

South Korea IT firms see shares surge after online banking nod

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South Korea's top messaging app operator saw its share price soared 13 percent Monday—a day after being named by financial regulators as one of two companies permitted to start Internet-only banking services.

Kakao Corp., which runs the Kakao Talk app, and telco major KT Corp

each won preliminary approval from the Financial Services Commission (FSC) to set up what will be South Korea's first online-specific lenders.

They will also be the first new South Korean commercial banks to open in more than 20 years, with the FSC hoping they will help the domestic banking sector out of an extended slump.

"They'll stir up fresh competition in the banking industry and create more job opportunities," Doh Kyu-Sang, the director general of the FSC's Banking and Insurance Bureau said Sunday.

Kakao's [share price](#) surged as much as 13 percent in early trade—the biggest intraday gain in more than a year—while KT Corp jumped more than 5.0 percent.

In a briefing on Monday, the head of Kakao's mobile banking team, Daniel Yun, said Kakao Bank would aim to start operations as early as the latter half of next year.

It will feature credit payment, deposit and loan services, Yun said, adding that the plan was to expand beyond South Korea.

"We will unveil Internet [banking services](#) in Southeast Asian nations where we have a sizeable user base like Thailand and Malaysia," he said.

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The firm—which also runs Seoul's second-largest Internet portal, Daum—has long eyed an entry into the online banking sector beyond the saturated instant-messaging market.

But its efforts have been delayed by a suffocating regulatory framework

that has left South Korea—one of the world's most wired nations—lagging behind other countries such as the US and China in web-based financial services.

WeChat—China's popular messaging app run by the Internet giant Tencent—began offering online [banking](#) services this year, along with e-commerce giant Alibaba.

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