

Reduced Regulations for Guarantee Support

Athens, Greece
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(Korea Federation of Credit Guarantee Foundations)



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Overview of KOREG / CGFs

I - ①. Overview of KOREG

1 Profile of KOREG

 **KOREG** (Korea Federation of Credit Guarantee Foundations) (Since 2000.8)

“Contribute to the welfare of Small / Micro Biz through Re-guarantee Service for CGFs”

* 「Government-affiliated Institution(Nonprofit Special Legal Entity)」 under Regional Credit Guarantee Foundation Act 35

2 Main Business of KOREG

 **RE-guarantee Service for CGFs**

 **R&D on the methods of Credit Investigations**

 **Education and Training for executives and employees of CGFs**

 **Planning Credit Guarantee Scheme, Etc.**



I - ②. Overview of CGFs

1 Profile of CGFs

 **CGFs (Credit Guarantee Foundations) (Since 1996)**

* 「Government-affiliated Institution(Nonprofit Public Organization)」 under Regional Credit Guarantee Foundation Act 1

2 Main Business of CGFs

 **Credit Guarantee mainly focus on Small Businesses**

 **Credit Investigation**

 **Credit Information Management**

 **Business Consulting Service**

3 Funding Sources of CGFs

 **Contributions from Local governments & Financial institutions**

 **Guarantee Fees from SMEs**

I. Overview of KOREG /CGFs

4 Overview of KOREG, CGFs

KOREG

The Headquarters in Daejeon, 1 Branch Office in Seoul

83.8 million EUR (Core Capital)

18,205 million EUR, 1.51 million SME cases

(Re-guarantees Outstanding, as of July, 2022)

17 CGFs

The Headquarters of KOREG

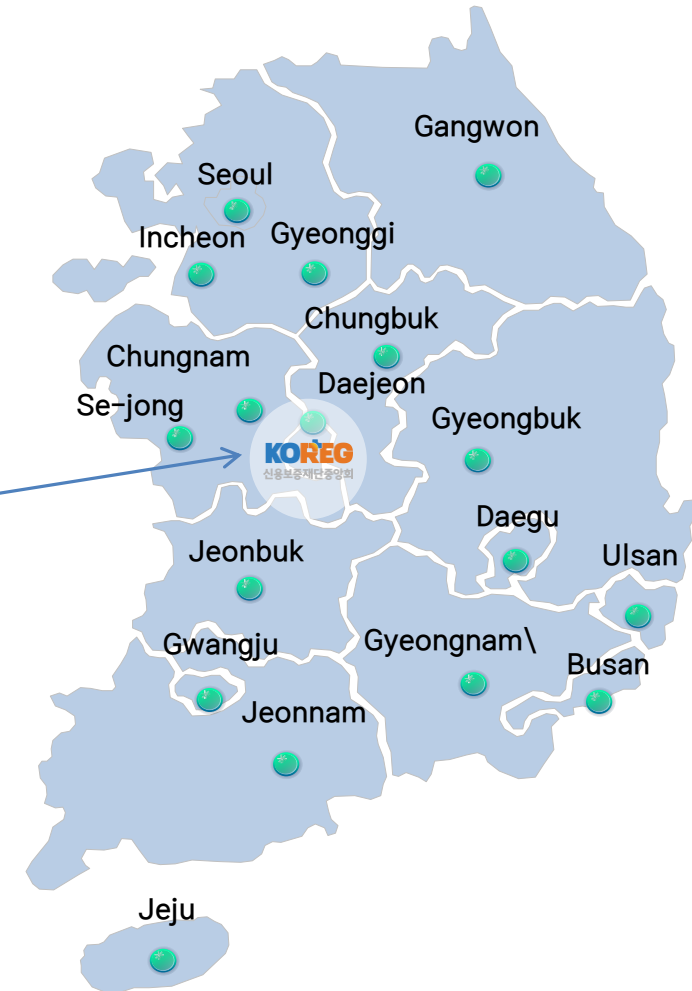
17 Head Offices, 181 Branch Offices

406.3 million EUR (Core Capital)

33,973 million EUR, 1.51 million SME cases

* Micro Ents : 32,426 million EUR(96%)

(Guarantees Outstanding as of July, 2022)



