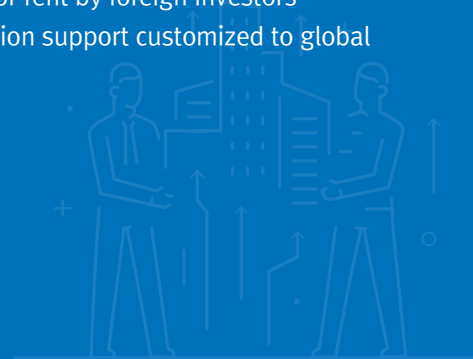




IT Capital **Seoul**
Meets with
Fintech

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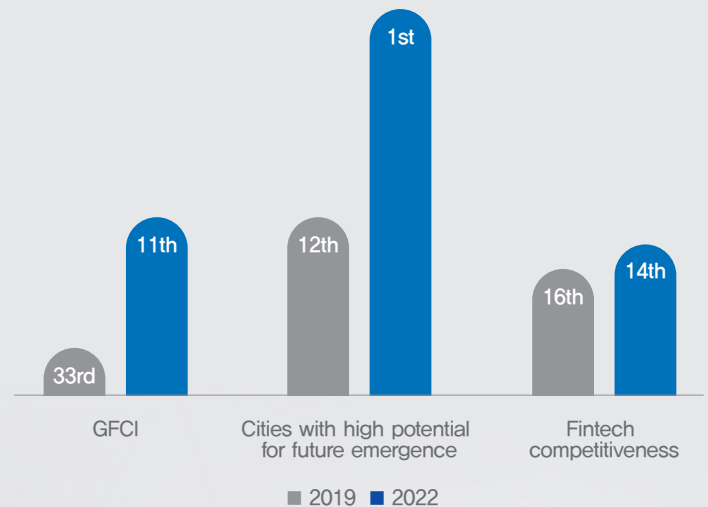


INTRODUCTION

Seoul, the Capital of the Republic of Korea, is rising fast recently as one of the world's financial hubs. According to the 2022 Global Financial Centres Index (GFCI), an iconic indicator used in measuring the financial competitiveness of major cities around the world, four Asian cities occupied spots in the top-15 league among 128 cities worldwide, with Seoul jumping to the 11th in 2022 from the 33th in 2019. Among the five assessment areas of the GFCI, Seoul is ranked third in infrastructure, fourth in financial sector development, and fifth in human resource.

Seoul is touted for its significant growth potential of financial sector. In particular, the city is ranked first among the 15 Centres Likely To Become More Significant, which means that Seoul has the potential to be ever more important in two to three years to come. Seoul is expected to leverage its potential to invite financial enterprises and institutions and attract brisk business operations of financial-sector investors.

Recent convergence of ICT with financial sector is giving birth to 'Fintech' where Finance is combined with Technology. As Seoul is spearheading such a trend, financial institutions are adopting digital technologies while ICT companies are rolling out financial services. Seoul ranked below 15th in 2019 in fintech competitiveness but climbed to 14th among 128 cities in 2022.



〈Fig. 1〉 Seoul's Ranking in Finance/Fintech Sectors

Courtesy: Global Financial Centres Index 32

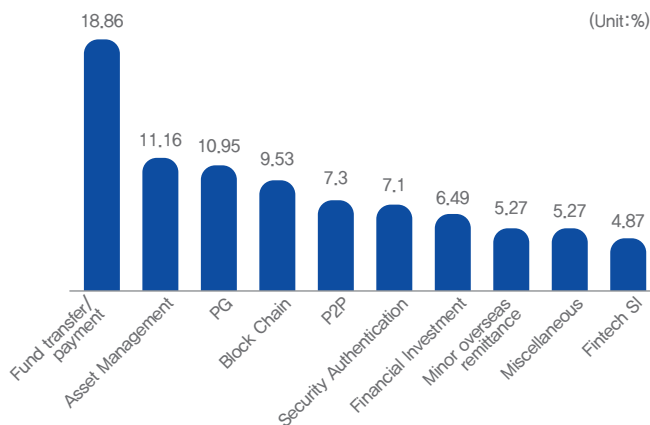
1. Seoul, hotplace for fintech firms

861 financial companies, accounting for 88.5% of 973 all financial companies operated across the nation are located in Seoul. Among them 355 are found in Yeoeuido area (asset investment firms), 257 in Gangnam (venture capitals), and 179 in Gwanghwamun (conventional banks)¹⁾, with Yeoeuido being the biggest financial district in Korea.

In particular, Seoul City Government considers Yeoeuido as its financial center in its master plan entitled 'Seoul, Asia's Financial Center'. Yeoeuido is home to fintech industry-related exchanges, financial investors, financial security companies, fund transfer/payment service providers, crowdfunding firms, P2P financing companies, etc. all of which are forging close networks and partnerships with each other. Yeoeuido was designated as a specific financial development promotion zone in 2010 and Seoul City Government is cooperating with the central government and the National Assembly to amend laws/institutions to make sure that Yeoeuido is designated as a special financial district and actively promoted as an iconic fintech cluster of Korea.

There are about 282 fintech companies in Seoul, accounting for 78% of the 360 total fintech businesses that exist in South Korea. Seoul is undoubtedly Korea's fintech capital. If we pinpoint these by sector, fund transfer/payment accounted for 18.86%, asset management 11.16%, PG 10.95%, and block chain 9.53%.²⁾

The following is an introduction to 10 companies located in Seoul and organized by sector. Based on 'Korean Companies Leading the Fintech Market', announced by Maeil Business Newspaper in 2022, it includes new adapters of Fintech technology.



(Fig. 2) Composition of Leading Companies in Seoul Fintech Business Sectors
From the Korea Fintech Industry Association website

1) Asia's Financial Capital City, Seoul 2022 Seoul Economic Policy Office (Financial Investment Division)
2) Based on member companies of the Korea Fintech Industry Association

Mouda

Sales 0.32 million USD

Korea's one and only medical financing platform linking medical practitioners in need of fund and multiple investors.

Kona I

Sales 0.16 billion USD

Developed Korea's first integrated travel fare card system and rolled out world's first open mobile/IC payment platform 'Kona Card'.

Honest Fund

Sales 6.5 million USD

No. 1 in full-fledged P2P finance encompassing real estate, SME, and unsecured line of credit. Provides simple investment platform services.

