea. This is followed by measures in place to support and nurture SMEs in Korea. In Chapters 2 and 3, Mr. Paek covered the main functions of the IBK in providing finance to SMEs during times of economic crises, and the bank's know-how accumulated over the years with regard to SME financing (credit rating system, financial and non-financial services, etc.).



Jonghyun Kim

Senior Manager of Korea Technology Finance Corporation
Innovation Support Scheme for Startups at KOTEC

The presentation touched upon the management trends and issues witnessed in the Korean banking industry, and projected management conditions and performances for the year 2017. Based upon such analyses and projections, Mr. Kim proposed four challenges that Korean banks are currently faced with regarding management. The first is to ramp up risk management to brace for a hike in the market interest rate. Secondly, efficient management of capital is critical to prepare for more stringent regulations and rising economic uncertainty. Thirdly, more business opportunities should be identified by boosting competitiveness in the wealth management services and diversifying strategies to expand business overseas. Last but not least, more added-value should be created via non-face-to-face channels and cost efficiency should be enhanced by reforming expense structures.





Jae Hoon Hwang

Team Head of Korea Housing Finance Corporation
The Role of KHFC Regarding Korea's Housing and Housing Finance

The Korea Housing Finance Corporation was established by the government in 2004 under the aim of converting short-term floating rate mortgage loans to long-term fixed rate products, and to securitize these loans so as to generate stable finances for credit. As such, Mr. Hwang looked into how the KHFC developed policy mortgage products and used them as underlying assets for MBSs. He then explained about the mortgage policies introduced by the government to reduce household debt and encourage commercial banks to offer fixed rate products, such as conforming loans and loan-transfer programs.



Jeongjae Lee

Deputy General Manager of NICE Information Service
Korea's Credit Information Infrastructure and Its Contribution

Mr. Lee explained that the NICE Group provides a wide range of financial information and services such as consulting, solutions, and comprehensive payment/settlement services. The presentation covered how Korea was able to put together a successful credit information infrastructure within a short span of time: through close collaboration between public credit information agencies and private Credit Bureaus.



Min Sook Chae

Deputy General Manager of Korea Credit Bureau
Credit Reporting Infrastructure and Role of a Private Credit Bureau

Credit information infrastructure is an integral element of a healthy financial system that enables financial companies to provide credit tailored to the customer's credit rating. The presentation covered major forms of credit information infrastructure that vary for each country, and their respective characteristics. Furthermore, Ms. Chae analyzed the role of private credit bureaus (CB), which, unlike Public Credit Registries (PCR), develop and provide various value-added products such as credit scores, thereby supporting the decision-making of credit-granting agencies including financial companies. Using Korea's experience as reference, Ms. Chae proposed the best way forward for Mongolia's credit information market.



Tae Hyun Lee

Deputy Director of Korea Credit Guarantee Fund
CCRS (Corporate Credit Rating System) of KODIT

The driving force behind Korea Credit Guarantee Fund's solid support for SMEs with insufficient collateral over the past 40 years was systematic risk management based on the Corporate Credit Rating System (CCRS). With KCGF's CCRS, the insolvency rate was successfully kept below 5%, despite dramatic economic fluctuations. As UNIDO has made clear that coupling provision of credit guarantee with a relevant credit rating model creates a great synergy effect, it has now become imperative for credit guarantee institutions to adopt credit rating models.



Hae Rok Ko

Team Manager of Korea Financial Telecommunications & Clearings Institute
KFTC's Role of Payment Systems in Korea & To-Be Cooperative Model

The Korea Financial Telecommunications & Clearings Institute is a payment and settlement institute linking all financial institutions in Korea, and processes an average of 34million transactions, or a transaction volume of \$82.5billion a day as of 2016. Capital transfers between banks through KFTC enables instant browsing of receiving accounts, real-time transfers, and daily net settlements by participating parties via the Bank of Korea. Korea and Mongolia will be able to find opportunities for potential business partnerships in building systems for money transfers between banks, automatic transfers, and large-volume capital transfers between individuals and corporations



Byung Wook Ahn

Senior Manager of Korea Securities Depository
Evolution of CSD Businesses

Mr. Ahn presented on the role of Central Securities Depositories (CSD) and global trends for the CSD industry. He also made comparisons between functions served by CSDs in different nations, elaborated on the diverse activities rolled out by the KSD in the Korean financial market, and finished by briefing the audience on KSD's current international business projects.

Erdenedelgar Bavlai

Director of Treasury and Investment Banking
Khan Bank



Q First of all, thank you for complying with the interview. Can you tell us your impression of the Mongolia-Korea Financial Cooperation Forum in general?

A I would conclude that the recent Mongolia-Korea Financial Cooperation Forum was very successful. It strengthened both countries' financial sector cooperation and laid the ground for strong and mutually beneficial partnership. During the forum there was interesting series of panel discussions in which discussants shared their best experiences, challenges and opportunities in economic and financial sector developments, fintech development trends, risk management system, financial sector infrastructure developments, payment system and capital market. History and evolution of Korean banking sector development was also very interesting to me. Korea's experiences in overcoming economic difficulties and building strong and credible banking sector are areas that Mongolian banks should take note of.

Q Which financial sector(s) do you hope to see the most cooperation in the near future?

A I expect the banking sector to have the most active cooperation. Currently, Mongolian and Korean banks are cooperating in the areas of international remittance business and trade finance. As I covered during my presentation at the forum, there are many areas that Mongolian and Korean financial institutions can cooperate. Namely, short term trade financing under IFIs coverage and/or clean basis and long term trade financing under K-sure coverage, syndicated loans, project financing, cooperation in innovative remittance and card business, joint workshops and knowledge sharing in the near future.

Q What are the biggest prospects in financial cooperation opportunities between Mongolia and Korea in the short-term and the long-term?

A Banks today are facing rapid changes across technology innovation, customers' behavior and regulations. Branch network has been a key channel and strength to service to customers in the past and nowadays. However, this trend is shifting to smart and digital banking channels. Korean banks' innovative technology and its frontrunner expertise in this area is certainly the area that Mongolian banks can benefit and learn from the experiences. Other prospective area is financial sector infrastructure and capital market development. There is an increasing number of Korean institutional and individual investors who are interested in the Mongolian government bond and equity investment and certificate of deposits (CD) products issued by banking sectors. Strong financial infrastructure development and modernization of payment system will play an important role to facilitate such trade, settlement and post trade services. This could be supported by knowledge sharing, technical assistance and business consulting between Korean and Mongolian financial institutions.

Q What are the biggest hurdles that Mongolia and Korea will have to overcome to make progress in financial cooperation?

A Mongolia and Korea developed strong ties ever since both countries established diplomatic relationship in 1990. Korea is the 4th largest trading partner for Mongolia. As long as there is strong interest and determination from both sides to develop its partnership and cooperation in the mutually beneficial way, I think Mongolia and Korea will continue to make progress in the financial cooperation.

Bold Sandagdorj

Chief Economist
Xacbank



Q First of all, thank you for complying with the interview. Can you tell us your impression of the Mongolia-Korea Financial Cooperation Forum in general?

A The forum was very successful as it not only discussed broader macro-financial issues but also, covered more specific aspects in the financial sector such as Fintech and so on. I hope stronger financial cooperation between both countries' will have a positive impact on bilateral investment and trade in the future.

Q What are the similarities and differences between Mongolia's current IMF situation and Korea's IMF situation over 20 years ago, and what are Mongolia's short-term and long-term solutions?

A During Asian financial crisis, many Asian countries including Korea, Indonesia and Thailand entered into IMF's arrangements to recover their economy, reduce debt burden, improve external liquidity position, stabilize foreign exchange market and overcome severe regional crisis. In 1997, Korean economy witnessed vicious cycle of economic downturn and asset quality deterioration in financial sector as exports went down, short-term external borrowing exposures and external risks elevated. From 2012 to 2016, Mongolian economy experienced huge external shocks in terms of trade and external financial accounts. Export proceeds dramatically declined and foreign direct investments completely collapsed. As a result, Mongolian economy was faced by significant increase in non-performing loans in the banking sector and severe difficulties in fiscal positions. Both economies needed to restore their confidence. The differences between Korea's and Mongolia's IMF situation in 1997 and 2017, respectively, were: First,

Korea entered into the IMF program when shock was channeling through the economy and continued till the end while Mongolia entered the IMF program after some key macro adjustments have already been made. For instance, Mongolia's external current account has already been adjusted as current account deficit significantly narrowed to a shallow level, inflation has already been brought down to a low and stable level, and overall balance of payments almost had no deficit before the IMF program officially started in May 2017. The missing links were in the budget reforms toward expenditure cuts, fiscal consolidation, effective public debt management and restoration of economic confidence. Secondly, monetary aggregates contraction and foreign exchange market stabilization were not necessarily the case for Mongolia during the implementation of IMF program in 2017 because the economy was already "soft-landed" from 2012 to 2015. So, fundamental demand for foreign exchange was already low. Third, Mongolian economy is not expecting a severe negative social impact such as mass unemployment, substantial loss of income and deterioration in quality of life during the implementation of 2017-2019 IMF program, because key macro fundamentals have already been gradually adjusted while financial and real sectors have also been rebalanced and adapted.

