

Vol. 04

Insight into the K-Game Market



Industry Landscape,
Policy Changes and
Strategic Implications

ABSTRACT

1

This report aims to explore the industry landscape, government policies and characteristics related to K-games, a core industry that generates more exports than any other content industry in South Korea, identifying strategic implications regarding challenges to be addressed by the K-game industry.

2

The game industry has recorded continuous growth over the past decade, with an average yearly growth rate of 9.2%.

- In 2023, the game industry generated KRW 22.9642 trillion in revenue, more than a twofold increase from 2014 (KRW 9.9706 trillion).
- It has the fourth largest share (7.9%) of the global market, especially thriving in the mobile game and PC game sectors.
- According to trade statistics, as of 2023, the game market recorded around USD 8.394 billion in exports and USD 253.76 million in imports.
- It was found that although about 94% of companies involved in game production made early expenditures¹⁾, only 18% of them succeeded in raising investments, reflecting funding difficulties.

3

The Korean game market is increasingly occupied by foreign games, mostly from China and Japan.

- 404 (43.8%) of the 922 game rating decisions made in South Korea in 2023 were for foreign games.

4

The Korean game market is broadening its scope through business expansion strategies such as cross-platform services and genre diversification.

5

The game industry has four main characteristics: a regulated market, a high-risk, high-return industry, connectivity to other content industries and incorporation of new technology.

6

The game industry is regulated by law and policy, which repeatedly switch between two contrasting concepts of control and promotion.

- Since its enactment in 2006, the Game Industry Promotion Act has been amended about 45 times, with a focus on protecting the rights and interests of users.
- An additional 30 amendments have been proposed over the past year, with 12 of them passed at the National Assembly and now in effect (some scheduled to take effect).
- In May 2024, the government announced the Comprehensive Plan for Promotion of Game Industry (2024-2028) under the vision "the next big leap of the game industry."

7

Boosting the game industry requires addressing challenges such as promoting investment and funding and continuous generation of value added through business diversification, alongside systemic reform such as relaxing regulations.

¹⁾ According to the Korea Creative Content Agency's 2024 Game Industry White Paper (2025, March), among 630 companies that responded, 40 companies, including solo and small-sized indie game developers, answered that game production did not incur any costs.

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1. Reexamining the K-Game Industry for Global Expansion

A General Characteristics of the Game Industry

- Based on the recent trends and key issues in the game industry, its main characteristics can be summarized as: 1. a knowledge-intensive, high value-added industry, 2. connectivity to other content industries, 3. incorporation of new technology, 4. a regulated industry, and 5. a high-risk, high-return industry.

Main Characteristics of the Game Industry

Classification	Description
A knowledge-intensive, high value-added industry	<ul style="list-style-type: none"> - The industry's value is determined based on intangible assets. - A knowledge-intensive industry that relies heavily on skilled and experienced professional developers
Connectivity to other content industry	<ul style="list-style-type: none"> - High connectivity to other types of content, including webtoons, animations and characters - Two-way connection and expansion between games and other content utilizing IP
Incorporating new technology	<ul style="list-style-type: none"> - Highly compatible with technology such as ICT, VR, AR, AI and cloud computing, and therefore heavily influenced by research and development of new technology
A regulated industry	<ul style="list-style-type: none"> - Regulated by laws on game product usage and content rating - Reinforced regulations for protecting consumer rights and interests (e.g., loot boxes) - Heavily influenced by policies and regulations
A high-risk, high-return industry	<ul style="list-style-type: none"> - Risks in the planning, research and development stages due to long-term investment of human and financial resources - Potentially increase in profitability due to the effect of increasing returns to scale

1) Knowledge-Intensive and High Value-Added

- The game industry is a major service industry that relies on ideas and technology, characterized by its focus on knowledge and high value added.
- In particular, the value of the industry is determined by intangible assets like creativity and entertainment and also significantly influenced by technological elements, such as IT and computer programs. This leaves the industry largely dependent on skilled and experienced professional developers.

2) Connectivity to Other Content Industries

- Recently, the industry is broadening its scope by reinforcing entertainment-related elements in collaboration with films, animations, characters, and other types of content IP or by utilizing new technology such as VR, AR and AI.

3) Incorporating New Technology

- The industry's internalization of information and communication technology (ICT), virtual reality (VR), augmented reality (AR), artificial intelligence (AI) and cloud computing makes it highly compatible with emerging technology and relevant to the technology field.

4) A Regulated Industry

- Due to the traditional social perception of games as speculative and addictive, the game industry is subject to rating regulations based on the usage and content of game products, such as the law that regulates loot boxes for protection of consumer rights and interests.
- However, there is now a shift away from such perception, as well as an increasing recognition of the industry's ability to create high value added, leading to public-private efforts on creating more value through relaxed regulations and industry promotion policies.

