

OPINIONFinancial Services
Industry Division

Key Issues in the Securities Industry for 2026

In 2025, the securities industry showed improved profitability year-on-year, supported by a stock market rally in the second half and a recovery in investor sentiment. Net operating revenue grew broadly across all segments, including brokerage, proprietary trading, investment banking (IB), product sales and wealth management. In 2026, strong investor sentiment, growth in advanced industries such as AI and semiconductors, and “productive finance” policy initiatives are expected to drive further industry growth. Key issues include the expansion of venture-capital investment and intermediation functions under productive finance policies; upgrading service quality amid increased inflows into brokerage; establishing strategies for the active adoption and utilization of AI; the need to shift perceptions of personal data protection; and improving risk management for real estate project finance (PF). While solid earnings and balance-sheet growth are anticipated in 2026, proactive responses to the current issues will be critical to achieving sustainable growth.

In 2025, profitability in the securities industry improved on the back of rising equity prices in the second half and improved investor sentiment. In 2026, amid growth in advanced industries such as AI and semiconductors and a policy stance favoring productive finance, earnings growth is expected along with a strengthened role in the supply and intermediation of venture capital. Against this backdrop, this paper reviews the outlook by business segment and the key issues for the securities industry.

Scale Growth and Profitability

In 2025, the securities industry’s equity capital increased by KRW 9.8 trillion from the prior year, with large firms accounting for KRW 7.4 trillion and leading capital expansion. In 2026, as

* All opinions expressed in this paper represent the author’s personal views and thus should not be interpreted as Korea Capital Market Institute’s official position.

mid-to-large securities firms continue to raise capital to enter new businesses, the capital gap between mid-to-large firms and small firms is expected to widen further. This trend toward greater scale is likely to persist, driven by economies of scale and capital regulation, as well as the advantages of revenue diversification associated with entry into businesses such as corporate credit provision, issuance of short-term notes, and IMA. In 2025, the industry’s ROE rose by 1.0%p year-on-year to 8.6% (trailing twelve months as of Q3). Net operating revenue increased across all segments, including proprietary trading, IB, product sales and wealth management, and brokerage. In 2026, the ROE uptrend is expected to continue, supported by improved investor sentiment, growth in advanced industries, capital-market revitalization policies.

Figure 1. Number of securities firms and their equity capital by size

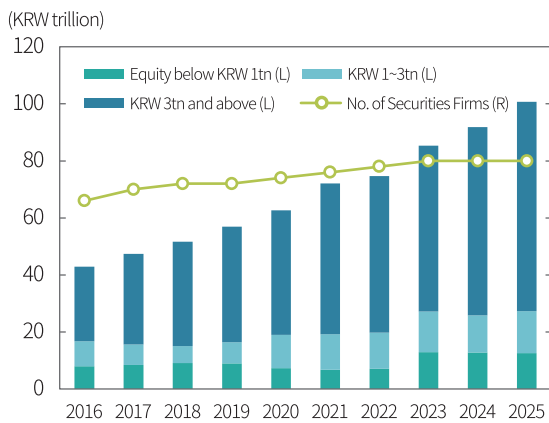
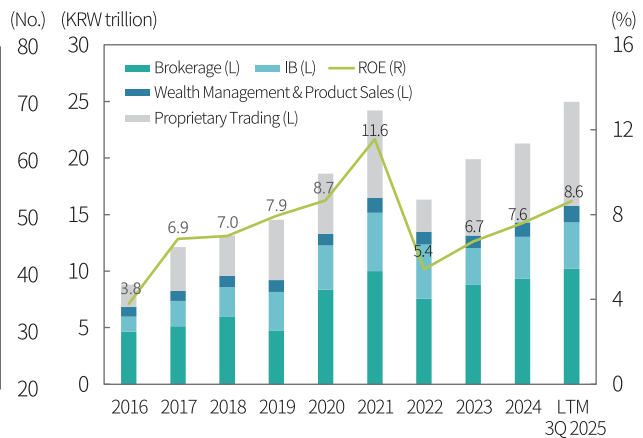


Figure 2. Net operating revenue and ROE



Source: Financial Supervisory Service, Korea Financial Investment Association

Performance and Outlook by Segment

In 2025, the brokerage segment saw improved earnings based on a domestic stock rally in the second half and demand for U.S. equity investment. As the number of active accounts held by retail investors increased 11.9% year-on-year, the investor base broadened, while stock trading showed a pattern of low-start-high-finish, recovering from Q2 after a weak start to the year. In 2026, domestic equity brokerage is expected to expand amid improving corporate earnings and investor sentiment and a continued trend of net buying by foreign investors.

