

2016 GLOBAL FORUM FOR FINANCIAL CONSUMERS

- Financial Consumer Protection in Globalization

PROCEEDINGS

DOCUMENTATION ABSTRACTS, INCL
INTERNATIONAL ACADEMY OF FINANCIAL CONSUMERS

INTERNATIONAL HALL, SKK UNIVERSITY, SEOUL, KOREA
NOVEMBER 4-5, 2016

Hosts | IAFICO (International Academy of Financial Consumers)
Sponsor | Maeil Business Newspaper
Organizer | Global Insurance and Pension Research Center, SKKU



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Organizing Committee

Hong Joo Jung	SKK University	Korea
Jung Hai Yoon	Inha University	Korea
Chang Hi Han	Kookmin University	Korea
Kyung Joo Lee	Hongik University	Korea
Man Cho	KDI school	Korea
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Sang Wook Nam	Seowon University	Korea
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Soon Koo Hong	SNUT	Korea
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Secretariat

SKKU Global Insurance and Pension Research Institute

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Words of Invitation



The International Academy for Financial Consumers (IAFICO) is a professional academic organization based in the Republic of Korea which was established by scholars from numerous Asian countries, and is focused on the internationalization of financial consumer research and the protection of financial consumers. IAFICO will hold its 2016 Annual General Meeting, the Global Financial Consumer Forum, at SungKyunKwan University, Seoul, Korea. Since the 2008 Financial Crisis that originated in the US, research into financial consumer protection and related areas has been actively conducted throughout the world, in particular, by Korea. Through the extraordinary efforts of Korean Consumer Organizations, financial consumer protection requirements were included in the G20 Summit Declaration in 2010, the world's first Academy of Financial Consumers was established, and regulations and supervisory reforms benefitting financial consumers were formed in Korea.

Along with that, Professors from Korea and other Asian countries established IAFICO in December 2014 as a platform for international cooperation and development concerning the internationalization of research into financial consumer protection, sharing international model cases, and enhancing financial consumer welfare. The 2016 General Meeting will feature academic and policy papers regarding global trend in financial consumer protection, financial Innovation in the aging society, Islamic Finance, Human Resource Management in Financial Service Sector, International Development Cooperation in finance, and Regulatory Restructuring for Financial Consumer Protection in addition to pure academic papers on Financial Consumers.

Regarding financial consumers, sharing experiences and information across the border will contribute to global stability and co-prosperity, as well as each country's financial system and socio-economic development. As the UN Development Summit set "The 2030 Agenda for Sustainable Development" in September 2015, the role of the financial department can be very important for the process of putting agendas into essential for economic, societal, and environmental development. We hope for a high level of interest and participation of IAFICO scholars, domestically and abroad, as well as international organizations, government and regulatory agencies, and consumer groups.

October 2016
IAFICO President,
SKKU Global Insurance and Pension Research Institute
Hong Joo Jung

초청의 말씀



사단법인 국제금융소비자학회는 금융소비자 연구와 금융소비자보호의 국제화를 위해 한국을 중심으로 아시아 여러 나라 학자들이 설립한 전문학술단체입니다. 동 학회는 2016년도 연례총회인 글로벌금융소비자포럼을 다음과 같이 대한민국 성균관대학교에서 개최합니다.

2008년도 미국 발 금융위기 이후 금융소비자보호 및 관련 연구는 세계적으로 활발하게 진행되어 왔고, 그 가운데 한국의 역할이 컸습니다. 한국 소비자단체의 남다른 노력에 의해 2010년 G20 정상 선언문에 금융소비자 보호 요구 사항이 포함되었고, 세계 최초로 국제금융소비자학회가 설립되고, 금융소비자를 위한 다양한 규제와 감독 개혁이 이루어져 온 나라가 바로 대한민국입니다.

이 가운데 한국과 아시아 국가 교수들은 금융소비자 (보호) 연구의 국제화, 국제적 모범사례 정보 공유, 금융소비자 복지 증대를 위한 국제적 개발협력을 위한 플랫폼으로 2014년 12월 국제금융소비자학회를 설립했습니다. 이번 2016년 총회에서는 금융소비자보호의 국제 동향, 고령화시대의 금융, 이슬람금융, 금융분야 인적자원관리, 금융분야 국제개발협력, 소비자보호를 위한 금융감독 등 다수의 학술, 정책논문이 발표됩니다.

금융소비자와 관련하여 국경을 넘는 경험과 정보의 공유는 각국의 금융시스템과 경제사회 발전에 기여하는 한편 지구촌의 안정화와 공동번영에도 이바지할 것입니다. 2015년 9월 UN개발정상회의는 The 2030 Agenda for Sustainable Development를 결의했고, 의제 실행 과정에서 금융부문의 역할은 매우 중요합니다. 금융 관련 정보의 국가간 비대칭과 국경간 유통 제약으로 인해 국제적 학술 교류는 경제, 사회, 환경개발에 필수적입니다. 국제금융소비자학회에 국내외 학자들은 물론 국제기구, 정부와 감독기관 그리고 소비자단체와 금융기업의 많은 관심과 참여를 희망합니다.