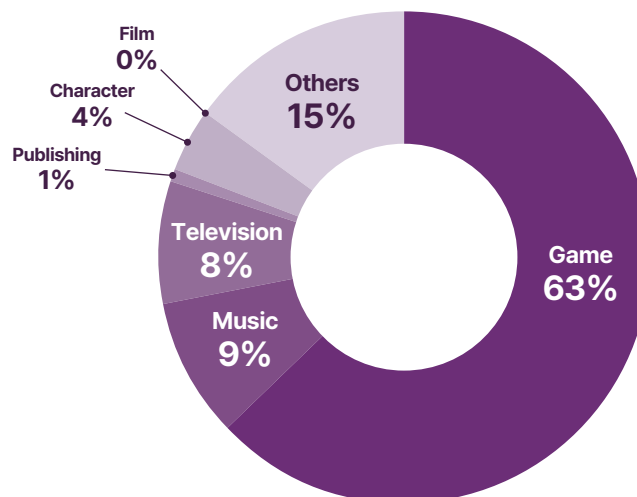
5) A High-Risk, High-Return Industry

- The game industry requires long-term investment of human and financial resources from development through research to launch, which may cause excessive burdens. It is also a high-risk industry where there is no guarantee of success even after the launch of a product.
- Nevertheless, once the service is successfully commercialized, the profit increases exponentially due to the effect of increasing returns to scale. Another strength of the industry is that it involves less external risk regarding stock assets and the prices of raw materials compared to other manufacturing industries.

B Status of the Game Industry in the Global Content Market

- Amid the rise of K-content in the global content market, fueled by the popularity of hallyu in television, music and fashion, the game industry has come to play a pivotal role in the content industry through active exports and employment.
- According to the 2023 Content Industry Survey, the game industry recorded USD 8,394,003,000 in exports, which constitutes 62.9% of total exports by the Korean content industry. It also surpassed other content industries like music (USD 1,222,535,000, 9.2%) and television (USD 1,047,219,000, 7.9%), becoming a leading exporter of K-content.

Breakdown of Content Industry Exports



* Source: Korea Creative Content Agency. (2024).
2023 Content Industry Survey.

- Despite their leading role in exporting K-content, however, domestic game companies are struggling to make the next leap amid pressure from policymakers and the entry of foreign companies.
- This report aims to explore the characteristics of the game industry and the related industry trends and policies, thereby identifying challenges to be addressed for the K-game industry to gain a competitive edge and succeed in the domestic and global markets, as well as their strategic implications.

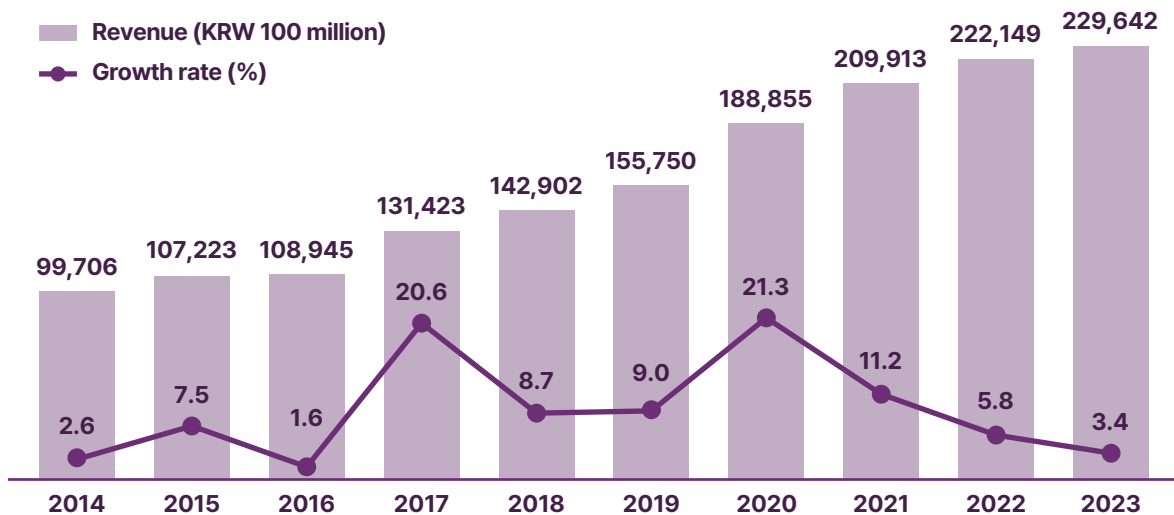
2. Landscape of the Game Industry

A Landscape of the Korean Game Industry

1) Revenue

- As of 2023, the size of the Korean game market is estimated at KRW 22.9642 trillion. It has grown continuously over the past decade, recording an average annual growth rate of 9.2%, more than a twofold increase from 2014 (KRW 9.9706 trillion).

