

Financial Hub Korea

Innovation,
Opportunity,
and Support

Fn  Hub
KOREA

 SEOUL METROPOLITAN
GOVERNMENT

Dynamic
BUSAN

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Introducing Cities that invest in the future



Seoul and Busan are “rising stars” among financial cities. This year, Seoul ranked 25th out of 111 cities in the Global Financial Centers Index published by the London-based think tank Z/Yen. This was a major jump of 8 steps. Seoul ranked 18th in FinTech competitiveness, up from 25. The city also ranked 6th in future prospects, outpacing Hong Kong (10th) and New York (15th). Despite the COVID-19 challenge, all of Seoul’s indexes made a great leap ahead. Seoul is a city with a strong economic base and a demonstrated willingness to continuously invest in its future. Busan ranked 40th, which is a major jump of 11 steps from the previous year. Busan not only specializes in maritime finance and derivatives. It was also recently designated as a blockchain regulation-free zone by the Korean government.

Here are some reasons why Korea is a promising financial hub.

First, Korea boasts a large demand for asset management services. Korea’s National Pension Service (NPS) is the 3rd largest public pension fund in the world with over KRW 785 trillion (approx. USD 700 billion) in assets under management (AUM). Furthermore, the rapid growth of startups and new industries have given rise to a demand for greater, and more diverse sources of financing—another key opportunity for global investment banks and asset management firms.

Second, Korea is a center for dynamic financial innovation. Korea has an advanced IT infrastructure and is widely recognized as a global testbed for mobile-based services. Thanks to the high development and penetration rate of these services, foreign startups are entering Korea to test mobile-based services before taking them overseas. In fact, the Seoul Metropolitan Government opened the Seoul FinTech Lab in Yeouido, which currently houses 100 startups. In just 2.5 years, the resident startups have collectively attracted over USD 50 million in investments, with their sales reaching USD 45 million.

Finally, the Korean market is supported by a government that puts a premium on health and safety. Korea has been well-recognized for its transparent and effective containment of COVID-19. Thanks to these efforts, in the most recent projections by the OECD, Korea’s GDP is forecast to contract by only 1 percent which is lower than any other OECD country.

Korea has many opportunities to offer as a financial hub, with great growth potential. In the new pandemic era, a global financial hub needs to be supported by a government that works to ensure everyone’s health and safety. The Korean government has demonstrated its willingness and capability to perform this key role. We also believe global financial companies are our true partners for growth and invite you to join our project.



KOREA

FINANCIAL HUB KOREA

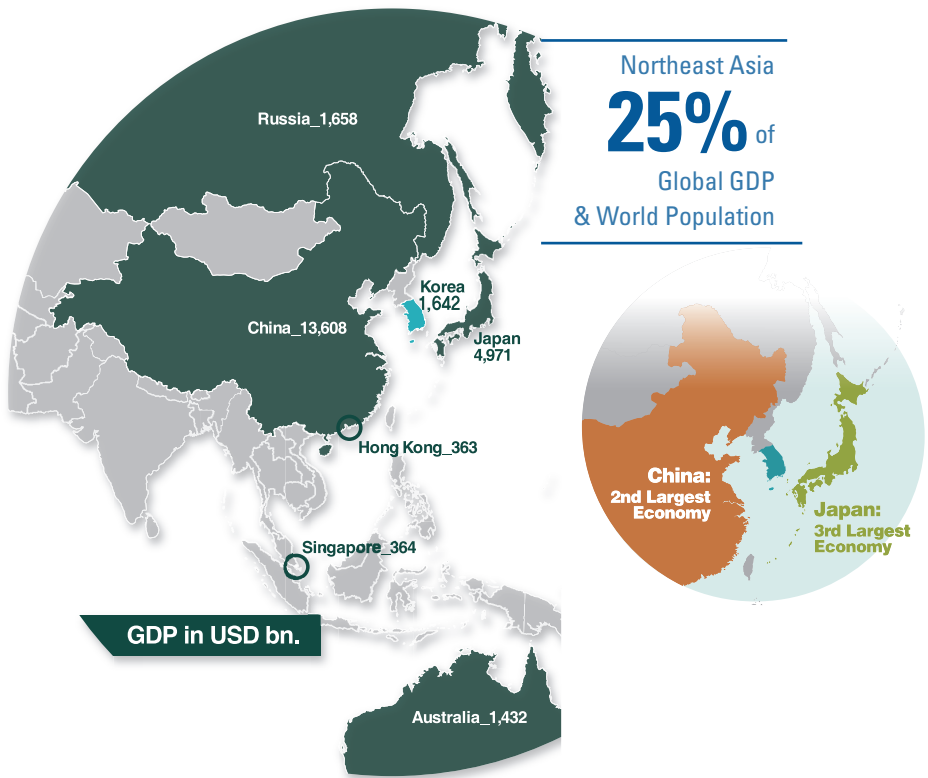
Korea has established itself as a world leading economic force and embarked on a mission to transform Korea into the leading financial hub of Northeast Asia. Financial Hub Korea provides promising opportunities in the Korean market with its strong real economy, active financial market, continuous financial innovation, and supportive environment.

