### I. Fintech by sector in Korea

#### Banking (Simple Payment & Remittance)

**Comparison of Top 4 Simple Payment Service Platform**

<table>
<thead>
<tr>
<th>Service</th>
<th>Monthly Transaction</th>
<th>Accumulated User</th>
<th>Note</th>
</tr>
</thead>
</table>
| Samsung Pay | KRW 1 Trillion (USD 835 Million) | 14 Million (04.2019) | • Released in 08-2015  
• NFC, MST method  
• No.1 Market share in offline  
• Service in 20 countries |
| Kakao Pay  | KRW 4 Trillion (USD 3342 Million) | 30 Million (08.2019) | • Released in 2014 (The first)  
• The highest monthly transaction |
| Naver Pay  | KRW 1.4 Trillion (USD 1169 Million) | 30 Million (08.2019) | • The highest accumulated user  
• 190K online member stores  
• Plan to proceed financial service with Mirae Asset |
| Toss Pay   | KRW 4 Trillion (USD 3342 Million) | 30 Million (08.2019) | • Released in 02.2015  
• Sell the Mini-Insurance  
• Expansion Life-Finance Services |

**Simple payment market rapidly grows in Korea (tripled in last 3 years)**

- Kakao Bank accumulated 4.35 million non-face-to-face accounts within 100 days after start of services
- It turned to a surplus in two years

### Neo Bank

**Current Status of Neo Bank**

**Success Factors**

- 40 million KakaoTalk members
- Customer-friendly UI, UX
- Mobile-only strategies → Focusing on mobile
- Unconditional Loan at low interest rate

**Effects**

- Digitalization
- Non-face-to-face accounts & transactions
- High competition in bank ecosystem
- Importance of security
- Catfish effect
- Fusion and bundling service expansion → Strengthen link with other industry
I. Fintech by sector in Korea

- **P2P Lending**
  - Current Status of P2P Lending

  **Accumulated P2P Amount of Loans’ Increasing Progress in Korea**

![Graph showing the increasing progress of P2P loans in Korea from 2017-4 to 2019-4.](source)

(Source: Korea P2P Finance Association, Unit: KRW Billion)

- **Rapid growth of P2P finance**
- **Risk management Know-how**
- **Stable management of overdue: poor**
- **Various investment product**

- **Robo-Advisor**
  - Current Status of Robo-Advisor

  **‘Koscom’ Robo-advisor Test-bed**

<table>
<thead>
<tr>
<th>Type</th>
<th>Algorithm</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Korean</td>
<td>Data and Analytics FASST Korea</td>
<td>9.7</td>
</tr>
<tr>
<td></td>
<td>Kium Momentum</td>
<td>6.3</td>
</tr>
<tr>
<td></td>
<td>QV Pension Portfolio</td>
<td>6.2</td>
</tr>
<tr>
<td></td>
<td>KFI177</td>
<td>6.0</td>
</tr>
<tr>
<td></td>
<td>KB Robo-rider</td>
<td>5.9</td>
</tr>
<tr>
<td></td>
<td>KODEX Robo-solution 1</td>
<td>5.5</td>
</tr>
<tr>
<td></td>
<td>Daishin Robo-balance</td>
<td>5.4</td>
</tr>
<tr>
<td></td>
<td>Kium Multi Asset</td>
<td>4.4</td>
</tr>
<tr>
<td></td>
<td>KEB Hana_Craft Asset Allocation Alpha</td>
<td>4.1</td>
</tr>
<tr>
<td>Overseas</td>
<td>Samsung POP Robo Stock Fund</td>
<td>3.2</td>
</tr>
<tr>
<td></td>
<td>KimRobo Global 01</td>
<td>9.1</td>
</tr>
<tr>
<td></td>
<td>December USA Stock Solution</td>
<td>4.3</td>
</tr>
<tr>
<td></td>
<td>ATOM Global Dynamic</td>
<td>2.5</td>
</tr>
</tbody>
</table>

*22-May-2017~26-Oct, Source: Koscom

- Robo-Advisor’s growth potential is relatively high
  → estimated KRW 2 trillion(USD 1,670) in 2021