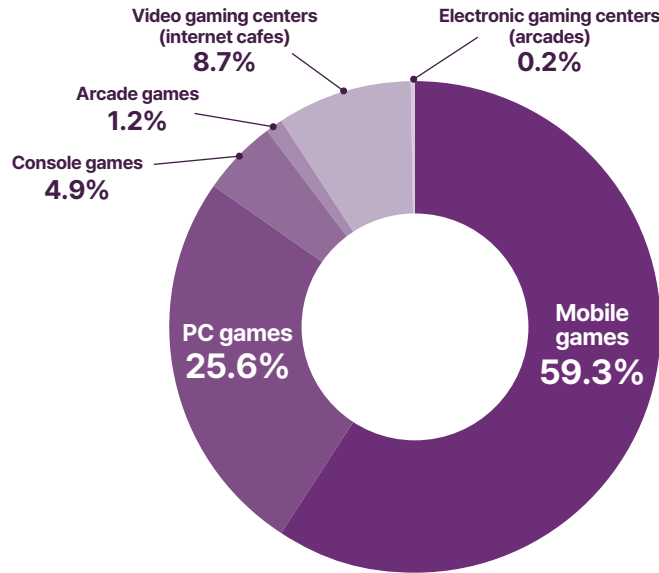
Size and Growth Rate of the Game Industry over the Past Decade



* Source: Korea Creative Content Agency. (2024). 2024 Game Industry White Paper.

- The revenue of game production and distribution companies was KRW 20.9148 trillion, accounting for around 91.1%. In terms of platforms, mobile games represented 59.3%, PC games 25.6%, console games 4.9%, and arcade games 1.2%.
- Game providers (game distributors), such as internet cafes and arcades, recorded a revenue of KRW 2.0493 trillion, constituting the remaining 8.9% of the total market size. By type, video gaming centers (internet cafes) and electronic gaming centers (arcades) accounted for 8.7% and 0.2%, respectively.

Breakdown of the Korean Game Market by Sector in 2023



* Source: Korea Creative Content Agency. (2024). *2024 Game Industry White Paper*.

Revenue and Share of the Korean Game Market by Sector in 2023

Unit: KRW 100 million

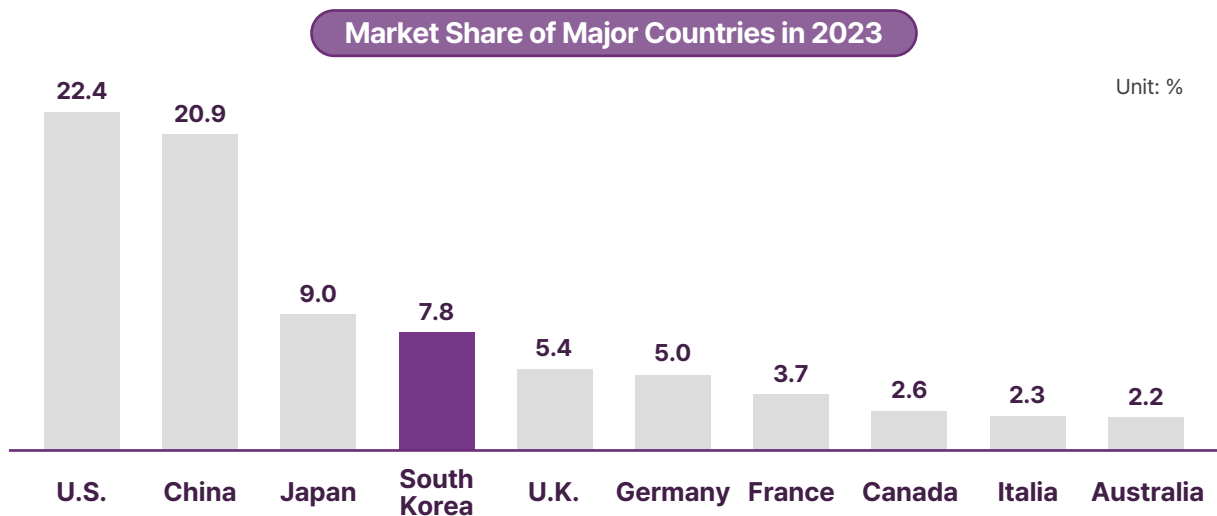
Classification		2022		2023		Increase/decrease rate
		Revenue	Share	Revenue	Share	
Game production and distribution companies	PC games	58,053	26.1%	58,888	25.6%	1.4%
	Mobile games	130,720	58.9%	136,118	59.3%	4.1%
	Console games	11,196	5.1%	11,291	4.9%	0.8%
	Arcade games	2,976	1.3%	2,852	1.2%	-4.2%
	Subtotal	202,945	91.4%	209,149	91.1%	3.1%
Game providers	Video gaming centers (internet cafes)	18,766	8.4%	19,994	8.7%	6.5%
	Electronic gaming centers (arcade)	438	0.2%	500	0.2%	14.2%
	Subtotal	19,204	8.6%	20,493	8.9%	6.7%
Total		222,149	100.0%	229,642	100.0%	3.4%

* Source: Korea Creative Content Agency. (2024). *2024 Game Industry White Paper*.