In wealth management, outstanding issuance of ELS/DLS rose slightly, showing a gradual

recovery despite tightened regulations on the sale of high-risk financial products. Money trusts expanded significantly due to increased demand for retirement pensions, and CMA balances increased as standby funds flowed into the equity market. In 2026, demand for ELS/DLS is expected to increase depending on whether securities firms expand online distribution and whether banks sell such products through hub branches. In addition, a shift toward performance-linked products centered on DC plans and IRPs is expected to drive growth in securities firms' retirement pension business (money trusts).

Proprietary trading income rose 36% year-on-year to KRW 9.1 trillion in 2025, leading the earnings improvement. Key drivers were bond valuation gains in the first half and equity valuation gains in the second half. In 2026, rising stock prices are expected to continue to support proprietary trading income, although uncertainty around domestic interest rates remains a risk factor.

In 2025, the IPO market remained at the prior-year level, while corporate bond issuance continued a moderate increase. In 2026, IPO growth is expected on the back of improved investor sentiment and a pipeline of large-cap listings, and corporate bond issuance is expected to rise due to sizeable refinancing needs. In 2025, corporate lending by comprehensive financial investment firms saw a slower growth rate due to stagnation in acquisition finance; however, in 2026, corporate lending is expected to increase, driven by a recovery in the acquisition finance market and strengthened business activity resulting from securities firms' expanded equity capital.

Issue 1: Productive Finance Policies and Their Impact

Recent productive finance policies related to capital markets indicate a direction aimed at expanding the securities industry's role into a core player that supplies and intermediates venture capital to innovation-driven growth companies.

The foundation for venture-capital supply was expanded last year through the designation of two comprehensive financial investment firms as IMAs and the granting of promissory note issuance business approvals to three firms. Moreover, the mandatory venture-capital allocation ratio will be raised in stages from 10% in 2026 to 25% in 2028, while the cap on real estate investment will be reduced from 30% to 10%. In addition, the scope of venture capital

has been broadened to include not only securities issued by SMEs and venture companies, A rated and lower corporate bonds, P-CBOs guaranteed by the Korea Credit Guarantee Fund and Korea Technology Finance Corporation, and equity interests in VC and policy funds, but also the Advanced Strategic Industries Fund under the National Growth Fund and investments in BDCs. This has substantially expanded the universe of investable assets for securities firms. Accordingly, funds raised through IMA and promissory notes are expected to flow into productive sectors such as SMEs and venture companies.

At the same time, institutional reforms are being pursued to invigorate the intermediation of venture capital. BDCs are listed public funds that primarily invest in venture companies, enabling retail investors to participate in venture-capital investment through the market. While securities firms are not the managers of BDCs, they will perform advisory and intermediation functions in structuring, listing, and distribution. In addition, ongoing reforms including tokenization of securities, introduction of multiple electronic registration agencies, and establishment of platforms for venture capital intermediation, are expected to improve the market environment for trading and distribution of shares in unlisted companies. Measures to revitalize the KOSDAQ market and the institutional reform of the specialized securities firm regime for SMEs currently under preparation are also expected to further strengthen securities firms' capabilities in discovering and intermediating investment in SMEs and venture companies, and providing corporate finance before and after listing for these firms.

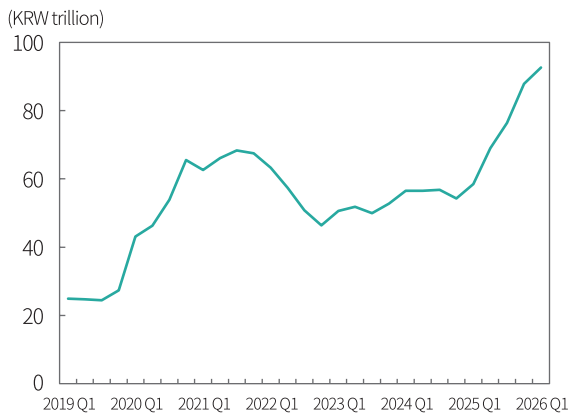
These productive finance policies are highly likely to promote venture-capital-centered corporate finance across the securities industry overall. In particular, increased venture-capital investment funded by IMA and promissory notes, expansion of intermediation services for unlisted equities, and specialization and expertise in new growth sectors are expected.

