

# FINANCIAL INSTITUTIONS AND THE BANK OF KOREA



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# FINANCIAL INSTITUTIONS

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- ❑ Financial institutions in South Korea can be divided into three main categories: the central bank, the individual banking institutions and non-banking institutions, such as insurance companies, venture capital funds, etc. The foundation of modern financial system in South Korea were established in the early 1950's, when it was adopted a number of regulations governing the activities of the banking system

# FINANCIAL INSTITUTIONS

- Data on the structure of the financial system of the country and the number of enterprises in these (data as of November 2010):

	Agencies	quantity
Banks	Regional Banks	9
	National banks	6
	Branches of foreign banks	41
	Specialized banks	5
Insurance Companies	Life Insurance	22
	Other types of insurance	23
Company Securities	Investment Companies	130
	Others	177
Others		176

# THE MAIN FEATURES OF THE FINANCIAL SYSTEM OF KOREA

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- ❑ In the analysis of the financial system of Korea should be allocated a number of features: a general lack of development of the financial system, and in institutional terms - its special focus on the banking sector. In this country, there are practically no such elements ensure stability of the financial system as a national deposit insurance, centralized allocation of the "problem" of financial institutions and their supervision, etc.

# THE MINISTRY OF FINANCE AND ECONOMY OF KOREA

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- The main government body concerned with the regulation of the financial system is the Ministry of Finance and Economy of Korea, which is actively involved in the development of the economic strategy, allocate financial resources across sectors and firms, determine the tax and tariff exemptions. The organizational structure of the Ministry of Finance of South Korea has remained almost unchanged since its inception.



- At the heart of the state credit - Bank of Korea, which controls the emission of money in circulation, monitors the activities of private banks, issues permits for the opening of branches of foreign banks, provides statistical and analytical functions. To the system of state-owned banks are also 7 specialized banks (originally they were public property since more than half of their capital was paid for by public funds).
- In the state-owned banks is about 37% of the deposits of the country. Deposit banks include 10 national commercial banks, 10 local banks and 66 branches of foreign banks. 5 Concentration of financial and monetary resources in the hands of the state affected the formation of the basic proportions of social production. In this case, the main emphasis is on comprehensive export promotion. The state used to subsidize the national exporters, who provide banking facilities.

# THE CENTRAL BANK OF THE REPUBLIC OF KOREA

- ❑ Was incorporated on 12 June 1950. Its main function is to issue the national currency, the definition of monetary and credit policy, control of foreign exchange rates, the study and collection of statistics on the country's financial system, regulation of private banks. Bank of Korea, the government provides loans and the agents of the government with regard to the country's banks. All South Korean banks have their credit through the Central Bank of Korea.
- ❑ The Bank of Korea has exclusive rights for the production of banknotes and coins of the denomination, design and size, which is determined by the Committee on Monetary Policy. Notes and coins have the status of legal tender in the country for all transactions without exception.



# KB KOOKMIN BANK

- ❑ One of the largest banks in the Republic of Korea was founded in 1963. KB Kookmin Bank is a member of the Korean financial group KB Financial Group. The company's headquarters is located in Seoul.
- ❑ After the banking sector of the Republic of Korea began to experience severe difficulties caused by the credit crisis of the summer of 2007, in March 2008, Kookmin Bank went to purchase part of the Kazakh Bank Center. At the time of purchase "Tsentrkredita" representatives of the South Korean side said that they went to the conclusion described the deal at a time when Central Asia is beginning to enjoy the benefits of their natural resources. Prior to these acquisitions made in the major Western European banks. Thus, the bank is planning to purchase a stake in "Tsentrkredita" in the future to enter the CIS region
- ❑ Kookmin Bank has 1132 branches in South Korea, and 3 offices abroad.





# SHINHAN BANK

- ❑ Bank based in Seoul (Republic of Korea). Historically, it was the first Bank of Korea. Established under the name "Hansonsky bank" in 1897, the Bank was re-registered in 1982.
- ❑ **Shinhan Bank** was established as a small enterprise:
  - with initial capital of KRW 25.0 billion,
  - 279 employees
  - three branches
- ❑ On 2009 year:
  - ❑ 1062 branch
  - ❑ 9 subsidiaries
  - ❑ The total number of clients - more than 15.8 million people.



# WOORI BANK

- ❑ From 1999 to 2002, called Hanwit Bank
- Changed its name in 2002, as included the Commercial Bank of Korea, Hanil Bank and the World Bank
- ❑ Currently, Woori Financial Group losing ground in Asia, behind Chinese banks - according to the magazine «The Banker», Woori Bank in 2008, dropped to 15th place with 11 compared to the previous year.
- ❑ In 2007, Woori Bank has registered a subsidiary in Russia, JSC "Woori Bank." Woori Bank has a license to work with corporations and individuals and is a member of the system of deposit insurance. Woori Bank has a branch in St. Petersburg.



# CONCLUSION

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- ❑ The most important element of state regulation of the economy in the Republic of Korea is the sovereignty of the government in the financial and credit sphere. Experience of the organization of the financial system of South Korea is instructive, particularly in relation to successfully found a combination of strict hierarchy of credit and banking institutions and non-banking financial institutions, strict control over all aspects of monetary and financial markets.

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