Coocon

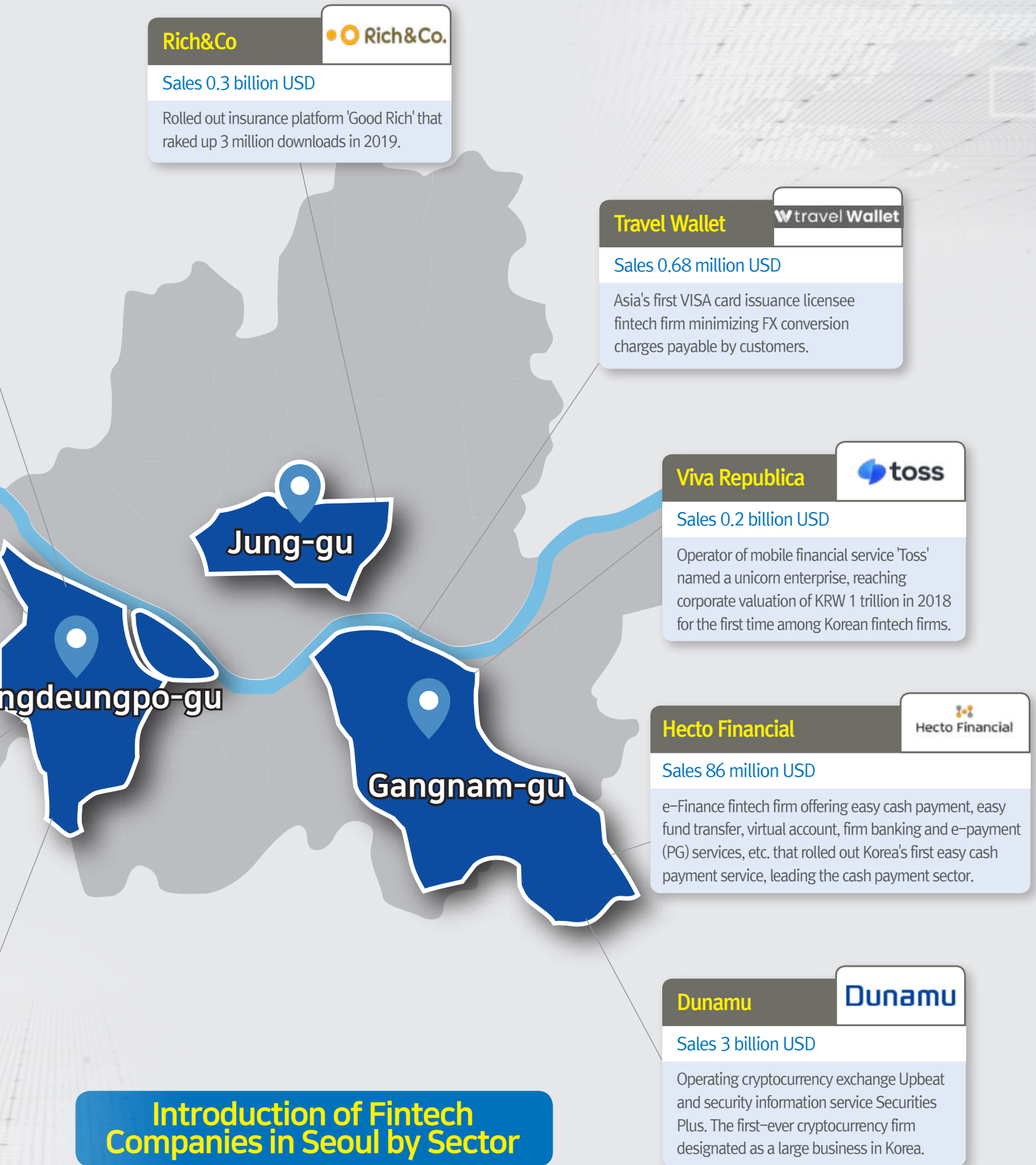
Sales 49 million USD

Korea's biggest business data platform offering Information API service as well as financial/public/physical data from over 2,500 organizations in 40 or more countries as over 250 API products.

Web Cash

Sales 68 million USD

Specialized financial business SW provider that founded the industry's first B2B fintech research center in 2015, providing fintech strategy establishment consulting service, etc. to financial institutions.



Introduction of Fintech Companies in Seoul by Sector

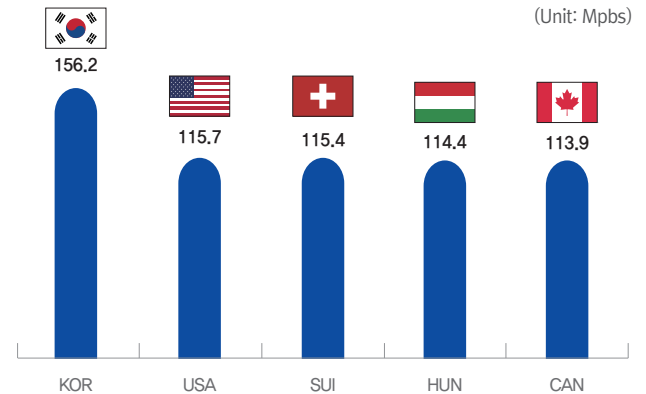
2. Seoul is the answer for fintech industry

In 2015, industry-leading tech giants including Google, Apple, Amazon and Paypal, etc. forged the IT finance alliance FIN (Financial Innovation Now) to promote fintech industry. Brian Peters, an executive director at the FIN said, "Innovation is coming to financial services, and now is the time for US government to help enable a modern financial system that is more accessible, affordable and secure and lift the strictly regulated financial policies," emphasizing that government needs to ease financial regulation and improve service accessibility and security so that fintech firms can offer innovative services. As we can see in the FIN executive director's comment, development of fintech industry essentially requires ① service accessibility ② security and ③ easing of financial regulation. How much can Seoul fulfill three essential requirements for fintech industry?