Mongolian authorities need stronger commitment and determination to fully recover the economy by their own policies, not by heavily relying on bouncing commodity prices in the international market. In addition, authorities need to implement policies that are thoroughly agreed and approved by the international communities, investors and donors. In the long-run, Mongolian economy will be far more sustainable, resilient and inclusive if we manage to improve public sector governance and make significant efforts to diversify foreign direct investments, and exports.

Forum: Thailand-Korea Financial Cooperation Forum

The Council on International Financial Cooperation, Financial Services Commission, and Thai Ministry of Finance jointly held the Thailand-Korea Financial Cooperation Forum in Bangkok, Thailand on the 26th of September, 2017. The event brought together the CIFIC delegation comprised of representatives from 17 member institutions, and around 100 financial experts from 12 Thai institutions as well as 5 Korean institutions in Thailand. Together, participants discussed topics such as 'The New Trends in the Capital Market of Thailand and Korea' and 'The Changing Credit Industry in the New Financial Environments.' Chairman Sunghwan Shin of CIFIC highlighted the importance of international cooperation in the economic and financial arenas as a key driver of future prosperity in his opening remarks. Officials from Thai Ministry of Finance and FSC touched upon both countries' policy direction and financial environment through welcoming and congratulatory remarks, and underscored the necessity of stronger cooperation and coordinated responses with regard to areas of financial innovation such as fintech.

Speakers for Session 1 'New Trends in the Capital Market of Thailand and Korea' included Chairman of Association of Thai Securities Companies (ASCO) Pattera Dilokrunthirapop, Deputy Director at Korea Financial Investment Association Myungsoo Sim, Senior Manager at Korea Exchange Jung Min Suh, Executive Vice President of the Stock Exchange of Thailand (SET) Pataravasee Suvarnsorn, and Senior Manager at Korea Securities Depository Heung Seok Ko.

Session 2 'The Changing Credit Industry in New Financial Environments' featured presentations from the President of Thai Credit Guarantee Corporation (TCG) Nitid Manoonporn, Deputy Director at Korea Credit Guarantee Fund (KODIT) Sunyoung Hong, Senior Executive Vice President of Thailand's National Credit Bureau (NCB) Phadet Charoensivakorn, and Deputy General Manager at NICE Information Service Yangsun Lee.



Role of Thailand Capital Market in Fostering the Country's Economic Growth

Pattera Dilokrunthirapop | Chairman | Association of Thai Securities Companies



Chairman Pattera Dilokrunthirapop briefly introduced major economic indices of the Thai financial market, and outlined the roles that the capital market should serve as a driver of Thailand's economic growth. She pointed out that the Thai economy can secure sustainable growth only when it is backed by the development of fintech in the capital market. She went on to emphasize the importance of the government's role in facilitating fintech deployment, for example by supporting securities companies' use of fintech and adopting regulatory sandboxes. Chairman Dilokrunthirapop also stressed that capital market deregulation regarding overseas retail investment and securities companies' FX position limits will allow for further growth of the Thai economy.

The Korean Capital Market: Where We Stand and the Challenges Ahead

Myungsoo Sim | Deputy Director | Korea Financial Investment Association



Mr. Sim elaborated on the current trends in the Korean capital market such as the composite stock price index, market-based corporate finance and foreign investment, and went on to analyze the challenges ahead. Underscoring the fact that non-financial assets, real estate in particular, assume a substantial portion of Korean household assets vis-à-vis other economies, Mr. Sim drew attention to 2 main trends. For one, the volume of household financial assets, still skewed toward cash and savings, is constantly on the rise, and the pace of growth has outstripped that of non-financial assets from 2008 onwards. Another noticeable change is that the growth of the Korean capital market has led the market capitalization to GDP ratio to increase at a fast pace, which implies that market-based finance is gaining traction. Moreover, he commented that the low-interest rate, low-growth trend and rise in dividend profits are serving as a backdrop to Korean capital market growth.

Cooperation between Thailand and Korea regarding Capital Market

Jung Min Suh | Senior Manager | Korea Exchange

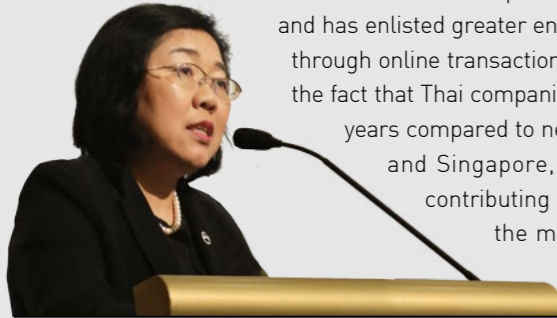


Mr. Suh gave a general introduction of the Korea Exchange and presented on the international cooperation projects it has engaged in. According to Mr. Suh, KRX is ranked 13th, 8th and 10th globally, in terms of market cap, trading volume and number of listed companies, respectively. It is also the only securities and derivatives exchange in Korea that provides a wide range of capital market services. As for KRX's efforts for international cooperation, Mr. Suh mentioned the following: ① Support for establishment of stock exchanges in Vietnam, Laos and Cambodia, ② Provision of IT solutions tailored to the markets of Uzbekistan, Azerbaijan, and Vietnam, ③ Provision of advice for improvement of policies and regulations to countries lacking market liquidity. He specifically expanded on KRX's experience of developing and exporting IT solutions best fit for the Thai market, and shared the fact that KRX is also partnering with players in advanced economies such as CME of the U.S., and EUREX of Germany.

Transition to Capital Market 4.0

Pataravasee Suvarnsorn | Executive Vice President | The Stock Exchange of Thailand

Executive Vice President Pataravasee Suvarnsorn presented on the persistent efforts made by the Stock Exchange of Thailand towards the development of the Thai capital market since its inception in 1975. The Thai capital market boasts balanced participation from local investors, companies, and foreign investors, and has enlisted greater engagement from retail investors by increasing market accessibility through online transactions and partnerships with commercial banks. She then highlighted the fact that Thai companies have shown relatively higher net profit margins over the past 4 years compared to neighboring countries such as Malaysia, Indonesia, the Philippines, and Singapore, and that Thai companies' expansion into ASEAN nations is contributing greatly to the growth of the local economy. Lastly, she covered the main pillars of 'Business Plan 2017' pushed forward by the Thai government in an effort to usher in the era of capital market 4.0.



New Trends in Global Capital Market and Post-trade Industry

Heung Seok Ko | Senior Manager | Korea Securities Depository

Mr. Ko discussed the influence of the global macro-financial environment and global capital market trends on the post-trade industry and Central Securities Depositories (CSD). Notable macro-financial trends included the increase in global financial volatility, rising uncertainty due to persistent low growth and political factors, stiffer financial regulations, and the growing importance of cyber security. Global capital market trends were summed up in steady growth of derivatives products backed by stronger regulations and advanced IT, active restructuring of business models by large investment banks, value transfers within the market, and greater market fragmentation. Mr. Ko remarked that settlement and collateral management services based on innovative information technology will be of more importance in the future global post-trade industry, which underscores the importance of discussions and efforts to adopt blockchain technologies. He also suggested that efforts should be made to shorten settlement periods and facilitate international transactions and settlements.



