

2022

CIFC ANNUAL REPORT

COUNCIL ON
INTERNATIONAL
FINANCIAL
COOPERATION

2022

CIFC ANNUAL REPORT

Sharing Korea's Financial Development through Global Cooperation

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Message from the Chairman



Marking its 10th anniversary this year, the Council on International Financial Cooperation (CIFC) was founded in 2013 with local public and private institutions as its members, and has since shared Korea's financial development experience with nations worldwide under the aim of strengthening global financial cooperation. The overseas cooperation projects were limited to Asian countries in the early years, but the scope of exchange was gradually expanded to the Middle East, Latin America, Europe and other parts of the world, broadening the perspective on global financial cooperation. CIFC partners not only with national financial authorities and global financial companies, but also with financial experts from international organizations, foreign embassies in Korea and Korean embassies in other countries to reinforce its preeminence as a global council for financial cooperation.

CIFC's remarkable achievements over the past decade were only possible thanks to the active participation of its 24 members, all of whom are major public and private financial institutions and financial associations. CIFC's members have shared experience, knowledge and financial services with developing countries based on their know-how regarding Korea's advanced financial infrastructure and system. Also, they have formed a close-knit network with Korean financial companies where members' overseas project information is shared and joint projects are pursued. On top of this, members are generating new opportunities for cooperation with global financial partners, thereby bringing the ties closer at a global level.

Some lingering effects of COVID-19 were still witnessed in 2022, but still, many sectors returned to life pre-COVID. We saw more offline events and overseas programs being organized in the space of financial cooperation as well. CIFC also reopened its overseas exchange programs by inviting Uzbekistani financial experts to Korea for a training program and participating in a local economic forum hosted by the Uzbekistan Ministry of Finance. Moreover, it continued its online financial cooperation programs by publishing online newsletters and providing email services for the second year in a row.

2023 is a deeply meaningful year in which CIFC celebrates its 10 year anniversary. Going forward, we will continue to actively seek ways to strengthen global financial cooperation, and lead financial trends in this fast-changing era of digital finance as a council for global financial cooperation. Much uncertainty and anxiety still remains over COVID-19, which has yet to completely disappear, the Russian war in Ukraine, and inflation issues, but we will not waver in the face of these challenges and remain firmly committed to supporting global financial cooperation.

CIFC hopes that more global business opportunities would open up for our members in the years to come, and that we could cooperate more closely, strengthening ties with an even greater number of countries across the globe.

April 2023
Council on International Financial Cooperation

Chairman Jongkyu Park

Introduction of the Council on International Financial Cooperation

Background

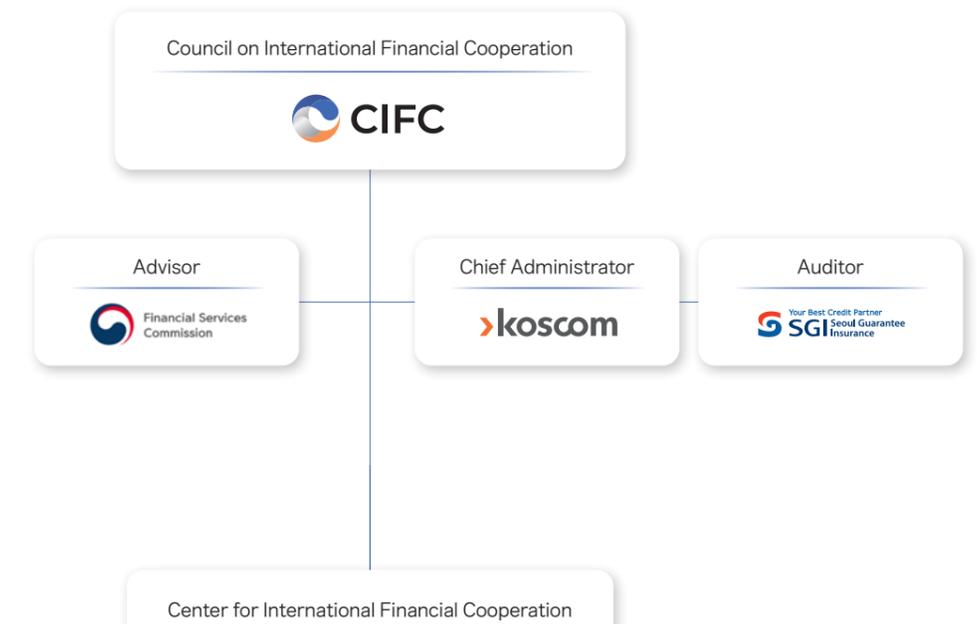
In October 2011, the Financial Services Commission took the initiative in establishing the 1st meeting of a Council on International Financial Cooperation to facilitate systematic overseas expansions and financial cooperation. Comprised of the heads of domestic financial institutions, the council examined the current status of international financial cooperation and discussed ways to support financial institutions' overseas expansions based on sharing Korea's experience in financial development.

At the 2nd meeting held in November 2012, it was decided that a secretariat be established under the Korea Institute of Finance to exclusively handle work related to international financial cooperation so as to support Korean financial institutions' expansion overseas, and revitalize international cooperation in the financial sector.

The autonomous council to explore overseas expansion strategies was transformed into the official Council, 'Council on International Financial Cooperation' in February 2013.

Since then, as a non-profit voluntary organization, CIFC has actively carried on its cooperation businesses to strengthen bases for global financial cooperation by sharing Korea's financial experiences and best practices to the world.

As of April 2023, CIFC is comprised of 25 major public and private financial institutions and financial associations in Korea.



Banking and Credit Finance	Capital Market	Insurance and Guarantee	Financial Infrastructure
Korea Deposit Insurance Corporation	KOSCOM	Korea Technology Finance Corporation	Korea Financial Information & Service Promotion
KOREA HOUSING-FINANCE CORPORATION	KOREA EXCHANGE	KIDI	FINANCIAL SECURITY INSTITUTE
Industrial Bank of Korea	Korea Securities Depository	KOREA CREDIT GUARANTEE FUND	Korea Credit Information Services
KDB Bank	KAMCO	Your Best Credit Partner Seoul Guarantee Insurance	KCB
KOREA FEDERATION OF BANKS	Korea Securities Finance Corp.	Korea Life Insurance Association	NICE Information Service
THE CREDIT FINANCE ASSOCIATION OF KOREA	Korea Financial Investment Association	GIAK	
CCRS Credit Counseling & Recovery Service			

*Joined in January 2023

History

2022



Jan

- January General Meeting
- Seminar on Examining the Opportunities ahead with Non-Fungible Tokens in the Financial Industry

Feb

- 2022 Annual Meeting

Mar

- March General Meeting
- Invitational Seminar with the Embassy of the Republic of Korea in Vietnam

Apr

- Invitational Seminar with the Embassy of the Republic of Korea in U.S and Inter-American Development Bank
- CIFC 2021 Annual Report
- April General Meeting

May

- Seminar on Current Status of Overseas ESG System and Social Responsible Investment by Financial Institutions
- May General Meeting

Jun

- The 8th CIFC Cooperation Workshop
- June General Meeting

Jul

- July General Meeting

Aug

- Invitational Seminar with the Embassy of the Republic of Korea in Thailand
- Knowledge Exchange Initiatives with Ministry of Finance, Central Bank, Central Securities Depository, State Assets Management Agency, Uzbekistan

Sep

- Knowledge Exchange Initiatives with Ministry of Finance, Central Bank, Central Securities Depository, State Assets Management Agency, Uzbekistan
- Korea-Uzbekistan Financial Cooperation Seminar
- September General Meeting

Oct

- Cooperation Seminar with ASEAN-Korea Financial Cooperation Center
- October General Meeting

Nov

- Uzbekistan Economic Forum 2022
- Invitational Seminar with MIGA, the World Bank Group
- November General Meeting

Dec

- December General Meeting

2021



Jan

- January General Meeting

Feb

- 2021 Annual Meeting

Mar

- March General Meeting

Apr

- April General Meeting
- CIFC 2020 Annual Report

May

- Invitational Seminar with Asia Development Bank
- Korea-Indonesia Financial Cooperation Seminar
- May General Meeting

Jun

- Invitational Seminar with Central American Bank for Economic Integration (CABEI)
- June General Meeting

Jul

- July General Meeting

Aug

- Invitational Seminar with the Embassy of the Republic of Uzbekistan in Seoul, Korea
- August General Meeting

Sep

- CIFC Logo Design Contest
- September General Meeting

Oct

- Seminar on Financial Cooperation in the Digital Era
- The 7th CIFC Cooperation Workshop
- October General Meeting

Nov

- Seminar on Overview of Knowledge Sharing Programs
- November General Meeting

Dec

- December General Meeting
- Research Projects on Recent Changes of Financial Industry and Policy (Vietnam, Cambodia, Central and Latin America)

History

2020



Jan

- 2020 Annual Meeting

Feb

- CIFIC BiAnnual Vol. 6

Mar

- March General Meeting

Apr

- April General Meeting
- CIFIC 2019 Annual Report

Jun

- June General Meeting

Jul

- July General Meeting
- CIFIC Brochure

Sep

- Seminar on Overseas Business Strategy for Financial Institutions in the Era of Covid-19
- September General Meeting

Oct

- Seminar on Examining the Development of Financial Infrastructure in Central Asia
- October General Meeting

Nov

- Seminar on Exploring New Business Strategies for the Insurance Industry after Covid-19
- November General Meeting

Dec

- Seminar on Understanding the Capital Market of Uzbekistan and Exploring Cooperation Opportunities with ADB
- December General Meeting
- Research Projects on In-depth Study of Financial Environment and System (Kazakhstan, Uzbekistan, Azerbaijan)

2019



Jan

- 2019 Annual Meeting
- Members Cooperation Project with India (Korea Financial Investment Association, Korea Securities Depository)

Feb

- February General Meeting
- CIFIC BiAnnual Vol. 4

Mar

- March General Meeting

Apr

- Invitational Seminar with the Asian Development Bank
- April General Meeting
- CIFIC 2018 Annual Report