1) Service Accessibility – City that has the world's best ICT infrastructure

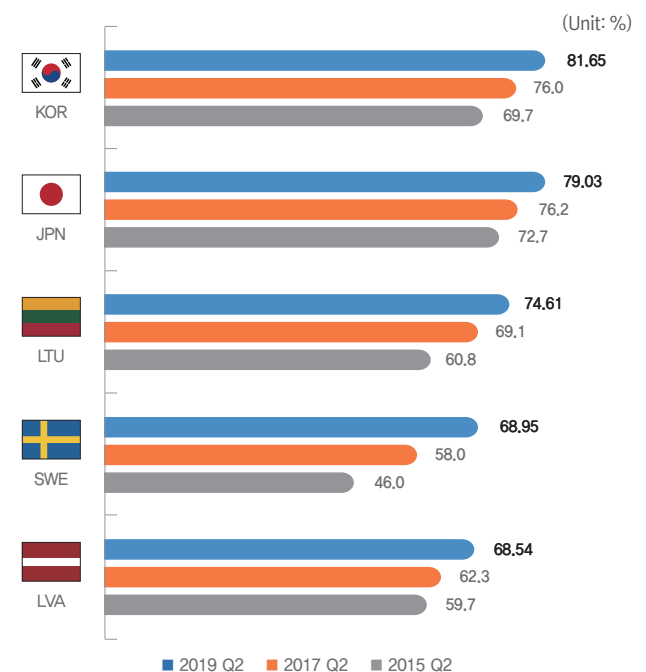
Fintech means convergence between finance and IT technology. Network environment expediting service access is essential for fintech industry to develop. Korea launched the world's first 5G mobile communications service in April, 2019, and the 5G data transfer rate (upload) in Seoul is 99.27Mbps³⁾, faster than any other area of the country. Smartphone penetration rate in Korea rose from 95% in 2021 to 97% in 2022⁴⁾, with both monthly average of cellular data usage including WiFi and average download traffic speed of broadband internet ranked world's No.1 at 24GB and 156.2Mbps each.

In addition, wired broadband network penetration rate is 81.65%, ranking No.1 ahead of Japan (79.03%), Lithuania (74.61%), Sweden (68.5%) and Latvia (68.64%) ranked from 2nd to 5th.⁵⁾ As mentioned above, Seoul is equipped with ICT network infrastructure optimized for the needs of fintech industry.



<Fig. 3> Average Broadband Download Speed

Courtesy: OECD oecd.org



<Fig. 4> Wired Broadband Penetration Rates

Courtesy: OECD oecd.org

2) Security - Seoul's information security ranks world's 4th in GCI

Information security is essential to providing more secure financial service environment for fintech users. As science and technology advance, a variety of financial security risks including cyber financial fraud, personal data leak, etc. arise frequently. Therefore, in fintech sector, cybersecurity is the critical element making or breaking businesses and the industry.

3) 2021 5G service coverage assessment & quality review interim report, Ministry of Science & ICT

4) 2012-2022 Smartphone Usage Rate & Brands, Gallup

5) Digital Economy Outlook, 2020.11, OECD

Korea ranked world's No.4 in the 2021 GCI (Global Cybersecurity Index). The GCI comparatively analyzes cybersecurity competitiveness of multiple countries in five pillars including legal measures, technical measures, organizational measures, capacity development and cooperation. Korea jumped up 11 notches from 2019 by climbing to the 4th spot among 194 countries in 2021.

3) Deregulation of Financial Sector - Financial Regulation Innovation Conference

The Financial Regulation Innovation Conference⁶⁾ was organized to enable the private sector and the government to join hands in innovating financial regulations and staffed with experts well versed in economy, finance, digital technology, law and press.

The purpose of the conference is to promote market conditions that allow for emergence of players to lead the global financial sector. The conference reviews conventional financial regulatory framework to ease regulations imposed on financial industry and enable Korean financial institutions to compete on par with their global counterparts.

The 1st conference held in July, 2022 decided to first consider revisiting the conventional regulation drawing a line between finance and industry by overhauling the scope of service and restriction of investment in subsidiaries in a bid to facilitate financial firm's IT platform business and investment in emerging technologies. The Financial Regulation Innovation Conference announced that regulatory frameworks governing my data, open banking, and regulatory sandbox will be upgraded by a notch and institutions covering emerging digital industries such as virtual asset, fractional investment, etc. will be overhauled by the conference to facilitate infrastructure implementation for digital finance innovation.

Seoul, testbed of fintech

As Korean consumers place top priority on ease of use when it comes to means of payment as found in a survey by the Bank of Korea, mobile financial service usage is rising ever more accordingly. The 2021 Payment Means & Mobile Financial Service Usage Survey⁷⁾ found that 65.4% of the respondents in Korea had used mobile financial service in the past one month. Over 80% of those in their 20s to 40s were found to be mobile financial service users.

In terms of smartphone-based financial platform services, fintech firms based in Seoul command unparalleled dominance. When measured in monthly average users (MAU) of financial platform services, top 4 banking service platforms, top 5 credit card platforms, and top 5 securities/investment platforms are all based in Seoul.

〈Table 1〉 MAUs of Financial Platforms ('21.12~'22.06)

Courtesy: Mobile Index, IGA Works

Category	Breakdown
Banking service	① Toss (Seoul) 14.27M
	② KakaoBank (Gyeonggi) 13.15M
	③ KBStar Banking (Seoul) 11.5M
	④ Shinhan SOL (Seoul) 9.45M
	⑤ NH Smart Banking (Seoul) 8.46M
Fund transfer/ payment	① Samsung Pay (Gyeonggi)..... 15.52M
	② Kakao Pay (Gyeonggi) 3.57M
	③ PAYCO (Gyeonggi) 2.9M
	④ Gyeonggi Local Payment (Gyeonggi) ... 2.56M
	⑤ Incheon e-um (Incheon) 1.58M
Credit card	① Paybook (Seoul) 7.2M
	② ShinhanPlay (Seoul) 7.14M
	③ Samsung Card (Seoul) 6.7M
	④ Hyundai Card (Seoul)..... 6.26M
	⑤ Lotte Card (Seoul) 4.43M
Securities/ investment	① Kiwoom Securities Yeongwoongmoon S (Seoul) ... 2.69M
	② KB Securities M-able (Seoul)..... 2.41M
	③ Samsung Securities mPOP (Seoul) 2.32M
	④ Namu Securities (Seoul) 1.94M
	⑤ Mirae Asset Securities m.Stock (Seoul) ... 1.88M

The Bank of Korea's survey suggests that consumers well accustomed to digital finance reside in Seoul and registered customers of Web/mobile banking services continue to increase. This indicates that Seoul's digital finance users will steadily increase and that extensive experience of Seoul citizens in digital finance and the ICT infrastructure available in Seoul vouch for the viability of Seoul as a fintech testbed.

