

DPRK EMPHASIZES TRAINING INTERNATIONAL FINANCIAL EXPERTS

North Korea is calling for training for financial specialists in order to protect against the pitfalls of credit transactions and currency exchanges. In a recently acquired copy of the latest issue of the North's economic journal, "Economy Research"(2007, no.2), 'bank risk', the term applied to the hazard of potential losses, was explained in detail, stating, "In order to strengthen the improvements made in foreign currency trading, an important issue is that banks, such as the Trade Bank, dealing with overseas debts identify and thoroughly resolve potential threats."

It is especially exceptional that the North Korean journal fully introduced the bank risk involved in financial transactions within a market-based economic system. This issue also reported on the events of May 20, when movement toward a resolution to the issue of frozen DPRK accounts in the Delta Banco Asia took place.

The journal divided 'bank risk' into three categories, 'finance risk', 'credit risk', and 'management risk'. Finance risk was defined as, "the risk that a variety of changes within capitalist financial markets could carry with them adverse effects". Further on, finance risk was divided into 'foreign exchange risk' caused by fluctuations in exchange rates, and 'interest risk' driven by changing interest rates.

In addition, "Economy Research" also carried pieces on rational management of the banking management system, subjective evaluation of bank risk, and establishing a strategy for preventing bank risk. "The outcome of [strategy for] prevention of bank risk rests entirely on

the quality, skill, and roles of workers responsible for bank administration.”

The journal also stressed that even though quality information resources and materials on financial data are available, “if the quality and skill of workers in the banking sector cannot be raised,” then bank risk cannot be understood, analyzed, or evaluated, and an appropriate strategy cannot be implemented. “When workers constantly improve their quality and turn their attention to preventing bank risk...then an appropriate strategy can be set up.”

In one article, training in international financial transactions was called for, with the journal printing, “Even though today’s workers know how to use modern information resources and include financial experts with foreign language skills, they need to be well versed in the changing modern banking sector and international financial transactions.” From the 2002 ‘Foreign Investor Banking Law’ to last year’s ‘Commercial Banking Law’, established to stimulate private-sector financial transactions, North Korea continues to tweak its financial system.