Economic Snapshot

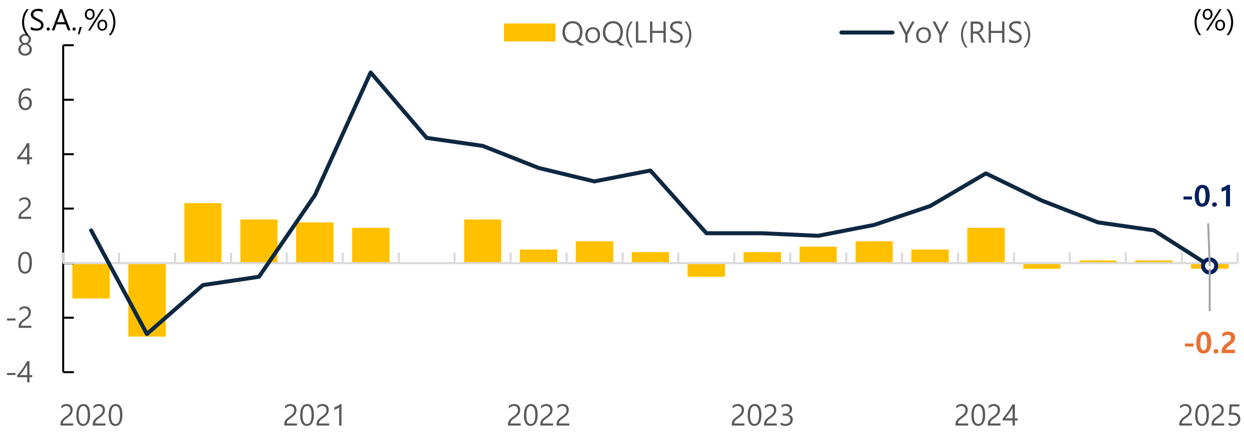
May 2025

Council on International Financial Cooperation

May 2025

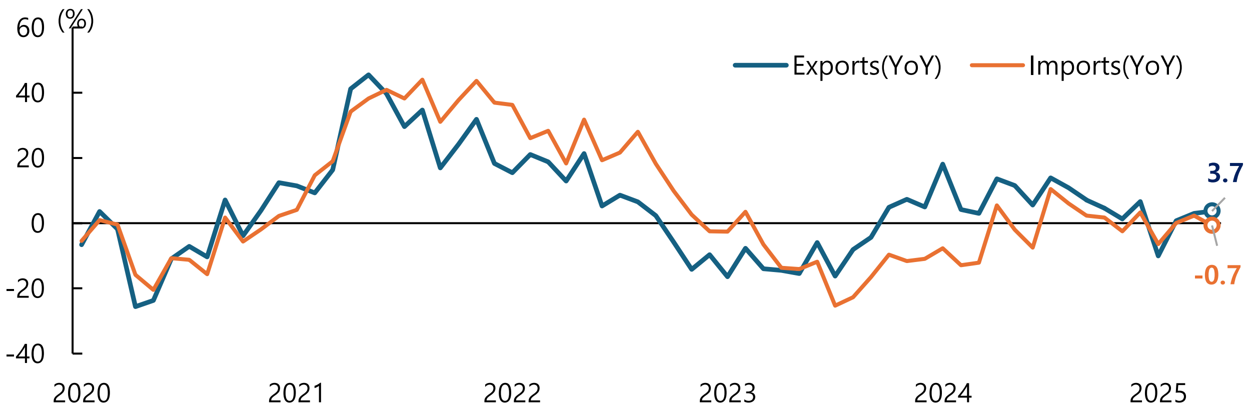
Monthly Korean Economic Snapshot

Real GDP Growth Rate



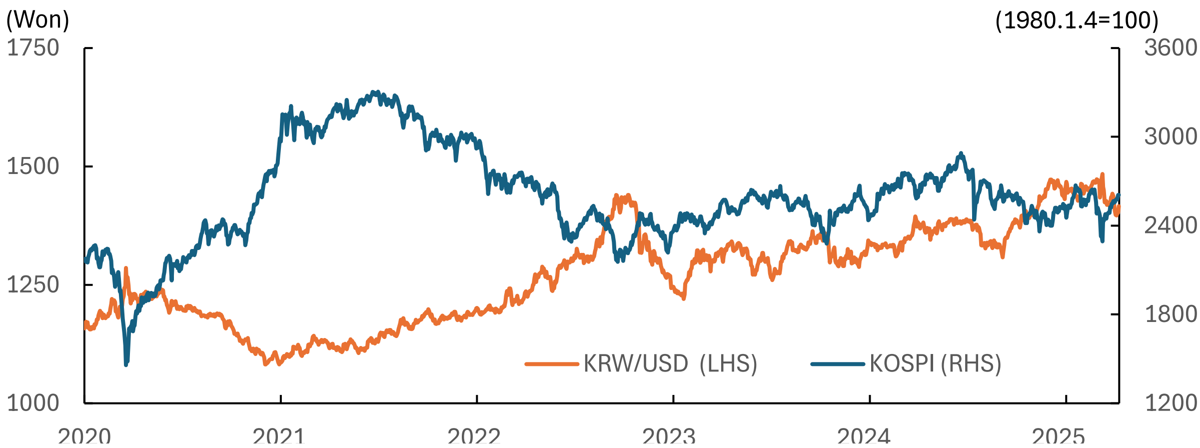
☐ Real GDP contracted by 0.2% QoQ and 0.1% YoY in 24 Q4