SMEs Supporting Infrastructure

Nitid Manoonporn | President | Thai Credit Guarantee Corporation

President Nitid Manoonporn presented on the current status of the Thai credit guarantee industry and challenges faced by the Thai government in nurturing SMEs. According to Mr. Manoonporn, in most ASEAN countries including Thailand, 68% of SMEs do not have access to financial services, which is equivalent to a credit gap of approximately \$1tn. In the case of Thai SMEs, only 45% are eligible for loans from financial institutions. Consequently, widening SMEs' access to finance is a very important challenge for the Thai government as it is setting out to foster SMEs. He then introduced to the audience the credit guarantee system of TCG, and an innovative product newly launched by the corporation, the PGS (Portfolio Guarantee Scheme), aimed at improving SMEs' access to finance.



Roles of KODIT in the Changing Credit Industry

Sunyoung Hong | Deputy Director | Korea Credit Guarantee Fund

Deputy Director Sunyoung Hong discussed KODIT's main activities and achievements, as well as its changing roles. According to Ms. Hong, KODIT has provided credit guarantees to SMEs lacking collateral, playing an integral role in more than doubling the percentage of SME loans among corporate loans ever since its inception. Furthermore, KODIT functions as a social safety net by expanding credit guarantees so as to prevent credit crunches. She then touched upon a support program for promising startups as part of KODIT's changing role in the new financial environment. As innovative startups are taking on a greater role amid ever-declining economic growth rates and rising unemployment, KODIT is providing a startup incubator platform named 'Start-up NEST.' The platform is a one-stop shop for tailored financial services such as support programs for promising startups including 'First Penguin Guarantees' as well as comprehensive non-financial services in collaboration with private accelerators, universities and SME related institutions.



Credit Bureau Business and Operation in Thailand

Phadet Charoensivakorn | Senior Executive Vice President | National Credit Bureau

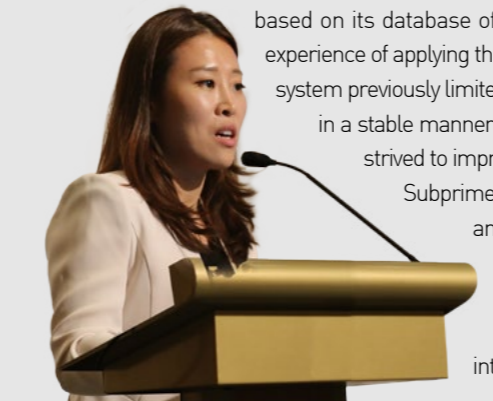
Senior Executive Vice President Phadet Charoensivakorn spoke about the history of Thailand's credit information industry, as well as the vision and main services of the National Credit Bureau. Having started providing credit rating services since 2016, Thailand's National Credit Bureau has spearheaded efforts to enhance financial institutions' credit risk management capabilities and establish standards for an integrated credit database. Furthermore, Mr. Charoensivakorn introduced various services and products offered by the bureau such as the integrated credit information system including personal and corporate credit information and bankruptcy data, credit rating systems for visas and SMEs' credit scores, fraud prevention solutions, and portfolio monitoring services. Wrapping up his speech, Mr. Charoensivakorn mentioned that the credit information industry will be able to find new opportunities in businesses related to mobile ticketing, payment and settlement, advertising, and verification, all of which are experiencing rapid growth in Thailand.



Sharing Experiences & Challenges in Credit Reporting Industry

Yangsun Lee | Deputy General Manager | NICE Information Service

Yangsun Lee explained about the role of NICE Information Service and presented on the development of Korea's credit information industry as well as the challenges ahead. As a service provider of comprehensive financial infrastructure, NICE collects and processes personal and corporate credit information, and offers a wide range of credit information services based on its database of the economically active population. The presentation also covered NICE's experience of applying the lessons learned from two economic crises in revamping the credit information system previously limited in scope to respond wisely to the global financial crisis and operate the market in a stable manner. Moreover, in order to prevent financial isolation due to credit ratings, NICE has strived to improve access to finance for SMEs and the financially marginalized by operating the Subprime Credit Bureau and Technical Credit Bureau, expanding credit evaluation data, and developing credit evaluation methods. The presentation was brought to an end by mentioning common challenges facing credit information industries across the globe such as striking a balance between data utilization and protection, privacy issues arising from the use of unstructured data including big data, and international exchange of credit information.



Workshop:**Workshop on Small and Medium Enterprises' Access to Finance and the Role of Development Banks in the Asia and the Pacific and Latin America**

The Council on International Financial Cooperation hosted the 'Workshop on SMEs' Access to Finance and the Role of Development Banks in the Asia and the Pacific and Latin America' jointly with the United Nations Economic and Social Commission for Asia and the Pacific (UN ESCAP), United Nations Economic Commission for Latin America and the Caribbean (UN ECLAC), Asia Foundation (AF), Asia Development Bank Institute (ADBI), and Alliance for Financial Inclusion (AFI) from the 27th to 28th of September, 2017 at the United Nations Building in Bangkok, Thailand. Around 92 current or former high-level officials of central banks, ministries of finance and financial supervisory authorities from 29 countries took part in the workshop. Deputy Executive Secretary of UN ESCAP, Hongjoo Hahm and Chief of UN ECLAC Economic Development Division, Daniel Titelman each delivered opening remarks, which were followed by a congratulatory video message from the Vice Chairman of Financial Services Commission, Yongbeom Kim. The 2-day workshop featured the following 8 sessions: ① SME financing in the Asia and the Pacific and Latin America: an overview, ② Promoting SME access to finance and addressing financial stability issues, ③ Traditional and alternative business models for SME financing, ④ Improving lending Infrastructure for SME financing, ⑤ The role of national development banks in fostering SME access to finance, ⑥ The rise of fintech: Implications for SME finance, ⑦ Small group discussions – exchange of country experiences and identification of priorities, ⑧ Conclusions and the way forward.

**SME financing in the Asia and the Pacific and Latin America: an overview**

Session 1 consisted of presentations on the main topics to be covered over the course of the workshop by providing a brief panorama of the situation, challenges, and emerging trends in SME financing in Asia and the Pacific and Latin America.

Promoting SME access to finance and addressing financial stability issues

Rapid extension of credit to consumers or SMEs may lead to mounting debt and financial instability as seen in the U.S. subprime mortgage crisis in 2007, India's microfinance crisis in 2010, and China's P2P lending crisis in 2016. In order to both improve SME financing and promote financial stability, it is imperative to put in place the right regulations, strengthen consumer protection, and encourage financial education. In session 2, participants exchanged ideas and experiences on these issues.

Traditional and alternative business models for SME financing

On account of the high risk and transaction cost of lending to SMEs, commercial banks in several countries put together a unit to specialize in SME financing or outsourced the business to micro financial institutions to expand financial support for SMEs. Outsourcing, in particular, can go a long way in preventing information asymmetry and distressed loans by facilitating information exchange between lenders and micro financial institutions. Session 3 hosted discussions on the cost and benefit of various forms of cooperation between banks and micro financial institutions, as well as the role of central banks in building innovative models for SME financing.

Improving lending Infrastructure for SME financing

In order to expand SME financing by commercial banks and micro financial institutions, lending infrastructure including national credit rating agencies, credit guarantee institutions and collateral registries should be improved. Furthermore, cooperation between banks and micro financial institutions requires an integrated database on micro financial institutions' performance. In session 4, participants identified the priorities for improvement of lending infrastructure necessary for facilitating SME financing in developing nations. Mr. Jong-Goo Lee, Director at KODIT shared with the audience the credit guarantee programs in Korea, attracting a great amount of attention.



The role of national development banks in fostering SME access to finance

National development banks are well-positioned to play an integral role in widening SMEs' access to finance by designing innovative products and collaborating with private players. It is important that these banks support SMEs while leaving the existing market mechanism untouched and ensuring national fiscal soundness. Discussions on exemplary cases of national development banks in Asia-Pacific and Latin America contributing to SMEs' better access to finance took place in this session.

The rise of fintech: Implications for SME finance

Fintech companies, which provide financial services by making use of software and digital technology, have enormous potential for improving financial access of SMEs. The Asia-Pacific region has led global investments in fintechs in 2016 for the first time. However, the advancement of fintechs as an innovative solution for SME financing requires proper regulation. A major challenge to regulators is how to strike the right balance between facilitating innovation and preserving financial stability. This session discusses the opportunities and challenges of fintechs to facilitate access to finance by SMEs. President of Korea Finance Association, Sekyung Oh, moderated the session, and Director at Korea Technology Finance Corporation, Hyung-seung Yi, President of USA's FinTech4Good, Xiaochen Zhang, Director of the Bank of Japan's Fintech Center, Takashi Hashimoto, CFO at Mexico's PlayBusiness, Fernanda de Velasco, and Manager at Brazil's Service of Support for Micro and Small Enterprises (SEBRAE), Alexandre Guerra de Araujo, took part as panelists.