OPPORTUNITIES IN THE KOREAN MARKET

A STRONG REAL ECONOMY

Central Hub of Northeast Asia

Northeast Asia, home to a quarter of the world's population, generates about 25% of the global GDP. Located between China and Japan, the world's 2nd and 3rd largest economies, Korea is within 2,000km distance of a huge market comprising 61 cities and 498 million consumers.



Prosperous Market Economy

Korea's robust, market-driven economy has become a world leading economic force. Korea is the 12th largest economy in the world and is 7th in the "Global 500 Companies by Country" list, as it is home to many global brands such as Samsung, Hyundai Motors, and LG. Korea is a leader in semiconductors, display, ICT, chemicals and steel industries among others. The FDI flow into Korea is also on a steady rise.

FORTUNE GLOBAL 500

7th South Korea

SAMSUNG

HYUNDAI

LG

GLOBAL RATINGS

Aa2 MOODY'S

AA S&P Global

AA- FitchRatings

Ideal Testbed for Technology Developments

With the strong purchasing power of more than 50 million consumers, Korea is an ideal testbed for global markets and a laboratory for exploring future markets. In particular, its capital city Seoul strongly supports the testing of various future technologies for homes, cars, factories, and other smart city services.



CONTINUOUS FINANCIAL INNOVATION

AN ACTIVE FINANCIAL MARKET

Well-developed Capital Market

Both the number of companies leading Korea's economic growth and the size of their assets continuously show an upward trend. Total market cap of Korean Stock Exchange exceeded USD 1,582 billion and foreign stock investment exceeded USD 500 billion in 2019.

Third Largest Pension Fund in the World

Korea has a strong demand for asset management services, including the Korea's National Pension Service which is the 3rd largest in the world, after Japan and Norway. In 2019, its assets under management exceeded KRW 730 trillion (approx. USD 700 billion) as of 2019.



Third Largest Banking Market in Asia

Korea has a strong financial services sector. It boasts the 3rd largest banking market and 7th largest insurance market in Asia. At less than 1%, South Korea's non-performing loan ratio is extremely low. Strong market fundamentals and adaptive regulation promote financial stability and resilience in the Korean market, and the recent easing of financial regulations has opened up new opportunities for market entry, acquisition, and business development.

DIGITIZATION AND DEREGULATION

Convenience and Transparency

Seoul consistently ranks among the top cities in the world for e-government, from visas to business paperwork. A thorough digitization of government documents enhances transparency of policy decisions and enables smooth workflow between government organizations and businesses. Seoul recently ranked 1st in the UN's E-Government Survey five consecutive times.



Regulatory Sandbox

To better respond to the rapid transformation happening in the financial industry, the Korean government enacted the Special Act on Support for Financial Innovation, which came into effect on April 1, 2019. This Act introduced the financial "regulatory sandbox," which allows for temporary exemption or deferral of legal and bureaucratic regulatory rules for the financial sector—from banking, insurance, capital market, and credit finance to the FinTech industry—to foster innovation while protecting consumers.