May

- Seminar on Understanding the New Northern Policy and Examining Cooperation Opportunities with Central Asia
- Members Cooperation Project with Four Countries in New Southern Region (Korea Federation of Banks, Korea Credit Information Services, Industrial Bank of Korea)
- May General Meeting

Jun

- Knowledge Exchange Initiatives with Central Bank, National Mortgage Company, ACRA Credit Bureau, Securities Exchange, STAK MONEY TRANSFER, Deposit Guarantee Fund, Armenia
- Korea-Armenia Financial Cooperation Seminar

Jul

- Seminar on the Role of Finance in the World of Digital Sharing Economy

- The 6th CIFIC Cooperation Workshop
- Members Cooperation Project (Korea Exchange, KOSCOM)
- Korea-LAC Financial Cooperation Seminar
- Members Cooperation Project with Central and South America (Korea Asset Management Corporation, Korea Deposit Insurance Corporation)

Aug

- Members Cooperation Project with East Asian Insurance Congress (Korea Life Insurance Association, General Insurance Association of Korea)
- CIFIC BiAnnual Vol. 5

Sep

- Korea-Indonesia Financial Cooperation Forum
- September General Meeting

Oct

- Seminar on the Changes Shaping the Future of the Insurance Industry
- October General Meeting

Nov

- Knowledge Exchange Initiatives with Central Bank, Uzbekistan
- Korea-Uzbekistan Financial Cooperation Seminar
- Members Cooperation Project with Thailand (Korea Technology Finance Corporation, Korea Housing Finance Corporation)
- November General Meeting

Dec

- The 6th International Financial Cooperation Forum
- December General Meeting

History

2018



Jan

- January General Meeting
- The 4th Myanmar Housing Finance Workshop

Feb

- 2018 Annual Meeting
- CIFC BiAnnual Vol. 2

Mar

- March General Meeting
- Korea-Vietnam Financial Cooperation Forum

Apr

- April General Meeting
- CIFC 2017 Annual Report

May

- Invitational Seminar with the World Bank
- May General Meeting

Jun

- Seminar on Examining Global Financial Trends and the Government's ODA Project Direction
- June General Meeting
- Members Cooperation Project with Mongolia (Korea Asset Management Corporation, Korea Securities Depository)
- The 5th CIFC Cooperation Workshop

Aug

- Seminar on Understanding the New Southern Policy and Strengthening Cooperation with Cambodia
- August General Meeting
- Members Cooperation Project with Myanmar (Industrial Bank of Korea, Korea Federation of Banks)
- CIFC BiAnnual Vol. 3

Sep

- Knowledge Exchange Initiatives with Financial Services Authority(OJK), Ministry of Finance, Indonesia Deposit Insurance Coproation, Indonesia
- Korea-Indonesia Financial Cooperation Seminar

Oct

- Members Cooperation Project with Laos (NICE Information Service, Korea Financial Telecommunications & Clearings Institute)
- October General Meeting

Nov

- Members Cooperation Project with Indonesia (Korea Credit Bureau, Korea Credit Information Services)
- November General Meeting

Dec

- The 5th International Financial Cooperation Forum
- Members Cooperation Project with Indonesia (Korea Securities Depository, Korea Housing Finance Corporation)
- December General Meeting

2017



Jan

- January General Meeting

Feb

- 2017 Annual Meeting

Mar

- March General Meeting
- 2017 Knowledge Sharing Program Dissemination Seminar with the Korean Ministry of Economy and Finance
- Seminar on Financial Supervisory Policies and Licensing of Financial Institutions in Major Southeast Asian Countries

Apr

- April General Meeting

May

- Launch and Panel Discussion of Economic and Social Survey of Asia and the Pacific 2017: Korean Perspective
- Members Cooperation Project with Vietnam (Korea Securities Depository, Korea Financial Investment Association)
- May General Meeting

Jun

- Knowledge Exchange Initiatives with State Bank of Vietnam, Ministry of Finance, National Technology Innovation Fund, National Payment Corporation of Vietnam, Vietnam
- Korea-Vietnam Financial Cooperation Seminar
- Invitational Seminar with the Embassy of the Republic of Korea in Vietnam
- Meeting on Financial Infrastructure Export Plans Hosted by Financial Services Commission
- June General Meeting

Jul

- Members Cooperation Project with Cambodia (Korea Credit Guarantee Fund, Industrial Bank of Korea)
- Mongolia-Korea Financial Cooperation Forum

Aug

- CIFC BiAnnual Vol. 1
- August General Meeting

Sep

- Members Cooperation Project with Laos (NICE Information Service, Korea Credit Information Services)
- September General Meeting
- Korea-Thailand Financial Cooperation Forum
- SME Financing Workshop with UN ESCAP, UN ECLAC, AF, ADBI and AFI

Oct

- Kish 2017 Invex, Iran Capital Market Forum
- October General Meeting

Nov

- The 4th Korea-UK Financial Cooperation Forum
- November General Meeting

Dec

- The 4th International Financial Cooperation Forum
- December General Meeting
- Members Cooperation Project with Cambodia (CIFC, Korea Financial Telecommunications and Clearings Institute)

History

2016



Jan

- January General Meeting

Feb

- Meeting on Supporting Overseas Expansion Hosted by Standing Commissioner of Financial Services Commission
- 2016 Annual Meeting

Mar

- Knowledge Exchange Initiatives with Aloqabank, Uzbekistan
- The 4th CIFC Cooperation Workshop
- Invitational Seminar with the World Bank Songdo Office
- Knowledge Exchange Initiatives with Central Bank of Myanmar, Ministry of Finance, Ministry of National Planning and Economic Development, Ministry of Construction, Construction and Housing Development Bank, Myanmar
- Korea-Myanmar Financial Cooperation Seminar

Apr

- April General Meeting

May

- Institutions During the Crisis
- Research Project on Financial Infrastructure Institutions in Korea

Jun

- Korea-Myanmar Financial Cooperation Forum
- June General Meeting

Jul

- Knowledge Exchange Initiatives with Ministry of National Planning and Economic Development, Myanmar
- Korea-Myanmar Financial Cooperation Seminar
- July General Meeting

Aug

- Knowledge Exchange Initiatives with Ministry of Finance, Bank of Thailand, Thai Credit Guarantee Corporation, National Science and Technology Development Agency, Thailand
- Korea-Thailand Financial Cooperation Seminar
- Knowledge Exchange Initiatives with Financial Services Authority(OJK), Indonesia
- Korea-Indonesia Financial Cooperation Seminar

Sep

- September General Meeting

Oct

- October General Meeting
- Knowledge Exchange Initiatives with Ministry of Economic Affairs and Finance, Securities & Exchange Organization, Central Securities Depository, Iran Fara Bourse, Iran
- Korea-Iran Financial Cooperation Seminar

Nov

- November General Meeting

Dec

- The 3rd International Financial Cooperation Forum
- December General Meeting

2015



Jan

- January General Meeting

Feb

- 2015 Annual Meeting

Mar

- March General Meeting
- Knowledge Exchange Initiatives with IDB Korea Insights Program with Latin America and Caribbean Banks

Apr

- April General Meeting

May

- Meeting on Overseas Expansion Hosted by the Chairman of Financial Services Commission
- Networking Luncheon with Deputy Prime Minister of Economy of Vietnam
- The 2nd Korea-UK Financial Cooperation Forum
- Research Project on Indonesian Financial Market
- Research Project on Examining Korea's Financial Infrastructure Development Process and Evaluating Its Competitiveness

Jun

- The 3rd CIFC Cooperation Workshop
- Conducted a Survey on Overseas Expansion Plans of Domestic Financial Organizations

Jul

- July General Meeting

Sep

- Meeting on Supporting Overseas Expansion Hosted by Standing Commissioner of Financial Services Commission
- September General Meeting

Oct

- Knowledge Exchange Initiatives with Financial Services Authority, Indonesia
- Korea-Indonesia Financial Cooperation Seminar

Nov

- November General Meeting

Dec

- The 2nd International Financial Cooperation Forum
- December General Meeting

History

2014



- Jan**
 - Knowledge Exchange Initiatives with Financial Regulatory Commission, Mongolia
- Feb**
 - February General Meeting
- Mar**
 - 2014 Annual Meeting
- Apr**
 - The 1st Korea-UK Financial Cooperation Forum
 - April General Meeting
- May**
 - Meeting on Spreading Korean Financial Wave Hosted by Chairman of Financial Services Commission
 - Korea-Myanmar-ADB Financial Cooperation forum
- Jun**
 - June General Meeting
 - Research Project on Overseas Expansion Strategies for Korean Financial Institutions

- Jul**
 - July General Meeting
- Aug**
 - Knowledge Exchange Initiatives with Securities and Exchange Commission, Thailand
 - Korea-Thailand Financial Cooperation Seminar
- Sep**
 - September General Meeting
- Oct**
 - Knowledge Exchange Initiatives with Danske Bank, Denmark
 - October General Meeting
- Nov**
 - Knowledge Exchange Initiatives with Myanmar Insurance, Myanmar
 - Korea-Myanmar Financial Cooperation Seminar
- Dec**
 - The 1st International Financial Cooperation Forum
 - December General Meeting

2013



- Feb**
 - February General Meeting
- Mar**
 - The 1st CIFC Cooperation Workshop
- Apr**
 - April General Meeting
- May**
 - May General Meeting
- Jun**
 - June General Meeting
 - Knowledge Exchange Initiatives with Ministry of Finance, Uzbekistan
 - Korea-Uzbekistan Financial Cooperation Seminar
- Jul**
 - July General Meeting

- Sep**
 - Research Project on The Role of Public Financial Institutions in the History of Korean Economy and Financial Development
 - Launched Official Website
 - Knowledge Exchange Initiatives with State Securities Commission, Vietnam
- Oct**
 - October General Meeting
 - Korea-Uzbekistan Financial Cooperation Forum
- Nov**
 - 2013 Annual Meeting
 - Meeting on International Financial Cooperation Hosted by Vice Chairman of Financial Services Commission
- Dec**
 - Invitational Seminar with the Bank for International Settlements
 - Knowledge Exchange Initiatives with Financial Services Authority, Indonesia
 - Korea-Indonesia Financial Cooperation Seminar
 - The 2nd CIFC Cooperation Workshop

Message from the Chairman of Korea Securities Finance Corp.



