
PRESS RELEASE

March 12, 2020

Broadening of Eligible Collateral for Lending Facilities

The Monetary Policy Board of the Bank of Korea decided to broaden the eligible collateral that banks could provide when they receive loans from the Bank of Korea, as follows (effective April 1, 2020).

In addition to the existing government bonds, monetary stabilization bonds and government-guaranteed bonds, debentures issued by the Korea Development Bank, the Industrial Bank of Korea and the Export-Import Bank of Korea, as well as MBSs issued by the Korea Housing Finance Corporation, are now newly recognized as eligible collateral for lending facilities.

Extending the scope of eligible collateral has the effect of reinforcing the basis for the Bank of Korea to smoothly supply liquidity through loans to banks, if necessary.

In addition, this measure is expected to alleviate the banks' burden of collateral provision, and improve the issuing conditions of bonds for the Korea Development Bank, the Industrial Bank of Korea, the Export-Import Bank of Korea and the Korea Housing Finance Corporation.

Meanwhile, by conducting tests for RP purchases* by non-banks in March, the Bank of Korea plans to set conditions for a faster and wider liquidity supply, if needed.

* As part of the expansion of liquidity supply channels, actual RP purchases are made not only for banks, but also for securities finance companies and securities companies.