Small group discussions – exchange of country experiences and identification of priorities / Conclusions and the way forward

In sessions 7 and 8, all the participants were broken down into small groups to mull over the information presented over the 2-day workshop and share each country's experience in relevant areas. Break-out discussions were followed by each small group's presentation of their conclusions and proposals for future cooperation.



* Presentations and discussion notes are available for download at UN ESCAP's website (<http://www.unescap.org/events/workshop-sme-financing>).

Jong Goo Lee

Director
Korea Credit Guarantee Fund



Mr. Jong Goo Lee joined KODIT in 1997, and has been part of the international affairs team from 2011 to 2017, providing policy advice on SME financing, credit guarantee programs and risk management, SME credit information and credit rating systems for developing nations such as Kazakhstan, Mongolia and Indonesia. Currently, he serves as the head of the international affairs team.

Q Thank you very much for your time. How do you feel after delivering a presentation on KODIT to high-level officials from ministries of finance, central banks and financial industries from 30 countries?

A First of all, I would like to thank CIFIC for the opportunity to be part of a conference organized by esteemed global institutions such as UN ESCAP and UN ECLAC. Personally, it was a great honor to speak at such a prestigious event. Also, visiting the UN building for the first time was an unforgettable experience. The UN conference hall even felt a bit overwhelming because it reminded me of the UN General Assembly, full of delegations from all around the world. KODIT's presentation was made during the session hosted by the ADB Institute under the theme 'Improving lending infrastructure for SME financing.' It was indeed an honor and a privilege to present alongside respected experts in the field such as Dean of ADBI, Dr. Yoshino, Co-chair of ADBI, Dr. Peter Morgan, and Prof. Vandenberg of Thammasat University. I did not feel too nervous during the presentation, however, as I had spoken about the theme on multiple occasions previously. I believe the presentation drew attention from the participants because Korea is already widely known as a country with a well-functioning credit guarantee scheme. One participant from Swaziland even contacted me after the workshop, asking for advice on their credit guarantee system reform plan. I also learned a lot about the schemes of other countries from the event. It was particularly intriguing to be able to hear about SME policies in various continents such as Asia, Central and Latin America, and Africa, and to compare them. Moreover, I felt very proud by the fact that credit guarantee schemes were mentioned occasionally as the key to SME financing over the course of the workshop.

Q KODIT's presentation was indeed at the center of attention. What was the most memorable question from the floor? Could you kindly explain why?

A I was worried that 12 minutes may not be enough to cover all the details, but by the number of questions asked, it seems like I managed to get the idea across which is very reassuring. I was slightly surprised by the insightful questions raised from various countries, but it was nice to have such good questions asked. Among them, I found the question by Ms. Kandasamy (former deputy CEO of SME Corp.) from Bank Negara Malaysia most memorable. She asked whether if it is necessary to lower the guarantee fee if the benchmark interest rate is adjusted downward. I was able to understand that other countries were sharing the same concern as the issue had been brought up in Korea recently. I answered that guarantee fees should be treated separately from interest rates due to its nature as a risk premium, but I did feel quite nervous because a follow-up question could come my way. Fortunately, however, Ms. Kandasamy seemed to agree with me.

Q I understand that KODIT has been actively participating in policy advice and knowledge sharing programs over the past 5 years. Could you share with us some case examples where KODIT's consulting was translated into introduction of actual policies?

A As you have mentioned, KODIT has been zealously engaging in Knowledge Sharing Programs (KSP) for the past several years. Since first partaking in KSPs in 2007, it has constantly

been supporting 8 countries including Vietnam, Kazakhstan, Mongolia, Indonesia and Jordan. I personally feel very confident that KODIT has done its utmost for policy improvement in these countries. KODIT's consulting services particularly had more impact in Mongolia and Indonesia on improving specific infrastructure and setting the course for mid to long term development. If we had more room for maneuver, we would love to produce more outcomes by providing better support over a longer span of time. However, realistically speaking, it is very challenging to revamp policies in developing nations in a course of one year.

Q A number of institutions aiming to adopt credit guarantee schemes expressed hopes to learn from Korea's success case throughout the workshop. In your opinion, what makes Korea's experience so special?

A As I mentioned earlier, I did not expect credit guarantees to be brought up so often during the workshop. Granted, credit grantee schemes have long become a must for SME financing in Korea. Korea was able to develop a successful credit guarantee system due to several reasons. First of all, KODIT was designed to tailor to Korea's financial environment by public officials and in-house employees after giving a lot of thought to what makes a successful system. In particular, banks' mandatory capital contributions and direct guarantee evaluations are unique features rarely found in other countries. The highly accurate credit-based evaluation system is also notable. Ironically, repetitive economic crises fueled the development of Korea's credit guarantee system. As KODIT underwent the oil shock in 1980, adoption of the real-name-based financial system in 1993, Asian financial crisis in 1997 and global financial crisis in 2008, it played an instrumental role in overcoming the challenges which brought the institution to a higher level. I would like the governments and public officials of developing countries to be mindful of the fact that unlike typical financial systems driven by the private sector, credit guarantee schemes can only take root when governments make constant effort.

Q Is there any know-how you would like to share with CIFIC members in their initial stage of rolling out international programs?

A Most CIFIC members are already showing success in their international programs as much as KODIT so I do not think they require any advice. Rather, I felt that KODIT has a lot to learn from them after participating in a number of conferences.

I would like to, however, share several lessons learned throughout KODIT's experience of leading KSPs and policy advice programs over the years. In order to provide effective policy advice to developing nations, it is important to identify key systems, capabilities and experiences that are unique to your country. Then the details and statistics should be visualized into contents and presentations to facilitate a better understanding. Secondly, it is crucial to secure talent with good foreign language skills capable of elaborating on the contents effectively. I understand that many institutions find it difficult to dedicate their best talent to international affairs, but they should still make efforts to nurture global talent. Furthermore, you should be able to find developing countries' demand for our contents. While highlighting the merits of our original systems at various international conferences and lectures and training to foreign delegations, you will find that other countries often approach you, asking for a helping hand. Last but not least, it is crucial to convince the top management of the importance of international programs. You should ensure that they are well aware of the mid to long term vision, and willing to provide the best support. It is very unfortunate to see some very promising programs be derailed due to a change in the top management.

Despite its great enthusiasm toward international programs, KODIT is still faced with many challenges. I am sure that we could overcome these challenges with efforts of CIFIC member institutions and the support of FSC and CIFIC. In the year 2017, KODIT's international programs produced very successful outcomes thanks to CIFIC's hard effort. I would like to ask CIFIC to continue to act as a reliable partner in international cooperation programs for its members. Thank you.

Article:

Boosting Small and Medium Enterprises' Access to Finance to Support Sustainable Development in Asia and the Pacific

Small and medium-size enterprises (SMEs) constitute the largest number of companies in any country and play a fundamental role in the creation of employment, the development of skills, and the diffusion of technological knowledge. Past studies have also shown that financial access helps generate new firms, which are generally vibrant and creative. However, in comparison to larger firms, SMEs often have difficulties to access financing from the formal financial system because financial institutions, particularly commercial banks, often view providing loans to them as too risky or involving high transaction costs.

Besides commercial banks, microfinance institutions (MFI), which include not-for-profit organizations and NGOs, self-help groups, inclusive businesses and social enterprises, provide a wide range of financial services to the poor and to micro, small and start-up enterprises. Because of their access to SMEs and their lower operational costs, in some countries commercial banks have attempted to expand their loans to SMEs by outsourcing operations to MFIs. A successful example of the latter is the partnerships of ICICI Bank of India with several MFIs. In these partnerships, loans are negotiated and disbursed to clients by MFI staff on behalf of ICICI Bank, and the MFIs are paid a flat fee or a percentage of the loan

interest for originating and maintaining the accounts, and for recovering the loans. ICICI supports the development of capacities of MFIs through training and mentoring.

To further expand lending to SMEs by private financial institutions, countries' lending infrastructure, which includes credit bureaus, credit guarantees agencies and collateral registries need to be improved. In particular, it is important to make available more and better information about SMEs credit risks. A useful model from the Asia Pacific region is the Credit Risk Database (CRD) of Japan. This database is managed by the CRD Association, the members of which include credit guarantee corporations and financial institutions.