Congratulations to CIFIC on its 10th Anniversary and Release of the Annual Report.

The Council on International Financial Cooperation (hereinafter 'CIFIC') was established to lay the groundwork for sharpening the global competitive edge of Korean financial institutions. Currently in its 10th year, CIFIC actively supports members' overseas expansions and development of the financial industry through diverse exchange programs and cooperative projects. Korea Securities Finance Corp. (hereinafter 'KSFC') has been part of the CIFIC from its initial years, joining the council's various efforts for exchange and cooperation across domestic and global financial institutions.

KSFC was founded in 1955 to address the shortage of funds in the securities industry, and has since been Korea's only institution specializing in securities financing. According to the 「Financial Investment Services and Capital Markets Act, investors' assets deposited at securities companies are securely supervised and managed by KSFC. Furthermore, as the managing institution of the employee stock ownership plan, KSFC makes sure that the system is securely operated, and sound labor-management relations are maintained. KSFC is also involved in the capital market infrastructure business such as securities borrowing and lending, RP transactions, and custody services.

Under usual circumstances, KSFC supplies funds and securities to securities companies and investors to add vigor to the securities market, and in the event of an emergency, it pre-emptively provides liquidity to securities companies to serve as the safety net in the capital market. For instance, KSFC injected KRW 5.9 trillion into the market following the COVID-19 outbreak in March 2020, and operated a liquidity program of KRW 3 trillion as well as taking part in structured finance to refund PF-ABCPs so as to stabilize the securities market during the Legoland crisis in 2022. The provided cash is mostly raised by KSFC based on market dynamics, and the institution is therefore committed to enhancing fiscal soundness and profitability and to maintain a high credit rating. Based on the trust it has earned over the past 6 decades, KSFC is sharing its experience thus far with many institutions overseas, continuously working to discover better ways for effective knowledge transfer.

For one, KSFC is carrying out various exchange programs with overseas institutions to deepen understandings on the Korean-style securities financing model, and to help establish securities financing companies in emerging economies. Emerging Asian countries are showing great interest in the securities financing system and having an exclusive institution for supervision of investor deposits to lay fertile ground for a more advanced local capital market infrastructure. As such, KSFC is striving to expand global exchange through diverse training programs such as in-person consulting and invitational training for countries such as China, Indonesia, Taiwan, Cambodia and Mongolia. In reaching out to more overseas emerging nations and forming stronger partnerships, CIFIC's global network will be of great help to KSFC. Moreover, KSFC will continue practical cooperation with overseas securities financing companies over the long term. We will expand MOUs with foreign counterparts, share capital market-related information and discover new areas of cooperation through exchange of personnel.

I would like to salute CIFIC's efforts to maintain exchange and cooperation programs in the face of the pandemic, which brought unprecedented challenges to the global financial environment. CIFIC celebrates its 10th anniversary this year, and I wish even greater success for the council in the years to come based on its past endeavors. CIFIC will surely solidify its status as a trailblazer and facilitator for domestic financial institutions' overseas expansion and KSFC will remain a firm partner, providing its full support every step of the way.

Once again, I would like to congratulate CIFIC on its 10th anniversary and release of the annual report, and I wish CIFIC and all of its members the best of luck and success.

April 2023

President and CEO **Chang-ho Yoon**

2022

— Activities —



Knowledge Exchange Initiative

Invitational Seminar with
Overseas Korean Embassies

Invitational Seminars
with Experts

Research Projects

Other Projects

General Meetings
and Workshop

Knowledge Exchange Initiative with Uzbekistan and Korea-Uzbekistan Financial Cooperation Seminar

Overview

From September 16th (Fri) to 21st (Wed) 2022, CIFC invited 11 executive and staff members from the Uzbekistan Ministry of Finance, Central Bank of Uzbekistan, State Assets Management Agency, and Central Securities Depository to discuss the current status of financial industries and current financial issues. The Uzbekistan delegation took part in the ‘Korea-Uzbekistan Financial Cooperation Seminar’ hosted by CIFC, and visited Korea Financial Telecommunications & Clearings Institute, Financial Security Institute, Korea Exchange, Korea Securities Depository, Korea Asset Management Corporation, and Korea Federation of Banks to learn from their experiences and discuss future cooperation.

Korea-Uzbekistan Financial Cooperation Seminar

‘Korea-Uzbekistan Financial Cooperation Seminar’ was hosted at the Grand Ballroom of Fairmont Ambassador Seoul on September 19th (Mon), 2022. The Uzbekistan delegation and staff from CIFC’s 13 members took part in the event, and presentations were titled ‘Overview of Korea-Uzbekistan Financial Cooperation’, ‘Uzbekistan Securities Market at a Glance - Before and After the Launch of Exture+, and Challenges ahead’, ‘Uzbekistan Capital Market Development’, and ‘Payment and Settlement Systems of Uzbekistan’. The Chairman of CIFC delivered the opening remarks, and Counselor Alisher Abdusalomov from the Embassy of Uzbekistan gave the congratulatory remarks. He then delivered a presentation, followed by presentations from Director Hyun-soo Choi of KRX, Director Mukhammadiyov Matchonov from the Uzbekistan Ministry of Finance, and Chief Economist Bakhtiyor Murodullaev from the Central Bank of Uzbekistan.



Overview of Korea-Uzbekistan Financial Cooperation: Present and Future

Alisher Abdusalomov | Counselor | Embassy of Uzbekistan

The title of the Counselor’s presentation was ‘Overview of Korea-Uzbekistan Financial Cooperation: Present and Future’. He started by giving an overview of Uzbekistan, and walked the participants through 30 years of bilateral relations ever since its official ties with Korea started in 1992. He mentioned Daewoo’s car factories in Uzbekistan, joint declaration on strategic partnership, the e-government project, and bilateral summit meeting as important milestones in the history of bilateral exchange. Also, he explained in detail about the FTA agreement, Korean universities in Uzbekistan, energy and healthcare related projects and other trends in trade. Finally, touching on the fact that ancient Samarkand paintings feature Korean scholars, the Counselor emphasized that Korea-Uzbekistan cooperation started a thousand years ago, and will grow even further in the future.

Uzbekistan Securities Market at a Glance - Before and After the Launch of Exture+

Hyun-soo Choi | Director | Korea Exchange

Director Choi presented on the Uzbekistan capital market and EXTURE+, a securities system developed by KRX and exported to countries around the world. He started by mentioning that more than 100 companies are listed on the Uzbekistan stock exchange and that 20 new companies are being listed every year. Daily trading volume is around KRW 3 billion, and the figures are constantly growing despite the pandemic. Regarding the impact that EXTURE+ had on the Uzbekistan securities market, he explained that ever since the system was adopted in 2017, the previously fragmented functions of stock trading was integrated, enabling seamless transactions and greatly boosting the market cap. However, he pointed out, that challenges still remain such as establishing IT systems, creating an investor base, and supplying liquidity. As for liquidity, he mentioned that distributing a national stock could be effective in encouraging more members of the public to participate in the securities market.



Uzbekistan Capital Market Development

Mukhammadiyov Matchonov | Director | Ministry of Finance of Republic of Uzbekistan

Director Mukhammadiyov spoke about the current status of the Uzbekistan capital market and future development plans. According to the director, the 2021-2023 plan includes goals regarding more stock issuance, developing financial instruments, enhancing corporate governance, privatizing public companies and state banks, advancing the corporate bond market, expanding the investor base, providing financial education and more. Also, he mentioned a recent change in the local capital market: a presidential decree that exempted income tax on stock dividends for individual residents and non-residents, and permitted acquisitions by foreign banks and investment brokers. Last but not least, he stressed that the Uzbekistan Ministry of Finance plans to establish an integrated securities trading system to trade sovereign bonds, securities and corporate bonds currently scattered across the Uzbekistan Republic Currency Exchange, securities exchange, and Tashkent Stock Exchange, all in one place. He finished by expressing hopes of further strengthening the country’s strategic partnership with Korea.

Payment and Settlement Systems of Uzbekistan

Bakhtiyor Murodullaev | Chief Economist | Central Bank of Uzbekistan



Mr. Murodullaev covered Uzbekistan’s national payment infrastructure and cashless payment system. First, he mentioned that there are 6 payment systems and 33 commercial banks including digital banks in Uzbekistan. Interbank settlement is based on the real-time gross settlement method, and the central bank operates the settlement system. Also, companies or entrepreneurs can use immediate payment systems to use remote payment services around the clock. Micropayment systems based on fintech platforms such as HUMOPay and UZCARD are also garnering traction. He also stated that people are paying their phone bills and utility fees through cashless payments, and innovative solutions such as QR code payments are being launched. Furthermore, he explained that regarding the national financial inclusion strategy, cashless society has been given a priority, and that many projects are being implemented to achieve this goal.

Visits to CIFC Member Institutions



01



01 Financial Security Institute

The Central Bank staff members visited the Financial Security Institute on September 19th (Mon), 2022. They were introduced to the institute and the financial security control center, where they learned about cyber-attacks and the institute's technology to prevent them.



02 Korea Exchange

The Vice Minister of Ministry of Finance and staff members visited the Korea Exchange on September 19th (Mon), 2022. They learned about the securities trading system operated by KRX and discussed ways to modernize Uzbekistan's securities market.



02

03 Korea Financial Telecommunications & Clearings Institute

The Central Bank staff members visited KFTC on September 20th (Tue), 2022. They were given an introduction of KFTC's business and the open banking system, and discussed future cooperation.



03



04



05



04 Korea Securities Depository

The Ministry of Finance and Central Securities Depository staff members visited KSD's Seoul Office on September 20th (Tue), 2022. They listened to presentations on KSD's payment and settlement services, global investment support services, global financial services and IT systems.



