



BANK OF KOREA

Inaugural Address

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Distinguished colleagues of the Bank of Korea,

Today, I stand before you, having been appointed Governor of the Bank of Korea. While it is a profound privilege to have been given the opportunity to serve the Bank of Korea and the Korean economy after many years in academia abroad and at international organizations, I am also keenly aware of the heavy responsibility that comes with this role.

Let me begin by expressing my deep gratitude to the former Governors, colleagues, and members of the Monetary Policy Board, who have devoted themselves to the development of our national economy. In particular, I wish to pay tribute to Governor Chang Yong Rhee for his leadership in maintaining economic stability and raising the profile of the Bank of Korea under challenging domestic and global conditions over the past four years.

Dear colleagues,

The economic landscape we face now, both at home and abroad, is far from easy. In the wake of the conflict in the Middle East, rising oil prices have heightened both upward pressure on inflation and downward pressure on growth, while elevated volatility in financial markets and the risk of a buildup of financial imbalances continue to persist.

From a longer-term perspective, the global economic order is undergoing a period of profound transformation, driven by geopolitical tensions and the AI technological revolution. Trade tensions sparked by tariff policies are reshaping the trade structure, while tensions in the Middle East are once again intensifying concerns over an energy crisis. AI technologies have already changed the industrial landscape over the last few years, and will have a significant impact on the broader economy, encompassing economic growth, productivity, and labor markets.

Domestically, demographic change, deepening polarization, and issues regarding the real estate market and household debt are eroding the engines of our growth. It remains difficult to predict how these structural factors will interact with ongoing shifts in the global economy

and evolve going forward.

Dear colleagues,

At such a time of transition, we must once again ask ourselves what role a central bank should play.

Looking back, the history of central banking has been one of continuous evolution in response to the changing needs of the economic environment. Deposit banks that emerged in European city-states in the seventeenth century served as anchors of trust in trade and money by issuing credible deposits and facilitating settlements amid a proliferation of metallic currencies, and can be regarded as the forerunners of modern central banks. Through the Great Depression in the 1930s and the stagflation in the 1970s, central banks came to serve as the central pillar of macroeconomic management, fostering both price stability and stable growth. In the wake of the Global Financial Crisis, financial stability was added as an important responsibility.

This evolution of central banking did not follow from established theory. Rather, it was a process in which experience led and theory followed. The challenges we face today are no different. We must find our answers through practice and, in doing so, develop new frameworks.

It is in this spirit that I would like to outline four priorities for the coming four years.

First, uncertainty surrounding the paths of inflation and growth has increased further, amid supply-side shocks stemming from conflict in the Middle East. In this environment, we will conduct monetary policy with prudence and flexibility, to maintain price and financial stability.

At the same time, we will continue our efforts to enhance the effectiveness of monetary policy. We will reassess our policy instruments to better manage the trade-offs among policy objectives, and coordinate with the government where appropriate. We will also deepen two-

way communication with markets and continue to explore our communication approaches suited to our domestic context.

Second, we must approach financial stability with a new lens.

The boundaries between banks and non-banks, and between domestic and cross-border activities, are blurring rapidly. Financial markets are becoming more tightly interconnected with asset markets, and their impact on the real economy has grown accordingly. In this environment, traditional frameworks alone are no longer sufficient to fully identify and respond to emerging risks in the financial system.

Accordingly, we will strengthen our early warning capabilities by making more active use of movements in market-based price indicators, alongside conventional prudential indicators. We also need to broaden the scope of our analysis in light of the expanding non-bank sector and stronger cross-market linkages, by improving access to information on the non-bank sector and incorporating off-balance-sheet transactions and non-traditional financial products into our analytical framework. On this basis, we will work with relevant institutions to consider ways to further strengthen the central bank's role in safeguarding financial stability.

Third, preserving trust in money and ensuring the integrity of payment and settlement systems is a key responsibility of central banks in today's globalized and digital financial environment.