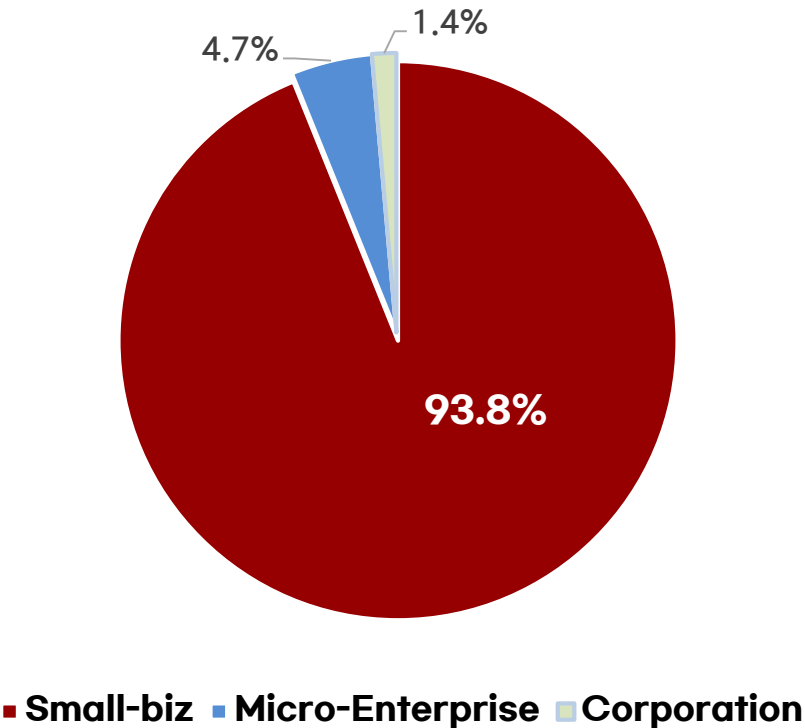
Current Status of Small Businesses

II. Current status of Small Businesses

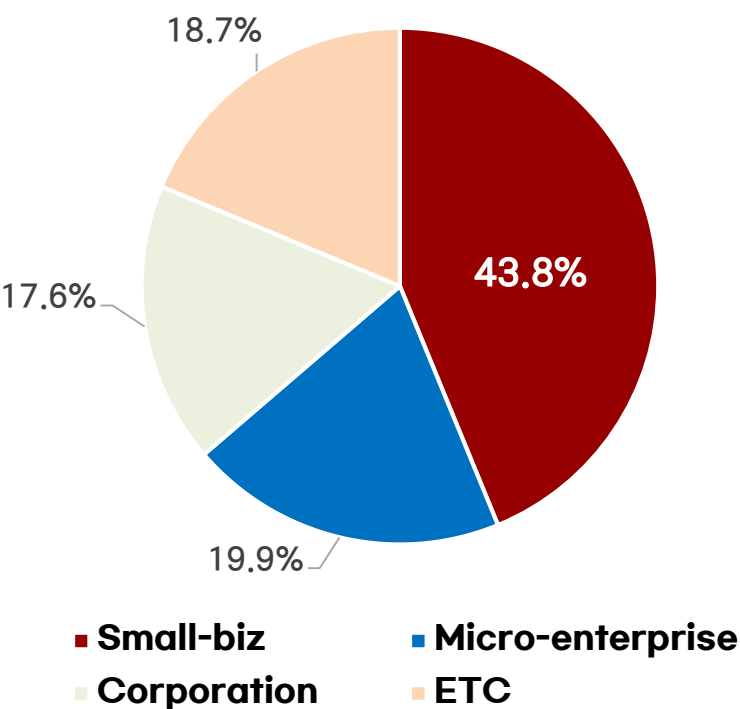
SMEs With less than 5 workers

- 6.84 million, which is 93.8% of the total number of companies (7.295 million)
- 43.8% of the total number of workers (21.58 million) are employed
- Responsible for 50% of GDP in Korea

Current Status of the Number of Companies



Current Status of the Number of Workers





Achievements of Guarantee Support

III. Achievements of Guarantee Support

1 Guarantee Support Performance

 **Guarantees Outstanding** (Unit : EUR Billion) * ('15) 10.1 → ('20) 27.5 → ('21) 30.4 → ('23.Feb) 32.6

 **Guarantee Support** (Unit : EUR Billion) * ('15) 7.5 → ('20) 20.1 → ('21) 17.4 → ('22) 19.1



The Support Ratio of CGFs



III. Achievements of Guarantee Support

2 Credit Guarantee Support Effect

Economic Multiplier Effect



* Data : " Industrial associated Analysis", studied by KOREG through "Industrial associated table is presented by Bank of KOREA"