2016년 10월

국제금융소비자학회 회장

성균관대 글로벌보험연금연구센터장 정홍주

General Information

Venue



Sungkyunkwan University

Humanities and Social Sciences Campus(Seoul)

International Hall Lecture room 9B217(2nd basement) & 90208(2nd floor)

25-2, Sungkyunkwan-ro, Jongno-gu, Seoul, Republic of Korea

Phone : +82 (02) 760 0114

Humanities and Social Sciences Campus(Seoul)

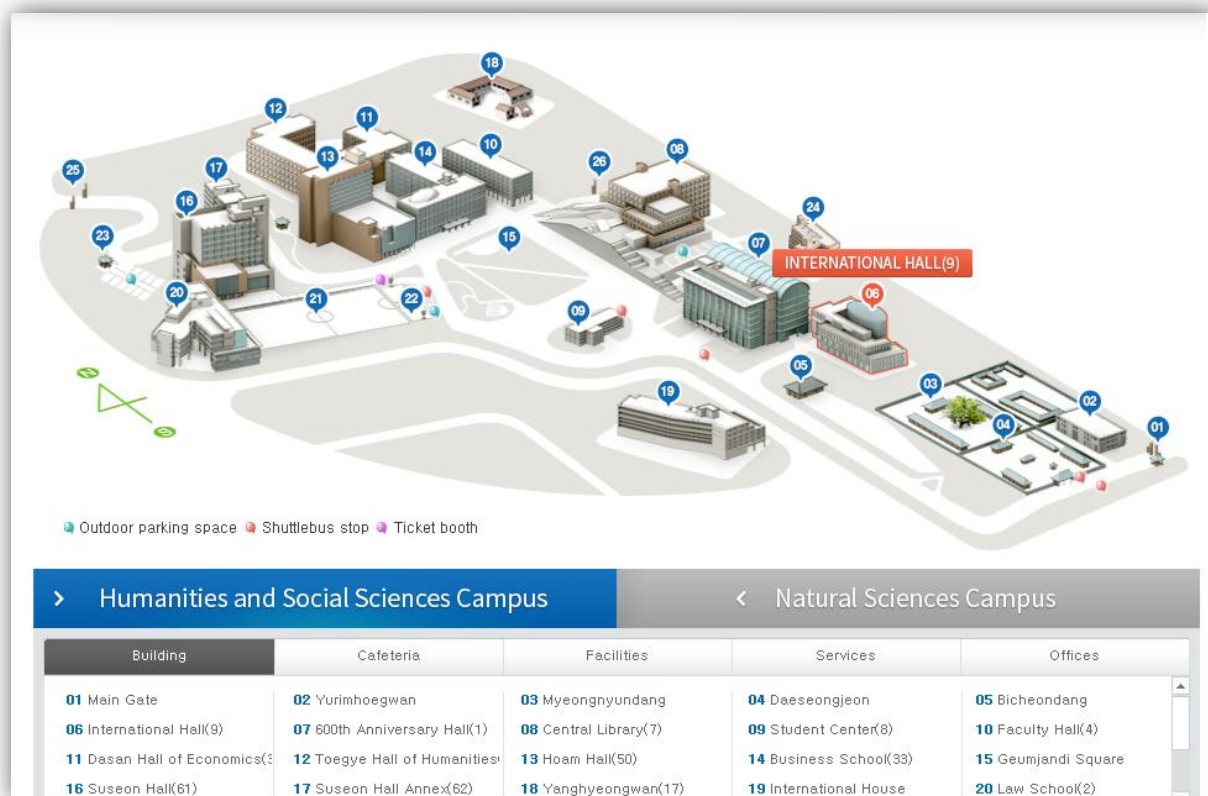


- From Incheon International Airport:

- Find gate 6 where you can find airport bus stop 5B.
- Take bus 6011 to the “Sungkyunkwan University” stop (approximately 90 min.)
- SKKU's Seoul campus is approximately 5~10 minutes' walk from the bus stop.

- By Subway:

- Take Seoul Metro #Line 4 and get off at “Hye-hwa” Station.
- Take exit #1 and walk straight for 200m.
- You can find a stop for the shuttle bus to the campus (300KRW).
(approximately 10~15 minutes' walk from the subway station to the campus).



Accommodation (for Organizer or Invited only)

SungKyunkwan University International House

25-2, Sungkyunkwan-ro, Jongno-gu, Seoul, Republic of Korea

Emergency phone : +82 (02) 760 0163

Registration Fee(+Membership Fee)

Regular Member: US\$70 (+US\$50)

Student Member: US\$35 (+US\$35)

Non-Member: US\$250

Bank Information : Wooribank, 1006-901-439342

* Journal, Lunches and parking tickets are included.

Lunches

Please follow the students who are going to show you a way to the place.

November 4

600th anniversary hall 6th floor

November 5

Sandwich provided

Cafe Pandorothy

Location: SungKyunKwan University International Hall 90103(1st floor)



Closing Ceremony

Saturday, November 5, 18:00–18:15, International Hall 9B217

Forum Schedule At-A-Glance

November 4	
Time	Venue: International Hall 9B217
9:00–9:30	Opening Ceremony Hongjoo Jung (President of the IAFICO, SKK University, Korea) for welcoming remark Woon Yeol Choi (National Assembly, former vice president of Sogang Uni.) for congratulatory remark Hyung Pyo Moon (National Pension Service, former minister of public health) for keynote speech Photo session
9:30–10:45	New Development and Challenges for Financial Consumer Protection
11:00–12:15	Evolution of Financial Supervision System for Financial Consumers
12:15–13:15	Lunch
13:30–14:45	Financial Service Sectors in Social Change
15:00–16:15	Islamic Finance
16:30–18:00	Book Project Meeting / Board of Directors Dinner (Invitee only)

November 5		
Time	Venue: International Hall 9B217	
9:30–10:45	HRM in Financial System Development	
11:00–12:15	Financial Cooperation and Development for Emerging Economy 1	
12:15–13:15	Lunch	
	Track I	Track II
	Venue: International Hall 9B217	Venue: International Hall 90208
13:15–14:30	Financial Cooperation and Development for Emerging Economy 2	New Academic Research in FCP I
14:45–16:00	Consumer Protection in Mortgage Market	Roundtable Discussion I : Insurance Market Restructuring in Korea (in Korean)
16:15–17:45	New Academic Research in FCP II	Roundtable Discussion II : Financial Supervision Restructuring for FCP in Korea (in Korean)
18:00–18:15	Closing Ceremony / General Meeting	

IAFICO reserves the right to make changes to this program as deemed necessary

Forum Schedule

November 4

Venue: International Hall, Room 9B217

M.C. Chul Choi (Sookmyung University, Korea)