National development banks can play a significant role in promoting and expanding financial inclusion of SMEs through innovative products to help overcome market failures as well as create new markets from which commercial financial institutions can also benefit. A recent example is the Korean Development Bank, which has launched a number of initiatives in 2013 and 2014 to support SMEs that develop new technologies or that support the creative economy, including a growth accelerating programme to provide venture companies and start-ups not only

¹ Demirgüç-Kunt, A., T. Beck, and P. Honohan. 2008. *Finance for All: Policies and Pitfalls in Expanding Access*. http://siteresources.worldbank.org/INTFINFORALL/Resources/4099583-1194373512632/FFA_book.pdf.

² Subhanij, T. 2016. "Commercial Bank Innovations in Small and Medium-Sized Enterprise Finance: Global Models and Implications for Thailand." ADBI Working Paper 583. Tokyo: Asian Development Bank Institute. Available: <http://www.adb.org/publications/commercial-bank-innovations-sme-finance-global-models-implications-thailand/>

³ Kuwahara, S., N. Yoshino, M. Sagara, and F. Taghizadeh-Hesary. 2015. "Role of the Credit Risk Database in Developing SMEs in Japan: Lessons for the Rest of Asia." ADBI Working Paper 547. Tokyo: Asian Development Bank Institute. <http://www.adb.org/publications/role-credit-risk-database-developing-smes-japan-lessons-rest-asia/>

Hong Joo Hahm

Deputy Executive Secretary
United Nations Economic and Social Commission
for Asia and the Pacific (ESCAP)



with funding but also with networking opportunities and mentoring support.

In addition, new companies that provide financial services by making use of software of modern technology, known as fintechs, have enormous potential for meeting the financial needs of SMEs. The Asia-Pacific region has led global investments in fintechs in 2016, over passing North America for the first time. Within the region, China has had a leading role. In 2016 Ant Financial, the financial services affiliate of e-commerce giant Alibaba Group that operates China's online-payments platform Alipay, received 40 of the total investment in fintechs in the region. With 400 million annual active users, Ant Financial uses big data analytics to calculate credit scores and provide working capital loans to merchants. However, the advancement of fintech as an innovative solution for SME financing requires proper regulation, as is clear from recent cases of fraud involving peer-to-peer (P2P) lending platforms. Because of the significant role of SMEs in supporting goals of the 2030 Agenda for Sustainable Development related inclusive growth, employment and innovation, ESCAP is committed to support its members to implement effective policies to enhance their access to finance. For that purpose, ESCAP organized a workshop on small and medium

⁴ United Nations Conference on Trade and Development (UNCTAD). 2016. "The Role of Development Banks in Promoting Growth and Sustainable Development in the South." http://unctad.org/en/PublicationsLibrary/gdsecidc2016d1_en.pdf

⁵ <https://newsroom.accenture.com/news/blockbuster-deals-in-china-make-asia-pacific-the-leader-in-global-FinTech-investments-accenture-analysis-finds.htm>.

⁶ Ibid.

⁷ McKinsey & Company. 2016. *Weathering the storm: Asia-Pacific Banking Review 2016*.

⁸ <https://www.ft.com/content/41e706f4-d631-11e6-944b-e7eb37a6aa8e>

Forum:

Kish2017Invex, Iran Capital Market: Higher Diversity, Higher Return

The CIFIC delegation visited Kish Island from the 29th of October to the 2nd of November to attend one of the most high-profile events in Iran called the KishInvex. Comprised of representatives from Korea Credit Guarantee Fund(KODIT), Korea Development Bank(KDB), Korea Exchange(KRX), Korea Federation of Banks(KFB), Korea Financial Telecommunications & Clearings Institute(KFTC), Korea Insurance Development Institute(KIDI), and Korea Securities Depository(KSD), the delegation participated in the Iran Economic & Investment Opportunities Forum themed 'Iran Capital Market: Higher Diversity, Higher Return' hosted by the Iran Securities & Exchange Organization(SEO). The SEO and CIFIC have established a good partnership through the Knowledge Exchange Initiative, an invitational training for high-level officials organized by CIFIC in 2016. Building on this relationship, SEO has invited CIFIC to this event in an effort to strengthen bilateral financial cooperation.

“
CIFIC was invited by the Iran Securities & Exchange Organization to attend the Kish2017Invex, Iran Capital Market: Higher Diversity, Higher Return
 ”



Article: Iran's Capital Market: A Haven of Growth and Diversity

The Islamic Republic of Iran is by different figures categorized as an upper-middle income country, with a population of around 80 million. Owning the third largest oil and gas reserves among the global energy providers, Iran, unanimously agreed, enjoys a diverse and geopolitically important market with attractive demographics and stable situation in the turmoil of the region.

The Iranian capital market has entered its 50-year anniversary this year. As one of the oldest and pioneer markets in the region, the Iranian capital market has witnessed an extensive growth in all dimensions during its rich half-century history. Four exchanges, two equities and two commodities, operate in the market with almost all internationally accepted types of financial instruments and commodities, while enjoying the latest IT infrastructure. Our capital market has now evolved into a world-class market mostly relying on its human capital and their scrupulous assiduity to catch up with their international peers.

The mission of the Securities and Exchange Organization (SEO), as the sole regulatory and supervisory authority to the capital market, states that the SEO shall prepare a safe and transparent setting for the entire local and foreign investors by ensuring that the participants' activities in the market are fully compliant with the existing regulations and also efficiency, fairness, and transparency are in place.

Internationalization and staying au courant with the latest developments and best practices have been the cynosure for the SEO; especially, since the JCPOA. Being an active member of IOSCO's big family for the SEO and WFE for our exchanges is among the relevant upshots. Through the membership into IOSCO, the SEO has gotten linked

to its international counterparts and has already inked bilateral agreements and MoUs for the expansion of the business. Our exchanges and CSDI have already started some joint projects with their peers overseas.

The SEO has also developed an extensive and comprehensive program in the realm of financial literacy; to name a few; the SEO established an affiliate company named SIDSCO in 2004 having oversight of financial literacy, holding capital market qualification exams, organizing public events for enhancing investment culture, and publishing diverse media for all age groups. As a result, we can now see that the number of trading accounts for both local and foreign investors has exceeded 9 million, close to 10 percent of the whole population in Iran.

The Tehran Stock Exchange (TSE) and Iran Fara Bourse (IFB) are our two equity markets and the Iran Mercantile Exchange (IME) and Iran Energy Exchange (IRENEX) are two commodity exchanges. Central Securities Depository of Iran (CSDI) is the market's sole settlement, clearing, depository and registry company. There are over 400 companies from about 45 sectors which are listed in the TSE and IFB. Oil, petrochemical, industrial, agricultural products as well as electricity are among the most important commodities traded in the IME and IRENEX.

Moreover, there are other financial institutions working under the SEO's jurisdiction, which in fact provide the market participants with full-fledged services. There are 108 brokerage firms, over 107 mutual funds and other registered entities including investment banks, investment advisories, portfolio management companies, investment companies, as well as data processing companies in our market.

Shapour Mohammadi
Chairman
Securities and Exchange Organization (SEO)



Based on the new Securities Market Act ratified in 2005, almost all internationally-accepted financial instruments now exist in our capital market which are traded in all forms: spot, futures, options, etc. Since the Iranian capital market is fully Islamic and Shariah-complaint, the SEO has developed a variety of Islamic instruments such as Ijarah, Murabahah, Salam, Istishna, and Musharaka Sukuk, and through them our market has attracted foreign investors across the globe. IFSB and OIC are two salient associations in the world of Islamic finance with which the SEO has collaborated for around a decade.

The Tehran Stock Exchange has witnessed a remarkable growth in the past 15 years among global exchanges ranking first in terms of market main indicators. In 2017 itself, Iran capital market experienced a bullish trend among its foreign peers. TSE and IFB indexes grew 20 and 19 percent respectively in 2017 compared with the same figures in 2016. In 2017, the market capitalization of securities and Sukuk markets increased by 14.4 and 50.8 percent respectively as compared to 2016. Although the derivatives market decreased by 86 percent in 2017, the overall market capitalization of all securities market marked a 15.8 percent growth.