- **The regulatory framework of SMEs :
how close are we to the red line of red tape”**

IV Efforts to Reduce Regulations for Credit Guarantee Support

- 1 Simplification of Guarantee Support Procedures**
- 2 Expansion of Guarantee Support Coverage**
- 3 Systems to Reduce Financial Costs for SMEs**

IV

Efforts to Reduce Regulations for Credit Guarantee Support

1 Simplification of Guarantee Support Procedures

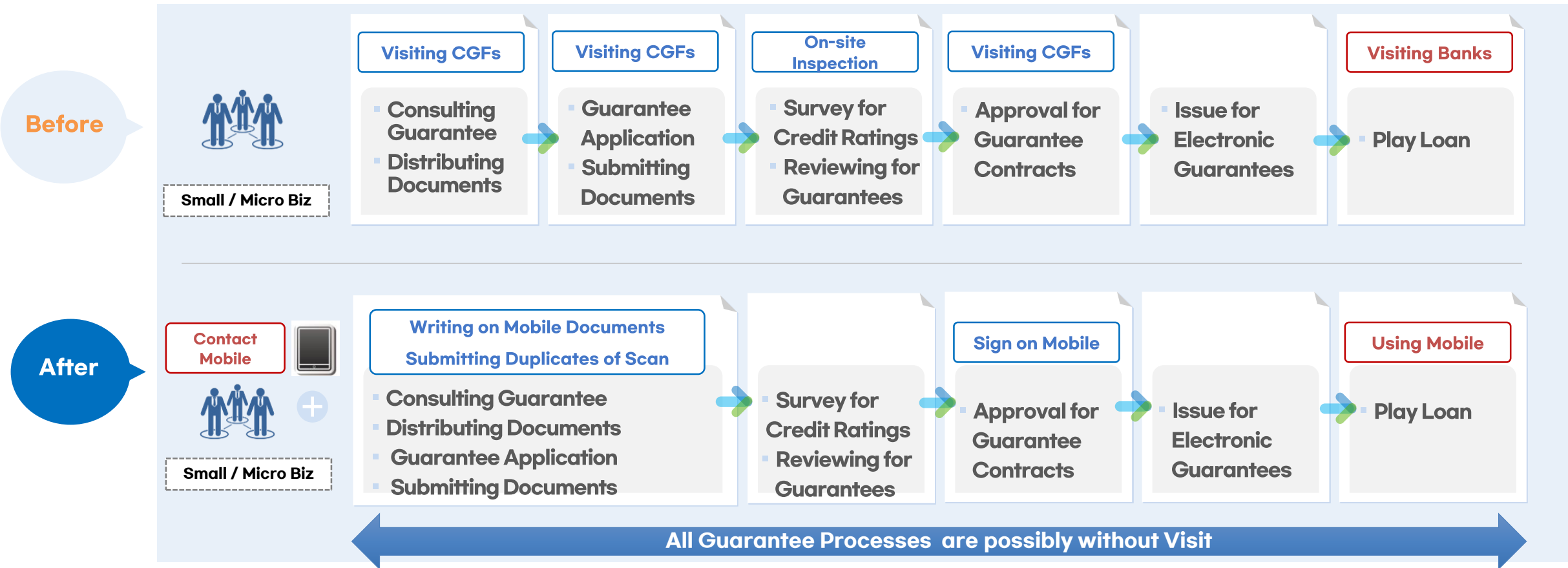
- ① **Non-face-to-face guarantee support system**
- ② **Simplified documents for guarantee support**
- ③ **Initiated “No Need for On-site Inspections” policy**

IV. Efforts to reduce regulations for guarantee support

1 Simplification of guarantee support procedures

① Construction of the non-face-to-face guarantee support system

✓ SMEs can handle the entire process of Guarantee & Loan using Mobile phones



IV. Efforts to lessen regulations for guarantee support

1 Simplification of guarantee support procedures

① Construction of the non-face-to-face guarantee support system

✓ CGFs' mobile app newly developed in May 2023

Comprehensive Financial Services



Service

CGFs' Mobile App

Guarantee application

Refund check for
the remaining guarantee fee

Issuing documents

Application for
amortizing repayment

IV. Efforts to reduce regulations for guarantee support

1 Simplification of guarantee support procedures

Make it easy to have access our Guarantee Service mainly targeting SMEs



SMEs



Access to mobile



Available everywhere within 2days

 **SMEs can apply for Guarantee, Loans via the Mobile app**

- Issue Guarantee within 2 days

Manage Guarantee Documents efficiently

⇒ Make it possible to Dramatic improvements on Guarantee Support Program

 **No worry about Business Closure for self-employed SMEs**

- If SMEs apply for Guarantee support in CGFs, Financial Institutions can carry out an on-site inspection, and this results in the temporary closure of your business.