SESSION A

9:30–10:45

New Development and Challenges for Financial Consumer Protection

- ♦ **Moderator:** Ho Yeol Chung (SKK University, Korea)
- ♦ **Presentation**
 - The new UN Guideline on Consumer Protection and Financial Services**
| Gail Pearson (U. of Sydney, Australia)
 - Financial Consumer Protection in Japan**
| Takaaki Hattori (FSA, Japan)
 - Impact of New U.K. Consumer Law on Financial Consumers**
| James Devenney (University College Dublin, Ireland)
- ⟨**Discussion**⟩
| Sung Sook Kim (Keimyung University, Korea)

SESSION B

11:00–12:15

Evolution of Financial Supervision System for Financial Consumers

- ♦ **Moderator:** Satoshi Nakaide (Waseda, Japan)
- ♦ **Presentation**
 - Australian Twin Peak System**
| Andrew Schmulow (Australia, Univ of Western Australia)
 - Chinese Deposit Guarantee in Consumer Protection**
| Xian Xu (Fudan Univ, China)
 - Development of Fintech and its implication**
| So Young Park (World Fintech Association, Korea)
- ⟨**Discussion**⟩
| Sung In Jun (Hongik U, Korea)

SESSION C

Financial Service Sectors in Social Change

13:30–14:45

- ♦ **Moderator:** Kyung Soo Kim (SKK University, Korea)
- ♦ **Presentation**
 - Financial System for the aged in Asian Development**
| Naoyuki Yoshino (ADBI, Japan)
 - Evolution of Public Pension System in Korea**
| Jai Seop Lee (GEPS, Korea)
 - European Consumer Protection in Finance**
| Vincenzo Senatore (GSA, Italy)
 - ⟨Discussion⟩
| Martin Dierker (KAIST, Korea)

SESSION D

Islamic Finance

15:00–16:15

- ♦ **Moderator:** Chul Choi (Sookmyung University, Korea)
- ♦ **Presentation**
 - Better Protection of Financial Consumers – Risk Shifting and Islamic Banking**
| Alaa Alaaabed (INCEIF, Malaysia)
 - Risk-sharing Banking: Viability and Resilience**
| Siti Muawanah Lajis (Central Bank of Malaysia, Malaysia)
 - Financial Consumer Protection in The Context of Schedule 7 – 10 in Islamic Financial Services Act 2013 (The case of Malaysia)**
| Ahcene Lahsasna (INCEIF, Malaysia)
 - ⟨Discussion⟩

SESSION E

Book Project Meeting (Project Members & BOD Members Only)

16:30–18:00

*BOD Dinner after the meeting

November 5 - Morning

Venue : International Hall, Room 9B217

M.C. Bum Kim (Soongsil Univ, Korea)

SESSION A

HRM in Financial System Development
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9:30-10:45

- ♦ **Moderator:** Nam Soo Choi (MTN, Korea)
- ♦ **Presentation**
 - HRM in Financial service sector**
| Mari Yamauchi (Dojisha Univ, Japan)
 - NCS Learning Module in Korea**
| Mi Soo Choi (Seoul Digital Univ, Korea)
 - Corporate Shared Value in Korea**
| Paul Kim (SKK University GSB, Korea)
- ⟨Discussion⟩

SESSION B

Financial Cooperation and Development for the Emerging Economy 1

11:00-12:15

- ♦ **Moderator:** Hyuk Sang Sohn (Kyunghee Univ, Korea)
- ♦ **Presentation**
 - Indian Case of Micro Finance and Insurance**
| Sankarshan Basu (IIM, India)
 - Indonesian Case of Micro Finance & Insurance**
| Rofikoh Rokhim (University of Indonesia, Indonesia)
 - Bangladesh Case of Micro Finance & Insurance**
| MZ Mamun (University of Dhaka, Bangladesh)
- ⟨Discussion⟩

November 5 - Track I

Venue : International Hall, Room 9B217

M.C. Bum Kim (Soongsil Univ, Korea)

SESSION C

13:15-14:30

Financial Cooperation and Development for the Emerging Economy 2

- ♦ **Moderator:** MZ Mamun (University of Dhaka, Bangladesh)
- ♦ **Presentation**
Perspectives in Development Finance and ODA in the Philippines
| Jeanette Madamba and Arnie Gil DLR Hordejan
(University of Philipine, Philipine)
- Iranian Case**
| Ghadir Mahdavi (Iran)
- Determinants of the Purchase of Accident Insurance Products**
| Chan Hee Lee (SKK University, Korea)

SESSION D

14:45-16:00

Consumer Protection in Korean Mortgage Market
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- ♦ **Moderator:** Man Cho (KDI School, Korea)
- ♦ **Presentation**
Financial Inclusion in Mortgage Market
| Jin Soo Lee (KDI School, Korea)
- Reverse Mortgage in Korea**
| Seung Ryul Ma (HUG, Korea)
- Wealth Composition and Drawdown Patterns of Retirees : A Comparative Study**
| Hyun Ah Kim (Seoul Security Information Service, Korea)
- <Discussion>**
| Seung Dong You (Sangmyung University, Korea)

SESSION E

New Academic Research in FCP II

16:15–17:45

- ♦ **Moderator:** So Jung Park (Seoul National Univ, Korea)

- ♦ **Presentation**

Market Discipline in Life Insurance : Consumers' Reaction to Enterprise Risks of Insurance Companies

| Tsai-Jyh Chen (National Chengchi University, Taiwan)

Sensitivity of Reinsurance Demand to Counterparty Risks : Evidence from US Property-Liability Insurance Industry

| So Jung Park, Xiaoying Xie, Pinghai Rui

The Impact of Outsourced Health Information Technology on Hospital Productivity using California Hospital Data

| Jin Hyung Lee (SKK University, Korea)