B Exports and Imports of the Game Industry

1) Market Share

- As of 2023, South Korea constituted 7.8% of the global game market, ranked fourth after the U.S. (22.4%), China (20.9%) and Japan (9.0%), especially thriving in the mobile game and PC game sectors.



* Source: Korea Creative Content Agency. (2024). 2024 Game Industry White Paper.

South Korea's Share of the Global Game Market in 2023

Unit: USD million

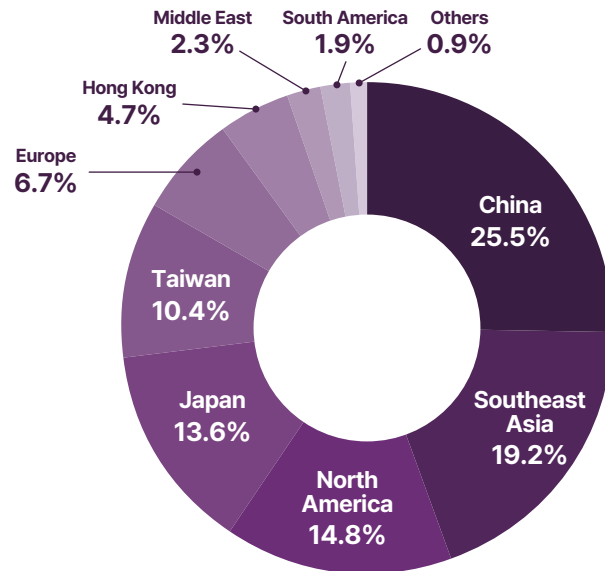
Classification	PC games	Mobile games	Console games	Arcade games	Total
Global game market	34,231	90,094	62,281	18,583	205,189
Korean game market	4,511	10,427	865	257	16,060
Share	13.2	11.6	1.4	1.4	7.8

* Source: Korea Creative Content Agency. (2024). 2024 Game Industry White Paper.

2) Exports

- The Korean game market's exports in 2023 were USD 8,394,003,000 (around KRW 10.9576 trillion), and the largest export markets for it were, in order, China (25.5%), Southeast Asia (19.2%), North America (14.8%), Japan (13.6%) and Taiwan (10.4%).

Game Industry's Exports by Country in 2023

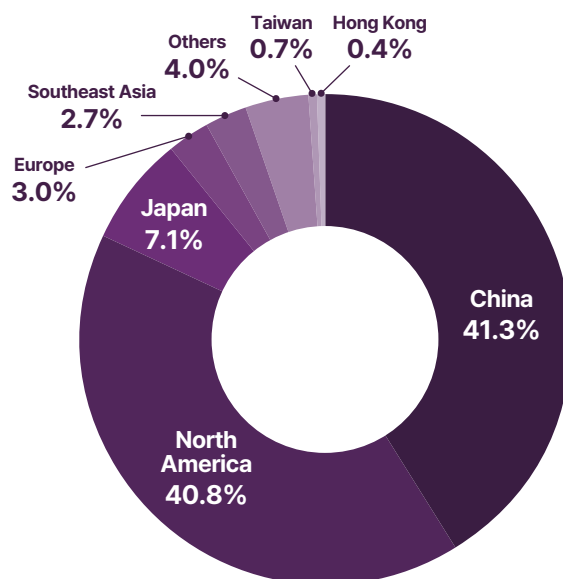


* Source: Korea Creative Content Agency. (2024).
2024 Game Industry White Paper.

3) Imports

- South Korea's game imports in 2023 were USD 253,765,000 (KRW 331.3 billion), with China (41.3%) and North America (40.8%) constituting the largest portions, followed by Japan (7.1%) and Europe (3.0%).

Game Industry's Imports by Country in 2023



* Source: Korea Creative Content Agency. (2024).
2024 Game Industry White Paper.

