

Country Summary – South Korea



1) Location - Infrastructure

- South Korea, officially the Republic of Korea (ROK) is a country in South East Asia that shares a land border with North Korea and sits to the West of Japan and East of China with Taiwan in the South
- The country has many high-tech cities including the capital city of Seoul which is the country's largest city and chief industrial centre. Seoul has a population of 9.9 million inhabitants
- South Korea is also known for its green, hilly countryside dotted with cherry trees and centuries-old Buddhist temples, plus its coastal fishing villages and sub-tropical islands
- The country has almost no natural resources, and most of the mineral deposits in the Korean Peninsula are located within North Korea, with South Korea only possessing tungsten and graphite. Coal, iron ore, and molybdenum are found in South Korea and mining operations are on a small scale. Much of South Korea's minerals and ore are imported from other countries.
- It shares one of the world's most heavily militarised borders with North Korea
- The country is known as the "Asian Dragon" and is one of the most important global economic powers
- Time zone GMT +9
- The official currency is the South Korean Won.

2) Demographics

- South Korea is the world's third most densely populated country
- The country is classed as a developed country and ranked as the seventh-highest country on the Human Development Index (HDI) in the Asia-Pacific region
- In 2016, South Korea's population was estimated to be around 51.71 million, with a continuing decline of working age population. The country is noted for its population density, which was an estimated 505 per square kilometre in 2015, more than 10 times the global average. In practice the population density in much of South Korea

is higher than the national one, as most of the country's land is uninhabitable due to being used for other purposes such as farming

- The Seoul National Capital Area has 24.5 million inhabitants (about half of South Korea's entire population) making it the world's second largest metropolitan area. Other major cities include Busan (3.5 million), Incheon (3.0 million), Daegu (2.5 million), Daejeon (1.4 million), Gwangju (1.4 million) and Ulsan (1.1 million)
- South Korea is considered one of the most ethnically homogeneous societies in the world with ethnic Koreans representing approximately 96% of total population
- South Korea's birth rate was the world's lowest in 2009, at an annual rate of approximately 9 births per 1000 people. Fertility saw some modest increase afterwards, but dropped to a new global low in 2017, with fewer than 30,000 births per month for the first time since records began and less than 1 child per woman in 2018. The average life expectancy in 2015 was around 81. South Korea has the steepest decline in working age population of the OECD nations
- South Korea is one of the top-performing OECD countries in reading literacy, mathematics and sciences with the average student scoring 519, compared with the OECD average of 492, placing it ninth in the world. Therefore, having one of the world's most highly educated labour forces among OECD countries
- Korean is the local language and has a standard dialect known as Seoul (after the capital city), with an additional 4 Korean language dialect groups in use around the country
- Almost all South Korean students today learn English throughout their education, with some optionally choosing Japanese or Mandarin as well.

3) Culture & Religion

- Japanese rule ended in Korea following Japan's surrender in World War II. North Korea became occupied by the Soviet Union and the South by the USA. In 1950, a North Korean invasion began the Korean War, which saw extensive United States-led U.N. intervention in support of the South, while the North received support from China and from the Soviet Union.
- After the war's end in 1953, the country's economy began to soar, recording the fastest rise in average GDP per capita in the world between 1980 and 1990.
- South Korea known as the Land of the Morning Calm, but dive into its capital Seoul, and serenity may be the last thing you'll perceive. This round-the-clock city is constantly in motion, with a work-hard, play-hard mentality that epitomises the nation's indefatigable, can-do spirit.
- On every corner you will see a helpful tourist information booth, a bustling subway station or a taxi in this multifaceted metropolis where meticulously reconstructed palaces rub shoulders with teeming night markets and dramatically modern architecture
- Korean culture is profoundly influenced by Confucian principles and this pervades not only personal lives, but also business. Confucianism supports group harmony, respect for elders and authority, the importance of family, friendship, ancestors, and tradition