⇒ The Non-Face to face guarantee system can solve it !

*** Self-employed small businesses : 74.4%**

(As of 2022. Dec, Basic Statistics from the Ministry of SMEs and Startups)

IV. Efforts to lessen regulations for guarantee support

1 Simplification of guarantee support procedures

② Simplified documents for credit guarantee support

By collecting documents through administrative information, customer convenience and work efficiency have been increased




	Data	Check List
Administrative information	Business Registration Certificate	Industry and Business History
	Certificate of VAT Standards	Sales (Revenue)
	A Copy of Resident Registration	Period of Residence
	CICs Data	Sales Information (Credit Card, Cash Receipt, Tax invoice)

IV. Efforts to reduce regulations for guarantee support

1 Simplification of guarantee support procedures

③ Initiated “No Need for On-site Inspections of business places” policy

 According to MSS Instructions change	Conditions	Check Point
	Business history	More than 1 year
	Guarantee amount	Less than 35.5 thousand EUR
	Credit rate	Grade 6 and above

1 to 10 steps credit rate in Korea

➤ Number of on-site inspections not carried out (cases/10 thousand) : (‘21) 22.3 → (‘22) 46.2
Quantity of on-site inspections not carried out (EUR/Billion) : (‘21) 39.5 → (‘22) 56.4

IV

Efforts to reduce regulations for credit guarantee support

2 Expansion of Guarantee support coverage

- ① Beginning support for SMEs with low credit
- ② Expanding the scope of business types
- ③ Start of “Bridge Guarantee”
- ④ Start of “Re-challenge special guarantee product”

IV. Efforts to lessen regulations for guarantee support

2 Expansion of Guarantee support coverage

① Beginning support for SMEs with low credit

 (Before) lower than Grade 6 was not the target

 (After) a new guarantee product only for mid-to-low credit SMEs

4 to 10 credit rate

② Expanding the scope of business types


 About 30 kinds of business types are operated with guarantee restriction such as gambling, game and speculation-promoting industries, Etc.

 **We provide guarantee support to liquor brokerage and tobacco wholesale businesses, considering the current economic period and environmental changes.**

IV. Efforts to lessen regulations for guarantee support

2 Expansion of Guarantee support coverage

③ Start of “Bridge Guarantee”

-  Converts business guarantee to personal guarantee
-  Closed small businesses can continue to use the guarantee without repaying the guaranteed loan.

④ Start of “Re-challenge special guarantee”

-  provides re-start opportunities for subrogation companies, and companies of legal debt termination and management termination

√ By beginning support for SMEs with low credit, expanding the scope of business types, starting of “Bridge Guarantee” and “Re-challenge special guarantee”,

⇒ **Guarantee support coverage has been expanded !!**

IV. Efforts to reduce regulations for guarantee support

3 Systems to Reduce Financial Costs for SMEs

Guarantee Fee support

Target to Support

'22-year total guarantee support

Support period

From '22.1.1. to '22.12.31

Support Contents

0.2%p reduction in guarantee fees for one year

Support Performance

Saved 30.1 Million (EUR) in guarantee fees



Loan Interest support

Target to Support

Companies that received disaster support funds from the government due to COVID-19

Support period

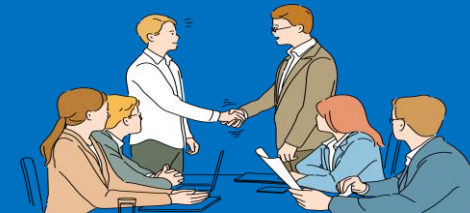
From '22.1.1 ~ Currently supporting

Support Contents

2.6%p interest rate support for one year

Support Performance

217,949 SMEs supported 29.72 Million (EUR)



Your Eternal Guarantee Partner

In realizing your dreams,
CGFs & KOREG promise! We can be a reliable supporter of Small / Micro biz

Thank You !