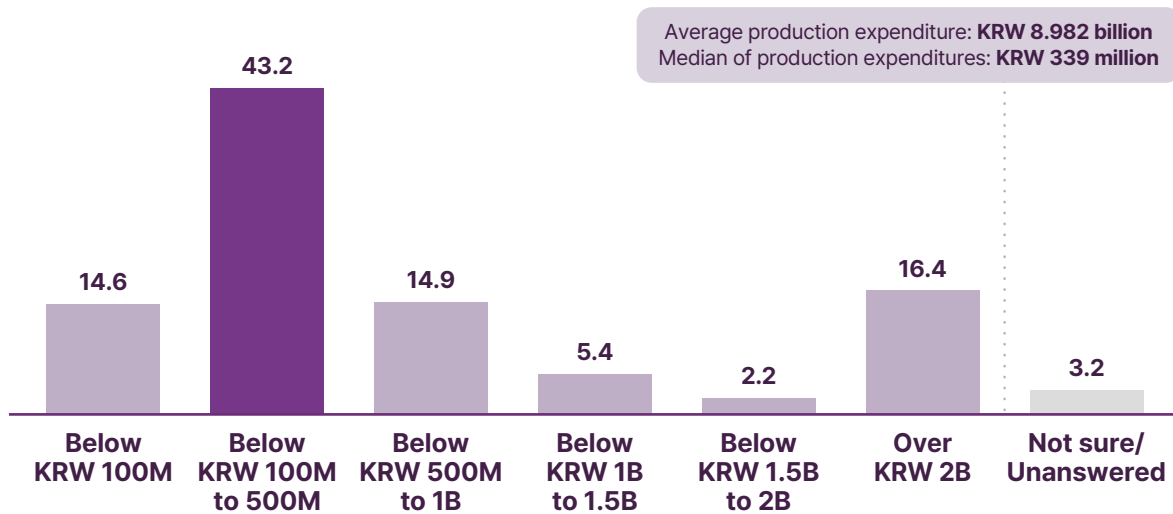
C Game Production Costs and Investment

1) Expenditures

- According to the Korea Creative Content Agency's Game Industry White Paper (2025, March), among the 630 respondents, 93.7% were found to make early expenditures, whereas 40 companies, including solo and small-sized indie game developers, responded that no cost was incurred.
- Regarding the extent of expenditure, companies spent KRW 8.982 billion on average, with expenditures less than KRW 100 to 500 million accounting for 43.2%, followed by over KRW 2 billion (16.4%), below KRW 500 million to 1 billion (14.9%) and below KRW 100 million (14.6%).

Game Production Costs in 2023

Base: companies that made expenditures on game production in 2023, n=590, unit: %



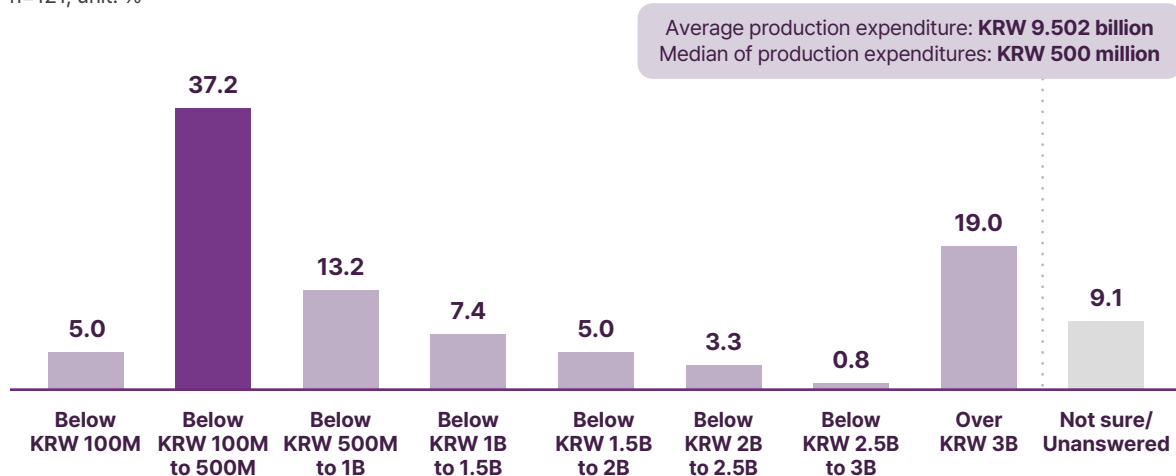
* Source: Ministry of Culture, Sports and Tourism. (2024).
2023 Content Industry Survey: Additional Survey on the Game Industry.

2) Investment

- Although the early development stage of a game requires a considerable amount of funding, it was found that there is reluctance to invest in the game industry due to its structural nature, that is, the prolonged delay in generating profit, leading to uncertainty in recouping investments.
- A survey of companies in the game industry showed that only around 18.1% of respondents succeeded in raising investments.
- Regarding the amount of investment, below KRW 100 to 500 million was the most common, at around 37.2%, followed by over KRW 3 billion, 19.0%, and below KRW 500 million to 1 billion, 13.2%.

Investment Raised by Companies in the Game Industry in 2023

Base: companies that raised investment in 2023, n=121, unit: %



* Source: Ministry of Culture, Sports and Tourism. (2024).
2023 Content Industry Survey: Additional Survey on the Game Industry.