Bank

- Convergence of finance and communications through a mobile virtual network operator
- Drive-Thru exchange and withdrawal



Insurance

- On-off overseas travel insurance
- Easy access to insurance products



Lending

- Data-based one-stop lending marketplace
- Loan rate comparison and application platform
- Comparison service for mid-range interest rate loans
- Consumer data-based auto finance platform
- Mobile lending "diet" platform using big data



Capital Market

- Blockchain-based digital platform for real estate beneficiary certificates
- Blockchain platform for shareholder registry of private companies
- Blockchain platform for securities lending/borrowing between retail investors



Credit Finance

- Credit card-based money transfer
- Contactless payment based on QR Code
- NFC payment using smartphone



Others

- Credit rating of self-business owners with credit card data
- Real-time AI credit information service using big data in accounting
- Online simple payment based on SMS authentication
- P2P finance for development of renewable energy

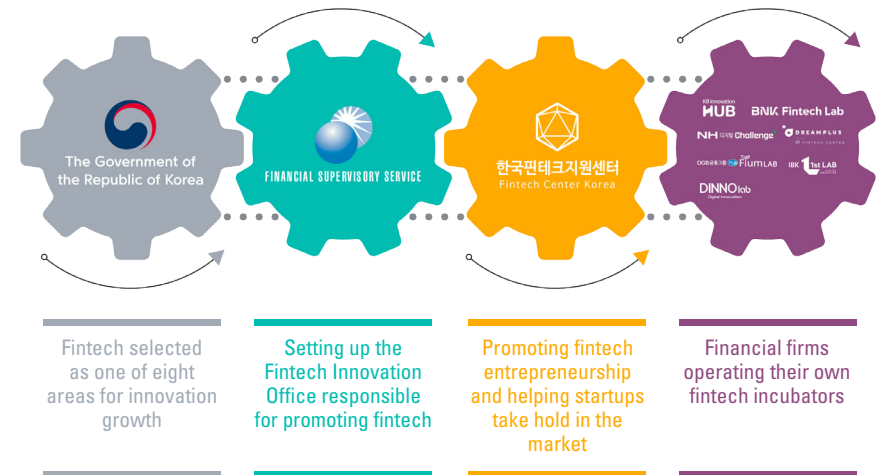
FINTECH

All-Round Support

In Korea, the government, the financial regulatory authority, and the financial industry are working closely together to promote the FinTech business. These efforts include designating FinTech as one of the nation's major growth engines, operating help centers to promote the business and easing regulations through the regulatory sandbox.

Rapid Increase of FinTech Market

As a leading digital city with a high internet penetration, financial literacy and acceptance rates, Korea offers numerous opportunities for the FinTech business. Korea's FinTech market saw a 20% increase in both the number of registered users (121 million) and the amount of daily transaction (USD 5.9 billion, as of 2019). Korea is also ranked 11th out of 27 countries in Consumer FinTech Adoption rate (67%) with potential for further growth.



Seoul FinTech Lab

Seoul Metropolitan Government established Seoul FinTech Lab in early 2018 to provide future entrepreneurs and early-stage startups with various support programs, from offices, mentoring and networking opportunities to demoday and overseas IR events. The lab is located in Yeouido, Seoul's main finance and investment banking district.

The lab currently houses 100 FinTech companies and 1000 innovators. 70% are South Korean while the remaining 30% are overseas startups positively considering business expansion in South Korea. In order to accelerate the growth of FinTech startups, the lab provides office space, mentorship, education, networking opportunities, demoday, overseas IR events and connects startups to a wide network of experts.

Contact **Seoul FinTech Lab** +82.2.786.0650, contact@seoulfintechlab.kr

Busan, Blockchain Regulatory-Free Zone and U-Space BIFC

Recently, Busan was designated as a "Blockchain Regulation-free Zone" by the Korean government. Thanks to this designation, it has become possible to develop new blockchain technologies without restriction in four areas: logistics, tourism, public safety and finance.

Busan offers the best conditions to commercialize the IT ecosystem. Busan City fosters a cluster of financial technology firms. One example of such cluster is the "U (Unicorn)-Space BIFC," a space that currently houses 44 FinTech, blockchain, financial big data and artificial intelligence-related companies. The city also provides office space and labor cost support to resident FinTech firms, while BNK Financial Group supports FinTech and blockchain companies through various cooperative projects to raise global competitiveness.