The Financial Services Commission (FSC) rolled out the D-Testbed project to allow fintech startups/to-be entrepreneurs to validate their technologies and ideas. In particular, the Risk Management Lab at the School of Cybersecurity in Korea University developed a model to forecast small-scale online retailers' revenue and a dashboard showing their sales status/credit ratings, etc. using the D-Testbed data. In addition, LoanyFN Co., Ltd. leveraged the D-Testbed data to analyze credit vulnerability signals and credit risks in a bid to develop viable models for selective support for the financially vulnerable.⁸⁾

6) Press release, 2022.7.19, Banking Division, Financial Industry Bureau
 7) 2021 Payment Means & Mobile Financial Service Usage Survey, 2021, Bank of Korea
 8) Press release on the D-Testbed Project Outcomes & Follow-up Plan, 2021.12.23, The FSC

3. Reading fintech trends in Seoul

There are about 282 fintech companies in Seoul. Among them, fund transfer/payment companies account for the largest share with 18.86% of the total market, emphasizing the ongoing breakthrough of Seoul-based fintech companies in the fund transfer/payment sector. Next, asset management and PG accounts for 11.16% and 10.95%, respectively, followed by blockchain with 9.53%. P2P accounts for 7.3% and security authentication accounts for 7.1%. Financial investments and small overseas remittances also account for 6.49% and 5.27%, respectively. In Seoul, fintech companies are leading the industry in a variety of sectors. Next, let's explore the permeation of the fintech industry in Seoul by examining the current status of the fintech industry and its related companies.

〈Table 2〉 2021 Sales of Fintech Companies in Seoul by Sector

Fintech sector	Company name	Sales in 2021
Blockchain	Dunamu	3 billion USD
Asset management	Viva Republica	0.2 billion USD
Crowdfunding	Dailyfunding	1.41 million USD
RegTech	Koscom	0.3 billion USD
Overseas micropayments	Finger	75 million USD
Security authentication	NICE Information Service	0.2 billion USD
Fintech SW	Webcash	67 million USD
PG (Payment Gateway)	KG INICIS	0.5 billion USD
Robo-advisor	Bigtree	0.75 million USD

Traditional financial institutions did not consider Internet banks as having any particular impact on their prestige when the Internet banks first emerged. However, Internet banks have developed by leaps and bounds since they began operating in 2017, compelling traditional banks to follow their suits.

However, the growth of Internet banks is not without criticism. Although they vowed to stimulate innovation when they started, their business structure is still founded on the differential between deposit and loan interest rates as is traditional banks. In the meantime, conventional financial institutions are developing their own platforms in a bid to catch up with Internet banks, and the traditional bank deemed to be in the lead is KB Financial Group.



KB Financial Group, Korea's top financial institution

Headquartered in Yeoueido, Seoul, KB Financial Group is proactively investing in rapid digital transformation. In the 17th anniversary ceremony held in 2018, KB Financial Group declared digital transformation and vowed to invest KRW 2 trillion and produce more than 4,000 digital finance experts by 2025. President & CEO Heo In said, "Digital is the new wave of the 4th industrial revolution, and change is not our choice but destiny." KB Financial Group developed service platforms optimized to each affiliate in its digital finance transition and KB Star Banking and KB Chachacha are rated most highly among them for their remarkable performance.

KB Financial Group initiates digital finance transition

KB Financial Group has used KB Innovation Hub to build cooperation networks with leading fintech startups. Collaboration with fintech firms is the key to KB Innovation Hub. Rolled out in 2018, KB Innovation Hub is investing in and collaborating with fintech startups using various technologies such as metaverse and blockchain including WhiteCube, Athena's Lab, Glosign and BLQ in 2022. In addition, KB Financial Group raised KB Digital Platform Fund, strategic investment fund valued at KRW 300 billion, to prospect for and promote fintech enterprises.

〈Table 3〉 Investment Portfolio Highlight

Company name	Service Description
Korea Credit Data	Management consulting service for mom-&-pop businesses
Craft Technologies	AI-empowered asset investment
Bank Salad	Data-based asset & lifestyle management
Habit Factory	Insuretech
Spacework	AI-based architectural design
Coin Plug	Specialized in blockchain technology
Honest Fund	Easy investment platform
Bo Map	Insuretech
Mark Base	Analyze data generated in industrial sites and provide intelligence for decision makers
Astron Security	Digital platform AI security



TOSS, Icon of Korea's Fintech

Viva Republica based in Gangnam, Seoul is one of the iconic fintech startups in Korea, operating Toss, comprehensive financial platform with over 10 million subscribers in cumulative terms. It is a union enterprise valued at KRW 1 trillion or more as of Dec. 2021 by the Ministry of SMEs and Startups (MSS) in 2022.⁹⁾

Toss interested in solutions to complex financial problems

Starting as an easy fund transfer service, Toss is a financial platform where quick, easy and secure financial services are delivered to customers. It was launched to provide solutions to complex and cumbersome financial problems.¹⁰⁾

Toss attracted KRW 500 billion in Series G Bridge in 2022, ranking No.1 in terms of monthly active banking service user count (14.27 million persons).¹¹⁾ In addition, the financial platform obtained PCI-DSS, global credit card data security certificate, for the first time among Korean banks.

In just a year from inauguration, Toss Securities raked up 4.2 million customers and 2.3 million monthly active users and posted KRW 10 trillion in cumulative loan volume and 4 million users in two years and nine months from the roll-out of its loan comparison service.



9) Press release, 2022.2.16., Ministry of SMEs & Startups

10) tossfeed.blog.toss.im

11) Apps Most Frequently Used by Koreans, 2022, Mobile Index, IGA Works



Dunamu, operating blockchain virtual asset exchange

Dunamu located in Gangnam, Seoul operates Korea's biggest cryptocurrency exchange Upbeat. It is one of the union fintech firms in Korea along with Viva Republica. Passing the KRW 10 trillion mark in asset holdings in 2022 in just 10 years from establishment, Dunamu is the first cryptocurrency firm in Korea designated as a large company.

Dunamu built a blockchain platform

Dunamu's key business is Upbeat, cryptocurrency exchange. Upbeat accounts for 80% of the cryptocurrency exchange market in terms of trading amount. The exchange is expanding business coverage from cryptocurrency to asset management, NFT, metaverse, etc. Blockchain-related enterprises cover financial services, payment service, exchange, etc. and Dunamu is endeavoring to evolve into a full-fledged trading platform from cryptocurrency exchange, featuring a similar business model to Coinbase, a global cryptocurrency exchange.

〈Table 4〉 Dunamu's Financial Services

Company name		Service description
Blockchain service	Upbeat	Digital asset exchange
	UBCI	Standard digital asset index service
	Luniverse	BaaS platform
	Upbeat Safe	Corporate digital asset management service
	Upbeat Enterprise	Corporate digital asset trading service
Securities service	Securities Plus	Mobile securities service providing at a glance view of real time stock prices irrespective of securities brokers being used
	Securities Plus (Non-listed)	Non-listed stock trading platform
	Map Plus	Investment agency service

4. Fintech engages in ESG trends

Dunamu uses metaverse platform for ESG

Fintech firm Dunamu launched the 'Frost of Recovery X Second Forest' campaign using its metaverse platform 2ndblock to plant two trees in bush fire-scorched area for one tree planted in its metaverse.