⟨Discussion⟩

SESSION F

Closing Ceremony

18:00–18:15

November 5 - Track II

Venue : International Hall, Room 90208

SESSION C

13:15-14:30

New Academic Research in FCP I

- ♦ **Moderator:** Sang Rim Lee (Mokpo University, Korea)
- ♦ **Presentation**
 - Company Stock in Defined Contribution Plans : Evidence from Proxy Voting**
| Hee Jin Park (KWCWS, Korea)
 - Comparison of Financial Literacy between Insurance and Pension in Korea**
| Irina Shin (SKK University, Korea)
 - The Study on the Economic Risk Perception – Focusing on Pension and Airbnb**
| Jeong Hyun Son (SKK University, Korea)
 - <Discussion>**
| Bum Kim (Soongsil University, Korea)

SESSION D

14:45-16:00

Roundtable Discussion I

: Insurance Market Restructuring in Korea
(in Korean)

- ♦ **Moderator:** Won Don Lee (Daegu University, Korea)
- <Discussion>**
 - | Je Sung Kim (KICAA, Korea)
 - | Chang Ho Kim (National Congress, Korea)
 - | Sang Rae Park (Actuarial Society, Korea)
 - | Sun Ha Cho (Broker Association, Korea)
 - | Sang Rim Lee (Mokpo University, Korea)
 - | Mi Soo Choi (Seoul Digital University, Korea)

SESSION E

16:15–17:45

Roundtable Discussion II - Financial Supervision

Restructuring for FCP in Korea

(in Korean)

- ♦ **Moderator:** Hong Joo Jung (SKK University, Korea)
- ♦ **Presentation**
Financial Supervision System for Financial Consumers
| Suk Heun Yoon (Seoul National Univ, Korea)
- <Discussion>
 - | Hong Mu Lee (Waseda University, Japan)
 - | Young Seok Park (Sogang Univ, Korea)
 - | Seok Woo Jung (MK Daily, Korea)
 - | Duk Jo Chang (Sogang Univ, Korea)
 - | Kyung Ha Chun (Seoul Daily, Korea)
 - | Kyung Joo Lee (Hongik University)
 - | Jeong Seok Song (Chung Ang University)

Abstracts

November 4	SESSION A, 9:30 - 10:45
Author	Gail Pearson, U. of Sydney
Title	The new UN Guideline on CP for financial consumer protection
Abstract	
<p>The revised UNGCP were adopted by the General Assembly of the United Nations in December 2015, and launched at the first meeting of the Intergovernmental Group of Experts on Consumer Protection Law and Policy under the auspices of UNCTAD in Geneva in October 2016. The Guidelines were first adopted in 1985. They were revised in 1999 at which point there were significant inclusions around the theme of sustainable development. The 2015 Guidelines include a new section on financial services. They also include new sections on Business Practices and Electronic Commerce. In addition to setting out substantive standards, they also establish the grounds for international cooperation. There is a newly established Intergovernmental Expert Group on Consumer Protection Law and Policy within the existing UNCTAD framework to facilitate an annual discussion of the Guidelines, their implementation, voluntary peer review, capacity building and to undertake research. The new work program is the legal and institutional framework for consumer protection, and e-commerce. It is within this context that the paper discusses the substantive Guidelines for Financial Services.</p>	

November 4	SESSION A, 9:30 – 10:45
Author	James Devenney, University College Dublin
Title	The Recent “Fundamental” Reform of General Consumer Law in the UK and its Impact on Financial Consumers

Abstract

In recent years, the UK has enacted “fundamental” reform of general Consumer Law. In particular, the Consumer Rights Act 2015 (CRA 2015) was enacted on 26th March 2015 after an epic passage through Parliament and, before its introduction into Parliament, a huge consultation process. We shall also see how a Supreme Court case involving consumers and unauthorised overdrafts was one of the drivers to reform of general Consumer Law in the UK. This paper considers the impact of these reforms of general Consumer Law in the UK on financial consumers, making particular reference to personal banking, insurance and contracts of guarantee.

November 4	SESSION B, 11:00-12:15
Author	Andrew Schmulow, University of Western Australia
Title	Twin Peaks : An Analysis of the Australian Architecture
Abstract	
<p>This article provides an analysis of the Australian ‘Twin Peaks’ model of financial system regulation. It does so by examining the theoretical underpinnings of Twin Peaks, and investigates the crucial question of the jurisdictional location of the prudential regulator. This includes a description of how Twin Peaks functions and its strengths and weaknesses. The article argues that while Twin Peaks is the best solution to the problem of regulating for financial system stability and consumer protection, it is nonetheless imperfect to the task, and susceptible to failures.</p>	

November 4	SESSION B, 11:00-12:15
Author	Vincenzo Senatore, GSA
Title	European Consumer Protection in Finance

Abstract

In Europe, general legislation requires protection of the economic interests of consumers. This includes, for instance, the consumer protection from financial services, misleading advertising and unfair contract terms. However, only after the global financial crisis, the European Union (EU) has become aware of the lack of transparency, poor handling of conflicts of interest, over-indebtedness, and low awareness of risks of the consumers in dealing with financial services. This paper aims to investigate the financial knowledge and overconfidence in Europe, and to provide an overview of consumer protection policy in EU. Here, it will be analyzed the EU regulatory framework, whose aim is to ensure the stability of the financial markets and to establish specific and common rules for banks and investments companies among the Member States. Furthermore, it deals with protections of financial consumers in the Italian legislation and within a European context. It concludes providing the Italian financial system as best example of crisis management and resolution, by providing out-of-court settlements, collective redress and crisis management procedures, with the aims to establish a systemic stability and financial consumers' confidence in the bank system.

November 4	SESSION C, 13:30 – 14:45
Author	Lee Jai Seop, GEPS
Title	Wandering Public Pension Systems in Korea : Old-age Poverty Issue and the Role of Public Pension Systems in Korea

Abstract

This presentation intends to argue that Korean Public Pension Systems are not effective in securing the old age income. The old age poverty rate in Korean is 49.6%, which is the first among OECD member states. Despite such social index demonstrating serious old-age poverty in Korea, the reform direction of the public pension systems is focused only on the financial sustainability of the system, neglecting the old age poverty issue. As far as we know, public pension systems in modern industrial countries were designed for and have contributed to securing old age income. Why the Korean public pension systems have failed to alleviate old-age poverty, then?