06

05 Korea Federation of Banks

The Central Bank staff members visited the Korea Federation of Banks on September 20th (Tue), 2022. They were introduced to BNK Kyongnam Bank and the Korean banking industry, the KFB and the BNK Financial Group.

06 Korea Asset Management Corporation

The State Assets Management Agency staff members visited KAMCO's Yangjae Tower on September 20th (Tue), 2022. They received training on Korea's public institution evaluation system and KAMCO's state asset management system.

Uzbekistan Economic Forum

Overview

From November 1st (Tue) to 7th (Mon), 2022, CIFIC visited Samarkand, Uzbekistan to join Uzbekistan Economic Forum 2022 hosted by the Ministry of Finance. This visit was a follow-up to the Knowledge Exchange Initiative with Uzbekistan financial institutions in September 2022 hosted by the CIFIC, which became an opportunity to strengthen bilateral financial cooperation. The Korean delegation was comprised of Financial Security Institute, Korea Insurance Development Institute, Korea Deposit Insurance Corporation, KOSCOM, Korea Exchange, Korea Securities Finance Corp, Korea Credit Information Services, Korea Development Bank, Korea Financial Association and the Credit Finance Association of Korea staff members.



Uzbekistan Economic Forum 2022

'Uzbekistan Economic Forum 2022' was held at the Uzbekistan Silk Road Samarkand from November 3rd (Thu) to 4th (Fri), 2022. Anna Bjerde, Vice President of the World Bank for Europe and Central Asia, mentioned in her opening remarks that compared to other economies in Europe and Central Asia, Uzbekistan is showing an impressive performance. This is thanks to market reforms that enhanced resilience, and looking at the expected GDP growth of 5.3%, it is fair to say that Uzbekistan is the fastest growing country in Central Asia, she pointed out.



The forum covered various themes such as Uzbekistan's macroeconomic stability and sustainable growth, changes brought by foreign investors, Uzbekistan's reform and transition to the Green Economy. First of all, discussions took place over the reshuffling of the global supply chain and surfacing of geopolitical issues, and ways to enhance economic stability and achieve sustainable growth in the face of such challenges. Also, regarding foreign investment, it was noted that Uzbekistan's geological location in between Europe and Asia carries many benefits, bringing in more foreign investors recently. Discussions were focused on Uzbekistan's young and diverse human resources, foreign investors and other current issues as well as forming people-to-people networks and plans for cooperation.

Meanwhile, the need for further efforts to push for Uzbekistan's economic reforms and transition to the Green Economy was raised, as well as the need for a system to manage external shocks. Participants aligned on the fact that a new national partnership strategy and human resources in education, healthcare and social security are needed to shift to the Green Economy, and that more active participation by the private sector would help sharpen the county's competitive edge.



Invitational Seminar with Korean Embassy in Vietnam



Overview

On March 18th (Fri), 2022, CIFC hosted an online invitational seminar with the Financial Counsellor of the Korean Embassy in Vietnam under the theme of Vietnamese and Korean financial industries. The seminar was held in order to enhance members' understanding of Vietnam's financial industry and financial market, a highly coveted market, and to provide the latest information. Financial Counsellor Sang-ki Yoon of the Embassy of the Republic of Korea to Vietnam kindly shared his insights as a presenter.

Vietnam and Korea Financial Industry

Sang-ki Yoon | Financial Counsellor | Embassy of the Republic of Korea to Vietnam



Counsellor Yoon presented on ① Characteristics of the Vietnamese economy and society, ② Vietnam-Korea relations, ③ Korean financial companies in Vietnam, ④ Financial opportunities in Vietnam, ⑤ Weaknesses and threats in the Vietnamese financial industry, and ⑥ Advice for expansion into Vietnam. To begin with, he explained that the Vietnamese economy showed a rapid annual growth of 6.34% over the past 20 years, and that the general public is very receptive toward government policies and the political environment highly stable. Also, he pointed out that Vietnam is a relatively safe country to live in, compared to

other Southeast Asian countries, and that the people are diligent and well-educated in general as it is a Confucianist country. In terms of demographics, 47% of the entire population of 100 million is aged 29 or under, giving the country an advantage in economic growth. However, not only are the economic, social, and transportation infrastructure lacking, but also legal and financial infrastructure such as driving record inquiry systems need further enhancement.

Secondly, Counsellor Yoon touched on figures showing close Korea-Vietnam relations, including the fact that Vietnam is Korea's 4th largest trade partner and Korea is Vietnam's 3rd largest. Vietnam is undoubtedly Korea's production base, with around 9,000 Korean companies on the ground and 170,000 Koreans living in Vietnam.

Thirdly, regarding the financial industry, Counsellor Yoon pointed out that Korea has 47 financial companies in Vietnam, which is the largest number of foreign financial companies in Vietnam. Banks first started services targeting Korean companies or immigrants, but now most services are for locals and Vietnamese employees account for more than 95%.

Korean Financial Companies in Vietnam

Type	Bank	Insurance	Securities, Asset Management	Card, Capital	Total
Corporation	3	5	10	4	22
Branch	6	1			7
Office	2	3	10	3	18
Total	11	9	20	7	47

Fourthly, in terms of Vietnam's opportunities in the financial industry, Counsellor Yoon explained that the Korean financial industry has a competitive edge since the local banking, insurance, and financial investment industries are all in the infant stage. Furthermore, there is great potential for Korean insurance companies to expand considering that the insurance industry is growing 23% annually and only 50% of Korean insurance companies are on the ground. Also, since credibility and reputation are of great importance in the financial industry, the Korean brand has an advantage.

Fifthly, Counsellor Yoon discussed Vietnam's weaknesses and threats in the financial industry, which are underdeveloped fund and insurance markets and lengthy approval processes. On average, it takes about 3 to 5 years to establish a branch of a bank, and the industry is saturated with local Vietnamese banks, making it difficult to enter into. It takes less time to receive an approval for the insurance business, but just like the case with banks, an office has to be established first and relations with the financial authorities formed before applying for an approval. According to Counsellor Yoon, the most common way to venture into the financial investment business is to acquire a pre-existing Vietnamese securities company.

Last but not least, Counsellor Yoon imparted advice on expansion strategies. He advised that an analysis of long-term profitmaking strategies, competitiveness of the business in Vietnam, and maturity of the target market segment should take place prior to making a move into Vietnam. In particular, he pointed out that it typically takes about 4 to 5 years to generate short-term profit, and that some policy risks may follow.



Invitational Seminar with U.S Korean Embassy and IDB Representatives

Overview

On April 12th (Tue), 2022, CIFC hosted an online invitational seminar with the Financial Counsellor of the Korean Embassy in Washington and Managing Director of IDB to discuss financial cooperation efforts by international financial organizations and potential cooperative projects with IDB. The seminar was arranged to examine joint projects pursued by international financial organizations in the United States and seek ways to partner with the IDB. Mr. Je-hoon Lee, Financial Counsellor at the Washington Embassy and Mr. Kwang-hee Go, Managing Director of IDB participated as presenters.

Current Status of Financial Cooperation with International Financial Institutions

Je-hoon Lee | Financial Counsellor | Embassy of the Republic of Korea to US

Counsellor Lee spoke about ① general trends for diplomatic offices in the US, ② Major international and Korean financial organizations in the US, ③ Operation of the World Bank Group, ④ Latest issues in the financial sector, ⑤ Project implementation process for international financial organizations and financial cooperation methods. He started by mentioning that in the US, there is an embassy in Washington D.C. and 9 consulates in New York and other cities. The Counsellor of Finance in Washington D.C. is in charge of government and parliament relations, whereas the Counsellor in New York mostly handles local sales operations. The Counsellor then mentioned that in Washington D.C., there are international organizations such as the WBG (World Bank Group), IDB (Inter-American Development Bank), and IMF (International Monetary Fund), and Korean public institutions such as the Bank of Korea and Korea Eximbank. He also introduced 5 institutions under the WBG and their projects for emerging countries worldwide.



Moreover, he introduced the “GRID” (Green, Resilient, Inclusive, Development) framework put forth by the World Bank recently and the related trends in the financial sector. Green stands for green transition, green bonds and other financing methods, Resilient implies structuring methods to enhance recovery and risk management, Inclusive refers to inclusion and creating equal opportunities by focusing on fintech-based payment systems and e-currencies.

Finally, the Counsellor explained that projects by international financial organizations commonly include loans and investments, technical assistance, and advisory services, and that implementation starts upon receiving a request at the WB local office or relevant team from the recipient country. The World Bank then tailors the project details to the recipient country’s needs and starts execution after receiving approval and confirmation by the board. With regard to this, he commented that it is important to maintain a close relationship with potential partner countries and international organization staff members, and that it would be helpful to receive support from the office of the Financial Counsellor of the concerned country, or the office in charge of Korea at international financial organizations.



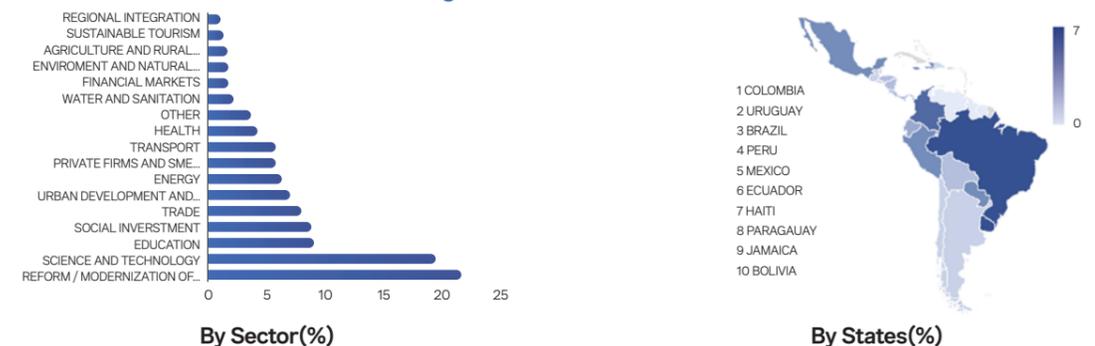
The Possibility of Cooperation with the Inter-American Development Bank

Kwang-hee Go | Managing Director | Inter-American Development Bank

Managing Director Go covered ① Overview of IDB, ② Cooperation of IDB and Korea, and ③ Central and Latin America expansion strategies through IDB cooperation. First of all, he explained that IDB is comprised of 26 borrowing members and 22 non-borrowing members. Also, the IDB Group can be divided into IDB, in charge of facilitating public investment and supporting development strategies, IDB Invest, which operates investments and loans for private companies and provides technologies for corporate innovation, and the IDB Lab, which supports venture startups.