In collaboration with Korea Forest Service, Dunamu planted 10,260 trees in the bush fire-damaged areas in Gyeongbuk Province. They attempted to educate citizens on the importance of forests and build consensus by showing how a virtual tree planted in the 2nd Forest is matched to trees actually planted offline. Dunamu is also donating trees to the National Center for Forest Therapy in Yangpyeong to create a small forest for the mobility handicapped.

To implement the decentralized protocol economy envisioned by blockchain technology, Dunamu has incorporated its three foundational principles of dispersion, distribution and agreement in its key ESG values. Dunamu vows to launch ESG practices reflecting decentralization, security, transparency and scalability inherent in blockchain. They are trying to help the society with their technology and income to make sure that no one is left behind in digital technology and education and to contribute to our environment conservation and development of society. Furthermore, Dunamu is earning trust from all stakeholders by spearheading standardization efforts in cryptocurrency community and development of wholesome investment ecosystem.



〈Fig. 5〉 Dunamu's 2nd Forest Campaign
 Courtesy: Dunamu's Instagram channel Dunamu, KFS

Woori Financial Group's ESG

Woori Financial Group was rated AA (leader group) in the 2021 MSCI ESG assessment. Their rise in the ESG rating from 2020 is deemed to be attributable to their endeavors for social advancement.

Woori Financial Group's ESG rating jumped to AA in 2021 from BBB in 2020 thanks to its efforts to operate a dedicated organization, utilize digital technologies, and provide financial education to consumers in a bid to reinforce the financial consumers protection function. In addition, only Woori Financial Group was named an 'Industry Mover' among Korean financial groups in 2022 in the Corporate Sustainability Assessment (CSA) published by S&P Global. *Among the companies in the top 15% of evaluation, the company with the most improvement in performance compared to the previous year was selected by industry

Under the ESG vision of 'Good Finance for the Next', Woori Financial Group defined its mid to long-term goals of achieving Net Zero in carbon footprints of its operations and asset portfolio by 2050 and reaching KRW 100 trillion in ESG financing support by 2030. The financial group specified three strategies for expansion of eco-friendly management (E), creation of social values (S), and reinforcement of transparent corporate management (G) for successful ESG practices and nine tasks. They spare no efforts in implementing ESG finance by providing finance for the financially handicapped, funding SMEs, sponsoring social enterprises, promoting innovation-empowered growth, operating DinnoLab, and helping victims of COVID-19 pandemic, etc.

〈Table 5〉 Woori Financial Group's MSCI ESG Rating(2021)

Category	Item	Rating
-	Overall	AA
Environment (E)	Eco-friendly finance	Average
Social (S)	Subtotal	Average
	Governance	Leader
	Corporate structure	Laggard
	Information security	Average
	Financial accessibility	Average
Governance (G)	Subtotal	Average
	Governance	Leader
	Corporate structure	Laggard

5. Seoul vowing to be global fintech No. 1 city

Seoul City Government developed the master plan 'Seoul, Asia's Financial Center' in 2021. The plan's goal is to increase foreign direct investment (FDI) to 30 billion dollars or three times up from the current level by 2030, attracting additional 100 foreign financial institutions to Seoul. To achieve the goals, Seoul will launch 15 initiatives in a total of four domains including ① implementation of financial industry's growth ecosystem, ② enhancement of digital financial industry capacity, ③ creation of favorable business environment, and ④ fostering of Yeouido's brand as a financial center.

In addition, Seoul will seek to facilitate transition to digital finance by converging banks and asset managers in Jongro/Jung-gu with Yeouido financial community, scaling up fintech firms with investment from asset managers and venture capitals in Gangnam/Seocho, and increasing cluster concentration by attracting global asset managers and venture capitals.

〈Table 6〉 'Seoul, Asia's Financial Center', 15 Initiatives in 4 Domains

Domain	15 initiatives
Establishing financial industry's growth ecosystem	<ol style="list-style-type: none"> 1. Establish Invest Seoul & attract global financial institutions 2. Establish digital finance promotion center 3. Expand Seoul International Finance Office 4. Designate Yeouido as specific finance development promotion district & special finance zone 5. Enhance think-tank features for financial industry
Reinforcing stronger digital financial industry capacity	<ol style="list-style-type: none"> 1. Support development of fintech firms 2. Establish the 2nd Fintech Lab 3. Nurture key digital finance talents 4. Enhance digital finance literacy 5. Enhance think-tank features for financial industry
Creating favorable business environment	<ol style="list-style-type: none"> 1. Develop & promote Seoul's brand as Asia's Financial Center 2. Organize global fintech festival 3. Forge/utilize private-sector networking
Reinforcing Yeouido's brand as a financial center	<ol style="list-style-type: none"> 1. Identify & improve on major financial industry regulations 2. Overhaul Seoul's grant programs for financial sector 3. Promote financial industry environment up to global level

12) Press release, 2022.5.3, Financial Investment Division, Economic Policy Office, Seoul City Government

Innovating digital finance

Finovation Challenge

Finovation is the combination of Fintech and Innovation and the Finovation Challenge is intended to identify ideas, services, and technologies that can innovate fintech industry.

Seoul City Government and a financial institution that can verify market potentials of fintech firms will partner with each other to nurture fintech innovators in the joint project of Finovation Challenge. Fintech startups entering the challenge will be allowed to utilize data of credit card companies to create business ideas converging digital technology and financial service. Seoul City Government plans to choose a key domain of fintech industry as the topic of annual Finovation Challenge where promising startups will showcase their innovative technologies in a competitive setting.¹²⁾

Innovating digital finance

Seoul's Adaptation of Tips

Seoul has introduced a tech startup incubator program that allows private investors to actively invest in competitive enterprises. Where a private investor invests in a startup deemed to have growth potential and be competitive to create a market, Seoul City Government will additionally invest fund matched to the private investment.

Seoul's version of TIPS will invest KRW 38.3 billion in R&D programs of emerging growth sectors including fintech in 2022. Selected startups will be entitled to private sector investment, Seoul City's budgetary grant as well as expert mentoring, investment funding, and sales channel creation, etc. for commercialization.