- Kibun (mood, social harmony and positivity) is highly significant to Koreans and they will always attempt to maintain their Kibun, or personal dignity. Confrontation is to be avoided at all cost as once Kibun is lost it cannot be regained
- The 2015 census more than half of the South Korean population (56.1%) declared themselves not affiliated with any religious organisations. Those who are affiliated with a religious organization, most are Christians and Buddhists
- Traditional family life is much involved with rituals marking life-cycle milestones and the observation of holidays and ancestral rites. The most important passages in a person's life are the completion of a baby's first 100 days, one's marriage, and one's 61st birthday
- Two of the most important holidays are Söllal (Lunar New Year) and Chusök (harvest moon festival, often referred to as the Korean Thanksgiving), both observed according to the lunar calendar. Traditional elements of holiday celebrations include the formal, respectful greeting of elders, the preparation and eating of special foods such as specific types of rice cakes (ddök), and the wearing of traditional dress (hanbok)
- Food is an important part of Korean cultural identity. A Korean meal generally consists of rice, soup or stew, and several side dishes, almost invariably among them kimchi, or pickled vegetables.

4) Business Culture

- South Korea is a member of the OECD's Development Assistance Committee, the G20, and the Paris Club
- Its citizens enjoy one of the world's fastest Internet connection speeds and fast high-speed railway network. South Korea was in 2017 the world's 7th largest emitter of carbon emissions and the 5th largest emitter per capita
- Korean business is founded upon relationships; even large corporations are often family managed with members still acting in executive positions. The Confucian principles regarding respect for age, family, rank and tradition have ensured the continuance of this system
- In South Korea, good relationships are crucial to success both in personal and business circles, and these are assimilated within the business world. Korean's make friends first, and clients second.
- To make the most of your business acumen you must also appear trustworthy, honourable, and respectable in a social and business setting. Alongside the formal power structures in place within a company one must learn to recognise, and assess, the informal structures which may be based on long-standing family ties, personal relationships, and allegiances
- Business cards are considered important and ritualistic. It is advisable to have one side printed in English and the other in Korean. Give and receive cards with both hands, with the Korean side uppermost for ease of reading. Take time to read and examine the cards you are given – it is respectful. Place cards in a holder to keep them safe and show you are treating them well. Never write on or mark the cards you are given.

5) Political Landscape

- South Korea experienced a series of military dictatorships from the 1960s until the 1980s, it has since developed into a successful liberal democracy. Today, the CIA World Factbook describes South Korea's democracy as a "fully functioning modern democracy". South Korea is ranked 45th on the Corruption Perceptions Index (9th in the Asia-Pacific region), with a score of 57 out of 100
- South Korean government's structure is determined by the Constitution of the ROK. Like many democratic states, South Korea has a government divided into three branches: executive, judicial, and legislative
- The country is now considered among the most advanced democracies in Asia, with high levels of press freedoms. However, corruption, as well as persistent political scandals involving both the public and private sectors have become growing issues; all four living former South Korean presidents have been sentenced to prison for various crimes ranging from abuse of authority to bribery and embezzlement; with two still currently serving their sentences.
- South Korea maintains diplomatic relations with more than 188 countries. The country has also been a member of the United Nations since 1991, when it became a member state at the same time as North Korea. On 1 January 2007, Former South Korean Foreign Minister Ban Ki-moon served as UN Secretary-General from 2007 to 2016. It has also developed links with the Association of Southeast Asian Nations (ASEAN), and the East Asia Summit (EAS).

