

FSC PLANS TO BOLSTER SUPPORT TO PROMOTE SUSTAINED GROWTH OF FINTECH BUSINESSES

The FSC announced a set of measures to strengthen support for fintech businesses, which is confirmed after discussion and deliberation at the 5th financial regulatory innovation committee meeting held on December 20. Against the backdrop of the current industrial situation where fintech businesses face funding shortages amid interest rate hikes, waning impetus of industrial growth and difficulties in expanding their business into overseas markets, these measures will expectedly boost multiple facets of fintech business supports, such as funding or promotion of startups.

KEY MEASURES

I. STRENGTHEN SUPPORT THROUGH INVESTMENT AND POLICY FUNDS

- a) **(INCREASING THE SIZE OF FINTECH INNOVATION FUND)** The size of the fintech innovation fund, initially planned as KRW500 billion for four years (2020-2023), will be increased to KRW1 trillion by adding KRW500 billion for another four years (2024-2027).

Authorities will improve operation methods by (a) ensuring continuous operation of the early-stage fintech investment fund, which has been operated intermittently, and (b) newly creating a commercialization fund intended to make investment in those who seriously prepare business expansion at the commercialization stage.

<Improving Operation Method of Fintech Innovation Fund>

Operation method	Priority investment target	
	As of now (2020-2023)	To be changed (2024-2027)
Blind fund	All fintech businesses * With intermittent operation of early-stage fintech investment fund.	(a) Early-stage fintech businesses
		(b) Fintech businesses at the stage of commercialization
Project fund	General partner of the fund ("K-Growth"), fintech labs run by financial companies and relevant institutions together search for investment target.	Maintain current practice and (c) expand linkage with private sector funds such as financial sector strategic funds

- b) **(INCREASING SUPPORT THROUGH POLICY FINANCIAL INSTITUTIONS)** Tailored support for fintech businesses will be made in the form of loans and guarantees from policy financial institutions in the amount of at least KRW200 billion a year.

<Policy Financial Institutions' Fintech Industry Support Plan>

Type	Support Program	Support Target	Size of fintech support (tentative)	
			As is now	To be changed (tentative)
KDB	(General) Business loans for innovative growth sectors	SMEs & middle market enterprises	No allocated amount	KRW100 billion a year or more
IBK	(General) Special loans for great transformation of Korea	SMEs	No allocated amount	KRW70 billion a year or more
	(General) Venture loans and small-amount IP collateral loans newly created			
KODIT	(Special) Special guarantees for fintech startup businesses	Venture businesses & early-stage startups	KRW12 billion a year	KRW20 billion a year
	(General) Guarantees for new growth driver industries	SMEs	No allocated amount	KRW10 billion a year or more

c) **(ESTABLISHING COMPREHENSIVE FINTECH SUPPORT SYSTEM)** Authorities will set up and operate “Fintech Support Council,” consisting of representatives from 14 institutions¹ that currently operate their own fintech support programs, to make their support programs more systematic and effective. The participating institutions will establish a common database² to monitor the growth history as well as the record of support provided for each fintech business. A fintech focused investor relations (IR) event will be held at least once every half a year.³ In addition, authorities will select 30 promising domestic fintech businesses (“K-fintech 30”)⁴ that will lead the future financial innovation and support their growth.

II. SOPHISTICATE SUPPORT SYSTEM FOR FINTECH STARTUPS' BUSINESS SETUP AND GROWTH

a) **(PROVIDING CONSULTANCY SEPARATELY TAILORED FOR EACH GROWTH STAGE)** An expertise support group, which consists of legal and accounting professionals, relevant institutions, private sector experts, thinktanks and industry representatives, will be set up to provide comprehensive consultancy on ideas of new fintech service that fintech businesses are conceptualizing. For each fintech business receiving consultancy, authorities will assign a specific staff responsible for that business to ensure the provision of a continuous consultancy throughout the whole commercialization stage.

b) **(STRENGTHENING SUPPORT FOR EARLY-STAGE STARTUPS)** Authorities will expand the business incubation support for early-stage startup businesses and establish a system which enables smooth supply of human resources. Early-stage startups will have more opportunities to participate in Fintech Cube, a startup incubation program that is housed at Mapo Front1 and provide education, mentoring, demo day and networking opportunities to early-stage fintech startups. Persons currently signed up

¹ Policy financial institutions (KDB, IBK and KODIT), relevant institutions (Fintech Center Korea, Korea Growth Investment Corp, D-Camp, etc.) and financial companies operating their own fintech labs (KB, NH, Shinhan, etc.)

² A database will be established in stages starting with the handbook on fintechs (553 entities in 2021).

³ KDB's fintech special NextRound, KODIT's U-CONNECT fintech round, etc.

⁴ Selection will be made by the K-fintech 30 selection committee after recommendation by the consultative body and application.

for the fintech job matching service and internship education program will get assigned first.

- c) **(HUMAN RESOURCES TRAINING AND JOB MATCHING)** Authorities will increase fintech startup programs associated with universities, so that those who completed fintech-related coursework can get support during finding jobs in fintech or starting up a fintech business.

III. SUPPORT FINTECH BUSINESSES ENTER INTO OVERSEAS MARKET

- a) **(OVERHAULING STRATEGY AND SYSTEM FOR OVERSEAS MARKET ENTRY SUPPORT)**

Starting with ASEAN countries, the scope of overseas markets fintech businesses can enter into will be expanded to include South Asian economies and the new northern economies, and major tasks to help overseas market entry will be implemented in a staged manner.⁵

- b) **(PROVIDING INFORMATION ON FOREIGN INVESTORS AND OVERSEAS FUNDS' STAFF POOL)**

Authorities will provide information about foreign venture capital (VC) companies and accelerators as well as global funds that have obligations to maintain a certain level of investment in Korea. This information sharing will help facilitate a connection between plans to enter into overseas market and opportunities to get investment.

- c) **(INFORMATION GATHERING ON OVERSEAS MARKET ENTRY SUPPORT)**

Authorities will gather information about overseas business expansion as well as the relevant support programs that are scattered in different institutions, and provide recommendation and matching services based on these information.

FURTHER PLAN

Authorities will promptly implement the specific measures to ensure that fintech businesses can effectively and quickly respond to the rapidly changing domestic and overseas market environments.

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For press inquiry, please contact Foreign Media Relations at fsc_media@korea.kr.

⁵ (a) (Providing country-specific data) Developing a “fintech service map for overseas market expansion” after evaluating relevant policy and competitiveness of each country.
(b) (Collaborating with local businesses) Localizing fintech service jointly with local businesses or institutions through cooperation.
(c) (Supporting overseas market base) Arranging networking opportunities through overseas-based fintech labs.