The internationalization of the Korean won is a key task in building a monetary infrastructure commensurate with the stature of our economy. In cooperation with the government, we will pursue 24-hour foreign exchange market operations and establish offshore won settlement systems. This will improve the accessibility and resilience of foreign exchange transactions, consistent with international standards. These efforts will support won-denominated capital and trade transactions, enhance the currency's international standing, and contribute to the orderly development of the foreign exchange market.

We must also prepare in advance for the design of the future monetary system in response to digital financial innovation. Through the second phase of Project Hangang, we will expand the use of central bank digital currency (CBDC) and tokenized deposits, and through international cooperation, including Project Agorá, we will strengthen the role of the won in the digital payments environment. As safeguards are needed to ensure that the internationalization of the won and innovation in the monetary system do not undermine financial stability, we will continue discussions on a macroprudential framework suited to this changed environment.

In this way, we will work with the government to ensure that the internationalization of the Korean won, payment and settlement innovation, and the macroprudential framework form a mutually reinforcing triad that generates synergies.

Fourth, the central bank must also play an active role in addressing the structural reform challenges facing our economy.

The various structural issues I mentioned earlier are key variables shaping the conditions for the conduct of monetary policy. As the economic structure changes, the gap between economic realities and the perceptions of economic agents may widen, and in such case this can even affect the transmission channels of monetary policy.

From this perspective, I believe that structural factors are not separate from monetary policy but rather an integral part of its conduct. Going forward, the Bank of Korea will continue to conduct in-depth research and provide policy recommendations on these issues, thereby contributing to the sound development of our economy.

Dear colleagues,

None of the four challenges I mentioned earlier will be easy to tackle. However, given the capabilities and experience that the Bank of Korea has built up, together with the collective efforts of all our staff, I am confident that we can successfully overcome these challenges. For these tasks to yield tangible results, the way we operate as an organization

must also evolve accordingly. Against this backdrop, I would like to highlight a few points.

First, I will devote my efforts to creating an environment in which each and every one of you can fully realize your potential. As the standing of the Bank of Korea is elevated, it is also necessary for each individual member of our organization to grow alongside it. Rather than being a large organization composed of relatively small individuals, I will strive to build an even stronger organization made up of capable individuals. To this end, I will continue to improve our organizational culture and internal management so that ample opportunities for growth are provided across all areas—including research, policy, operations, and management—and that these efforts are supported by appropriate recognition and compensation.

Next, I hope that the various functions within the Bank of Korea will break down boundaries and operate in an integrated manner. In today's environment, the real and financial sectors, as well as the domestic and global economies, are closely interconnected. It is therefore important for each member of staff not only to possess deep expertise in their own field, but also to broaden their understanding of other areas to develop an integrated perspective. In addition, research and policy should complement and reinforce each other. I will strive to establish a virtuous cycle in which questions arising from real policy issues lead to research, and the resulting insights, in turn, strengthen the persuasive force of policy.

Raising organizational productivity by enhancing the use of digital technology is also a task that we cannot afford to postpone. There is a broad consensus among experts at home and abroad that meaningful gains in productivity are hard to come by without change in how we actually work. Therefore, together with you, I will identify areas for improvement across all aspects of organizational management, including data architecture, personnel management, and information sharing.

Finally, we will strive to evolve into an institution that participates more actively in, and contributes more meaningfully to, discussions within the international community. Today, Korea draws international attention not only for K-culture, but also for the Bank of Korea's policy experience such as K-dot plot. I will work to create the platforms through which our

colleagues can participate in both domestic and international discourse so that the research and policy experience we have built up here can translate into meaningful contributions in international forums, such as the BIS and the IMF. This will not only serve as a pathway to contribute to the global community, but also as a channel through which we can seek solutions for our economy within a broader international context.

Dear colleagues,

Our economy now stands amid profound uncertainty and change, with many difficult challenges still before us. If the Bank of Korea fulfills its role as a firm anchor of trust, it will be a source of real strength as our economy works through the difficulties it faces.

To this end, I ask for the wisdom and cooperation of all staff. I, too, will do my utmost alongside you.

Thank you.

21 April 2026
Governor
Hyun Song Shin