6) Economic

- The economy of South Korea is a highly developed mixed economy dominated by family-owned conglomerates called chaebols. The dominance of chaebols is seen by many South Koreans as highly corrupt and influential in the political system. Not only is the local economy very prosperous, foreign investment, is encouraged
- South Korea has adapted an export-oriented economic strategy to fuel its economy, and in 2019, South Korea was the eighth largest exporter and eighth largest importer in the world. Based on nominal GDP, it has the fourth largest economy in Asia and the tenth largest in the world. It is included in the group of Next Eleven countries (Goldman's Analysis) as having the potential to play a dominant role in the global economy by the middle of the 21st century
- The Bank of Korea (BOK) and the Korea Development Institute periodically release major economic indicators and economic trends of the economy of South Korea financial organizations, like the World Bank, describe South Korea as one of the fastest-growing major economies of the next generation
- South Korea eventually became the world's dominant shipbuilder with a 50.6% share of the global shipbuilding market as of 2008. Notable Korean shipbuilders are Hyundai Heavy Industries, Samsung Heavy Industries, Daewoo Shipbuilding & Marine Engineering, and the now bankrupt STX Offshore & Shipbuilding
- South Korea today has developed into one of the world's largest automobile producers. The Hyundai Kia Automotive Group is South Korea's largest automaker in terms of revenue, production units and worldwide presence

- Electronics is one of South Korea's main industries. During the 1980s through the 2000s, South Korean companies such as Samsung, LG and SK have led South Korea's growth in Electronics. Samsung and LG are also major producers in electronic devices such as Televisions, Smartphones, Display, and computers.
- Construction has been an important export industry since the early 1960s and remains a critical source of foreign currency and invisible export earnings. Korea's largest construction companies include Samsung C&T Corporation, who built some of the world's tallest buildings: Petronas Towers, Taipei 101, and Burj Khalifa
- Despite the South Korean economy's high growth potential and apparent structural stability, South Korea suffers perpetual damage to its credit rating in the stock market due to the belligerence of North Korea in times of deep military crises

7) Social

- Korean popular music, or “K-pop,” emerged as an international phenomenon in the 21st century and became one of South Korea’s most visible cultural exports. Rapper PSY was the next breakout star to emerge on the international stage. His satirical hit “Gangnam Style” was a global smash thanks to its catchy beats and an absurd music video that amassed billions of views on YouTube.

8) Technology

- South Korea has earned a reputation as a leading global information and communication technology centre and is topping in Bloomberg Index of Most Innovative Nations 2021 followed by Singapore, Switzerland, and Germany. With its cutting-edge ICT infrastructure boasting the world's fastest internet speeds, the country is home to global leading electronics and IT companies such as Samsung Electronics, LG Electronics, SK Hynix and Naver
- It is motivated to keep its reputation as a global ICT powerhouse by investing heavily into innovative technologies such as 5G Network, Artificial Intelligence, Big Data and Cybersecurity.

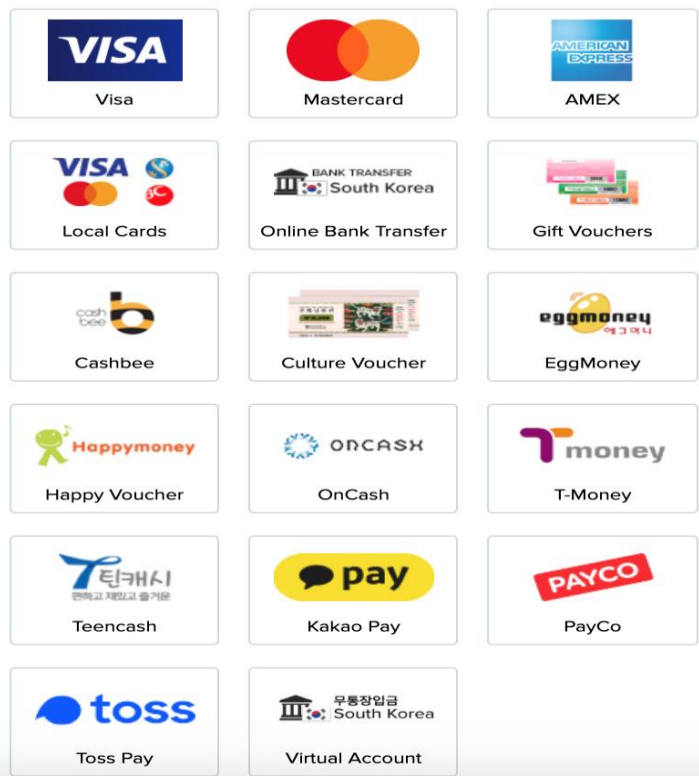
Key Metrics

Internet penetration rate	96%
Internet cost	\$17/month
Mobile penetration rate	79%
Cellular technology standard	4G, 5G
Dual sim usage	6.8%
Popular mobile OS	Android