Corporate culture that works

Seoul Digital Finance Festival

Seoul has organized the International Finance Conference attended mostly by experts since 2006, which was scaled up to a Finance Week (3 days) from 2019. The Finance Week will be renamed Seoul Digital Finance Festival in 2022 as a forum of exchange of technology, idea and capital, etc. by all market participants of the financial sector.

Yeouido: A financial hub

Seoul's plan for investment in financial industry

Seoul vows to invest KRW 30 to 60 billion in financial industry each year for five years from 2022. Out of the investment, 25~55% will be invested in fostering fintech sector. The amount will be invested in supporting implementation of infrastructure underpinning services for fostering fintech and digital finance industries, nurturing talents for expanding the bases of such industries, and organizing global networking events to promote business opportunities/organizations and to attract foreign investors, etc. The budget will be also used for fostering international finance industry and attracting foreign financial institutions, etc. Foreign financial institutions will be invited and international finance offices will be built to facilitate global investors' businesses. Regulatory framework will be also updated to improve business conditions and create opportunities for Korean fintech companies.¹³⁾

Promoting growth in finance sector

Policy focus on Yeouido as financial cluster

Seoul is implementing promotion policy packages for financial sector, with focus on Yeouido. In Yeouido, Seoul Fintech Lab incubating fintech startups, Seoul International Finance Office facilitating financial/fintech firms to forge networking, Yeouido School of Digital Finance providing fintech education programs (for academic degrees or non-degree courses), and Seoul Fintech Academy providing working-level fintech training programs are operated.

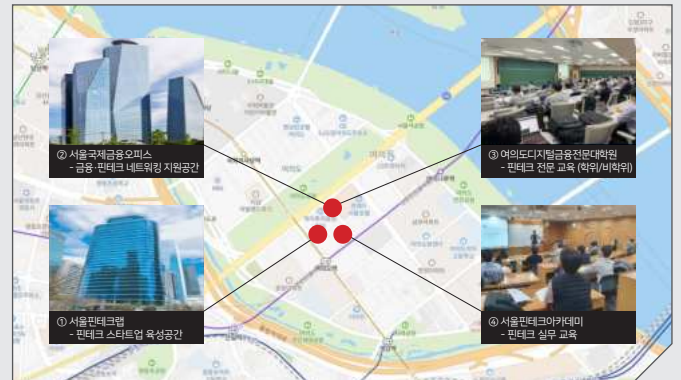
Promoting growth in finance sector

Seoul Fintech Lab

Seoul Fintech Lab was established by Seoul City Government to foster fintech industry. Korean and foreign startups having innovative business models/items in fintech sector are invited to the accelerator program of the lab. As of August, 2022, a total of 81 companies including 72 Korean and 9 foreign fintech companies are housed in the lab. Furthermore, public organizations including the FSC, Korea Fintech Promotion Center, and financial institutions such as Hana Bank and Industrial Bank of Korea are represented in the lab and engaged in fintech startup promotion programs.¹⁴⁾

〈Table 7〉 Seoul's Planned Investment in Financial Industry
(Unit: KRW 100M)

Initiatives	2022	2023	2024	2025	2026
Establish Invest Seoul, Invite strategic foreign financial institutions	127	215	227	289	310
Establish digital finance promotion center	5	167.5	167.5	-	-
Expand Seoul Int'l Finance office	54.2	44.4	44.4	44.4	44.4
Support nurturing fintech firms	78	78	80	80	82
Establish the 2nd Fintech Lab	6	16	16	17	17
Nurture key talents for digital finance	28	28	28	28	28
Organize global fintech festival	2.9	5	10	10	10
Forge/utilize private sector networking	0.5	1	0.5	0.5	0.5
Identify/overhaul financial industry regulations	0.45	1	1	1	1
Overhaul subsidy system	2.5	5	5	5	5



〈Fig. 5〉 Seoul's fintech institutions operating in Yeouido

Seoul, Asia's Financial Center (2022), Financial Investment Division, Economic Policy Office, Seoul City Government



〈Fig. 6〉 Seoul International Finance office

Courtesy: Seoul Fintech Lab website

13) Seoul, Asia's Financial Center, 2022, Financial Investment Division, Economic Policy Office, Seoul City Government

14) Seoul Fintech Lab seoulfintechlab.kr

Promoting growth in finance sector

Seoul international Finance office

Seoul International Finance Office was established to provide advisory service, organize seminars and networking programs, and distribute articles contributed by experts in a bid to support foreign financial institutions entering/re-entering the Korean financial sector.¹⁵⁾

Major programs available for foreign investors cover providing intelligence on Korean financial sector, industry overview to their operational offices early on, local expert mentoring, seminar/networking programs, articles contributed by experts, tips for entry into Korean market by foreign financial institutions and helping them establish their business presence.



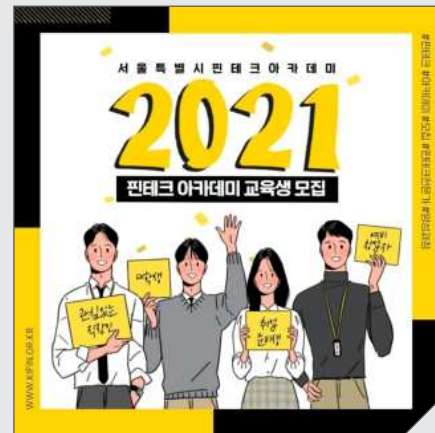
<Fig. 7> Seoul Int'l Finance Office

Courtesy: seoulfnhub.kr

Promoting growth in finance sector

Seoul Fintech Academy

Seoul Fintech Academy operates professional training courses to nurture IT/software and finance experts into talents for fintech sector. The academy is mandated to nurture working-level fintech experts by providing training infrastructure and working-level training programs for each sector of financial industry.¹⁶⁾



<Fig. 8> Seoul Fintech Academy

Courtesy: Seoul Fintech Academy

Promoting growth in finance sector

KAIST Digital Finance MBA(Yeoueido)

Yeoueido Digital Finance MBA program has been launched jointly by the FSC, Seoul City Government and the KAIST School of Business Administration to produce experts in convergence between finance and IT. The program is administered by the KAIST School of Business Administration. To-be fintech entrepreneurs admitted to the Digital Finance MBA Program are entitled to a variety of support packages covering business space for start-ups, mentoring, legal counsel and accounting consulting, etc. through the KAIST Startup Incubation Center.¹⁷⁾

15) Seoul Int'l Finance Office seoulfnhub.kr

16) Seoul City Public Notice 2021-1177

17) KAIST School of Business Administration business.kaist.ac.kr

6. Who are shaping the fintech hub Seoul?



Fintech startup Fincatch blazes trails in a new market



Q: Please introduce Fincatch.