For the policy effects to materialize, firm-level tasks at securities companies are also important. Above all, securities firms must strengthen networks with the venture-capital ecosystem to identify startups and unlisted SMEs and mid-market companies early and connect them to diverse funding sources. Furthermore, they need to transition toward a merchant banking model that links corporate finance advisory with the use of proprietary capital, thereby building long-term customer relationships based on proactive investment. They should also enhance expertise across corporate finance such as by providing tailored financial solutions across corporate life cycles, brokering VC secondary transactions, and advising on corporate rehabilitation.

Issue 2: Response Tasks in the Phase of Expanded Brokerage Fund Inflows

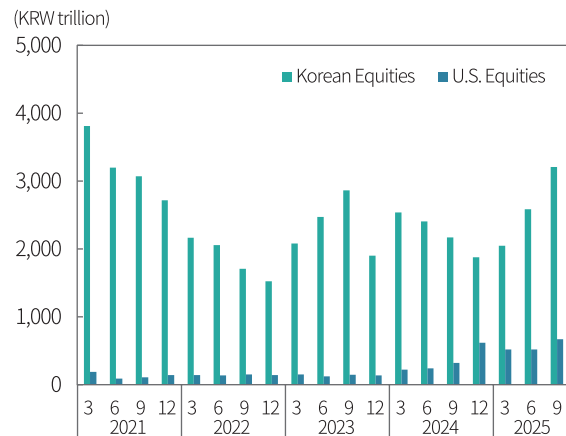
As money inflows into the stock market increase, domestic securities firms need to strategically upgrade the quality of brokerage services, rather than focusing on promotions or fee competition.¹⁾ In fact, investors' deposit balances have shown a rapid upward trend since early 2025, reaching approximately KRW 100 trillion as of end-January 2026. If domestic and U.S. stock prices continue to rise, this inflow trend could further expand brokerage performance.

Figure 3. Trends in investors' deposits



Source: Korea Financial Investment Association

Figure 4. Quarterly brokerage trading performance for Korean equities and U.S. equities



Source: Financial Supervisory Service

In this environment, securities firms should prioritize strengthening service competitiveness, focusing on equity trading platforms and the provision of investment information rather than simple customer acquisition events. Specifically, they should pursue qualitative improvements in brokerage services by enhancing the usability of MTS, maximizing utilization of returning domestic equity accounts, and strengthening AI-based investment information services, thereby improving investors' trading experience and the level of decision-making support.

Issue 3: AI Utilization: From Expectations to Reality

In overseas securities industries, a strategy has become common whereby AI is not introduced across the enterprise all at once; instead, it is applied in phases starting with areas

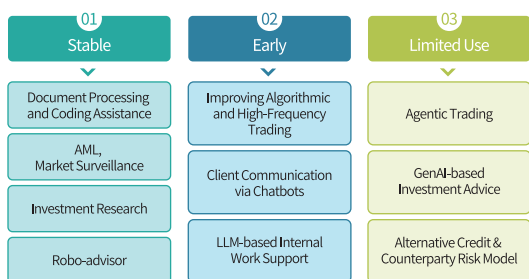
1) Lee & Jeong, 2025, "Competitive Patterns in Brokerage Services among Domestic Securities Firms and Implications," Korea Capital Market Institute Issue Papers 25-20.

where technological maturity and ROI are relatively clear.²⁾ Early-stage adoption focuses on auxiliary and internal efficiency uses such as research assistance, internal process automation, compliance, and risk management and, after performance and stability are validated, gradually expands toward enterprise-wide and proactive AI utilization in customer services and decision support. This phased approach helps manage operational risks associated with AI adoption while also increasing organizational acceptance.

Meanwhile, the domestic regulatory environment is being rapidly organized, including the enactment of the AI Basic Act and its enforcement decree and the further specification of AI guidelines for the financial sector. Overseas cases show that a clear regulatory framework has not constrained AI use; rather, it has served as a foundation for accelerating commercialization by clarifying the boundaries of responsible use. Domestic securities firms, too, should not view these regulatory changes merely as constraints; instead, they should proactively verify performance and applicability, focusing on areas already adopted stably overseas.