3. Major Issues in the Korean Game Industry

A Entry of Foreign Game Companies

- Among the 922 rating decisions made by the Game Rating and Administration Committee and the Game Content Rating Board (GCRB) in 2023, 404 were for game products made overseas, mostly in Japan, the U.S. and China, representing 43.8% of total rating decisions.
 - In detail, Japan accounted for the most, with 136 games (14.8%), followed by the U.S. (77 games, 8.4%), China (30 games, 3.3%), the U.K. and Singapore (23 games each, 2.5%) and France (19 games, 2.1%).

1) Mobile Games

- The sales ranking of the mobile game sector, which has the largest market share in the Korean game industry, shows that foreign game products, especially China's, constitute a considerable proportion.
- "WOS: Whiteout Survival" and "Last War: Survival," both made by Chinese game developers, are ranked third on Google Play and App Store, respectively.
- In addition, Singapore's "Kingshot" and "Raising a Goblin," and Türkiye's "Royal Match" were among other foreign games that constituted a large part of the mobile game sales in South Korea.



* Source: Mobile Index (As of October 14, 2025, 4:00 p.m.)
https://www.mobileindex.com/mi-chart/daily-rank?abx_tid=1759120344646:95cddf0f-94be-46fd-84fa-8d1cdf155306

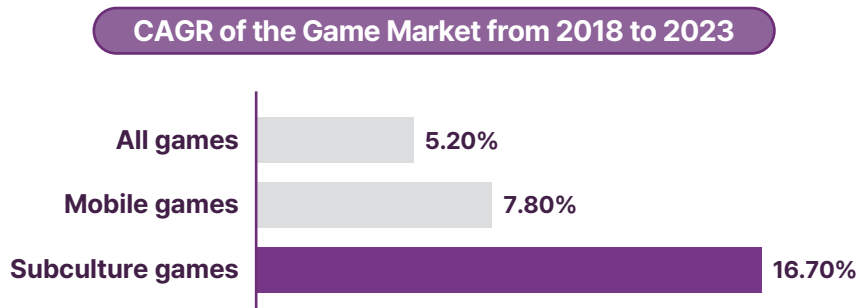
B Rise of Business Diversification Strategies

1) Cross-Platform²⁾

- Since COVID-19 entered its endemic era, the stagnating game markets in South Korea and abroad has implemented diversification strategies, including establishing cross-platform environments, to support various game devices and expand the basis of the game industry.
- KRAFTON launched mobile and console versions of the PC game "Battlegrounds" to expand its foothold in domestic and international markets.
- Riot Games, the developer of "League of Legend," introduced mobile versions of the online PC game, "Wild Rift" and "Teamfight Tactics: League of Legends," continuing its effort to support various platforms for greater competence.

2) Genre Diversification

- Subcultures³⁾ and indie games⁴⁾ are considered emerging growth engines for the game industry.
- In 2023, which saw the launch of multiple indie games, Stove Indie, a platform dedicated to indie games, performed more than 150% better than the previous year in areas such as revenue, number of users and usage time. Likewise, mid-sized game companies now put continuous efforts into publishing indie games, reflecting the industry's growing interest in the genre.
- There is an increasing focus on game products that incorporate subcultures, whose market is growing more rapidly than the overall game industry.
- According to a survey by Mirae Asset Securities, the compound annual growth rate (CAGR) of the global game market from 2018 to 2023 was 5.2%, whereas subculture games recorded a CAGR of 16.7%, surpassing mobile games (7.8%).



2) A type of technology that makes software or hardware compatible with different operating systems (OS).

3) Cultural characteristics formed by a minor group distinguished from the mainstream culture.

4) A type of video game that costs relatively less to make and is usually developed by individuals or smaller organizations.

-
- The growth of subculture games is mainly attributed to powerful fandoms and high royalty of users, which enable stable management and long-term profitability.
 - The growth of the conventional game market was largely fueled by MMORPG, but as the market became flooded with supply, the industry's attention shifted to developing games of other genres, such as casual games and idle games.
 - Characterized by more intuitive gameplay and stories than conventional games, idle games and casual games aim at users who prefer simple games, opening up possibilities such as attracting more new users.

4. Policy-Wise Efforts to Promote the Game Industry

A Enactment of the Game Industry Promotion Act

- The Game Industry Promotion Act (“Game Industry Act”) was enacted in April 2006 to implement various policies for systematic promotion of the game industry, leading to the sector’s growth.
 - In particular, the enactment fueled the hope of fostering a desirable gaming culture in contrast to the existing Act on Music Records, Videos and Games, which failed to provide policy support tailored to the unique characteristics of games.

B Recent Amendments to the Game Industry Act

- Since then, the Game Industry Act has been amended multiple times, with the focus of policies alternating between protecting consumer rights and interests through control and promoting the competitiveness and growth of the game industry. Likewise, since the formation of the 22nd National Assembly, 30 amendments to the Game Industry Act have been proposed by lawmakers, with over 12 of them passed as Committee proposals. The recent amendments cover topics such as regulating loot boxes, domestic agent designation system and private game rating.