We may have a look at two areas: the welfare ideology and the technical part. We will look at, firstly, the real feature of Korean welfare ideology: primary goals and operational principles of the public pension systems. Then, we will move on to public pension design which does not properly alleviate the old age poverty.

November 4	SESSION D, 15:00-16:15
Author	Alaa Alaabed, INCEIF
Title	Better Protection of Financial Consumers – Risk Shifting and Islamic Banking

Abstract

In the last five decades, advances in information technology and in financial innovations have made possible the emergence of an immense capacity for banks to switch regimes from risk transfer to risk shifting. The devastating power of this capacity was amply pronounced in the financial crisis of 2007/2008. The fallout of which has intensified calls for a re-examination of current banking model and its risk management (or rather mismanagement). Risk shifting is, axiomatically, absent in an ideal Islamic financial system. The Islamic banking model, thus, provides unique paradigm with risk sharing at its core, potentially fostering financial inclusion and reducing the incidence of bank failures and the size of losses incurred by depositors and tax payers. However, the present formation of Islamic banking has grown out of conventional banking and reverse-engineers many of its techniques and instruments. The main objective of this paper is to empirically investigate risk management in Islamic banks in dual banking systems in member states of the Organization of Islamic Countries (OIC). The two-step dynamic difference GMM is applied to cater for the nature of Islamic banking data, which is characterized by a larger dynamic panel and a smaller timeframe. Findings tend to indicate that Islamic banking, in general, is better suited to the protection of financial consumers (and institutions) through a limiting effect on risk shifting. The effect however is not sufficient to fully nullify the overall risk-shifting incentives. The evidence supports strengthening risk sharing and reforming Islamic banking configuration as the way forward.

Keywords: Risk Shifting, Risk Sharing, Islamic Banks, Sustainable Alternative Banking Model, Two-Step Difference GMM

November 4	SESSION D, 15:00-16:15
Author	Siti Muawanah Lajis, Bank Negara Malaysia
Title	Risk Sharing Banking : Viability and Resilience
Abstract	
<p>The present Islamic banking model is inherently fragile owing to its unmatched balance sheet which exposes the banks to various risks on daily basis. To mitigate the risks, similar to the conventional banks, Islamic banks operate on risk-transfer mode where risks are transferred to the counterparty or the public. Risk-transfer banking however induces negative behaviors such as excessive risk taking and socially unproductive financial intermediation. This paper proposes risk-sharing based banking model where the balance sheet are matched in terms of maturity, value, risk and materiality. The risk-sharing model is envisaged to provide the opportunity for Islamic banks to completely move away from risk-transfer banking mode. It offers greater stability, firmly anchors banking sector to real economy, has greater resilience to shocks, and capable of reducing financial oppression and predatory lending. As such, this paper undertakes an empirical investigation to illustrate the viability and resilience of risk-sharing model vis-à-vis the risk-transfer model. The methodology used is simulation of balance sheet and the results are stress tested.</p>	
Keywords: Risk sharing, Risk transfer, Balance sheet, Simulation, Stress test	

November 5	SESSION A, 9:30-10:45
Author	Mi Soo Choi, Seoul Digital University
Title	NCS Learning Modules in Korea
Abstract	
<p>The National Competency Standards(NCS) and NCS learning modules are developed as the basic infrastructure for linkage between job, qualification, education and training. NCS is a set of knowledge, skills and attributes required to perform a particular job in industry, which are standardized by the State by industry and competency level. They are not only a job specification but also an HRD guideline for the relevant job area. A learning module is a teaching and learning guidebook designed to allow people to acquire competency units prescribed in NCS through education and training. It describes in detail theoretical knowledge and practical skills to help people learn a specific job. Specifically, Korea have its goal to develop the infrastructure for NCS-based human resources systems as soon as possible, with the development schedule of NCS and NCS learning modules. The NCS learning modules has its goals to boost effective utilization of the NCS units in the fields of education and training. It means that the concept of NCS learning modules is subject to the utilization of NCS units. Therefore, the NCS learning modules should be developed and conceptualized based upon the its linkage between education and qualifications.</p>	
<p>Keywords : National Competency Standards, NCS, Learning Modules, Job, Qualification, Education and Training</p>	

November 5	SESSION A, 9:30-10:45
Author	Tai Young Kim, SungKyunKwan University GSB
Title	Creating Shared Value(CSV) in Korea
Abstract	
<p>The purpose of this presentation is to illustrate the concept of Creating Shared Value (CSV) with examples of Korean companies in three ways. First, it briefly discusses the differences between CSR (corporate social responsibility) and CSV. Second, it introduces examples of companies that have implemented CSV, especially in Korea. Third, it presents future agendas to help CSV companies achieve their social and economic goals by improving the concept of CSV.</p>	

November 5	SESSION B, 11:00-12:15
Presenter	Rofikoh Rokhim, University of Indonesia Melia Retno Astrini, University of Indonesia Lulu Lutfia, University of Indonesia
Presentation Title	Micro insurance for Low Income Indonesian: Current Development and Future Expansion
Abstract	

In 2013, Indonesian Financial Service Authority (FSA) has launched Grand Design to support the marketing and implementation of micro insurance across Indonesia. According to the Grand Design, micro insurance is a risk management product that has been designed for low income Indonesians with features that are easy to understand. The number of micro insurance customers in Indonesia reached 22.8 million at the end of 2015 and there are currently 65 companies that sell micro insurance products, according to Financial Service Authority which constantly working to penetrate insurance product to low-income people. Moreover, FSA revealed that 32% of Indonesians (± 70 million people) do not have adequate saving or insurance to protect against risk. From these data, it can be inferred that micro insurance market has been growing in Indonesia and there is an untapped market for further expansion. This paper aims to analyze the development of micro insurance in Indonesia. First, an overview of Indonesian micro insurance industry is provided. Furthermore, the current micro insurance policies and implications of those policies for micro insurance providers in Indonesia are also explained. Specifically, this paper highlights both the supply side and demand side in Indonesian micro insurance industry; including overview of micro insurance providers, micro insurance products that is offered to Indonesian low-income earners, analysis of potential target market, types of product in demand, and problems, obstacles, also opportunities in micro insurance industry. Some of the micro insurance's market strategies, including key success factors as well as its distribution channel are also investigated. Finally, the future of Indonesia micro insurance along with some recommendation is discussed in depth at the end of this paper.