Exports and Imports



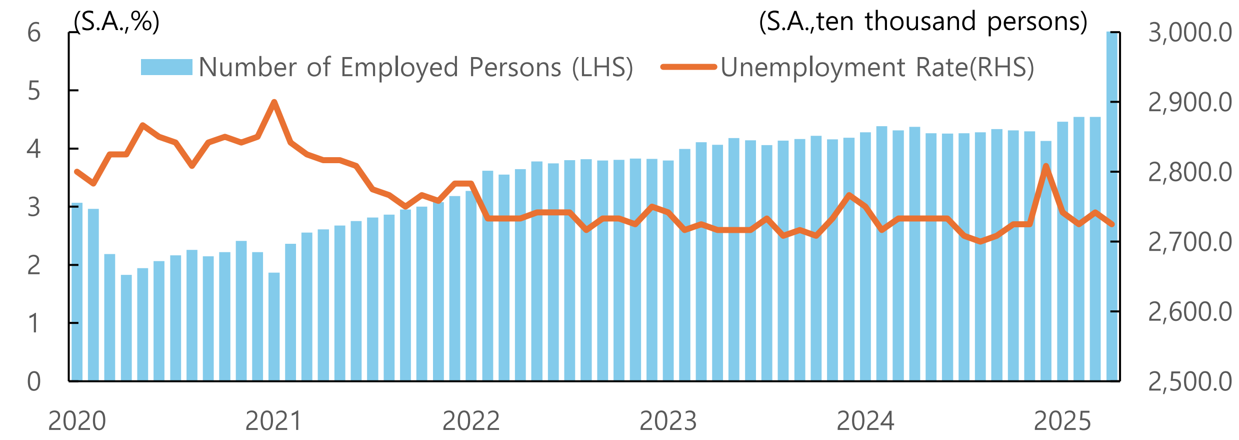
☐ Exports increased by 3.7% YoY while imports contracted by 0.7% YoY in April 2025.

Exchange Rates and Stocks



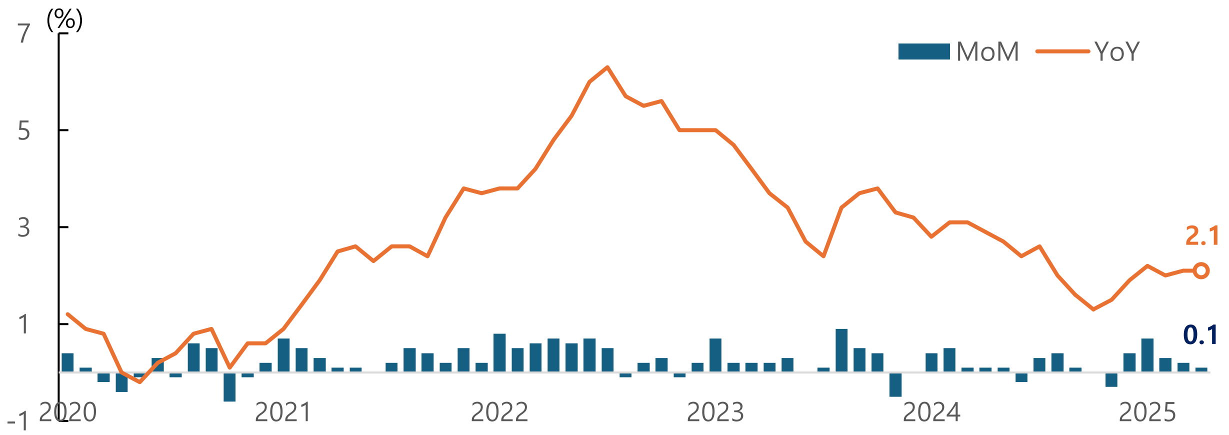
☐ (Exchange rate) KRW 1,424 in March → 1,416 in April (KOSPI) 2,455 in March → 2,608 in April

