



Abstract

Performance Analysis and Promotion Strategy for the Local Currency in Gyeonggi-Do

The purpose of this study was to analyze the performance of local currency program which was introduced at April 2019 in Gyeonggi Province, and to present promotion strategies with the economic effects of the local economy. Internal and external case studies of local currency were reviewed. The first and second survey results from the business stores in 31 cities and counties were analysed. The homogeneity of variance was tested for the results of two surveys.

Local currency in Korea can be classified into two groups, gift certificates and labor-exchangeable currency. More than 300 regional currencies are currently in operation in 35 countries around the world. Examples of overseas regional currencies include the time-based LETs and Hours, Time Bank, Germany's Chimgauer, and Britain's Bristol Pound. The LETs and Time Bank don't issue in monetary form but is added to the members' bank accounts. But, the Ithaca Hours and Bristol Pound issue bills, while Bristol Pound is a system that allows electronic payment through the Internet in addition to bills. The characteristics of overseas local currency include 1) promotion of various efforts to promote regional community and regional economy, 3) geographical expansion of the range of use of local currency, 4) the ideas of economists are practiced by local activists, and 5) give lessons from the discontinued issuance of local currency.

In this study, the cluster analysis was conducted for the results of "The Survey of Effectiveness on the Gyeonggi Provincial Local Currency Issuing in 2019". It was to analyze the similarities between small business stores in 31 cities and counties in Gyeonggi Province. The results of the 1st and 2nd surveys of local currency traders in 31 cities and counties in Gyeonggi Province were different from those of the 2nd ones.

As a result of the cluster classification on the operation status of local currency stores, six clusters were optimal. The results of a survey on the operation of stores, small stores of local currency members, show changes in the city-county group in the first and second response results.

Meanwhile, Levene test was tried to determine whether the results of the 1st and 2nd small business store and operation status were homogeneous. The first and second survey results were the same as the results of Levene test, and the null hypothesis was failed to reject at the 95% significance level. Moreover, Levene test of small commercial store operation also failed to reject null hypothesis at the 95% significance level for the first and second findings, and the population was analyzed to be the same. Small business stores and store operation status show no difference between the first and second surveys. This is only the second round of surveys since the issuance and operation of local currency began, which means that there has been no significant change in stable survey responses and store conditions.

Finally, the regional economic effect was analyzed based on the amount of local currency used in 31 cities and counties in Gyeonggi Province. The local currency charge for 31 cities and counties in Gyeonggi Province was 342,479 million won as of the end of September 2019, with 266,146 million won in use. According to an analysis of the local economic effect based on the amount of local currency used in 31 cities and counties in Gyeonggi Province, the production inducement effect totaled 490.1 billion won, the value-added inducement effect totaled 204.4 billion won and the employment inducement effect totaled 2,591 people. The effect of issuing local currency has been relatively large in areas with large city size and large issuance scale.

In conclusion, it is analyzed that for the successful promotion of local currency, it is necessary to 1) evolve into various forms of payment method, 2) operation of local currency clearing house, 3) efforts to spread the circulation of local currency in the

public sector, 4) differential by region based on local currency merchant standards, 5) voluntary promotion under the initiative of local governments or civil economy. The two, considered the most successful regional currency in the world, have been driven by voluntary efforts by local citizens, not by government officials.

Keyword Local currency, Small business store, Economic effect, Cluster analysis