Fincatch is a three-year-old startup offering management of financial asset orders for institutional investors such as fund managers, traders, and compliance officers. We expect to reach KRW 1 billion mark in annual revenue next year.

Q: What was the background for launching your startup?

Behind the rapid growth of Fincatch is the recent rise of interest in stock and fund investment, which led to the increased role of institutional investors and the expansion of the asset management industry. For the past two decades, institutional traders have been using free programs available from other service providers. However, the rapid growth of the market increased orders and diversified needs, and such programs became paid services, incurring significant transaction costs for investors. Fincatch seized this opportunity and pioneered the B2B trading software market as a startup, gaining recognition over time.

Q: Fincatch has won numerous awards and investments. Could you tell us about your achievements?

Early on, Fincatch was able to establish our foundation with support from the Angel Investment Matching Fund. We were honored as the top performer in the pre-startup package supported by the Ministry of SMEs & Startups, thanks to our innovative business model. We also completed the KIBO venture camp program of the Korea Technology Finance Corporation (KOTEC). As for our office, it has been our privilege to be selected by Seoul Fintech Lab as a tenant business, which is the largest fintech startup incubating agency in Korea.

Q: What was the biggest driver of Fincatch's growth? your startup?

Our tenancy at the Seoul Fintech Lab has been the greatest booster for Fincatch's growth. Seoul Fintech Lab provides not only office space but also consulting and mentoring packages to help young

startups overcome various challenges. Above all, the location in Yeoueido offered access to excellent financial infrastructure, which facilitated our B2B sales and business expansion and allowed us to respond promptly to rapidly changing trends in the fintech sector.

Q: How is Fincatch responding to the latest trends in the fintech industry?

The latest buzzword in the fintech industry is artificial intelligence (AI). Fincatch recognizes its significance and plans to expand our business into the field by collaborating with AI specialist firms and leveraging our continued collection of institutional transaction data.



Korea's first-ever contents investment platform growing in Seoul



CEO **Yoon Seong-wook**

- 2019 – Present, CEO, Funderful
- 2016 – 2019, Director of Investment Business Office, Wadiz
- 2011 – 2016, Cultural Contents Finance Dept., IBK
- 2010 – 2011, CT Division, M Venture Capital
- 2007 – 2010, Contents Business Team, Hanhwa

Q: Please introduce Funderful.

Funderful is a three-year-old startup incorporated in May 2019, offering brokerage platform services that allow ordinary citizens to invest in six different content categories, including K-dramas, films, webtoons, animations, exhibitions, and travel.

Q: What was the background for launching your startup?

Before founding Funderful, CEO Yoon Seong-wook had a rich experience in the entertainment industry: he worked at the Korean Film Team at Show East—the production company of Old Boy, the Cultural Content Finance Department of the Industrial Bank of Korea (IBK), and the crowdfunding platform Wadiz, to name a few. During the course of his career, he realized that the investment process for content was entirely conducted offline, which was highly inefficient and required high financing costs. Also, it is difficult to apply the conventional credit rating model to content because it is an intangible asset. To build an investment-friendly environment for the ever-growing K-content industry, he designed a service that opens up the content investment market and invites individuals to invest in content projects online.

Q: What is your growth strategy, and how is your service different?

The biggest difference that Funderful brings to the table is our brokerage platform service that securitizes projects, not companies, into specific IPs to facilitate individual investment. Funderful is the first of its kind since it is the sole content investment broker on the market. Thanks to such an original business model, we have financed KRW 1 billion in seed money from DAOL Investment and KC Ventures, with a Series-A investment deal in the making.

Building on this strength, we have reached KRW 10 billion in cumulative subscriptions and claimed the top spot in the bond-type project sector, posting a market share of 75.2% in just a year and five months since rolling out our service.

Q: What is the benefit of being located in Seoul?

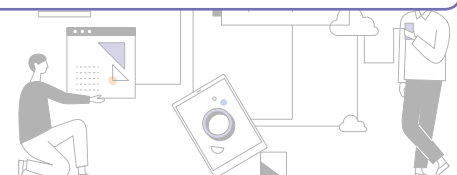
Because our service and development staff account for over 60% of headcount and play a critical role, operating in Seoul, known for its large pool of talent, gave us the upper hand in recruiting exceptional developers.

Also, as business meetings are held frequently with government authorities and other stakeholders in the early days of a fintech startup, it was convenient to have our presence in Seoul, where sufficient financial infrastructure is readily available.

As mentioned above, it is essential for fintech firms to be based in Seoul in many aspects, and Funderful has benefited significantly from its tenancy at the Seoul Fintech Lab.

Q: How is Funderful responding to the latest trends in the fintech industry?

Although the financial industry has mainly developed in the consumer finance sector, with the rise of virtual assets and security-type tokens, fintechs are expected to command a more extensive presence in corporate finance. Against this backdrop, Funderful will focus on expanding content businesses' opportunities to attract capital at lower costs via online services, striving to secure channels and partnerships that enhance contact with their investors.



The Cradle of Talent Nurturing the Future of Seoul's Fintech



Prof. Hong Ki-hoon

- Associate Professor, Hongik Univ.
- Director of Metaverse Finance Lab, Hongik Univ.
- Member of the Fintech-Advisory Professor Panel to the Korea Fintech Industry Association
- Advisor to the Tech Committee under the Financial Services Commission

For an industry to become competitive, it is key for industry-moving talent to continuously maintain their edge. To find out more, we interviewed Professor Hong Ki-hoon¹⁸⁾ and his student from the Department of Business Administration at Hongik University, located in Mapo-gu, Seoul.

Q: What is Hongik University doing in the fintech sector?

The Department of Business Administration at Hongik University is nurturing talents to meet the working-level needs of the fintech industry, with a focus on ICT-empowered financial services. Our metaverse finance lab conducts a variety of experiments and studies how to leverage fintech to help creators and artists raise funds

Q: What is the aim of fintech education at Hongik University?

In the end, fintech is rooted in the financial industry. Technological elements and business trends are incorporated into finance. The market is where trendy things happen, but it is important for schools to educate students and ensure their long-term development that goes beyond what's big right now. We ultimately aim to foster talents who have cutting-edge technical skills and are able to pioneer new paradigms in the industry.

Q: What is the career path for the graduates of Hongik University's fintech program?