Unemployment Rate



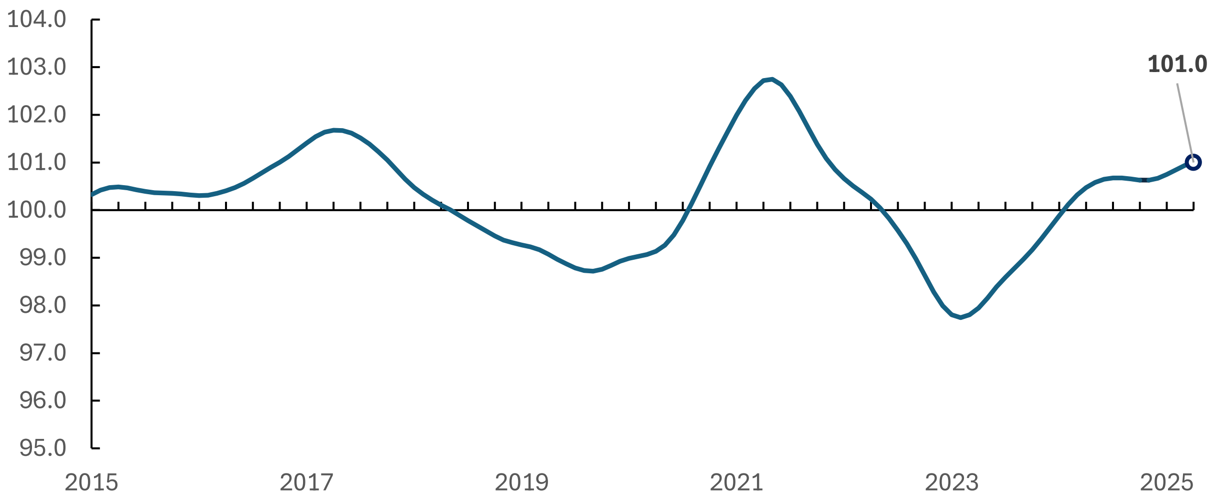
☐ (Unemployment) April unemployment rate is 2.9% with 28.88M employed up from 28.77M in March

CPI



☐ CPI increased by 0.1% MoM and 2.1% YoY in April

Composite Leading Indicator



☐ The March leading indicator is 101.0 and continues to remain above 100 since Jan 2024.

CIFC

CIFC's Visiting Professionals Program (ViPP) for 2025 to take off on 19 May (no link)
ViPP will begin on May 19th. The eight-week joint research project will provide participants with an opportunity for knowledge exchange with Korean counterparts. After reviewing applications and conducting interviews, two professionals from the National Bank of Georgia and Vietnam National Credit Information Center have been selected to join Korea Credit Information Services. They will collaborate on research on financial credit security and reporting systems. ViPP is composed of four weeks of virtual sessions and four weeks of in-person sessions in Korea, where participants will conduct research, expand their networks, and learn from each other.

CIFC Members

Korea Development Bank receives confirmation letter from State Bank of Vietnam for Hanoi Branch
Korea Development Bank has received the Confirmation Letter (CL) for establishing a branch in Hanoi, Vietnam, from the State Bank of Vietnam. The CL is a key step toward full authorization, which is expected to enhance financial support for Korean companies operating in Vietnam. KDB's expansion is part of a broader trend as Korean banks increase their presence in the country, reflecting growing demand for financial services among Korean businesses and expatriates.

KFTC to QR-based cross-border payment system in Indonesia
Korea Finance Telecommunications & Clearings Institue (KFTC) will launch a QR-based cross-border retail payments system, starting with a pilot in Indonesia by year-end. The platform will enable mobile-based transactions, including QR code payments and cardless ATM withdrawals, linking foreign payment institutions, Korean financial firms, and fintech providers. It will lower transaction costs by bypassing traditional international card networks. Expansion will follow to other countries in the Asian Payment Network. The open-access model aims to foster competition and strengthen Korea's global fintech position.

KRX system launched in Vietnam
The Hồ Chí Minh Stock Exchange (HOSE) officially launched the new trading system on May 8 that was developed by Korea Exchange (KRX). Key updates include changes to the handling of ATO (at the opening) and ATC (at the closing) orders, the introduction of market-to-limit orders (MTL), and expanded odd-lot trading capabilities for retail investors. The system is expected to improve order handling, streamline retail trading, retail trading, and facilitate foreign investor transactions. This marks a critical milestone in Viet Nam's capital market development, setting the stage for future upgrades.