November 5	SESSION B, 11:00-12:15
Author	MZ Mamun, University of Dhaka
Title	Financial Cooperation and Development for the Emerging Economy : Bangladesh Perspective

Abstract

Investors over the years have seen Bangladesh as a country nestled between India and Myanmar in South Asia— a country filled with hopes and dreams of 160 mn people (8th largest country in terms of population) and spanning 147,540 sq. kilometers. Geological placement aside, Bangladesh has surfaced as one of the most prominent, lucrative investment frontiers in the world. Despite its fair share of myriad challenges, the country has shown remarkable resilience to register a steady economic growth of > 6% in the last decade, an accomplishment to take pride in. This significant growth has resulted in a massive change in the composition of the country's workforce today, as is evidenced by the rise of consumerism.

Compared to the other BRIC countries as well as other emerging economies, Bangladesh has shown a promising position which acts as a solid stepping stone for the investors who are looking for the next best alternative. Projections made by the IMF for 2013-2018 show Bangladesh with a GDP growth of 6.6%, which is just behind China and Nigeria in the estimates.

November 5	TRACK I, SESSION C, 13:15-14:30
Author	Jeanette Angeline B. Madamba, University of the Philippines Arnie-Gil DLR. Hordejan, University of the Philippines
Title	Perspectives in Development Finance and ODA in the Philippines

Abstract

The vital role of ODA in capacitating developing countries to address development challenges has been evident in past successes but may have also been a source of corruption and misuse by errant recipients. This paper reviews development finance and ODA in the Philippines amidst current trends and historical flows. The Philippines has been on a growth streak the past five years, outpacing its East Asian neighbors, growing by 6.9% in the first six months of 2016. Its history in receiving ODA is traced back to its past and current relationships with countries which have established economic ties with it like Japan, the United States and Spain among others. Findings revealed that global ODA has been on an uptrend. Moreover, the trends in Philippine ODA and other overseas capital flows also appear to mimic what is happening in the world economy with downward ODA trends evident during international financial shocks and distinct as well during presidencies marked by corruption. Other findings are as follows: a) The type of development capital flows as well as the extent of such flows over the Philippines' history of receiving ODA depend on the thrusts and development policies of the incumbent administration; b) Total ODA vs. total ODA commitments exhibited a converging trend with the public sector as the main ODA channel; c) Bilateral ODA commitments surged in 2012 with Japan emerging as the top donor since 2007. On the other hand, the EU was the Philippines' major multilateral ODA donor; d) In terms of total aggregate ODA, major donor countries included Japan, the U.S., Australia, Korea, Germany, France, Spain, Canada, Norway and the UK; e) The Philippines' ODA portfolio increased by 19 % from USD 12.05 billion in 2013 to USD 14.37 billion in 2014 which appears to be due to the international response in the wake of Typhoon Yolanda (Haiyan) which wrought havoc on Central Philippines in late 2013; f) JICA, the World Bank and ADB were the top ODA loans providers while Australia, USA and the UN System were the biggest providers of ODA grants; g) In both years (2013 and 2014), the infrastructure sector cornered the largest share of ODA loans (comprising 59% in 2013 and 39% in 2014) while the social reform and community sector was the main recipient of ODA grants (accounting for 51.8% in 2013 and 37% in 2014). The future and sustainability of Philippine ODA remains to be seen under the new administration given its divergent and at times confusing views on foreign policy.

November 5	TRACK I, SESSION C, 13:15-14:30
Author	Chan Hee Lee, SungKyunKwan University
Title	Determinants of the Purchase of Accident Insurance products
Abstract	
<p>This study analyzed the causal relationship among factors that influence the purchase intension for accident insurance product. For this purpose, structural equation modeling based on the survey data(N=519) was conducted to analyze psychological factors, financial factors, and media exposure comprehensively.</p> <p>According to empirical results of the structural equation, in the case of non-subscribers of accident insurance product, media exposure, optimistic bias, and accident probability influenced the purchase intension for accident insurance product fully mediated by fear and worry about accident. Trust in insurers and government directly influenced the purchase intension for accident insurance product. In the case of subscribers of accident insurance product, trust in insurers and financial literacy directly influenced the purchase intension for accident insurance product.</p> <p>Accident-related emotional side is expected to help in marketing activities that target potential customers signing accident insurance product. In addition, trust in insurers has an impact on new and additional subscriptions that represent critical efforts to improve trust in insurers.</p>	
<p>Keywords: Structural Equation Model(SEM), Accident Insurance Product, Media Exposure, Optimistic Bias, Accident Probability, Trust</p>	

November 5	TRACK I, SESSION D, 14:45-16:00
Author	Jin Soo Lee, KDI School of Public Policy and Management
Title	Evolution and Current Structure of Housing Guarantee System in Korea

Abstract

Construction companies generally sell new houses including apartments before they are complete in Korea. This pre-sale of housing system has been widely used for construction financing of new homes since 1984. Under the system, home buyers usually pay the initial contract fees and final payments with their own money and borrow money from lenders in groups for middle payments for new homes that are still under construction. Middle money accounts for a large portion of housing price.

Although the system may promote the construction of new houses when construction companies have limited resources, home buyers are exposed to risk that construction companies may not be able to complete the housing construction and thus fail to deliver new homes to home buyers. In order to protect home buyers from such risk, Korea Housing & Urban Guarantee Corporation (HUG), a state-run institution, provides housing completion guarantee to construction companies. In this guarantee, HUG will complete the construction and deliver new homes or refund housing payment to buyers when construction companies are not able to complete the construction. HUG is the only institution in Korea, which provides such guarantee service.