1) Loot Box Regulation

- An amendment to the Game Industry Act that provides the definition of a “loot box,”⁵⁾ mandates disclosing the probability of winning an item, and outlines punishment for violations was passed at the National Assembly in February 2023.
- Another amendment to improve and reinforce the regulation, including introducing the concept of punitive damages regarding loot boxes, was passed at the National Assembly in December 2024 and is to take effect in August this year.

2) Agent Designation System

- An amendment to the Game Industry Act that mandates game companies that meet certain size criteria to designate a domestic agent was passed on October 22, 2024. In April 2025, the Ministry of Culture, Sports and Tourism, the government organization in charge of the industry, announced an upcoming amendment to the Enforcement Decree of the Game Industry Act, which will include criteria for game companies subject to the mandate designation of a domestic agent.

5) A game item purchased directly or indirectly by a user of game products at a cost (including game items acquired by combining game items (referring to tools used in a game to play the game; hereinafter the same shall apply) purchased at a cost and game items purchased free of charge), for which the specific type, effect, performance, etc. are determined by some fortuity. (Game Industry Act, Article 2, Paragraph 11)

3) Game Rating

- An amendment bill⁶⁾ for the Game Industry Act that relaxes designation requirements to promote the autonomy of private game rating and transfer rating responsibilities to the private sector for higher content autonomy is to come into effect in 2025.
- While the law does not restrict foreign game companies from servicing their games in South Korea, they need to be rated by the game rating board before distribution in the same as Korean games.
- In addition, despite their growth potential, play-to-earn (P2E) games, which provide non-refundable tokens (NFT) or cryptocurrencies in exchange for gameplay, are excluded from the game rating process by law and therefore not allowed to be serviced in South Korea.
- The amendment aims to grant more authority to the private sector in game rating while tightening regulations on speculative games, balancing the autonomy and responsibility of the private sector.

Enactment of the Game Industry Promotion Act and Recent Changes

Classification	Enactment/ Amendment date (Effective date)	Highlight	Remark
Enactment	April 28, 2006 (Oct. 29, 2006)	Aims to lay the foundation for implementing game industry promotion policies, reinforce game users' rights and interests and establish a healthy culture	
Partial amendment	Oct. 22, 2024 (Oct. 22, 2024)	Mandates foreign companies to designate a "domestic agent" for follow-up management and compliance with local business laws	
Partial amendment	Jan. 31, 2025 (Aug. 1, 2025)	Tightens regulations on compensation for damages related to loot boxes	
Partial amendment	April 8, 2025 (Oct. 9, 2025)	Promotes autonomous game rating in the private sector and relaxes criteria for autonomous rating organizations	

6) See "Partial Amendment Bill for the Game Industry Promotion Act" (Bill no. 2209138) on National Assembly Bill Information System.

4) Whole Amendment Bill for the Game Industry Promotion Act

- With the formation of the new government in 2025, the need for complete reform of the game industry has been suggested, leading lawmakers and members of the Special Game Committee to propose a whole amendment⁷⁾ to the Game Industry Act on September 24, 2025.
- The key topics of the bill include strengthening support for small to mid-sized (indie) game developers, reinforcing the board’s authority through self-regulation of games, establishing a game industry promotion agency and relaxing game rating regulations.
- The whole amendment bill is expected to help boost the game and content industries by shifting the focus of the Game Industry Act from speculative games and control to digital platforms and practicality.

C Policy-Wise Insight into the Whole Amendment to the Game Industry Act

1) Change of the Game Industry’s Legal Status from a “Subject of Control” to an “Industry to Nurture”

- The original Game Industry Act focuses on speculative games, addiction and children protection, functioning as a means of social control.
- In contrast, the whole amendment aims to shift the Act’s focus to designing a systematic growth structure through industry promotion, creative ecosystems, self-regulation and protection of small to mid-sized (indie) developers.
- This move shows that the game industry is now perceived as no longer a subject of regulation but a cultural industry to be nurtured by the state.

2) Shifting Pivot of the Industry Ecosystem: From Large Developers to Indie Developers/Creators

- The clauses that reinforce support for small to mid-sized (indie) game developers signals a shift toward a creator-centered ecosystem, presenting opportunities for indie games to promote cultural diversity and innovative experiments and generate new IP in the global market.
- Backed by the government’s systematic policy support, the field is expected to enhance the diversity and substantiality of the K-game industry.

