

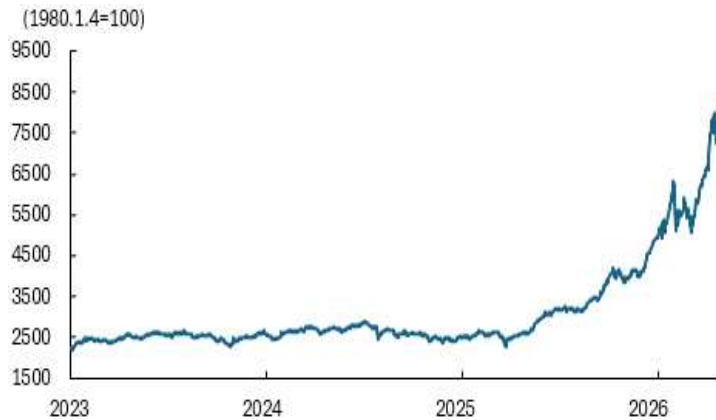
**Korean**

# **Economic Snapshot**

| May 2026 |

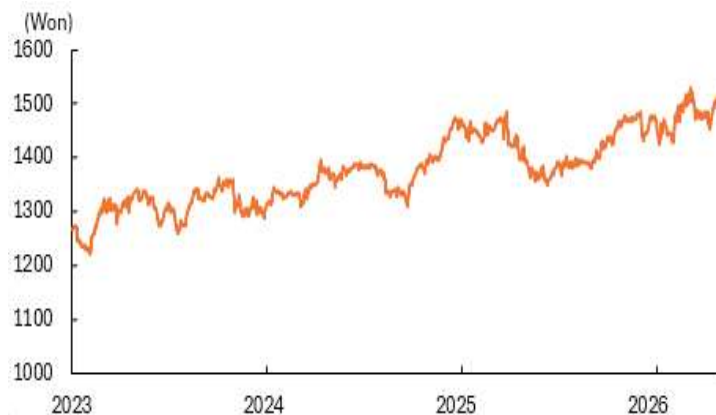
# Indicators

## KOSPI Index



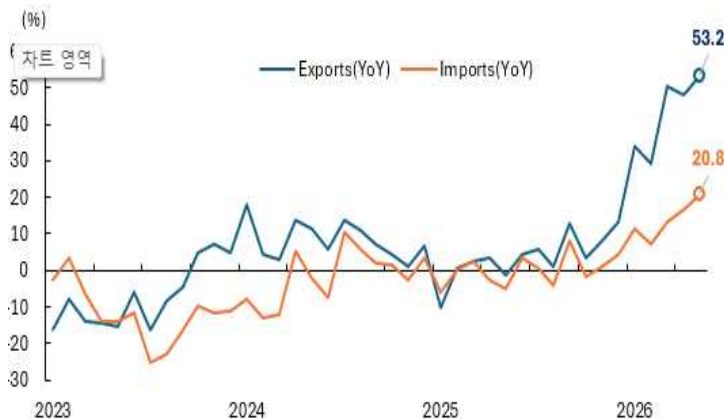
- KOSPI surged by 28.5% in May, rising from 6,588.7 at end-April to a record-high of 8,476.15
- Samsung Electronics and SK hynix – semiconductor firms – led the rally whose shares gained 43.8% and 81.4% respectively
- Despite the rally, foreign investors net sold \$30 billion for profit-taking

## Exchange Rate



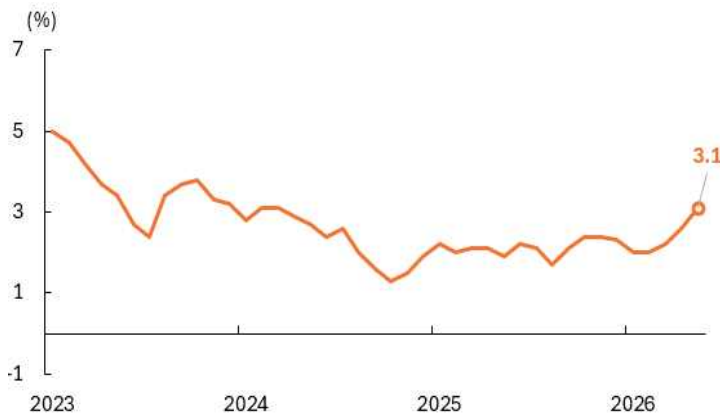
- Exchange rate closed at 1,507.9 in May, up from 1,483.3 in late-April.