\$56.5 billion of all securities traded in 2017 marked a sharp growth as compared with 2016. \$16.5 billion in the TSE and \$14.4 billion in the IFB were traded in shares, derivatives, Sukuk and ETFs. The figure for the commodity markets, in both physical and energy forms, was \$25.7 billion.

The SEO has always been active in new developments since its establishment. Besides the past steps, codification and formulation of regulations; especially

for financial institutions and more specifically for rating agencies have been examples of our recent developments. Mandating the listed companies by the SEO to comply with IFRS in their financial statements is another sample of rendering a more transparent and standard market.

Rating agency is the latest newcomer in our market. For the first time after the introduction of the new Securities Market Act in November 2005, the first working license for a rating agency in Iran has been issued. It no doubt sets a major step toward modernization and internationalization of our market.

Additionally, the SEO never stops working on the market development in financial instruments. In order to further diversify the market, we introduced "Currency-linked Sukuk", "Crowd-funding" and "Management Commentary Report (Management Discussion and Analysis)" last year.

The SEO's main priority is to commit itself to preparing a safe place for investment, and to achieve this, we have tried to make our market a haven for investors by means of creating a fair and transparent market for both local and foreign investors. As figures indicate, our market offers more diverse and higher return compared to its international counterparts in the emerging markets. Therefore, on behalf of the entire capital market entities in Iran, I would like to invite all to travel to Iran to not only taste the sip of the Iranian hospitality, but also invest in our untapped market with promising prospects.

Forum: The 4th UK-Korea Financial Cooperation Forum

The CIFC, Korea Financial Services Commission(FSC), Korea Financial Supervisory Service (FSS), UK Financial Conduct Authority(FCA) and UK's HM Treasury(HMT) hosted the "The 4th UK-Korea Financial Cooperation Forum" on the 14th of November, 2017 at the Conference Hall of the Korea Federation of Banks building. The UK-Korea Financial Cooperation Forum is hosted annually since 2014 in an effort to reinforce financial cooperation between the two countries and coordinate a joint response toward the changing global financial environment. This year, participants discussed ① Insurance and Pensions, and ② Financial Innovation to adapt to shifts in the financial environments with the advent of the 4th industrial revolution. The event brought together around 100 participants from financial authorities and industries of both countries.



Opening Remarks

JongKu Choi

Chairman | Financial Services Commission



Congratulatory Remarks

Katharine Braddick

Director-General | HM Treasury



Presentations

Public Policy Challenges for Consumer Protection Regulators

Andrew Bailey | Chief Executive | Financial Conduct Authority (FCA)



Chief Executive of FCA Andrew Bailey presented on the 'Public Policy Challenges for Consumer Protection Regulators.' The mandate of the FCA, currently regulating around 56,000 financial companies, is to protect the consumer, safeguard and revitalize the financial system and encourage competition in the consumer's interest. Mr. Bailey remarked that the FCA's decision making system first identifies the challenge, after which it develops a solution and reviews it. He then expanded on the FCA's standpoint on the issue of aging, which is considered one of the most imminent global challenges. Demographic changes will completely transform the future of financial services, making it imperative to formulate a response in line with the surge in the number of senior citizens. As such, the authorities should draft regulations that reflect complex social trends, and are future-oriented, emphasized Mr. Bailey. According to Mr. Bailey, understanding the aged population, cooperating with retail banking institutions, allowing third party access, providing retirement loans and support for long-term treatment are some issues that require attention in order to cater financial services to the aging population.

Financial Innovation and Response to the 4th Industrial Revolution

Sunghwan Shin | Chairman of Council on International Financial Cooperation | President of Korea Institute of Finance

President of KIF Sunghwan Shin delivered a presentation titled 'Financial Innovation and Responses to the 4th Industrial Revolution.' Mr. Shin commented that financial innovation allows for productive and inclusive finance. He also highlighted that productive finance facilitates economic growth and job creation, while inclusive finance contributes to strengthening financial security and building a financial safety net by providing consumer-centric financial services. Strategies for productive finance include corporate banking, data-based relationship banking, corporate restructuring, and tax benefits. Furthermore, Mr. Shin anticipated that although the scope of financial inclusion is expanding powered by the mainstreaming of platforms and P2P transactions, a fundamental re-examination of the information divide and principles of financial consumer protection is required as technology can aggravate inequality. With fintech laying the regulatory groundwork for wider financial inclusion, we should seize this opportunity to eliminate existing inefficiencies and improve access to financial services for the marginalized. Also, a shift in the regulatory paradigm is needed to resolve issues to be faced such as the separation of banking and commerce, the timing of technological innovation and regulation, as well as data privacy, according to Mr. Shin. Stressing that Korea transition from sector-based regulations to function-based regulations, Shin closed his speech by highlighting the need to shift of the curve in the midst of the 4th industrial revolution.



Breakout Session 1 : Insurance and Pensions

Participants of Breakout Session 1 'Insurance and Pensions' from the HMT, FSS, Korean Reinsurance Company, Baillie Gifford, National Pension Research Institute and AIA discussed the insurance industries of both countries and potential areas of cooperation. Also, many thoughts were given to the impact of aging and the 4th industrial revolution on the insurance industry and the importance of regulatory reform in line with these trends.



01 Katharine Braddick 02 Jongsoo Park 03 David Song 04 Jennifer Leong 05 Hosun Yoo 06 Saeyong Lee 07 Gyu Dong Kim 08 Sangpyo Yim

Breakout Session 2 : Financial Innovation

Participants of Breakout Session 2 'Financial Innovation' from the FSC, Fintech Center, Level39, WorldFirst, Standard Chartered Bank, Kiwoom Securities and Trustonic conferred about the policy challenges in the face of fintech and the 4th industrial revolution, and explored ways to leverage and encourage financial innovation. Furthermore, novel financial services using innovative technologies such as AI, mobile payment platforms and multi-currency payment systems were discussed.



01 Hong Min Joo 02 JongHoon Kim 03 HoBum Kim 04 Ben Brabyn 05 Yoo-Shin Jung 06 Jeff Parker 07 Ben Cade

Forum: The 4th International Financial Cooperation Forum

The CIFIC and Financial Services Commission have jointly been hosting the “International Financial Cooperation Forum (IFCF)” annually since 2014 in an effort to promote global financial cooperation. The IFCF provides an opportunity to strengthen multilateral ties among relevant stakeholders and identifies potential areas of cooperation by inviting key financial officials from home and abroad. The IFCF consists of a Cooperation Forum, networking luncheon and dinner, visits to relevant financial institutions, and cultural exploration.



Under the theme ‘Key Financial Drivers for the Era of Cooperation and Shared Prosperity,’ the 4th International Financial Cooperation Forum was held on the 5th of December, 2017 at Hotel Shilla in Seoul to discuss insights on the importance of global cooperation for shared prosperity and financial drivers of the 4th industrial revolution. This year’s forum brought together high-level officials from foreign financial authorities including Vice Minister of Lao PDR Ministry of Finance, Thippakone Chanthavongsa, and Vice Chairman of the State Securities Commission of Vietnam, Hong Son Pham, as well as 31 representatives from a number of overseas financial institutions in 12 countries such as the European Investment Bank, Credit Guarantee Company Egypt, Deposit Insurance Corporation of Mongolia, and the Stock Exchange of Thailand. From Korea, around 100 guests took part in the event including FSC Standing Commissioner Jun-sang Song and Chairman of CIFIC Sunghwan Shin, as well as employees of CIFIC member institutions.



In his opening remarks, Chairman of CIFIC Sunghwan Shin looked back on the CIFIC’s work over the past 5 years aimed at achieving global financial cooperation by sharing Korea’s experience and knowledge. He then wished the 4th International Financial Cooperation to become a platform for further cooperation where global leaders propose a way forward and explore ideas for shared growth.

FSC Standing Commissioner Jun-sang Song highlighted through his congratulatory speech the importance of international cooperation including knowledge sharing and coordinated responses in the face of the 4th industrial revolution as financial institutions are expanding their realm across the globe.

Vice Minister Thippakone Chanthavongsa touched upon cases of financial cooperation in Laos and its neighboring countries in her keynote speech, and remarked that each country’s experience to be discussed over the course of the forum will provide insight to other participants, laying fertile ground for identifying areas of future cooperation.