Recently, there is a debate on whether private insurance companies also should be allowed to provide housing completion guarantee to construction companies. The main argument for the participation of private insurance companies in this market is that the competition between HUG and private insurance companies may lower the insurance premium paid by construction companies and thus will lead to lower housing price for home buyers. However, if private companies are in default and cannot fulfill their obligations from housing completion guarantee, government may be obliged to intervene. Otherwise, many home buyers will lose their fortune and the pre-sale of housing system may collapse. If government should intervene when private insurance companies fail in housing completion guarantee, the joining of private insurance companies in this market may result in a representative case of privatizing profits and socializing costs. Thus, the current system may need to be maintained as long as pre-sale of housing system is widely used for construction financing of new homes.

November 5	TRACK I, SESSION D, 14:45-16:00
Author	Seung Ryul Ma, HUG
Title	Reasonable Insurance Premium Structure for Consumers in Reverse Mortgage Program
Abstract	
<p>This study investigates the insurance premium structure of Korean reverse mortgage program (JTYK). The insurance premium structure of the JTYK was composed of two parts: initial (2% of housing price) and monthly (0.5%/12 of loan balance) following the case of HECM. And there was some modification of it in February 2015 into (1.5%, 0.75%). The reason of this change is known to relieve financial burden of people who cancel the reverse mortgage contracts earlier. However the economic effect on the general policy-holders and guarantor from the change is not clear.</p> <p>From this perspective, attempts to analyze the relationship between monthly amount of the JTYK and the insurance premium structure were made in this study. And then, by introducing three evaluation criteria: money's worth, residual housing equity and net guarantee loss, the conflict of interest between policy-holders and guarantor in accordance of the combination of two insurance premium components was clarified. Also, based on the analysis, we made some evaluation of the change which was made in February 2015.</p>	
<p>Keywords: Money's worth, Residual housing equity, Net guarantee loss, The structure of insurance premium</p>	

November 5	TRACK I, SESSION D, 14:45-16:00
Author	Young Man Lee, Hansung University Jun Hyung Kim, Myoungji University Hyun Ah Kim, Social Security Information Service Man Cho, KDI School of Public Policy and Management
Title	Wealth Composition and Drawdown Patterns of Retirees: A Comparative Study

Abstract

This study aims to pursue a two-fold research objective: first, to examine the wealth composition and its drawdown patterns of the retirement-age households in Korea and, second, to assess policy options to safely monetize real estate assets held by them, the reverse annuity mortgage (RAM) in particular. In so doing, we compare our findings to those from the U.S. as reported by Poterba, Venti, and Weiss (2011). The results indicate that, between the U.S. and Korea, the wealth compositions of the retirees are vastly different in several respects: first, the average share of real estate in Korea is far greater than that in the U.S., over 80 percent vs. 24.7; second, the share of the annuitized public and private pensions is far higher in the U.S. compared to Korea, 44.9 percent vs. 7.7 percent in Korea; third, the share of financial assets is roughly similar, that is, 12.6% in the U.S. and 10.3% in Korea; last but not least, the share of non-residence real estate rapidly rose rapidly between 2006 and 2012 in Korea, quite dramatically for certain consumer cohorts. Hence, the Korea case represents an extreme of 'real estate-rich-cash-poor' retirees, making it a fertile ground for trading the monetizing instruments such as RAM. Nonetheless, the market penetration by the product is still minimal, the subscription rate of 0.81 percent among all the eligible households as of 2015. To investigate empirically the reasons behind such low subscription rate, we perform a regression analysis on determinants of the propensity for entering the RAM contract; The results show that the bequest motive does reduce the propensity to subscribe the product, and that the two indicators of the consumer knowledge on the product do yield positive and statically significant results. Based on the findings, we stress the need for a heightened level of consumer education on the viewpoint of the protection financial consumers, for which the government, the lending and guaranteeing institutions, as well as academia should put a concerted effort so as to help elderlies make rational decisions.

Keywords: Household wealth composition, reverse annuity mortgage, bequest motive, and protection of financial consumer

November 5	TRACK I, SESSION E, 16:15-17:45
Author	Tsai-Jyh Chen, National Chengchi University
Title	Market Discipline in Life Insurance: Consumers' Reaction to Enterprise Risks of Insurance Companies
Abstract	
<p>This paper intends to study whether there exists market discipline in life insurance industry in Taiwan. Market discipline implies insurance demand can sensitively responds to the enterprise risk of insurance companies. Since the demand for life insurance in Taiwan grows dramatically in the past decade, it is necessary for the regulators to monitor the solvency of insurers to protect consumers. Recently market discipline is regarded as a new feature of insurance regulation in the European market (Solvency II) as well as in the U.S. (Solvency Modernization Initiative), and will be implemented from 2016 in the EU. The enterprise risks of a firm could be quantitative and qualitative.</p> <p>Especially insurance is an intangible product and consumer's trust on the insurer is the key to purchase decision. Reputation risk for insurance is emphasized in recent literature. Therefore this paper investigates market discipline with consideration of corporate reputation of insurer in addition to traditional viewpoints on financial soundness and underwriting quality.</p>	
<p>Keywords: life insurance, market discipline, financial soundness, underwriting quality, corporate reputation, solvency II.</p>	