## Exports and Imports



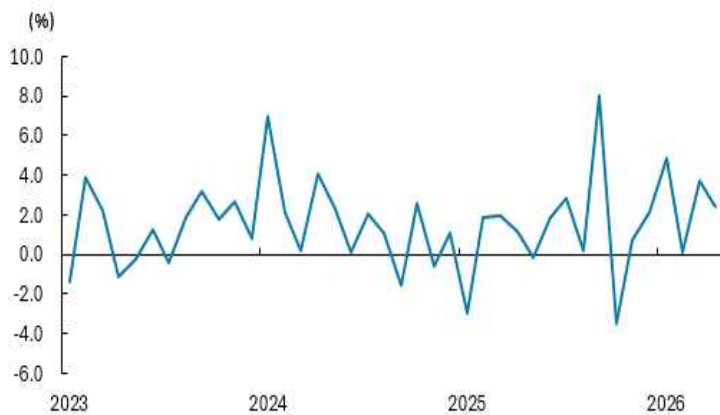
- Exports surged 53% YoY in May to a record monthly high of \$87.8 billion, driven mainly by semiconductor demands
- Semiconductor exports led the growth, jumping 169.4% YoY
  - Other export items increased as well, including computers (291%), petroleum products (46.6%), wireless communication equipment (12.6%), biohealth (5.2%) products.
- Imports rose 20.8% YoY in May to \$60.8 billion.

### CPI



- CPI rose 3.1% in May YoY, the biggest jump in 26 months, amid energy price volatility.

### Industrial Output (YoY %)



- Industrial output rose 2.4% YoY, led by expanded business activities in mining and service sectors.

### Facility Investment & Construction Completion Rate (YoY %)



- Facility Investment rose 8.1% YoY in April but contracted by 0.4% MoM.
  - The YoY increase is led by transportation (10.4%) and machinery (3.6%)
- Construction completion rate contracted by 5.5% YoY in April (contracted by 1.8% in MoM)

\* All data are current as of the date of publication

# CIFC

## (Call for Applications) Knowledge Exchange Initiative (KEI) in October

Knowledge Exchange Initiative is a biannual capacity-building program to strengthen policy dialogue and cooperation in the financial sector. CIFC invites applications for the October KEI for mid-level officials from financial authorities and institutions. The KEI will focus on financial infrastructure including payment systems, capital markets, and infrastructures for credit information, rating, and guarantees. More information is available at [CIFC Homepage](#). Application is due on 14 August.

## CIFC Members

### NICE CI Gains Vietnam Credit Information License

NICE Credit Information received a credit information service license from the State Bank of Vietnam in May. The approval came 10 months after application and follows CIFC's Korea-Vietnam Financial Cooperation Forum last month. NICE plans to start operations in the first half of 2027, supporting risk management, NPL management, credit information infrastructure, and financial access in Vietnam.

### KAMCO Shares its Financial Stability Experience with SEACEN Members

Korea Asset Management Corporation (KAMCO) shared its financial stability experience with SEACEN member countries in Cambodia. The training covered NPL resolution, AMC (asset management corporation) operations, legal and institutional frameworks, NPL management strategy, and market development.

### KAMCO and ADB Launch ABS Framework Project in Vietnam

KAMCO signed an agreement with the Asian Development Bank (ADB) to help Vietnam's establishment of a legal framework for asset-backed securities. The project will help the State Bank of Vietnam build institutional systems for asset securitization and manage non-performing loans. KAMCO will provide legal analysis, policy recommendations, and ABS guidelines, drawing on its experience during the Asian financial crisis.

### KRX Adopts AI-based Capital Market Monitoring System

Korea Exchange has adopted AI for capital market monitoring. The system helps staff analyze real-time listed company data, screen misconduct such as embezzlement and fraud, and review regulatory filings. FairLabs, an AI startup acquired by KRX, processes news and filings into investment-use data, supporting KRX's AI transformation and data business expansion.

### Korea's Banking Sector to Launch AX Alliance for Joint AI Infrastructure

The Korea Finance Telecommunications & Clearings Institute (KFTC) and 17 banks will launch the Banking Sector AX Alliance to coordinate AI transformation across banking sector. The alliance aims to reduce duplicate investment, set common standards, and identify joint projects in payment settlement, data, security, and regulatory interpretation. Agendas include AI-linked payments, AI agent PoC, deposit tokens, stablecoins, and common data frameworks. The initiative shifts banking AI from individual bank-level projects to sector-wide infrastructure cooperation.