Moving on, he mentioned that Korea joined IDB in 2005, and is cooperating with the institution in three ways: the Korea Trust Fund (KTFs), Knowledge Sharing Program (KSP), and Korea Infrastructure Development Co-Financing Facility (KIF). He added that regarding KIF, Korea is working with IDB to establish public infrastructure in Central and Latin America, and the Caribbean. It is a facility aimed at strengthening Korea-Latin America economic ties with a focus on climate change and energy. Also, he mentioned that in order to facilitate Korea-Latin America economic cooperation, Korea and IDB jointly hosts the Korea-LAC Business Forum every year.

Funding Status of Korea Trust Fund



Finally, he touched on specific cases of cooperation with IDB, such as KRX’s invitational training, KAMCO’s exports of online asset management systems, and KIBO’s guarantee model pilot projects. He concluded by saying that by joining hands with IDB, companies would be able to easily identify the needs in the local market, and that collaborative MOUs with the IDB would help improve awareness on the company over the long run.

Joint Seminar with ASEAN-Korea Financial Cooperation Center

Overview

On October 5th (Wed), 2022, CIFC held an online joint seminar with the ASEAN-Korea Financial Cooperation Center under the theme ASEAN-Korea financial cooperation and future plans. The seminar was hosted jointly by CIFC and the ASEAN-Korea Financial Cooperation Center in order to pore into ASEAN countries' major financial issues and current trends, and to seek ways for future ASEAN-Korea cooperation. Senior researcher Byeong-ho Seo from KIF and Counsellor Eui-taek Kim from the ASEAN-Korea Financial Cooperation Center took part as presenters.

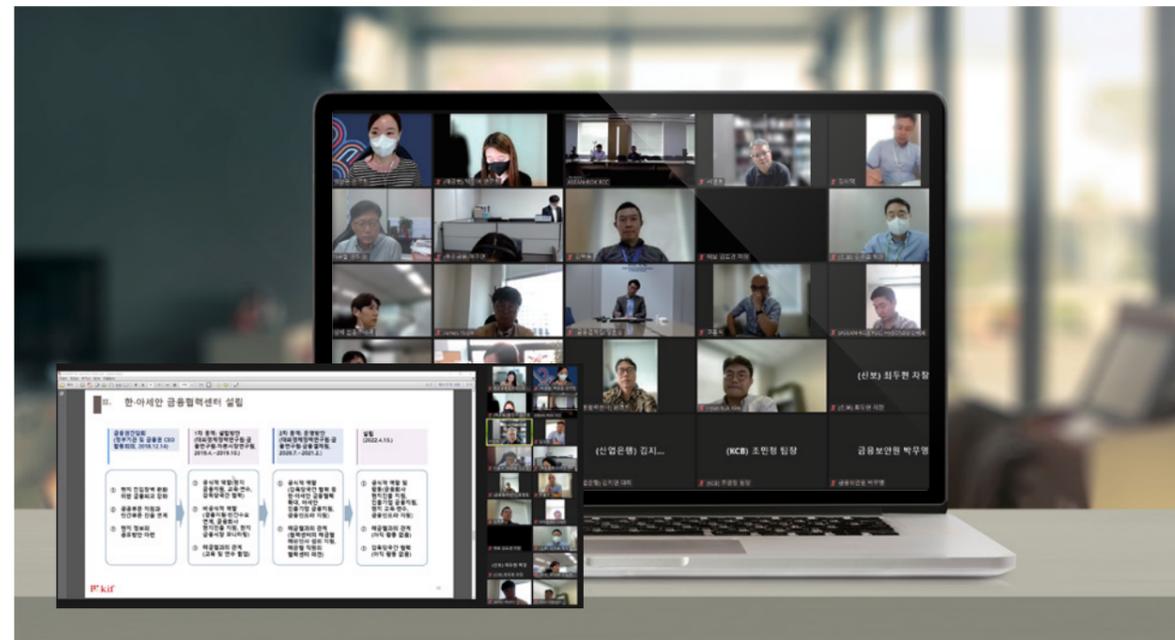
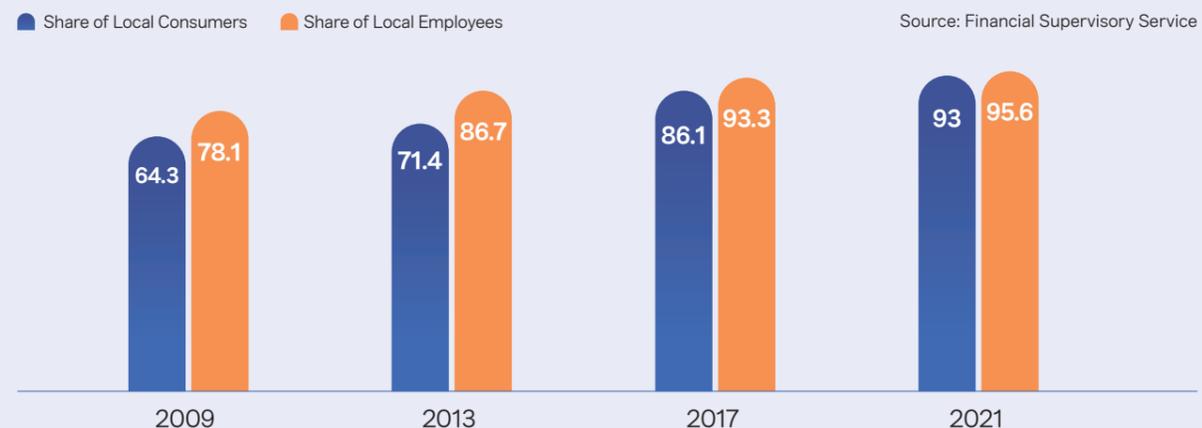
Korean Financial Companies' Expansion into ASEAN and Implications

Byeong-ho Seo | Senior Researcher | Korea Institute of Finance

Senior researcher Seo presented on the opportunities and risk factors in the ASEAN financial market, local presence of Korean financial companies, and regulatory challenges. First of all, he listed the opportunities of the ASEAN financial market such as the large size of the economy with a nominal GDP of 6.5 trillion dollars, a population of 2.06 billion, high annual economic growth of 5.5% over the past 5 years, and policies to integrate the ASEAN economic community including the ASEAN Passport. On the other hand, he explained that the risk factors are heavy reliance on natural resources, trade and foreign bonds, the influence of Japanese and Chinese capital, and increase of the local entry barrier. He then pointed out that Korean financial companies have mostly ventured into ASEAN in the form of retail finance through a local subsidiary, and that the main trend is to focus on sales for local companies and individuals, hire local executives and employees, and engage in M&A with or obtain equity of a local company. Finally, he touched on regulatory challenges such as having to receive approval from the Financial Supervisory Service when investing more than 1% of shareholder's equity, and the pressure from the BIS ratio due to high currency volatility.

Localizations Indices of Korean Banks

Unit: %



Major Activities of the ASEAN-Korea Center and Trends by Country

Eui-taek Kim | Counsellor | ASEAN-Korea Financial Cooperation Center

Counsellor Kim's presentation was centered on ① Introduction of the ASEAN-Korea Financial Cooperation Center, ② Support for ASEAN's financial development, ③ Support for Korean financial companies' expansion into ASEAN, and ④ Characteristics of Major ASEAN Countries and Market Trends. He kicked the presentation off by saying that the ASEAN-Korea Center is located in Jakarta along with the ASEAN Secretariat, and that it was officially launched in April 2021 in line with increased demand for ASEAN-Korea financial cooperation. Currently, 5 Korean financial institutions including the Korea Credit Guarantee Fund, Korea Deposit Insurance Corporation, Korea Securities Depository, Korea Financial Telecommunications & Clearings Institute and Korea SMEs and Startups Agency, have dispatched employees to the center.

He then introduced two main functions of the center: supporting ASEAN's financial development and supporting Korean financial companies' expansion into ASEAN. Support for ASEAN's financial development, explained the speaker, is focused on three goals, which are financial integration, financial inclusion and financial stability. In order to facilitate financial integration, the center provides support for capacity building in payment systems and capital market services, and also for the establishment of financial infrastructure. To enhance financial inclusion, the center helps nurture experts in SMEs and venture startups, provides policy consultation and supports the digital transformation small ASEAN local banks. Moreover, to boost financial stability, the center is working to adopt the depositor protection scheme, and cooperate with the ASEAN+3 Macroeconomic Research Office (AMRO).

Furthermore, regarding the center's role in supporting Korean financial companies' expansion into ASEAN, he emphasized that the center is functioning as the focal point in ASEAN ventures by hosting regular ASEAN financial officer meetings, ASEAN roundtables and providing support for the obtainment of new banking licenses in key ASEAN countries. Also, the center is striving to enhance SMEs' access to funds by expanding credit guarantees, providing tailored support for startups hoping to break into ASEAN, and supporting ASEAN-Korea policy funds. It also provides policy funds for SMEs taking part in construction infrastructure projects.

Finally, he mentioned that ASEAN countries tend to have ambiguous financial regulations, very powerful financial authorities, and lengthy approval processes. He finished by saying that there are currently 47 Korean financial companies in Vietnam, 30 in Indonesia, 17 in Cambodia, and 24 in Myanmar. But in Malaysia, Thailand, the Philippines, Laos and Brunei, there is no meaningful presence of Korean financial companies, and future demand is also uncertain. It seems, however, that Korean companies in Thailand and Malaysia and the immigrant community desperately want Korean banks to enter into the markets.