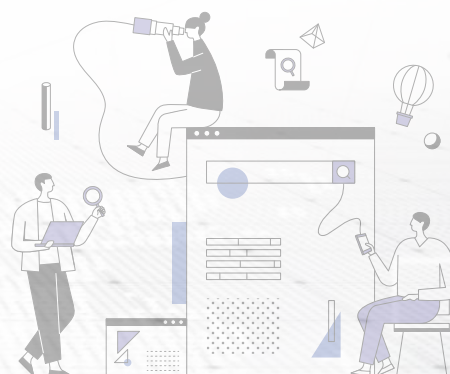
Many of them go on to work at leading financial institutions as well as startups. Startups are in dire need of practical talents, and we raise skilled graduates. Most of them land in fintech startups based in Seoul.

Q: What are the strengths that Korea, particularly Seoul, boasts for fintech investment?

Korea is an attractive investment destination because the government is a staunch supporter of nurturing the fintech sector. Specifically, Seoul outpaces other regions in terms of government grants and funding programs. Koreans are also noted for their attention to detail. We make outstanding applications featuring state-of-the-art technology, carefully in consideration of users' convenience and accessibility. Our services are highly creative. Companies continue to explore and deliver new services that aren't being provided.

Q: What is the role of Seoul in the fintech sector?

Seoul has the most abundant pool of resources for the fintech sector in terms of network, infrastructure, government support, talent nurturing, and training. The city provides plenty of resources and competitiveness as a fintech platform for Korea. Starting here, I hope fintech services expand out to all corners of the country.



18) After graduating from the University of Cambridge, UK, he started researching fintech by presenting cryptocurrency-related projects of the Society for Worldwide Interbank Financial Telecommunication (SWIFT) in the early 2010s at the US Central Bank, the US Securities and Exchange Commission (SEC), etc. Currently, he is working as an advisor to the Fintech Advisory Faculty of the Korea Fintech Industry Association and an advisor to the Tech Committee of the Financial Services Commission.

Preparing for future in Fintech Seoul



Mr. Hwang Ji-woong

· Dept. of Business Administration, Hongik Univ.
· Researcher at Professor Hong Ki-hoon's lab

Q: What opportunities did you see in the fintech industry?

From studying fintech business cases at school, I saw the industry's potential for creating diverse services. I am working as a researcher at Hongik University after graduation and also preparing to start my own business and deliver services that meet consumer needs.

Q: What kind of business will it be?

I cannot discuss the details, but I am thinking of a startup that provides a service model to bridge the gap in financial infrastructure between Seoul Metropolitan Area and other provincial areas.

Q: What is the advantage of preparing a fintech startup at school?

Since I am studying at school and preparing for my own startup at the same time, I can readily request the guidance of my advisor.

Also, in the finance study club at our school, we share insights on the latest research and reports instead of exchanging fragmented investment tips.

Another perk is having access to startup benefits and support available at the school's career development department.

Q: What is the advantage of starting a fintech business in Seoul?

Seoul is home to many financial institutions, and industry-leading financial institutions organize seminars on investment, startup, and fintech. They cover a wide range of topics in finance, accounting, and economics. I am attending a monthly seminar organized by a financial institution, and it's a great opportunity for me to learn about real-life successes and failures that aren't taught in textbooks.

Q: What is the role of Seoul in the fintech industry?

All sorts of financial infrastructures are concentrated in Seoul. Beyond physical infrastructures, the network of human resources, including investors, researchers, and mentors, is all present in Seoul. I believe it is critical for Seoul to serve as a hub of such networks and facilitate exchange with provincial areas.



7. Invest Seoul will be with you

Invest Seoul vows to ensure business success for foreign investors

Invest Seoul has been founded by Seoul City Government to promote foreign investment. Leveraging rich knowledge and extensive experience relevant to foreign investment, the investment agency provides step-wise support programs optimized to the needs of foreign investors in partnership with industrial expert organizations, private-sector experts, and the national government, etc.¹⁹⁾

Investment Incentives

Cash support

Purchase price of land or building used for new or expanded plant (or worksite) for cutting-edge technology or product business, rent or construction fee of research facility, procurement cost of capital goods or research equipment/materials, installation cost of infrastructure, employment and education/training subsidy are funded. Foreign investors participating in investment by acquisition of new shares are entitled to such funding support on condition that foreign investment accounts for no less than 30% in plant, worksite or R&D facility construction or expansion budget.

Tax exemption

Where a foreign investor adds a new plant or worksite or invests no less than 2 million dollars, he or she may be entitled to reduction of real property acquisition tax and property tax and exemption of customs duties, excise tax and value-added tax.

Employment & education/training subsidy

Employment and education/training subsidies are payable to Institutional foreign investors investing in the eight new growth driver industries named by Seoul City Government including finance, business service, IT convergence, green industry, bio, digital contents, fashion/design, tourism/convention and businesses directly attracted by Seoul City government via foreign direct investment business MOU, etc.

Business space available for foreign-invested firms

Seoul City government keeps space available for rent by foreign-invested firms in its business centers

<Table 8> Tenant Space Available for Rent by Foreign Investors

Location	Industries Supporting Eligible Tenants
Cutting-edge Industry Center	<ul style="list-style-type: none"> • Digital media industry such as broadcasting, movie, etc. • Digital contents industry such as game, animation, etc. • Smart Media, automatic driving DMC strategic industries • Industries with high synergy with digital industry such as IT, design, etc.
Academic-Industrial Partnership Research Center	<ul style="list-style-type: none"> • Digital media industry such as broadcasting, movie, etc. • Digital contents industry such as game, animation, etc. • Smart Media, automatic driving DMC strategic industries • Industries with high synergy with digital industry such as IT, design, etc. • Foreign labs working on joint research with universities/university labs located in Seoul

Investment facilitation packages customized to global businesses

Invest Seoul is operating and planning various support projects to discover and nurture promising investment companies located in Seoul. In addition, it operates an all-in-one package consisting of investment, management and settlement support for global companies that seek to expand into Seoul.

<Table 9> All-in-one Package

Division	Description
Investment support	<ul style="list-style-type: none"> • Provide legal support for registration of legal entity incorporation and investment - Reimburse legal fees in proportion to investment volume
Management support	<ul style="list-style-type: none"> • Provide consulting on labor management/recruitment, legal affairs, tax/accounting and IPR - Worth 1% of FDI investment
Settlement support	<ul style="list-style-type: none"> • Facilitate office rent, relocation, etc. - Up to KRW 5 million for FDI investors valued at no less than KRW 1 billion

Directions

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19) Invest Seoul (investseoul.org)

2022 Seoul Industry Report

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