# Financial Authorities and Policies

## Korea Launches Citizen Participation Growth Fund

Korea's public-participation national growth fund began sales in May as part of the government-led National Growth Fund. The fund allows retail investors to invest in semiconductors, AI, secondary batteries, biotech, robotics and defense. The fund targets KRW 600 billion from retail investors, with KRW 120 billion in government fiscal funds added as a subordinated tranche, bringing the total size to KRW 720 billion. The capital will be allocated to 10 private sub-funds. Government funds and sub-fund managers' seed capital will absorb losses first, but the product is not principal-protected. Several distributors sold out their allotted volumes shortly after launch.

## Korea to Build AI Cyber Defense Framework for Financial Firms

The Financial Services Commission will ease network separation rules to support AI-driven cybersecurity in Korea's financial sector. The measure applies to 49 major financial companies with at least KRW 10 trillion in assets and 1,000 staff. Qualified firms may use advanced AI models and SaaS security tools for vulnerability testing and cyber defense under a one-year no-action letter. The FSC will conduct expert screenings in three phases from June to the 4Q. It will also consider full rule lifting through the financial regulatory sandbox for firms with advanced AI and cybersecurity capabilities. The Financial Security Institute will expand AI support, set up an AI cybersecurity research body, and provide vulnerability checks for smaller financial firms.

## Government Continues to Enhance Korean Stock Market

The government is continuing market reforms through tighter delisting rules, duplicate listing controls, value-up measures, and improved foreign investor access. The FSC approved amendments to KRX listing rules to introduce penny-stock delisting standards, tighten market capitalization, disclosure violation, and capital impairment rules, and limit avoidance tactics such as stock consolidation and capital reduction. The FSC and KRX are also moving toward a ban-in-principle approach to duplicate listings to reduce shareholder value dilution, while pursuing disclosure of companies in the bottom 20% by PBR in each sector. On foreign access, FSC also plans to allow global securities firms to investment in Korean ETFs and ETNs through integrated foreign investor accounts.

## BOK and Commercial Banks Join Project Agora for Tokenized Deposit Trials

The Bank of Korea and major commercial banks will join the next phase of Project Agora, a BIS-led cross-border payment initiative with seven central banks and 40 private financial institutions worldwide. The project tests how tokenized commercial bank deposits and tokenized wholesale central bank money can improve cross-border payments and settlement. After completing its design and feasibility phase, Project Agora will move to real transaction testing with private financial institutions.

## Korea Pushes Growth-Enhancing Finance to Channel Capital into Industries

Korea's financial sector is showing signs of a shift from real estate-lending toward growth-enhancing investment that supports corporate growth and strategic industries. As policy finance takes a more active role in drawing private capital into areas such as AI, semiconductors, batteries, and biotechnology, experts argue that regulatory easing, including more flexible rules on financial-industrial separation, should be

pursued in parallel. Against this backdrop, the Financial Services Commission will launch a **task force to institutionalize growth-enhancing finance** and is expected to develop and implement various policy measures to channel more capital into innovation, regional growth, and the real economy.

## Market

### Korean Banks' Overseas Net Income Rises in 2025

Korean banks' **overseas net income rose 2.3% year on year** to \$1.65 billion in 2025, led by interest income. Overseas profit accounted for 9.8% of total income. ROA fell to 0.71% as overseas assets grew 7.4% to \$233.13 billion. Asset quality improved, with the substandard-or-below loan ratio down 0.1 percentage point to 1.36%. Korean banks operate 211 overseas entities in 41 countries at end-2025.

### Capital Markets Drive Q1 Earnings Growth in Korea's Financial Sector

In the 1Q, Korea's financial sector recorded earnings growth, led by capital market expansion and non-bank businesses. The top 10 **securities firms reported KRW 4.33 trillion** in combined net income, more than double from a year earlier. Mirae Asset Securities posted KRW 1.002 trillion in quarterly net income, becoming the first Korean brokerage to exceed the KRW 1 trillion mark. On the other hand, bank-heavy groups had weaker growth with **domestic banks reported KRW 6.7 trillion in net income**, down 3.9% YoY, as valuation losses on marketable securities offset gains from loan growth and net interest margin expansion.

### Korea's Stablecoin Race Accelerates Despite Regulatory Delays

Stablecoin legislation **remains pending** amid delays in legislative discussions and disagreements between banks and fintech companies over who should issue the stablecoins. In the meantime, **banks are preparing** for the stablecoin era. Hana Bank is moving to **acquire a stake in Dunamu** – an operator of Korea's biggest crypto exchange - while KB Financial Group has completed proof-of-concept tests for won-denominated stablecoin payments and remittances. Shinhan, Woori, BC Card, and Kbank are also preparing payment, remittance, and wallet infrastructure. Meanwhile, Korea's **holdings of dollar-pegged stablecoins have more than doubled**, highlighting the need to establish a regulatory framework for won-denominated stablecoins.

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Financial Cooperation