In particular, as AI commercialization accelerates, the importance of an AI governance framework that simultaneously considers system stability and consumer protection is increasing—not merely the adoption of technology. Without governance covering data management, model validation, accountability, and internal control standards, expanding AI use could instead lead to loss of trust and heightened regulatory risk. Accordingly, overseas securities industry cases suggest that long-term competitiveness depends more on a strategic approach premised on phased expansion and controllable use than on the speed of AI adoption.

Figure 5. Stages of AI adoption among overseas financial investment businesses



Source: Kim & Noh (2026)

Figure 6. Key contents of the revised draft AI guidelines for the financial sector



Note: Author’s translation, may differ from the official English version
 Source: Financial Services Commission (FSC) (2025. 12. 22)

2) Kim & Noh, 2026, “Use of AI in the Financial Investment Industry and its Implications: Insights from Patent Analysis,” KCMI Research Papers 26-03.

Issue 4: Data Protection as a management imperative beyond compliance

In 2025, 2,383 reported information security incidents were recorded, the highest figure on record.³⁾ Large-scale personal data leaks across diverse industries—telecommunications, distribution, platforms, and card companies—have demonstrated that the risk of data breaches persists regardless of sector and that information security risk is structurally expanding. In particular, advances in AI technology and the widespread adoption of cloud services have a dual effect: they improve living standards while also accelerating the automation of hacking attacks. In the securities industry, as non-face-to-face channels dominate and AI-based services spread in earnest, the processing of personal data and the linked utilization of data are increasing rapidly, making the importance of information management far greater than in the past.

Institutional measures are also being advanced to respond to the heightened risk. Under the “Comprehensive cross-government Information Security Measures” announced in October 2025, the scope of firms subject to mandatory information security disclosure is set to expand to all listed companies. Currently, the financial sector is subject to voluntary disclosure; in 2025, six securities firms participated voluntarily, but going forward, the disclosure burden is expected to increase, particularly for listed mid-to-large securities firms. In addition, legislation is being pursued for the Digital Financial Safety Act, which would replace the Electronic Financial Transactions Act, and is expected to further strengthen oversight and supervision of security systems across the securities industry.

What is critical, however, is to recognize and approach information security not as a simple compliance item but as a core element of management. Due to its digital, real-time trading structure, the securities industry faces a high likelihood that data leakage incidents will cause not only short-term operational disruptions but also damage customer trust and affect market valuation. To date, securities firms have built information security frameworks through voluntary measures such as obtaining information security certifications (ISMS, ISMS-P) and making information security disclosures, with differing levels of preparedness across institutions. These differences may translate into competitiveness gaps amid the expansion of mandatory disclosures and changes in the digital environment. Information security capabilities

3) “Cyber Threat Trends in the Second Half of 2025 and Outlook for 2026,” Ministry of Science and ICT; Korea Internet & Security Agency.

will influence the quality and stability of digital services and will serve as one of the criteria by which customers evaluate securities firms. Starting now, the industry should treat information security as a key task in management strategy and internal control, beyond the lens of cost or regulatory compliance.

Figure 7. Structural changes in the information security framework



Issue 5: Tightening Regulations in the Real Estate PF Market and Their Impact

As financial authorities have begun tightening regulations on the real estate PF market in earnest, securities firms’ real estate finance business models, previously driven by continued quantitative growth, are at a structural turning point. The core of this regulatory tightening is that capital charges for risks embedded in real estate PF have increased substantially.

First, with the overhaul of the risk-weighting framework for the net capital ratio, capital regulation will be applied differentially based on substantive risk factors such as project stage and LTV. This is likely to constrain past practices in which investments were made in high-risk projects based on yield-focused decision-making. Accordingly, securities firms are expected to strengthen selective investment focused on high-quality projects with proven profitability and stability, in consideration of limited capital capacity.

In addition, as a cap has been introduced on total real estate-related exposure (loans, guarantees, equity investments, etc.) relative to equity capital, growth strategies through scale expansion will face structural constraints. Furthermore, higher PF provisioning rates will increase carry costs, heightening the likelihood that perceived profitability for securities firms will face downward pressure over the medium to long term.

Overall, the real estate PF market may experience a contraction in the short term, but in the medium to long term it is expected to be reorganized into a market structure with stronger risk management and capital discipline. Accordingly, securities firms need to move beyond simple balance-sheet expansion strategies and secure sophisticated risk management capabilities and stable sourcing capacity for high-quality deals as core competitive strengths.