

# ASEAN becomes key for Seoul's financial hub vision

2020-05-17 : 12:00



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Southeast Asia has been mentioned as the place where the Korean financial industry should expand its presence over the next three years to accomplish the country's grand plan of becoming an international financial hub.

According to the Financial Services Commission (FSC), Friday, the expansion in ASEAN countries has been among one of the three major strategies for the fifth master plan for a financial hub, which is supposed to be fulfilled between 2020 and 2022.

This is the first time that Korea has emphasized ASEAN in its financial hub master plan.

"As the target of our outbound strategy, the emerging ASEAN economy has received growing attention," the FSC said in a press release. "Among the 27 foreign branches that Korean financial firms set up last year, 13 were located in ASEAN member countries, such as Vietnam, Indonesia and Singapore."

Against this backdrop, the financial regulator decided to pursue so-called "choice and concentration" in its global strategy and focus on the ASEAN market.

This decision was made as the Korea Capital Market Institute (KCMI) advised the FSC in December to focus on the ASEAN market to preemptively satisfy demands for financial services in the region which has emerged as an alternative global supply chain to China.

The KCMI noted that global financial firms have already considered the domestic financial market as saturated, so it has been difficult to pursue an inbound strategy that aims to attract foreign financial firms to Korea.

"In response, there's been a growing interest in an outbound strategy through Korean financial firms' overseas expansion and domestic investors' purchase of foreign stocks," the think tank said.

The FSC admitted this, saying foreign financial firms have reduced their operations here, due to the worsening profitability of their global head offices amid the changing international financial environment.

However, the financial regulator has not scrapped its inbound strategy.

"As well as supporting Korean financial firms going abroad, we will continue to improve the business environment for foreign financial firms," the FSC said. "In addition, we will stably pursue our plans to create an international financial hub, based on the advantages of Seoul and Busan."

Since the nation's two largest cities were designated as financial hubs in the first master plan devised in 2008, the FSC has come up with new plans every three years. The latest one will be finalized in an FSC meeting slated for May 27.