- It is concerned because real estate-related loans are significant portion(86%) of total P2P lending
I. Fintech by sector in Korea

### Crowdfunding

**Current Status of Crowdfunding**

- **Total Funding Cases:** 935 cases
  - 2018: 287 cases
  - 2017: 287 cases
  - 2016: 32% cases
  - 2018: 31% cases
  - 2019: 11% cases

- **Total Funding Success Amount:** USD $74.9 Mil
  - 2016: 23.4 Million
  - 2017: 15.3 Million
  - 2018: 11.5 Million

- **Funding Success Rate:** 60% (Average)
  - 2018: 60%
  - 2017: 62%
  - 2016: 62%
  - 2019: 67%

Crowd Funding Status. <Source=Crowdnet>

- **50mil US$ in 2017 -> 260 mil US% in 2019 (5times in 3 years)**
- **very rapid growth**

### Insurance

**Major Insurance companies’ Insurtech innovation**

<table>
<thead>
<tr>
<th>Insurance Company</th>
<th>Contents</th>
</tr>
</thead>
<tbody>
<tr>
<td>SAMSUNG LIFE INSURANCE</td>
<td>Establish CVC for Insurtech Startup Investment</td>
</tr>
<tr>
<td>KYOBO LIFE INSURANCE</td>
<td>Launch Blockchain Combined Disease Prediction Service</td>
</tr>
<tr>
<td>HANWHA GENERAL INSURANCE</td>
<td>SK telecom- Hyundai Motor establishes “Internet based Insurance company”</td>
</tr>
<tr>
<td>DB INSURANCE</td>
<td>Signed an MoU for Insurtech research with Korea Internet&amp;Security Agency</td>
</tr>
<tr>
<td>KB INSURANCE</td>
<td>MoU signed by three parties to prepare a simple claim system</td>
</tr>
<tr>
<td>HANA LIFE INSURANCE</td>
<td>Signed with InsureTech Company &quot;Ubicare&quot; to develop health-enhancing products</td>
</tr>
</tbody>
</table>

**Driving habit-linked & Health-linked insurances start to release onto the market**

- Health care Insurtech products have increased in recent years due to aging society and bigdata analysis
II. Fintech Innovation Stage

- **Four step of innovation in finance to support innovative growth**

   **Step 1**
   - Competition of financial service on digital market
   - Minimize time duration between production - sales - consumption
   - Unbundling market
   - Price/Quality (high cost-effectiveness) of individual service

   **Step 2**
   - Unbundling market
   - Digital Platform
   - Price/Quality of individual service
   - Customer Based X Loyalty

   **Step 3**
   - Using Big data (financial transaction data) in ABCDIG
   - Creation of new and diverse financial services (ex. MyData)

   **Step 4**
   - Increased use of O2O and sharing economy using financial transaction data
   - Contribute to other industries’ innovation
IV. Environmental Change in Fintech Industry

- **2 environmental changes based on the Financial Innovation Support Act**

  The Korean National Assembly passed a legislation called the Financial Innovation Support Act (the “FinISA”) on December 7, 2018. Based on this Act, Regulatory Sandbox policy and Open Banking came into force.

  ① **Regulatory Sandbox** (120 Innovative Services, 33 Designated Agents, 18 Consignment Test)

  ② **Buckle down to Open Banking**

- **The amendments to the three major data privacy laws**

  ① Personal Information Protection Act

  ② Act on Promotion of Information and Communications Network Utilization and Information Protection

  ③ Credit Information Use and Protection Act

- **FinDX(Financial Data Exchange Platform, www.data.go.kr)**

  ① Opening “FinDX” in May 2020

  ② **Trading Data** : financial, e-commerce, distribution, real-estate, AI, telecommunication, medical(Only partially allowed by law) etc.
V. Challenge for Fintech Industry

- New Business Model: MyData

Concepts & Business Model of MyData

① Concepts
- Gather MyData based on the “Right to Data Portability” collected by a third party (MyData company)

② Business Model
- To see integrated individual’s own financial information
- More efficient asset management for individual

Open Banking + Amended Credit Information Act (deregulation on Big data) + ABCDIG (early stage on technology convergence) = MyData