

Investor Education in Korea

Presented by

Sok Hun Kang, Ph.D

Korea Financial Investment Association 

AGENDA

- ❖ Current Korean Capital Market
- ❖ Need for Investor Education
- ❖ Korea Council for Investor Education
- ❖ Major Investor Education Initiatives
- ❖ Effects of Investor Education
- ❖ Future Direction for Investor Education
- ❖ Closing Remarks

Current Korean Capital Market

- Korea's investor education is a successful model
- Korean capital market is viewed as an advanced market
 - Dow Jones Developed Market Index in 2008
 - FTSE Developed Market Index in Sep 2009
 - MSCI Developed Market Index – under public consultation
- Outlook for the Korean market is promising

Need for Investor Education

- Korea Capital Market Act effective in Feb 2009
 - Emphasis on investor protection
 - New sophisticated products to be introduced
- To cope with the on-going financial crisis
- Other recent developments
 - Aging society
 - Paradigm shift from deposit to investment
 - Introduction of corporate pension plan

Korea Council for Investor Education

- Established in 2005
 - To provide systematic and efficient education programs
- Member of KCIE : 7 organizations
 - KOFIA, FSC, FSS, KRX, etc.
- Secretariat of KCIE : KOFIA
- Nationwide network : 8 major cities

Major Investor Education Initiatives

- Building infrastructure for investor education
- Tailor-made education services
- Financial education for social minorities
- Fostering sound investment culture

Building Infra for Investor Education

- Developing a wide range of educational contents
 - Meeting diverse needs
- Operating comprehensive internet portal (www.kcie.or.kr)
- Utilizing cable TV and DMB
 - Preparing services via PMP and mobile phone
- Proving world-class investor education programs

Tailor-made Education Services

- Customized to reach all target groups
 - Ages, educational backgrounds, locations, professions
- Focusing on practicability and quality of investor education
 - Helping people make rational investments in the real world

Financial Education to Social Minorities

- Educating young people, the financially disadvantaged and social minorities
 - Publish textbooks for elementary, middle and high schools, teachers' instructional manuals
 - Training programs for teachers and students
- Expanding education to the disabled, the poor and social minorities by diversifying channels

Fostering Sound Investment Culture

- Inform people of the merits of long-term, indirect investment
- Publicity campaigns and advertisements through the mass media
 - Buy 10 Shares
 - Saving through Stock Investment

Effects of Investor Education

- Paradigm shift from deposit to investment
 - Capital market has become an investment destination for household assets
- Moving from short-term investment to long-term, indirect investment culture
 - Equity-type funds jumped from 0.9 trillion Yen in 2003 to 13.4 trillion Yen in Aug 2009
 - Korean market remained stable during the financial

Future Direction for Investor Education

- Develop world-class investor education infrastructure
- Advance the financial capabilities of investors
- Extend efforts to include investor protection
- Build strong global networks

Develop world-class Education Infra

- Develop infrastructure for high quality investor education to help people cope with the changing financial environment
- To utilize the KCIE and establish a life-long learning system
- Create tailor-made investor education services
 - Generation, education, wealth, etc.

Advance Investors' Financial Capabilities

- To extend education to every citizen of Korea
 - Overall financial capabilities of the people to be upgraded
- To combat the financial illiteracy of the public

Extend Efforts to Investor Protection

- To go beyond education to investor protection
- To offer proactive investor protection
 - Legal consultation, dispute resolution

Build Strong Global Networks

- To build strong ties with global organizations
 - Overall financial capabilities of the people to be upgraded
- To host inaugural meeting of the Asia Forum for Investor Education (AFIE) on Feb 3-5, 2010
 - To share information on investor education and to develop the region's capital market

Closing Remarks

- Investor education is a key element for a sound investment culture and an advanced capital market
- Korea made consistent efforts, proven successful
- Need networks across national borders
- IFIE/JSDA conference is meaningful

Thank you!