Vice Chairman of the State Securities Commission of Vietnam, Hong Son Pham
FSC Standing Commissioner, Jun-sang Song
Chairman of CIFIC, Sunghwan Shin
Vice Minister of Lao PDR Ministry of Finance, Thippakone Chanthavongsa

From left to right →



Plenary Session : Insights on the Importance of Global Cooperation for Shared Prosperity

In the morning plenary session, Korea Deposit Insurance Corporation, Korea Asset Management Corporation, and Credit Guarantee Company Egypt presented on the details and importance of international financial cooperation pushed forward by each institution. Also, the European Investment Bank introduced international cooperation programs in which it is involved, and discussed its partnership with Korea. Furthermore, the European Commission touched upon innovation in various sectors and the financial support necessary to facilitate such innovation.

Financial Cooperation in Deposit Insurance

Sung Wook Youn | Team Head | Korea Deposit Insurance Corporation

Mr. Sung Wook Youn explained how deposit insurances contributed to a more stable financial system, and elaborated on the KDIC's collaborative efforts with overseas deposit insurance institutions. In particular, he laid out details on how the KDIC has taken part in government-led consulting projects on 3 occasions since 2010, and has dispatched advisors every year from 2014 onwards, providing support to Mongolia in drafting the Deposit Insurance Law and establishing the Deposit Insurance Corporation of Mongolia. Mr. Youn also covered details about the outcomes of 「One Asia with KDIC」, a training program on global deposit insurance schemes launched in 2017. Offered by the KDIC Global Academy, the educational arm of KDIC, the program has received a positive response from the participants in its first year, bringing together 24 staff members of deposit insurance institutions in 9 countries. According to Mr. Youn, the KDIC plans to broaden access to the training program targeting not only Asia but also the Middle East and Africa, to raise Korea's national prestige by sparking a Korean wave in the financial arena as well.



Establishment of Asia's Regional Economic Safety Net through Sharing KAMCO's Successful Business Knowledge

Sun-Joon Choe | Head | Korea Asset Management Corporation

Mr. Sun-Joon Choe remarked that KAMCO has leveraged its expertise in various areas of asset management including acquisition and disposition of distressed assets, alternative investment and management, development and management of state-owned and public property, and online public asset disposition systems to provide consulting services to other countries, thereby contributing to building a regional economic safety nets. He specifically expanded on KAMCO's experience of providing consulting services to the Debt and Asset Trading Corporation (DATC) in Vietnam on 4 occasions from 2013 to 2017, helping to improve DATC's asset management capabilities and contributing to the stabilization of Vietnam's financial industry and economy. Furthermore, he spoke about KAMCO's involvement in the ADB's 「Mongolia: Banking Sector Rehabilitation and Financial Stability Strengthening Program」 as a TA, providing consulting to the Mongolian government. On a final note, Mr. Choe mentioned that KAMCO has launched the International Public AMC Forum (IPAF), a platform for regional economic cooperation, jointly with the ADB in 2013. Through the forum, KAMCO is sharing its asset management expertise with other countries, facilitating the growth of the regional economy.



Financial Cooperation Avenue for Emerging Markets – Case of Egypt Credit Guarantee Company

Naglaa M. Bahr | Managing Director | Credit Guarantee Company Egypt

Managing Director Naglaa M. Bahr stressed in her presentation that a global effort toward financial cooperation is crucial for a stable financial system and the effective growth of the global financial market. As all markets are interconnected in the global financial system, the system should be built on global standards and trust in order to brace for new shocks and improve market stability. Global financial cooperation to this end is a must, Ms. Bahr explained, and mentioned that the Credit Guarantee Company Egypt maintains cooperative ties with major guarantee institutions across the globe including the European Association of Guarantee Institutions (AECM), BPI France, Malaysia's guarantee institutions, and Korea's KODIT. Last but not least, she expressed hopes for Credit Guarantee Company Egypt to advance its credit guarantee portfolio both technology-wise and system-wise through continued international financial cooperation.



The 4th
International Financial
Cooperation Forum

Tackling Global Challenges Together – EIB's Role in International Cooperation

Laura Piovesan | Head | European Investment Bank

Ms. Laura Piovesan, Head of the European Investment Bank, explained that the European Investment Bank is the world's largest multilateral lending and investment institution, which pools funds from the global capital market and invests them in various sectors such as jobs, healthcare, education, urban development, energy, and digital. According to Ms. Piovesan, the bank's priority in investment is on industries related to SMEs, environment, energy, and infrastructure, and it is planning to invest \$100bn in environment and energy over the course of 2016 to 2020 as a pioneer of climate finance. Meanwhile, the EIB is also actively investing in non-European regions such as the Middle East and South Africa, and providing support for innovation as illustrated by its involvement in Germany's energy efficiency solution development and Finland's educational infrastructure improvement project. Ms. Piovesan closed her speech by touching upon examples of cooperation between the EIB and KODIT, such as knowledge sharing programs.



The 4th
International Financial
Cooperation Forum

Europe is Open for Innovation – Empowering Innovators via Horizon 2020

Steve Rogers | Deputy Head | European Commission

Steve Rogers, Deputy Head of the European Commission highlighted the fact that the European market is fully open to innovative technologies and companies. With the keywords hardware, mobile, healthcare and biotechnology, Mr. Rogers explained that the market is becoming more science and technology oriented. As an example, he cited the changes brought on by innovative technologies such as big data to Europe's transportation and energy industries and their positive impact on the economy and society. Mr. Rogers also introduced a financial institution named InnovFin as an example of the EC's innovative financial policies. Around half of 10,000 Europe-based Key Enabling Technologies (KET) are reportedly faced with financial problems, which is why InnovFin was established to provide advisory services and subsidies. Mr. Rogers also listed support newly provided by the EC to encourage innovation, including thematic investment platforms, blended finance and automatic technology evaluation systems and crowdfunding.



The 4th
International Financial
Cooperation Forum

Panel Session : Financial Drivers of the 4th Industrial Revolution

In the afternoon, Dr. Garrick Hileman of the University of Cambridge covered in his keynote speech the details of Bitcoin and, by extension, cryptocurrencies among the many financial innovations brought on by the 4th industrial revolution, after which he discussed the economic significance that they carry.

Cryptocurrencies and Blockchains – Past, Present and Future

Garrick Hileman | Research Fellow | University of Cambridge

Under the theme 'Cryptocurrencies and Blockchains – Past, Present and Future,' Dr. Garrick Hileman gave a presentation on the initial forms of blockchain technology and their drawbacks, analyses of empirical data, and the details as well as the outlook of stablecoins. Recapping the history of cryptocurrencies, Mr. Hileman introduced one of the trailblazers in the field, David Chaum, and HashCash which first appeared in 1997. He argued that double-spending was an issue with cryptocurrencies that needs to be resolved through the use of P2P networks, and elaborated on the global cryptocurrency benchmarking research that he is currently conducting. A look into the research on blockchain use in different industries shows that it is most widely used in the financial industry, with a sharp rise in the use of blockchain and distributed ledgers in the financial services and banking business. Mr. Hileman went on to remark that various legal risk factors and an uncertain regulatory environment are stifling the deployment of blockchain and distributed ledger technology. He also said that the price of Bitcoin will remain more volatile relative to fiat currencies, mainly due to speculative activities. According to Mr. Hileman, diverse stablecoins are being developed in an effort to tackle the issue of exchange rate volatility regarding cryptocurrencies. As examples of stablecoins, Mr. Hileman cited Tether, Dai, Basecoin, and ARC and explained about their traits. Finally, he anticipated that just as the development of processes during the industrial revolution drove capitalism forward, the development of processes based on cryptocurrencies and blockchain technology will exert a great influence on the global economy in the future.



Session 1 : What Are the Changes Driven by the 4th Industrial Revolution in the Insurance Industry?

In the first panel discussion session that followed the Keynote Speech, Senior Researcher Junhwan Im of the Korea Insurance Research Institute moderated the session titled "What are the Changes Driven by the 4th Industrial Revolution in the Insurance Industry?" The session discussed insurtech and the changes the traditional insurance industry is undergoing in the face of the low interest rate and aging population. Chairman & CEO of GenLife, a life insurance company with offices in Silicon Valley and Hong Kong, Stephen Monaghan, Managing Director of the UK insurance information company Axco, Tim Yeates, and Team Head at Korea Insurance Development Institute, Kyung-hee Yang, participated as panelists.