Contact **U-Space BIFC** +82.51.633.9138, shkim@finpc.org

SUPPORTIVE ENVIRONMENT

WELL-CONNECTED, FAVORABLE LIVING & WORKING ENVIRONMENT

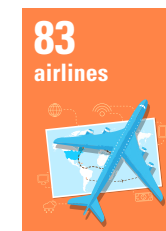
Easy Access through the World's Best Airport

Located at the heart of Northeast Asia, Seoul and Busan provide easy access to 147 cities of over 1 million population, each within a 3-hour flight distance. The gateway to the cities, Incheon International Airport, operates flights to 175 cities in 54 countries via 83 airlines, with the total annual passenger traffic reaching 68 million in 2018. It has also been cited as the world's best airport in airport service quality for 13 years in a row.



Rated World's Best Airport Service Quality for 13 years in a row

Seoul,
Busan

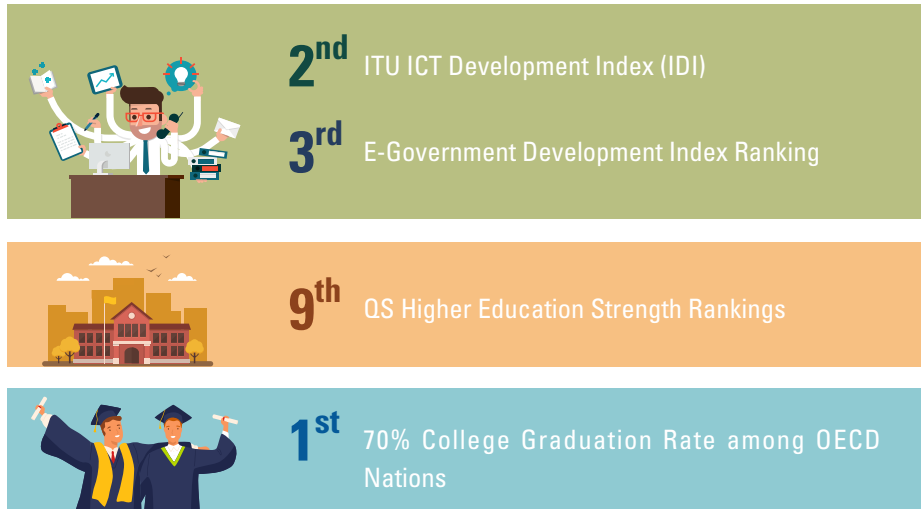


Wired for Business

Seoul is a leading digital city, with the world's highest internet penetration rate and a world-renowned internet and mobile connection speed. More than 1,500 ICT related laboratories including big data, AR/VR and IoT labs located in Seoul are furnishing the city with state-of-the-art technology.

Skilled Labor, Diligent and Highly Educated

Korea's highly skilled workforce is a key competitiveness of the Korean market; Korea boasts the highest college graduation rate among OECD nations, and is also recognized for its diligent workforce.



Favorable Living Environment

With the continuous influx of foreign workers and visitors, Korea is becoming more international. It offers a convenient and favorable living environment at a relatively low living cost.

- 19 international schools, 38 universities, and the Graduate School of Finance in Seoul; 5 international schools, 12 universities, and the Graduate School of Finance in Busan
- Highly advanced medical services available at affordable prices
- Cultural experiences such as K-pop, classical music, film & theater, and traditional art, as well as historical attractions spread throughout the city

BUSINESS-FRIENDLY REGULATIONS & SUPPORTIVE SYSTEMS

Government Support and Initiatives for Financial Hub



Financial Hub Korea is a government-designated institution with a specific purpose to create a favorable business environment for foreign financial companies and thus establish the city as a Financial Hub. Its mission is to address issues related to licensing and business operation of foreign financial companies in the Korean market. It also provides administrative support regarding living environment of foreign expats.

