

## The Latest on Korea's Investment Environment



### Visa to set up innovation center in S. Korea

Global credit card giant Visa Inc. is planning to set up a new innovation center in South Korea within this year to broaden business cooperation with financial firms here, the head of the company's local unit said.

Patrick Yoon, the CEO of Visa Korea, said he is in talks with the company's headquarters to decide when and where to establish the center in the country.

Visa's innovation center is designed to offer a space to financial institutions and business partners to seek new solutions. There are seven innovation centers across the world, including ones in San Francisco, London and Singapore.

Yoon said the Korean innovation center, which will be Visa's second Asian facility, will be open to local card firms, banks and other fintech startups and help them cooperate in discovering future fintech opportunities.

### 2.9 mln tourists make use of Airbnb in S. Korea in 2018

According to Airbnb Inc., some 2.9 million tourists used the global house-sharing platform last year, up 56 percent from a year earlier.

Seven out of 10 Airbnb users, or approximately 2.02 million, were locals, with some 156,200 Chinese tourists to South Korea staying at Airbnb accommodations, accounting for 17 percent of all foreign tourists using the house-sharing platform, it added. Airbnb hosts earned an average of KRW 4.94 million (USD 4,400) last year, the company said.

Earlier, the government said it will allow residents in urban areas to share their homes with local travelers as the government is pushing to give a boost to the sharing economy. A formal bill regulating house-sharing was submitted to the parliamentary committee on culture, sports and tourism in 2017, though no significant progress has been made as of yet.

Currently, residents in rural communities can share rooms in their homes with both South Koreans and foreigners, while South Koreans in urban areas can share rooms in their homes only with foreigners.

According to the central bank, the possibility of South Korea defaulting on its credit loans has dipped to the lowest level in over 11 years, with its credit default risk shrinking to lower than those of other major economies such as China, Britain and France.

The Bank of Korea said the country's Credit Default Swap (CDS) premium on foreign exchange stabilization bonds with a five-year maturity came to 32 basis points, or 0.32 percent, as of Feb. 1, down 9 basis points from 41 bp on Jan. 3.

A CDS premium is additional interest paid on borrowing to offset a country's default risk.

The central bank said the latest reading marks the lowest since Nov. 2007. It is also lower than 36 bp for both Britain and France and 54 bp for China.

"CDS premiums have generally dropped (for most countries) since the start of last month, but it has been falling more rapidly for South Korea," a central bank official said.

The country's CDS premium once reached as high as 699 bp in the midst of the 2008 global financial crisis. It has remained under 100 bp since September 2012, according to the bank.

Meanwhile, the country's outstanding foreign exchange stabilization bonds came to USD 4.08 billion as of end-December, the highest in the country's history and the largest in the world for a single country.

As of end-November, the country's foreign currency holdings stood at USD 402.99 billion, the eighth largest in the world.

## What's Trending



### Three locations selected for specialized smart city project

South Korea's infrastructure ministry has announced three locations which will be turned into themed smart cities that will receive a total of KRW 12 billion in investment.

Daejeon, Gimhae and Bucheon were picked for this year in the government project that aims to improve the daily convenience of residents and highlight exclusive features of the cities by adding IT-based technologies to transportation, energy and public safety.

Daejeon, about 165 kilometers south of Seoul, will carry out the project around its Daedeok Innopolis, a research and development district, to build a "Re-New Science Town" that provides everyday services. Wireless-charging electric buses will be introduced as a means of public transportation, along with smart street lights that will help prevent crimes. Bus stops will be equipped with air conditioning and heaters. The city will offer tour programs, operated jointly by research institutions in Daejeon, for easy public access in experiencing technologies for the fourth industrial revolution.

The city of Gimhae, some 450 kilometers southeast of Seoul, will set up a tourism service based on augmented and virtual realities introducing the ancient kingdom of Gaya (43-532), a confederacy that was rooted in the region. Gimhae plans to install WiFi throughout the project area, and data from WiFi usage will be used to develop tourism businesses.

Bucheon, a city west of Seoul, will adopt the clean environment theme by linking big data analysis with reduction of fine dust. Monitoring centers will be set up across the city to provide information on air quality, and collected data will be analyzed by artificial intelligence to help Bucheon apply appropriate measures to reduce fine dust. The measures will be applied in priority at ready mix concrete factories, school zones and subway stations.

The government will give KRW 2 billion to each of the selected cities, which will also put up the same amount.