



## **DPRK BANKS' ROLE STRENGTHENED TO INCREASE SECURITY OF PERSONAL HOLDINGS**

The latest issue of the Kim Il Sung University newspaper (2009, no. 2, April) acknowledged the international society's sanctions against North Korea, and in a bid to encourage a self-determinant resolution to the country's economic problems, the paper called for "the utmost circulation of dormant cash," emphasizing the role of the bank.

The paper stressed that strengthening the role of the bank was a crucial part of ensuring the country's socialist system continued to operate. It also stated that elevating the position of the bank and circulating currency were essential elements of ensuring that North Koreans were not reliant on foreign assistance, and that they were able to solve their problems independently.

In the article encouraging currency circulation, it was stated that "the oppressive isolation policy of the imperialists grows worse every day," but that by maximizing capital circulation, domestic economic problems could be resolved and the North could complete its bid to create an economically strong nation even more quickly.

The article reflects the DPRK government's attempt to encourage spending of Won, Dollars, and Euros by institutions, enterprises and even individuals in an attempt to ease economic woes even in the face of international sanctions. Jung Yeon-ho, a researcher with the Korea Development Institute (KDI), reported in 2003 that North Koreans were sitting on as much as 600,000-1,000,000 USD. Since 2003, North Korean authorities have been trading US dollars for Euros due to sanctions from Washington, so now many in the North also have considerable



amounts of Euros stashed away, as well.

Kim Il Sung University, through its paper, insisted that banks needed to strengthen their role in currency circulation and lending, and to ensure that their services were in line with the demands of the times. It noted that banks were taking note of the needs of individuals and enterprises, and catering to their demands in order to more appropriately respond to their issues and not only meet their needs, but to encourage their continued use.

Some North Koreans have had bad experiences with banks, not being able to withdraw previously deposited funds or not earning expected interest. This has led some to avoid banks in order to guarantee their savings.

After the North's July 1<sup>st</sup> (2002) Economic Management Reform Measure, an attempt to make policy reflect reality in the North, the government began selling 10-year 'People's Lifestyle Bonds'. In early 2006, North Korea's banks began offering savings accounts, loans, and other services to individuals and enterprises in order to encourage spending.