November 5	TRACK I, SESSION E, 16:15-17:45
Author	Sojung Park, Seoul National University Xiaoying Xie, California State University Pinghai Rui, Seoul National University
Title	The Sensitivity of Reinsurance Demand to Counterparty Risks: Evidence from US Property-Liability Insurance Industry
Abstract	
<p>This article investigates market discipline in the reinsurance market by examining the sensitivity of reinsurance demand to reinsurer counterparty risks for a sample of US propertyliability insurance companies. Using the financial strength rating of reinsurers as a proxy for reinsurance counterparty risk, we find evidence of market discipline that reinsurance demand is sensitive to counterparty risk. Specifically, reinsurance demand reacts negatively to reinsurer rating downgrade, with the reduction being the largest when a “weak” reinsurer gets “weaker,” followed by a reinsurer being downgraded below a benchmark rating. The sensitivity is higher for authorized reinsurance than for unauthorized reinsurance. Reinsurance demand sensitivity to counterparty risk is found to be lower for ceding insurers with higher leverage. Ceding insurers with high reinsurer sustainability are less sensitive to the non-critical rating downgrade of reinsurers. In addition, reinsurance demand is found to be less sensitive to reinsurer upgrading than to reinsurer downgrading.</p>	
<p>Keywords: counterparty risk, reinsurance demand, financial strength rating, market discipline, property-liability insurance</p>	

November 5	TRACK II, SESSION C, 13:15-14:30
Author	Hee Jin Park, Korea Workers' Compensation & Welfare Service
Title	Company Stock in Defined Contribution Plans: Evidence from Proxy Voting
Abstract	
<p>I examine whether firms' decisions to offer company stock in defined contribution (DC) plans are explained by managers' corporate control motives. Using a large sample of proxy voting outcomes, I find that employee ownership in DC plans is significantly and positively associated with the level of voting support for management-sponsored proposals. This suggests that managers encourage employee DC holdings in company stock in order to receive higher voting support in favor of management. The effects of employee ownership on voting outcomes are significantly greater in specific subsamples where employee vote is more important to management.</p>	
<p>Keywords: Company Stock, Defined Contribution Plans, Managerial Entrenchment, Proxy Voting</p>	

November 5	TRACK II, SESSION C, 13:15-14:30
Author	Shin Irina, SungKyunKwan University
Title	Comparison of Financial Literacy between Insurance and Pension in Korea

Abstract

I examine whether firms' decisions to offer company stock in defined contribution (DC) plans are explained by managers' corporate control motives. Using a large sample of proxy voting outcomes, I find that employee ownership in DC plans is significantly and positively associated with the level of voting support for management-sponsored proposals. This suggests that managers encourage employee DC holdings in company stock in order to receive higher voting support in favor of management. The effects of employee ownership on voting outcomes are significantly greater in specific subsamples where employee vote is more important to management.

Keywords: Company Stock, Defined Contribution Plans, Managerial Entrenchment, Proxy Voting

November 5	TRACK II, SESSION C, 13:15-14:30
Author	Son Jeong Hyun, SungKyunKwan University
Title	A Study on Dynamic Transition of Risk Perception : Focusing on Pension Consumer

Abstract

The first objective of this study is to verify the existing studies that show the variances based on the time frame or point of time, on the audience of whether the general public or the experts and on the demographic statistics of the pension customers and pension operators, from the new angle or from the dynamic perspective of the risk perception. The second objective is to verify those existing theories of time discounting, construal level and optimistic biases, from the risk perception that is varying according to the time flow or point of time.

The study result shows that there was no remarkable variance detected from the multi-points of time (based on the different times of pension consumers before using, after using and at the point of choosing the pension service) on the basis of the demographic statistics of gender, age and occupation, which is different from the previous studies based on the single point of time. There was no indication of risk perception variation based on the gender, which is different result from the previous studies based on the single point of time. The previous study shows that female owns greater risk perception than males without exception at the single point of time frame, however, there noticed no gender variance of risk perception at the multi-points of time frame.

Also the study result showed the contrary to what had been found in the previous study that the risk size perception at the single point of time varies according to the variance of the occupation or professions. In other words, it was verified that there is no variance in risk size perception by the professions and occupations at the multiple points of time.

This study result also supports the previous study that argues that there is no consistency in different age groups at the single point of time. This is because the risk perception size by different age groups at the multiple points of time indicates inconsistency. While the result based on all demographic groups except the housewife group at the particular point of time selected showed the variance of risk perception in terms of physical, social and economic aspects, the female group including housewife at

the particular point of time selected showed no variance of risk perception except the physical one.

This study result supports the theory of time discounting and the theory of conflict. In the event where both negative value of risk from using pension service and positive value of pleasure from using pension service co-exist, the negative value of risk from using pension service became rapidly reduced. In other words, the study demonstrates that the risk size perception is more reduced before using rather than at the point of using and after using rather than before using the service.

The emotional reliance theory based on the time discounting theory was also supported. In the event where there co-exist the emotional value of pleasure of using the pension service and the cognitive value of risk perception on using pension service, unlike the emotional value, the cognitive value or the risk perception increases even greater in the portion of the furtherance of the point of time of the event. In other words, since the point of time of selecting the pension is further away from the point of time prior to using and post using the service, the cognitive value or the risk perception at the point of time of selecting the pension is greater than other points of time. This result supports those theories of time reduction and emotion reliance.

The theory of construal level was also supported by this study. The theory of construal level was supported because the pension consumers interpret at high level or abstractly at the point of selecting the pension that the further future event of using pension service is dangerous vaguely but at the point of prior to using the pension the consumers interpret at the low level or concretely perceiving the risk that the nearer future of using pension service is less dangerous than expected.

Nevertheless, optimistic biases theory was not supported by this study. The majority of previous study results that pursued to identify the optimistic tendency and its causes have forecasted less likelihood of the negative and dramatic events and experiences like traffic accident, earthquake, crime, depression, unwanted pregnancy and diseases. However, at the point of time of forecasting the future or the point of time selecting the pension, the pension consumers made the negative assessment that the pension service would be dangerous, unlike the optimistic biases theory.

The argument from the previous study that there exists the variance between general public and the experts in terms of the risk size perception was verified and support once again by this study.

Keywords : Risk, Risk perception, Dynamic transition, Time flow, Pension

Date | November 4-5, 2016
Venue | International Hall, SungKyunKwan University, Seoul, Korea
Hosts | IAFICO (International Academy of Financial Consumers)
Sponsor | Maeil Business Newspaper
Organizer | SKKU Global Insurance and Pension Research Institute
Website | www.iafico.org