Invitational Seminar with Korean Embassy in Thailand



Overview

On August 22th (Mon), 2022, CIFC hosted an online invitational seminar with the Financial Counsellor of the Korean Embassy in Thailand to discuss Thailand’s financial cooperation efforts and potential areas for cooperation. The seminar was prepared to develop an understanding of Thailand’s economy and financial market, and provide local information to CIFC members intending to expand into Thailand. Ms. Young-im Kim, Financial Counsellor at the Korean Embassy in Thailand, delivered a presentation.

Thailand’s Status of Financial Cooperation and Potential Areas for Cooperation
 Young-im Kim | Financial Counsellor | Embassy of the Republic of Korea to Thailand

Counsellor Kim touched on ① Thailand’s economic and financial trends, ② Korean financial institutions in Thailand and potential for cooperation. First, she mentioned that Thailand has the 2nd largest economy in Southeast Asia, only after Indonesia. It has a large land mass, abundant natural and labor resources, and foreign capital, which drove economic development over the years. She pointed out that Thailand’s financial industry can be categorized into banking, non-banking financial institutions, securities companies, and insurance companies, and that a total of 29 banks accept deposits: 18 local banks, and 11 branches of foreign banks.

Next, she explained that as of the end of 2021, 4 Korean financial companies have a presence in Thailand. They are mostly in the insurance and securities sector, and chose to venture in through an acquisition or merger of a local company. As for banks, most Korean banks that withdrew at the point of the 1997 Asian Financial Crisis never came back aside from Korea Development Bank, which still operates an office. According to the Minister, Korean financial institutions are interested in moving into Thailand, but the Thai authorities feel negatively about foreign financial institutions, and ever since 2014 there has not been a single case of a foreign bank launching business.

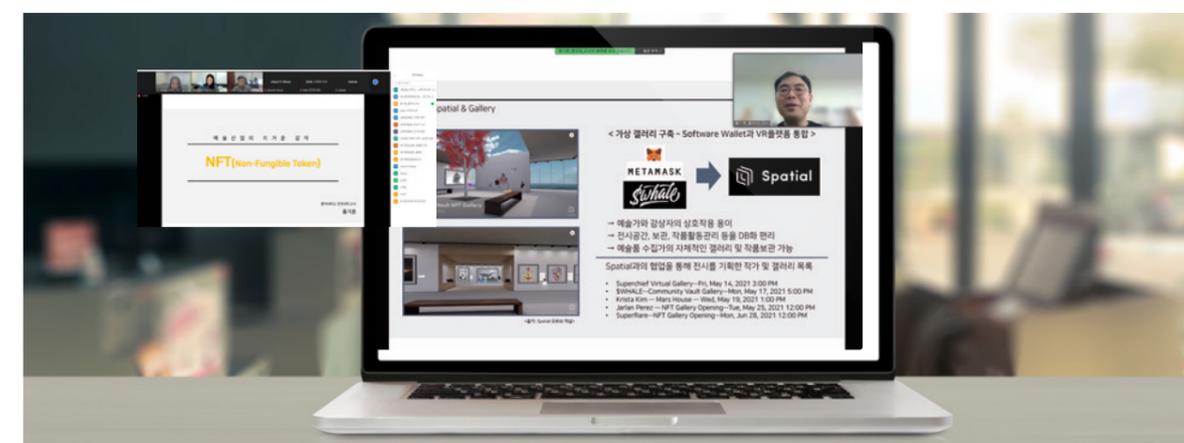
Korean Financial Institutions in Thailand				
Category	Company	Branch	Type	Established
Insurance	Samsung Life	Thai Samsung life Insurance Public Co., LTD	Local Subsidiary	1997
Securities	KTB Investment Securities	KTBST Securities PCL(Acquisition of FES)	Local Subsidiary	2008
Banking	KDB	KDB Bangkok Representative Office	Office	2013
Credit Finance	KB Card	KB J Capital Co., Ltd(Acquisition of J Fintech)	Local Subsidiary	2021

Furthermore, the Counsellor emphasized that the Central Bank of Thailand has recently started to harness digital and technological innovation to protect consumers and facilitate fair competition in the financial sector, and is pushing forward with open competition, open infrastructure, open data, and green transition-related policies. She then went on to say that in line with this trend, Korean financial institutions could provide advanced financial services in the local market, which is still in the initial phase of digital finance, and establish financial infrastructure to expand Korea-Thailand economic cooperation. Considering the fact that the Thai banking sector has currently matured and that the government is focusing on adopting digital finance and increasing financial inclusion, it would be easier for Korean financial institutions to break into the digital finance sector such as digital banking, and if Korean conglomerates and financial institutions join hands to expand into Thailand, there would be a better chance of obtaining an approval or a license.

Invitational Seminar with NFT Expert

Overview

On January 14th (Fri), 2022, CIFC hosted an online invitational seminar with an expert in NFTs (Non-Fungible Tokens), the hot potato in the art scene. Amidst heightening interest over NFTs, the seminar was held to seek diversification of CIFC members’ business portfolios. Professor Ki-hoon Hong from Hongik University gave a presentation.



NFTs, the Hot Potato in the Art Industry
 Ki-hoon Hong | Professor | Hongik University

Professor Hong presented on digital transformation, definition and overview of NFTs, and the use of NFTs in the arts and culture industry. He started by saying that if digitalization is bringing one’s own offline life to the online world, digital transformation is all about one’s own online life transforming one’s own life in reality, and this transformed life then being digitalized. He added that in order to prepare for one’s own life online, assets have to be digitalized and recorded on a register first. In this regard, NFTs are a type of online register proving ownership of a digital asset when trading digital contents within the frame of digital transformation. Also, he explained that technically, NFTs use blockchain-based smart contracts to save encrypted data in a specific address before being traded.

Next, Professor Hong mentioned that every industry involved in creating digital content is a part of arts and culture, and highlighted three innovations that triggered the development of the multimedia industry to explain how NFTs are being used in the art industry. The three innovations are: network technology (the Internet), hardware technology (smart devices), and information content. In an era where the Internet and smart devices are ubiquitous, the digitalization of information content cannot but accelerate, and nowadays digitalized cultural assets can be easily traded in the online world with NFTs as a medium of trade.

However, he emphasized, that this market no longer simply proves the ownership of assets, but is being swayed by capital. As opposed to artistic content, NFTs are widely viewed as coins that store value, and are being used as investment assets. Also, regarding the question of whether NFTs are virtual assets, he argued that whereas existing coins are investment assets or digital assets with some value that are intended to be mediums of trade, NFTs are simply digital assets. He went on to comment that regarding the use of NFTs in the gaming industry, blockchain-based games are trading games at the end of the day, and content is the key to every game. Since the original goal of NFTs is to prove the ownership of assets, the content recorded on the register would be most important.

Invitational Seminar with ESG Expert

Overview

On May 18th (Wed), 2022, CIFIC hosted an invitational seminar with ESG experts to discuss overseas ESG policies and responsible investment trends in the financial industry. The seminar was arranged to examine ESG-related issues in detail, as CIFIC members are highly interested in the theme. Mr. Sang-hee Ahn, Head of the Korea ESG Research Institute Responsible Investment Center delivered a presentation.



Overseas ESG Policies and Responsible Investment Trends in the Financial Sector

Sang-hee Ahn | Head | Korea ESG Research Institute Responsible Investment Center

Mr. Ahn touched on ① Major ESG laws and regulations overseas, ② Responsible investment trends in the local and global financial sector, ③ ESG evaluation schemes, and ④ Companies' response strategies. First, he mentioned that at the core of ESG is sustainable management, which refers to pursuing both profitmaking and being socially responsible. He also explained national legal frameworks to reduce greenhouse gases such as the EU's comprehensive response and the US policies centered on infrastructure investment, Japan's support for new industries and Korea's climate policies focused on both infrastructure investment and nurturing new industries.

In addition, he mentioned that responsible investment or ESG investment requires factoring in not just the financial performance of a company, but also the social impact of an investment such as the resolution of social problems. The most commonly used frameworks for financial institutions' responsible investments are ESG disclosure guidelines published by the Sustainability Accounting Standards Board (SASB), and the TCFD (Task Force on Climate-related Financial Disclosure) guidelines which are more focused on the environment. Also, responsible investment strategies include negative screening, or not investing in alcohol or drug manufacturers, ESG integration, which is based on traditional financial analyses, and direct engagement in management through shareholder proposals, etc.

Furthermore, he explained the characteristics of Japan, Norway, the US, and Korea's ESG evaluation agencies. Japan's GPIF (Government Pension Investment Fund) is operated almost entirely through consigned management and Norway's NBIM (Norges Bank Investment Management) mostly opts for negative screening and ESG integration strategies. CalPERS (California Public Employees' Retirement System) in the US has a dedicated team for responsible investment, and in Korea, the focus is on information disclosure and responsible investment. There are several laws and guidelines applied to responsible investment in Korea such as the Framework Act on Carbon Neutrality for environment, Serious Accident Punishment Act for Society, and sustainable management report or corporate governance report guidelines for governance.

Finally, Mr. Ahn underscored that corporate response should be centered on not viewing sustainable management or responsible investment as a cost but an opportunity, and identify what their key ESG competitiveness is. He concluded by saying that financial institutions should encourage companies to internalize this perspective and consider adopting 3rd party verification of information disclosures such as sustainable management reports.

Invitational Seminar with Multilateral Investment Guarantee Agency (MIGA)

Overview

On November 15th (Tue), 2022, CIFIC hosted an invitational seminar with the Multilateral Investment Guarantee Agency (MIGA) to understand the role of the agency and discuss mitigation of overseas project risks. The seminar was arranged to introduce MIGA and look into MIGA's financial development programs. Mr. Kyu-won Oh, Senior Underwriter of MIGA took part as a presenter.