Tax Reduction

Type	Beneficiaries	Description
		Establishment of HQ, Regional HQ, or Branch
Corporate Tax Income Tax	Financial institutions with an investment over KRW 2 billion and more than 10 regular workers	100% tax reduction for the first 3 years 50% for the next 2 years
Local Tax		Individual local income tax deducted, commensurate (10%) to any national corporate or income tax deducted
Income Tax for Foreign Workers	-	A low income-tax rate (19%) will be applied to foreign workers for 5 years

Relaxed Labor Regulations

Employment-related regulations have been relaxed for certain financial sectors. Analysts and fund managers are exempt from the current labor regulations that cap the maximum working hours to 52-hour per week and are given more leeway under the “discretionary work system”, which allows working hours to be determined in written agreement between the employer and employee's representatives. Official discussions are under way to expand the exemptions to cover the investment bankers as well.

A nighttime photograph of the Seoul skyline, featuring the Lotte World Tower on the left and other illuminated skyscrapers. The city lights are reflected in a body of water in the foreground. The word 'SEOUL' is written in large, white, sans-serif capital letters across the middle of the image.

SEOUL

City of Creation and Innovation

Seoul, the capital of South Korea, is a global city with diverse experiments in the latest innovative trends and home to many R&D clusters. Seoul, a city of creation and innovation, has a lot to offer for innovators.

SEOUL FINANCIAL HUB

Seoul FinTech Lab

Located in Yeouido, Seoul’s main finance and investment banking district, Seoul FinTech Lab provides future entrepreneurs and early stage startups with various support programs from offices, mentoring and networking opportunities to demoday and overseas IR events.

Finance Graduate School

To further nurture the talents for future financial innovation, Seoul, in joint collaboration with the Financial Services Commission (FSC) and the Korea Advanced Institute of Science and Technology (KAIST), established the Finance Graduate School in Yeouido. Through a systemic Digital Finance MBA program that combines artificial intelligence, data science, and big data, the School provides an educational model that will lead global digital finance.

Innovation Growth Fund and R&D Support

Seoul has established the Innovation Growth Fund which will invest in FinTech firms for three years (USD 175 million, 2020-2022) and offer R&D support for technological developments in FinTech in light of the growing demand in contact-free authentication security due to COVID-19 (a total of 30 projects will receive KRW 6 billion support, 2020-2022).

Seoul International Financial Office (SIFO)

To support the Financial Hub initiative, the Seoul Metropolitan Government has prepared a dedicated space for offices of various sizes and for meetings in Yeouido, the city’s financial district. That space, termed the “Seoul International Financial Office (SIFO),” aims to encourage foreign/domestic companies to enter the Korean market and to promote communication among financial employees.

Subsidy for Firms in IFC Yeouido

Type	Beneficiaries	Description	
		Establishment of HQ / Regional HQ	Establishment of Branch
Financial Institutions entering Yeouido International Financer Center with more than 10 personnel*	Rent Subsidy	Up to 70% of the standard rent (up to 5 years)	
	Employment Subsidy	Up to KRW 500,000 per new employee, considering the size of employment and its effect on regional economic development (for up to 6 months, max. KRW 200 million per institution)	
	Education / Training Subsidy	Up to KRW 500,000 for educating newly hired employees (for up to 6 months, max. KRW 60 million per institution)	
	Business Facility Installation Subsidy	Up to 25% of installation or other necessary funds (max. KRW 2.5 billion per institution)	Up to 10% of installation or other necessary funds (max. KRW 1 billion per institution)

*Firms establishing temporary offices in Yeouido, with a minimum of two full-time Korean employees, will receive support for up to one-year period

Subsidy for Financial/Insurance companies in Foreign Investment Zones

Foreign Investment Zone	Area designated for lease or transfer to foreign-invested companies with high value-added services, such as finance and R&D (Designated under Foreign Investment Promotion Act to attract large-scale foreign investment)
Rent Subsidy	Up to 50% standard rent (max. 5 years)
Requirements	15 or more employees Over 30% Foreign investment ratio Foreign investment ratio must exceed total rent subsidy

A nighttime aerial view of Busan, South Korea. The image shows a dense cluster of illuminated skyscrapers on the left, a large marina filled with numerous yachts in the foreground, and a long, curved bridge spanning the water on the right. The city lights reflect on the water, and the sky is dark. The word 'BUSAN' is overlaid in large white letters across the center of the image.

BUSAN

City with Expertise in Maritime Finance and Derivatives

Busan, South Korea's second most populous city, is the mecca of maritime logistics connecting the Eurasian continent. In 2019, Busan ranked 10th as a Leading Maritime Capital of the world, and 4th in maritime technology. Home to the world's 6th largest container port, along with the world's six world-class shipyards, Busan possesses strong potential for further development as a maritime finance center.