9) Payments Network

- The payment and settlement system of Korea consists mainly of the following:
 - Large-value payment system
 - Retail payment systems (financial and non-financial)
 - Securities settlement systems, and
 - Foreign Exchange settlement systems
 - Credit Card payment systems
- The main large-value payment system is the BOK Financial Wire Network (BOK-Wire+), which is a hybrid settlement system owned and operated by the BOK
- The retail payment systems is managed by Korea Financial Telecommunications & Clearings Institute. Representatives of such systems are the Check Clearing System, the Giro System, the Interbank Shared Network Systems, and the B2C & B2B E-commerce Payment Systems
- Retail payment systems which are run by non-financial institutions such as telecommunication companies have recently been introduced
- Securities settlement systems include the Securities Market Settlement System and the KOSDAQ Market Settlement System managed by Korea Exchange (KRX) and the OTC Bond Market Settlement System run by Korea Securities Depository. In December 2004, a Payment versus Payment system for foreign exchange through CLS Bank has been established
- The key banking organisations in South Korea are:
 - Shinhan Financial Group
 - NongHyup Financial Group
 - KB Financial Group
 - Hana Financial Group
 - Korea Development Bank
 - Woori Financial Group
 - Industrial Bank of Korea
 - BNK Financial Group
- The use of non-paper based payment instruments has grown steadily since the 1980s with interbank funds transfer systems such as Interbank Funds Transfer System and the Interbank CD/ATM System being established. This has resulted in a strong technological and mobile adoption
- South Korea is a 'credit card nation', and Korean local card companies have been offering customers innovative products and attractive benefits. However, mobile and digital wallets are quickly catching up among younger generations. E-commerce has grown just over 30% in the last two years with credit cards continuing to be the payment method of choice online and at the point of sale
- Visa, Mastercard and Amex are the most widely accepted credit card types for cross-border ecommerce transactions. Visa is the preferred credit card scheme in South Korea, with a market share of 54.8%. In addition to Visa and MasterCard, there are several other card brands operating in Korea – BC Card, Lotte Card, and T-Money

Payment Methods in South Korea



- The familiar Western payments concept of “issuers, acquirers, and interchange” doesn’t exist in South Korea. Each merchant fills out a separate application and is individually approved by each issuer to accept its cards
- South Korea is one of the biggest e-commerce markets worldwide. Industry figures suggest that the e-commerce volume in the country will grow to 34.5 billion U.S. dollars by 2022, and the breakdown of on-line shopping value is:
 - 60% mobile commerce
 - 94% bank account penetration
 - 92% mobile penetration
 - \$1,908.57 average annual online spend
- South Koreans have adopted mobile shopping with 60% of all purchases are via mobile phones, forcing operators to improve their mobile platforms. One-stop shops are attracting more and more consumers. Companies that have multiple online shops try to merge them into a big single online shop, in line with consumer expectations. Key Mobile Carrier operators in South Korea are:
 - SK Telecom
 - KT
 - LG Uplus
- E-wallet payment enables users to purchase goods or services online using their virtual wallet, such as KakaoPay or Toss, that become one of the most popular payment methods in the country. Money can be loaded to the user’s e-money account from several sources such as credit card and online bank transfer. E-money can be accessed and stored in a mobile device or an online account.
- The potential of the digital Korean digital or electronic payments is expected to be very high, as credit cards are commonly used and the infrastructure for digital

payments, such as the internet network, online market and smartphones, is well established.