Understanding MIGA and Mitigating Overseas Project Risks

Kyu-won Oh | Senior Underwriter | Multilateral Investment Guarantee Agency

Mr. Oh gave an overview of MIGA, introduced MIGA's products and presented specific cases of Korean companies. First, he explained that MIGA is a member of the World Bank Group and is in charge of private projects along with IFC (International Finance Corporation), specifically providing policy guarantees for foreign direct investment so that underdeveloped countries could have seamless capital inflows. MIGA has grown remarkably over the past 10 years, currently posting a guarantee amount of 23 billion dollars, 4 billion dollars provided annually. According to the breakdown by region, Africa accounts for 25%, Latin America 22%, and Central Asia 20%, with the lion's share focused on Africa and less developed countries.



Next, regarding MIGA's products, Mr. Oh mentioned that MIGA guarantees cross-border foreign investments in various forms such as principal investments, loans and swaps. Also, he explained that MIGA's guarantee programs cover cases where local currency exchange or overseas remittance are limited due to issues with the local government, where the local government threatens rights regarding the investment project, where damage is incurred due to a war or social conflict, where a default on contract occurs between investors and the local government, and where the local government fails to pay the principal amount.

Lastly, Mr. Oh touched on cases of Korean companies by saying that for Pakistan's hydropower project, MIGA provided a bridge contract for the right to water and purchase of electricity. Also, regarding projects in Turkey, MIGA made sure through its guarantees that even if Turkey's economic situation worsened due to the war or coup, the premium could not be raised or cancelled.

In addition, Jae-young Jin, Head of MIGA Korea, mentioned that if Korean banks are covered by MIGA when establishing an office in a developing country, the applied risk-weight is 0%, giving them more room to adjust the BIS ratio. Even when trying to extend a loan from the bank, this enables lower interest and a longer period, helping them secure price competitiveness.



Research Projects

Overview

In response to members' demand for various research themes and to provide practical assistance with overseas expansion, CIFC selected themes with the highest demand and outsourced research projects. 7 institutions including the Korea Financial Telecommunications & Clearings Institute, Korea Credit Guarantee Fund, Korea Housing Finance Corporation, Korea Securities Finance Corp, Industrial Bank of Korea, Korea Development Bank, and the Korea Federation of Banks participated in research projects, and each member chose an institution to conduct their research.

Prime Examples of Overseas Open Banking Services and Export Strategies for Korean Open Banking Services



Korea Financial Telecommunications & Clearings Institute |
By Dongkuk University Industry Academy Cooperation Foundation

The research project on 「Prime Examples of Foreign Open Banking Services and Export Strategies for Korean Open Banking」 was centered on analyzing the pros and cons of the Korean open banking model, and coming up with the most effective strategy to export the Korean model overseas. It was conducted from September 1st to November 15th, 2022. As part of the research, the cases of open banking leaders such as the UK, the EU, Australia and Singapore were examined to understand the global status and development of open banking, and such cases were compared with Korea's situation to identify the strengths and weaknesses of the Korean system in order to analyze Korea's competitiveness and the best export strategy.

Regarding the adoption of open banking, it was concluded that the facilitative approach, which is a hybrid of the market-based approach and norm-based approach, could be the competitiveness of the Korean model, since it enables flexible and stable adoption. Another upside is the standardized open API-based system that allows fintech companies and financial institutions to join the KFTC system through a single entry point, and provide key financial services to consumers without a separate affiliation. It was found through the research that open banking could be the solution for countries facing the challenge of nurturing the fintech industry, achieving financial inclusion and digital transformation. Also, it was concluded that in formulating export strategies, previous payment system export experiences should be factored in, promotional materials for the Korean open banking model should be prepared, and a further analysis of competing nation's open banking services should be conducted.

Potential Policy Financing for Companies in the Visegrad Group



Korea Credit Guarantee Fund | By Korea Institute for International Economic Policy

The research project on 「Potential Policy Financing for Companies in the Visegrad Group」 was aimed at analyzing the management and financial environment of Poland, the Czech Republic, Slovakia and Hungary, to which much exports and investments are headed from Korea. The goal was to identify the challenges of Korean companies on the ground in order to find ways to support them through policy financing. The project was conducted from September 19th to November 11th, 2022, and covered the macroeconomic and industrial environment in V4 countries, analyses of Korean companies' presence in the local market, and effective support measures such as credit guarantees and policy financing.

V4 countries are currently reinforcing their support for SMEs and are placing a great focus on nurturing SMEs and globalizing them. However, since Korean SMEs are facing difficulties in financing when expanding into V4 countries, we are seeing an increasing need for policy support, such as the Credit Guarantee Fund's overseas investment project guarantee scheme. This scheme is comprised of two parts: 'overseas investment fund guarantee' and 'overseas project fund guarantee'. It was found through the research project that actively leveraging these schemes according to the SME's specific needs would be effective.

Overseas Expansion Strategies for Korea Housing Finance Corporation



Korea Housing Finance Corporation | By Korea Management Association

The research project on 「Overseas Expansion Strategies for Korea Housing Finance Corporation」 was centered on examining the operational performance of KHFC, analyzing related institutions' overseas business expansion cases and conducting feasibility analyses to develop sustainable growth plans from the perspective of public services. The project was conducted from September 13th to November 16th, 2022.

As part of the research, an analysis of local and global housing finance markets, an analysis of characteristics of public services, and a feasibility assessment of foreign branches based on publicity, efficacy and sustainability were conducted to examine the feasibility of KHFC's overseas branches and select strategic tasks for the long term. Through the feasibility assessment, 5 different evaluations were made to analyze integrity. It was found through the research that the establishment of overseas branches was necessary to expand the policy role of the corporation and enhance the quality and welfare of housing services. On top of this, short term and long term strategic objectives and overseas projects as well as implementation tasks were formulated.

Overseas Dissemination of the Securities Financing Model



Korea Securities Finance Corp | By Korea Management Association

The research project on 「Overseas Dissemination of the Securities Financing Model」 was aimed at analyzing the countries or regions in which a securities financing-specialized institution can be adopted, and to craft an expansion strategy to systematically pursue overseas cooperation projects. The project was conducted from September 13th to November 25th, 2022.

This research reviewed Korea Securities Finance Corp's role in securities financing (providing liquidity to the capital market through acquisition financing, distribution financing and collateral financing, etc.) and management of investors' deposits. Alongside the economic functions, the research looked at its development and the role it played throughout the history of the capital market, and examined cases of foreign securities financing-specialized institutions. Based on the findings, key indicators for the development of the capital market such as the real economy, market infrastructure, economic growth rate, maturity of the financial industry, cultural similarities, institutional similarities and presence of other public financial institutions, etc. were factored in to identify potential target countries. As a result, Vietnam, Cambodia, and Uzbekistan were selected as potential recipients, and the political, economic and capital market development of these countries as well as other factors to be considered were reviewed as part of the research.

Transferring the IBK Vietnamese Branch into a Corporation



Industrial Bank of Korea | By PwC

The research project on 「Transferring the IBK Vietnamese Branch into a Corporation」 was centered on analyzing the Vietnamese market and financial environment to identify the necessity of transferring the branch into a corporation, and the specific ways to do so. It was conducted from September 13th to November 11th, 2022. This research was focused on examining the economic and political environment of Vietnam as well as conducting an internal assessment within the IBK to analyze the impact that the transfer would have on the Vietnamese economy.

The Vietnamese government has formulated a mid-to-long-term national strategy to expand economic growth and is working to advance the financial environment by enhancing financial regulations and compliance. Also, it was found through the internal assessment that IBK, as Korea's only policy bank aimed at supporting SMEs, is driving the development of Korean SMEs. Furthermore, the research proved that since Vietnam has higher potential for economic growth compared to other Southeast Asian countries, the IBK Vietnamese branch should be transferred into a corporation to expand networks. Through the establishment of a corporation, IBK would be able to contribute to the development of the local economy, adopt advanced financial systems, and spread knowhow in SME financing, providing a positive boost for the Vietnamese economy.

Expansion into the Australian Banking Industry



Korea Development Bank | By PwC

The research project on 「Expansion into the Australian Banking Industry」 was conducted in response to the increased number of Korean companies breaking into the Australian market to secure a global supply chain, and higher demand for local infrastructure. The project was conducted from September 13th to November 25th, 2022, to prepare for Korean bank's expansion into Australia. Through the research, the advantages and disadvantages of entering the Australian market as well as the risk factors were analyzed so that Korean banks could decide on the most effective route.

The research touched on the characteristics of the Australian financial market and banking industry, as well as the recent trends among foreign banks in Australia. It also reviewed the considerations to be made by Korean banks when venturing into Australia. Furthermore, it examined the pros and cons for establishing a corporation or a branch along with the associated limitations, accounting and tax issues, major local regulatory bodies and regulations applied to Korean banks. On top of this, the research covered the most effective regulatory response in the case of an expansion into Australia and the potential changes or supervisory issues regarding banking regulations.

Foreign Banks in Australia

	Key Findings		
New entrant: Barclays is back Barclays Bank was the only foreign bank to be granted a banking licence last year.	North America Was the fastest growing region, growing resident Australian assets 17% - but down by 10 percentage points on 2020.	Europe Bank assets rose by 5% with growth by French and Dutch banks more than offsetting the contraction by Swiss and German banks.	Asia Bank assets in Australia were largely flat, with growth from Singapore and Taiwan offsetting contraction by Korean and Japanese banks.
Softer growth in softer economic conditions Australia's weaker economic growth led to slower lending growth, limiting the growth in resident assets.			

Current Status of Major Global Banks' Expansion and Key Strategies



Korea Federation of Banks | By PwC

The research project on 「Current Status of Major Global Banks' Expansion and Key Strategies」 was aimed at formulating effective expansion and operation strategies for banks, considering the potential increase in overseas ventures with the gradual lifting of COVID measures. It was conducted from September 6th to November 4th, 2022. The research focused on reviewing the global presence of Korean and foreign banks and analyzing their strategies to come up with implications for Korean banks' overseas expansions.