Junhwan Im | Senior Researcher | Korea Insurance Research Institute | Moderator



Hyperscale: The Future AI & Blockchain

Stephen Monaghan | Chairman & CEO | GenLife Limited

Mr. Stephen Monaghan stressed that we are currently living in a world where human beings are synonymous with data due to the development of science and technology, and that we should eye on the changes in hyperscale, or exponential growth of technology. According to Mr. Monaghan, AI and blockchain is at the center of such technologies. He anticipated that robots with an IQ of over 10,000 will appear in 30 years, and that various platforms will become commonplace in banking, insurance, service, and healthcare. He also remarked that many professions will be replaced by AI. In the upcoming era of hyperscale, we will experience a fundamental shift in the economics of healthcare as AIs may review a patient's medical records for just a dollar. This may have a positive impact in terms of the quality, accessibility and cost of healthcare, according to Mr. Monaghan. On the other hand, he also brought up the issue of regulation and privacy which have become contentious with the adoption of AIs recently, and commented that a solution may be found in regulatory cooperation among countries.



Transforming Insurance

Timothy Yeates | Managing Director | Axco

Managing Director Timothy Yeates examined the current status of the global insurance industry through statistics including insurance premium, penetration rate, population and internet usage in different regions. Then he remarked that unlike human beings who prefer to keep information to themselves, machines share large volumes of information in real time, and that the rise of machines is bringing about changes in the insurance industry. He also mentioned the issue of various coverage gaps faced by advanced and emerging economies, and explained about the changes in the regulatory environment of the insurance sector regarding allocation, risk assessment, pricing and management. Furthermore, Mr. Yeates also touched upon some new risk factors that may appear in the insurtech era brought on by blockchain, AI, IoT and self-driving cars.



InsurTech in Korea

Kyung Hee Yang | Team Manger | Korea Insurance Development Institute

Ms. Kyung Hee Yang presented on the current trends of the Korean insurance industry and some notable changes spotted through innovative efforts from insurance companies and insurance-related startups. Over the years, the Korean insurance industry has shown remarkable growth, solidifying its status as the 7th largest insurance market globally in premium income volume. However, weathering the era of the 'New Normal,' or namely the low interest rate, low growth and population aging trend has become a major challenge for Korean insurance companies, according to Ms. Yang. On top of this, she explained, the rapid advancement of technology seen of late is providing the insurance industry with both a challenge and an opportunity. On a final note, Ms. Yang left it to question whether if the insurance business will be able to overcome the age old hurdle of the 'New Normal' through insurtech, and find a new growth momentum for the future.



Session 2 : How is Blockchain Changing the Financial Industry?

In the second panel discussion session, PwC Partner Marcus von Engel moderated a discussion for a panel consisting of Director Taeryong Kim from Korea Financial Investment Association, Senior Manager Byung Wook Ahn from Korea Securities Depository, and Department Manager SangGi Lee from KOSCOM. Participants looked into how the blockchain can be applied to the financial industry through cases of member companies' joint authentication services, electronic voting system, and beneficiary certificate transfer services.



Marcus von Engel | Partner | PricewaterhouseCoopers Consulting (PwC) | Moderator

Introduction to "CHAIN ID", The Financial Investment Industry's Blockchain-based Joint Authentication Service

Taeryong Kim | Director | Korea Financial Investment Association

Mr. Tae-ryong Kim remarked that the blockchain is a distributed digital ledger technology that enables everyone taking part in the transaction to share the same information, which makes it much more convenient and safer compared to the conventional public key certificate. He then mentioned that Korea's financial industry adopted the world's first blockchain-based joint authentication service named 'Chain ID' last October. According to Mr. Kim, this was a successful outcome of the blockchain research the financial industry has been conducting after establishing the IT committee last January. Chain ID is an authentication service for financial transactions including online stock trading and remittance. Consumers can initiate transactions at various financial institutions with a one-time authentication, and an authentication method of preference may be chosen out of passwords, biometric authentication, etc.



Block Chain Based E-voting System

Byung Wook Ahn | Senior Manager | Korea Securities Depository

In his presentation, Mr. Byung Wook Ahn briefly covered the history and main business area of the KSD, as well as the characteristics of the 4th industrial revolution. Moreover, he stressed that the KSD is responding actively and preemptively to innovative technologies leading the 4th industrial revolution and upgrading its technological capabilities in order to enhance convenience for service users. Currently, the KSD is conducting a proof-of-concept for a blockchain-based electronic voting model, and this technology is expected to improve credibility by eliminating any possibility of hacking or manipulation of voting results as it utilizes the blockchain technology, according to Mr. Ahn.



Blockchain based Fund Transfer Trading

SangGi Lee | Department Manager | KOSCOM

Mr. SangGi Lee made clear that KOSCOM has completed the proof-of-concept for a blockchain-based beneficiary certificate transfer model, which shows that it has succeeded in applying the blockchain system to beneficiary certificate transactions. According to Mr. Lee, the blockchain-based beneficiary certificate transfer service brings contracts which conventionally took place offline to the online world, making it possible to conduct the entire transaction including selecting a counterpart, searching orders and quotations, and confirming transaction history on a blockchain. It boasts greater convenience and user accessibility as well as lower data management costs. KOSCOM and IBM Korea has been developing this platform for 4 months since May, over the course of which functions such as data access management and encryption, as well as user identification using KOSCOM's public authentication service 'SignKorea' were added. Last but not least, Mr. Lee commented that KOSCOM plans to advance blockchain transaction platforms based on its recent experience with blockchain-based technologies.



Session 1 Panel Session

Session 2 Panel Session

The Council on International Financial Cooperation provides partial expenses for Cooperation Project when two or more member institutions jointly host an event (training, seminar, etc.) as part of an international project (invitational training, etc.). The effort was launched in an aim to prevent business overlaps and encourage collaboration among member institutions. In the first half-year, the Cooperation Project hosted by Korea Securities Depository-Korea Financial Investment Association, and Industrial Bank of Korea-Korea Credit Guarantee Fund received support from the Council.

Korea Securities Depository-Korea Financial Investment Association

Invitational training for Vietnamese capital market experts

Korea Securities Depository (KSD) and Korea Financial Investment Association (KOFIA) held an invitational training for mutual development of Korean-Vietnamese fund markets from the 22nd to 26th of May. 12 executives and employees of Vietnam Securities Depository, securities companies, and asset management companies visited Korea to take part in the training program. The objective of the training was to deepen mutual understanding of respective fund markets and seek new fund-related business opportunities through direct communication between Korean and Vietnamese fund market experts. Participation from 12 capital market institutions including KSD and KOFIA contributed to the training's success.



Industrial Bank of Korea-Korea Credit Guarantee Fund

Invitational training for National Bank of Cambodia officials

The Industrial Bank of Korea (IBK) and Korea Credit Guarantee Fund (KODIT) jointly hosted an invitational training for government officials at the National Bank of Cambodia from the 25th of June to 1st of July. The program was arranged to facilitate IBK's expansion into Cambodia and expand KODIT's Southeast Asian network. During the training, Cambodian officials learned about SME financing and the credit guarantee system in Korea.



NICE Information Service - Korea Credit Information Services

Invitational Training for the Bank of Lao PDR Officials

The NICE and KCIS hosted a 'Joint Invitational Training for the Bank of Lao PDR' from the 11th to 14th of September, 2017. Under the theme 'Benchmarking Korea's Credit Information System,' the training was held in an effort to improve the capabilities of the central bank's employees, and ultimately to re-establish Laos's credit information system. Over the course of the training, the employees from Laos were introduced to Korea's credit information infrastructure and learned about the roles and businesses of comprehensive public credit registries and credit bureaus. Also, they listened to details about data processing and credit bureau services, and had a chance to visit the NICE data center.



Korea Financial Telecommunications & Clearings Institute - Council on International Financial Cooperation

Joint Seminar for Ministry of Posts and Telecommunications of Cambodia

The KFTC and CIFC held the 'Joint Seminar for Ministry of Posts and Telecommunications of Cambodia' on the 16th floor of Bankers' Club on the 14th of December, 2017. 6 high-level officials including the Vice Minister of Posts and Telecommunications of Cambodia and Deputy Minister of Economy and Finance were invited to Korea to take part in a seminar regarding the adoption of electronic signatures in order to improve the security of Cambodia's financial transactions and online commerce. At the seminar, participants discussed the current status of the Cambodian financial industry and Korea's prime example of security in finance and online commerce.





Council on International
Financial Cooperation