Busan Financial Hub

Busan International Finance Center (BIFC)

After the successful launch of the 63-story Busan International Finance Center (BIFC) in 2014, the second phase development of the Busan Financial Hub was completed in 2018. Currently the BIFC houses the Financial Big Data Lab, U-Space BIFC FinTech cluster, and the world's largest Securities Museum.

The BIFC is also home to a number of financial institutions including the Korea Exchange (KRX), the Korea Securities Depository, the Korea Asset Management Corporation, the Korea Housing Finance Corporation, the Korea Housing & Urban Guarantee Corporation, the Korea Southern Power Co., Ltd. KRX has also created various infrastructure to support the derivatives market, from the gold market and the emissions trading market to the Central Counterparty Clearing House (CCP).

Busan Finance Center (BFC)

The Busan Finance Center (BFC) was established in the form of a public-private partnership in July 2020 to foster Busan Financial Hub and to revitalize the region's financial industry.

The BFC will play a fundamental role as a think-tank in responding to future changes in the financial market, and also in developing a unique "Busan-style" financial hub model specialized in maritime finance, logistics, and derivatives.

Marine Finance Center (MFC)

The Marine Finance Center plays a major role in fostering specialized financial clusters in Busan. It is home to a collaborative body of maritime finance departments of Korea: KEXIM Bank, KDB Bank, and K-SURE.

Blockchain Regulatory-Free Zone

Busan was recently designated as a regulation-free zone for blockchain technologies and will become a testbed for blockchain applications in logistics, tourism, public safety, and finance.

Subsidies for Financial Institutions Entering the Munhyeon Finance Complex in Busan

Type	Beneficiaries	Description			
		Establishment of HQ / Regional HQ	Establishment of Branch	Relocation of HQ/ Regional HQ within Korea	Relocation of Branch within Korea
		(Overseas → Busan)		(Other region in Korea → Busan)	
Rent/ Location Subsidy	Financial Institutions entering BIFC with more than 10 personnel	Up to 50% of the expenses to purchase or lease land or buildings (Up to KRW 5 billion per institution)	Not applicable	Up to 50% of the expenses to purchase or lease land or buildings (Up to KRW 5 billion per institution)	Not applicable
Employment Subsidy		Long-term free lease for part of the top (63rd) floor of the BIFC Building to financial institutions for up to 25 years			
Education/ Training Subsidy		Up to KRW 600,000 per newly hired Korean employees (for up to 6 months, up to KRW 200 million per institution)			
Business Facility Installation Subsidy		Up to 10% of the expenses required for installation of business facilities (up to KRW 1 billion per institution)			

*Additional corporate and income tax exemptions (Special Taxation Act), as well as property tax and acquisition tax exemptions (Busan City Market Tax Reduction Ordinance and Busan City Nam-Gu Tax Reduction Ordinance) are also available.

Statistics About Korea



Size	100,364km ² (10,036,372ha)
Population	51,780,579
Climate	Continental climate with four distinct seasons · Annual average temperature: 13°C (55.4°F) · Annual average precipitation: 961.4mm
Time Difference	GMT +9 hours
Economic Scope	World's 12th largest economy, an OECD member · GDP: USD 1,642 bn. · GNI per capita: USD 32,115
Leading Industries	ICT, electronics, semiconductor, automobile, shipbuilding, steel, petrochemical, etc.

Korea, Link to Success

1st Bloomberg Innovation Index Ranking
 for six years in a row

2nd ICT Development Index
 among 176 countries in the annual ICT Development Index (IDI)

3rd Largest Trading Network in the World
 Korea's global FTA network with 56 partner countries forms the third largest market in the world

5th Ease of Doing Business Index
 continuously climbing up to stay among top 5 for five years in a row



You can find out more about Korea at
www.investkorea.org and www.fnhubkorea.kr



Financial Hub Korea

Financial Supervisory Service, Republic of Korea
www.fnhubkorea.kr



Seoul Metropolitan Government

www.seoul.go.kr



Busan Metropolitan City

www.busan.go.kr