This research found that although Korean financial companies are currently seeing an increase in their overseas net profit and number of branches, there is an excessive concentration in specific Asian regions triggering intense competition, and the business areas are also fairly limited to loans and deposits. It also concluded that although each financial group has a different overseas expansion strategy, they are mostly transitioning to the regional model, with strong localization in most of the countries. Specific cases and strategies of HSBC, Citi Bank, MUFG, SMBC, DBS, and UBS were mentioned as part of the research.

CIFC Newsletter and Email Services

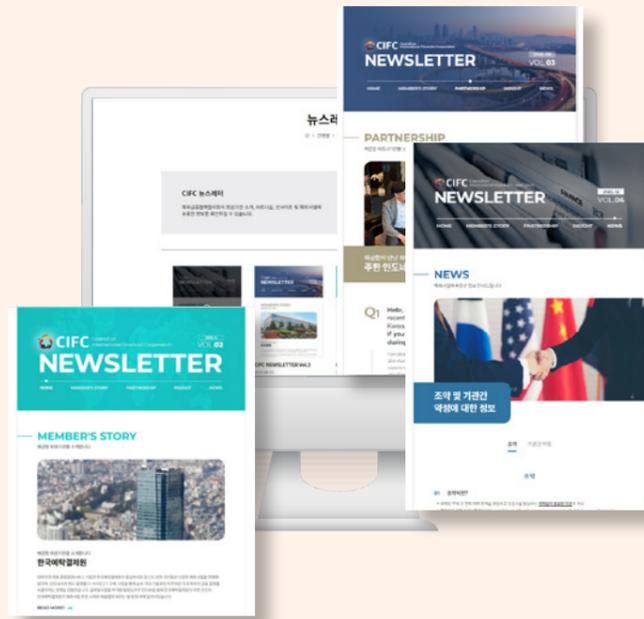
CIFC Newsletter

CIFC published the CIFC newsletter three times over the past year to feature members' and partner institutions' interviews and to provide timely information such as financial experts' insights and useful tips for overseas businesses.

The CIFC Newsletter Vol.2 featured an overview of KSD, an introduction of the IFC Seoul Office, an article by the Chief of Fintech Center Korea, Mr. Young-han Byun (Ways to support fintech companies' overseas expansion), and useful information when flying back to Korea after a business trip, and was published on June 15th, 2022.

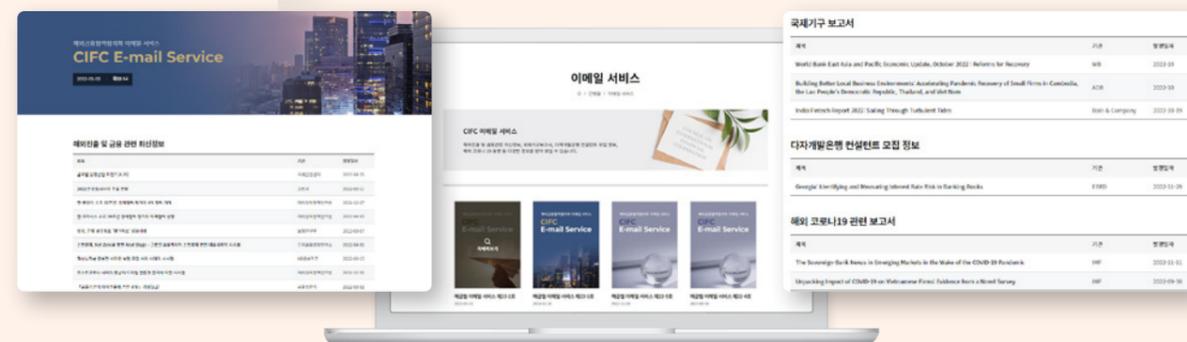
Newsletter Vol.3 featured an overview of the Korea Insurance Development Institute, an interview with the Indonesian ambassador to Korea, an article by Director Hyung-kun Park from Climateworks Foundation (Financial industries: the guardian and partner for ESG), and latest measures for arriving foreigners at different countries, and was published on August 23rd, 2022.

Newsletter Vol.4 featured an overview of the Financial Security Institute, introduction of the ASEAN-Korea Financial Cooperation Center, an article by Professor Ji-young Kim of Soongsil University (Analysis of Hungary's economic status in 2022 and future outlook), and information regarding treaties and MOUs, and was published on December 16th, 2022.



CIFC Email Services

CIFC initiated the CIFC email service and circulated emails five times over the past year to regularly provide members with the latest information on overseas expansion and financial industries, reports by international organizations, consultant recruiting by multilateral banks, and overseas COVID-19 trends.



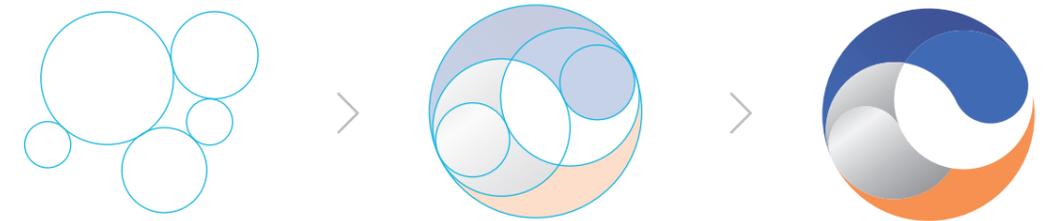
Renewal of CIFC Logo and Website

Renewal of CIFC Logo

In order to visualize the modern reinterpretation of CIFC's identity as a leader in global financial cooperation, CIFC renewed its logo.

Symbol

CIFC's CI was inspired by the key message of 'cooperation', which was visualized into circular shapes symbolizing the relationship between CIFC and global financial institutions. The combination of various round shapes ultimately resemble the Earth, and the letter 'C', representing CIFC. The symbol stands for 'CIFC', which is a body for global financial cooperation, and the 'connection' and 'cooperation' of global financial companies. The inner part of the symbol resembles the dynamic interaction between the yin and yang of the Taegeuk icon. This shows that CIFC will continue to reinforce its preeminence as Korea's representative institution for global financial cooperation, and work to build a brighter future.



Renewal of CIFC Website

CIFC renewed its website to increase accessibility, enhance user convenience, and make adjustments to the programming language, overall design and admin functions. The design of the main page and detail pages was changed, contents were complemented, new pages for the newsletter and email services were added, and admin mode functions were improved.



CIFIC General Meetings and Workshop

January General Meeting	Date 21 January 2022 Location Online meeting (Zoom) Participant 15 Institutions / 37 Staff members Topic CIFIC Newsletter Vol. 1, Review of final report of 2021 research project (Vietnam), Feedback for 2022 CIFIC projects, February regular general meeting's topic
February 2022 Annual Meeting	Date 25 February 2022 Location Online meeting (Zoom) Participant 24 Institutions / 41 Staff members Topic 2021 CIFIC business report and account report, 2022 CIFIC business and budget plans for profit and expense, Amendments to 2022 operational rules, Resolution on 2022 membership fees
March General Meeting	Date 15 March 2022 Location Online meeting (Zoom) Participant 18 Institutions / 33 Staff members Topic 2021 research project final report, 2021 CIFIC annual report, Invitational Seminar with U.S. Korean Embassy, Survey on overseas network of CIFIC members
April General Meeting	Date 21 January 2022 Location Online meeting (Zoom) Participant 17 Institutions / 25 Staff members Topic Knowledge Exchange Initiative with Uzbekistan Financial Institutions, Invitational Seminar with Experts, 2022 CIFIC research project, CIFIC 10th anniversary projects, CIFIC E-mail Service Vol.1
May General Meeting	Date 5 May 2022 Location 8 th Floor Meeting Room, Korea Institute of Finance (KIF) & Online meeting (Zoom) Participant 20 Institutions / 36 Staff members Topic 2022 CIFIC research project, 2022 CIFIC workshop, CIFIC 10th anniversary projects
June General Meeting and Workshop	Date 30 June 2022 Location Westin Josun Seoul Participant 20 Institutions / 36 Staff members Topic Knowledge Exchange Initiative with Uzbekistan Financial Institutions, CIFIC 10th anniversary projects, Discussions on development plans, Cases of CIFIC members' overseas expansion and know-how of overseas business

July General Meeting	Date 29 July 2022 Location 8 th Floor Meeting Room, Korea Institute of Finance (KIF) & Online meeting (Zoom) Participant 21 Institutions / 36 Staff members Topic Invitational Seminar with Korean Embassy in Thailand, Knowledge Exchange Initiative with Uzbekistan Financial Institutions, 2022 CIFIC research project, CIFIC 10th anniversary projects
September General Meeting	Date 30 September 2022 Location 8 th Floor Meeting Room, Korea Institute of Finance (KIF) & Online meeting (Zoom) Participant 19 Institutions / 31 Staff members Topic Joint Seminar with ASEAN-Korea Financial Cooperation Center, Diversion of 2022 CIFIC budget, Final reporting workshop on 2022 CIFIC research project, CIFIC 10th anniversary project
October General Meeting	Date 28 October 2022 Location Online meeting (Zoom) Participant 13 Institutions / 21 Staff members Topic Uzbekistan Economic Forum, Diversion of 2022 CIFIC budget, Survey on 2023 overseas business plan and schedule of CIFIC members, Report of unused budget, CIFIC 10th anniversary projects,
November General Meeting	Date 25 November 2022 Location Online meeting (Zoom) Participant 19 Institutions / 31 Staff members Topic Final reporting workshop on 2022 CIFIC research project, 7th International Financial Cooperation Forum, Report of diversion of 2022 business budget plan, CIFIC 10th anniversary projects
December General Meeting	Date 17 December 2022 Location 14 th Floor Meeting Room, Korea Institute of Finance (KIF) Participant 19 Institutions / 31 Staff members Topic Final reporting workshop on 2022 CIFIC research project, 7th International Financial Cooperation Forum, CIFIC 10th anniversary projects



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Address 5F, 19 Myeong-dong 11 Gil, Jung-gu, Seoul, Korea

Tel 02-3705-6353 / 6279 / 6147

Fax 02-3705-6288

Website www.cifc.or.kr

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