KFTC aims to export financial infrastructure
Park Jong-seok, CEO of the Korea Financial Telecommunications & Clearings Institute (KFTC), outlined plans to build a hub system connecting overseas payment institutions with domestic financial companies. This system will support mobile-based small payment solutions like QR payments and cardless ATMs. He highlighted the growing global trend of direct connections between payment systems and mobile payments. The initiative aims to reduce transaction fees and expand payment connections, starting with Indonesia and Vietnam.

SGI Seoul Guarantee's MOU with Austrian Bank to help Korean exporters to EU
SGI Seoul Guarantee has partnered with Erste Group Bank to enhance the export competitiveness of Korean companies. On May 15, SGI Seoul Guarantee signed an MOU with Erste Bank to strengthen business in Eastern Europe. Erste Bank operates over 1,800 branches across seven Eastern European countries, with assets totaling €353.7B as of end-2024. The collaboration aims to support South Korean exporters by providing guarantees for contracts in Eastern Europe and sharing information through seminars, conferences, and regular exchanges.

KCB launches cross-border credit sharing system between Cambodia and Korea

Korea Credit Bureau (KCB) launched a cross-border credit sharing system between Cambodia and Korea. The system is expected to help Cambodian nationals in Korea access financial services using their credit histories from Cambodia, while Korean citizens living in Cambodia will also be able to obtain credit in Cambodia using their credit records from Korea.

Financial Authorities & Markets

FSC to raise deposit insurance limit from KRW 50M to 100M

Financial Services Commission will raise the deposit insurance limit from 50M won to 100M won following the National Assembly's amendment to the Deposit Insurance Act. The change will be officiated after September 2025, pending coordination with multiple ministries and preparations. The FSC is expediting legislative procedures and consulting the Ministry of Legislation to potentially shorten the 40-day notice period required by law, with full-sector readiness and simultaneous announcement as the goal.

FSC Chairman Visits Boston and New York to Strengthen Financial Cooperation

Chairman Kim Byung-hwan of Korea's FSC visited Boston and New York to strengthen global financial ties. In Boston, he met biotech leaders and venture capitalists. In New York, he met Blackstone Chairman Stephen A. Schwarzman and Korean financial firms. Kim emphasized Korea's market stability and reform efforts. He pledged to reduce regulatory barriers and support Korean firms going global.

Korea's regulatory chief meets Hong Kong and Chinese counterpart for financial cooperation

Financial Supervisory Service Governor Bokhyeon Lee met with financial regulators in Hong Kong and China. He talked with Securities and Futures Commission CEO Julia Leung on short selling regulations and market volatility, who pledged support for Hong Kong firms' compliance with Korean rules. In China, Lee met China Securities Regulatory Commission Chairman Wu Qing to discuss collaboration on capital market reforms and improving corporate governance. He also met National Financial Regulatory Administration Deputy Director Shao Yuanqi to address market risk management amid growing volatility.

KakaoBank aims at global market with AI

KakaoBank is accelerating its expansion into Southeast Asia, focusing on AI services. The bank achieved record earnings in Q1 2025 and plans to become a comprehensive financial platform. It is awaiting approval for an internet banking license from the Bank of Thailand, with results expected in June. Its Indonesian digital bank, Superbank, is already profitable and growing rapidly. KakaoBank will introduce new AI-based services, including AI-powered search and financial calculators. In Q1 2025, the bank reported a 23.6% increase in net profit, largely driven by non-interest income such as platform and service fees.

Poland is emerging as one of the favorite destinations for Korean banks

Korean banks are eyeing Poland as a strategic location for global business as the country offers opportunities including the Ukrainian reconstruction effort. Woori Bank, which opened a representative office in Katowice in 2017, became the first Korean bank to establish a branch in Warsaw. IBK Industrial Bank and Hana Bank are also expanding their presence. Banks are attracted by Poland's favorable economic conditions, strategic location, and growing financial needs.

Korean banks increasing presence in Uzbekistan

Uzbekistan is becoming a key economic hub in Central Asia as it pushes for financial market opening and industrial diversification. Amid this trend, Korean financial institutions are expanding their presence. Shinhan Bank and Industrial Bank of Korea have established strong footholds, with Shinhan focusing on market entry. Korea Development Bank operates through its local subsidiary, KDB Uzbekistan. BNK Capital has also started offering microfinance services. Uzbekistan's growth prospects are supported by economic reforms, foreign investment incentives, and a booming digital sector. Regulatory risks remain as the market is still transitioning, however.

CIFC

May 2025

Connect for Shared Prosperity

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