7) Whole Amendment Bill for the Game Industry Promotion Act (Bill no. 2213231). National Assembly Bil Information System (currently under review by the National Assembly’s standing committee)

3) Movement Toward Institutionalized Public-Private Cooperation Through Self-Regulation and a Game Promotion Agency

- Moving away from unvarying regulations focused on rating systems and restricting children's access, the bill recognizes the need to institutionalize self-regulation of the game industry.
- The establishment of a game promotion agency is expected to improve the existing all-encompassing support system led by the government and content-related organizations, functioning as an independent support hub dedicated to the game industry.

4) Upgrading Legal Infrastructure to Compete in the Global Market

- Major global powers constantly improve their legal systems to provide tax relief, protect creator rights and promote investment for the gaming industry, which they recognize as a key cultural and exporting industry.
- The whole amendment bill reflects South Korea's move to keep up with the worldwide transition from relaxing regulations through industrialization to promoting exports.

5) Laying the Foundation for Industry-Wide Policy Experiments and Platformization

- Reinforcing practicality based on digital platforms is expected to change the perception of games from a single type of content to a platform industry.
- This will enable convergent policy experiments with AI, cloud, metaverse and the creator economy, laying the institutional foundation for policies where K-games and new technology converge.

Highlights of the Whole Amendment Bill for the Game Industry Promotion Act

Classification	Highlights	Summary
Article 2	Using the term "game" instead of "game product," restricting speculative acts according to the Act on Special Cases Concerning Regulation and Punishment of Speculative Acts, categorizing games into location-based games and digital games to provide regulatory systems suited for the nature of each game type	Fostering a healthy industry
Article 13, Article 14	To promote the competitiveness of the game industry and the development, production and distribution of quality games, the Minister of Culture, Sports and Tourism shall provide necessary support for those categorized as small to mid-sized game companies by presidential decrees and implement measures to promote the game industry, including tax relief.	Funding support, tax relief
Article 23	The board and other entities may formulate and implement self-regulation rules to build a healthy gaming culture and protect game users, and the government shall support self-regulation activities by the board and other entities.	Self-regulation
Article 24	Mandating the disclosure of the name of the producer or distributor, content information, the type of loot box used in the game, the probability of each type and other information outlined in presidential decrees	Information disclosure
Article 29	Establishing a game promotion agency to boost the gaming culture and industry and protect/support game users	Establishing a game promotion agency
Article 32, Article 34	The GRAC will be a sub-committee of the game promotion agency, implementing measures against distribution of unlawful games, such as checking for inappropriate content and speculative acts	Game Rating and Administration Committee (GRAC)
Article 37	Digital games are to be rated by autonomous rating organizations using the following ratings: All Ages, 12+, 15+ and 19+	Rating of digital games
Article 44, Article 45	The game promotion agency may re-decide ex officio or upon the Minister of Culture, Sports and Tourism's request ratings made by autonomous rating organizations or demand them to adjust ratings.	Re-rating management
Article 52	Location-based games are to be rated by the game promotion agency as All Ages or restricted 19+.	Rating system

D Industry Promotion Policy

1) Comprehensive Plan for Promotion of Game Industry

- Alongside the National Assembly's lawmaking efforts, the government announced the Comprehensive Plan for Promotion of Game Industry (2024-2028) under the vision "the next big leap of the game industry" in May 2024.
- The main strategies of the plan include reinforcing global competitiveness; regulatory innovation and fostering a fair gaming environment; and broadening the scope of the game industry, aiming to achieve an annual average growth rate of 5% in revenue and exports and 2% in job creation.

Main Strategies and Tasks for Promoting the Game Industry

Main strategy	Detailed tasks
Reinforcing the global competitiveness of the game industry	① Commitment to creating an ecosystem for the console game industry
	② Support for diverse and creative indie games
	③ Formulating export support strategies by key market
	④ Building innovative growth engines for the game industry
Regulatory innovation and fostering a fair gaming environment	⑤ Increasing the autonomy of preventive measures against excessive immersion in online games
	⑥ Improving game product rating systems
	⑦ Improving the operating environment of arcades and game providers
	⑧ Formulating fair gaming rules
Broadening the scope of the game industry	⑨ Promoting e-sports
	⑩ Nurturing skilled game talent and supporting employment
	⑪ Fostering a healthy, enjoyable gaming culture for all
	⑫ Laying the foundation to become a key player in the global game market

* Source: Ministry of Culture, Sports and Tourism. (2024). *2023 Content Industry Survey*.

5. Implications

A Necessity for Systematic Reform of the Game Industry

1) Relaxing Regulations and Building a Self-Regulation System in Line with the Industry's Status

- The existing Game Industry Act continues to impose outdated regulations centered on rating, review, transaction limits and other online PC game-related elements, failing to address new technology that requires mobile, cloud and AI environments.
- The absence of systems for AI games, blockchain/NFT-based games, creator games and other new technology-based games is hindering the industry's innovation.
- This highlights the need for an innovation-oriented transition of legal and institutional frameworks through institutionalizing self-regulation, expanding regulatory sandboxes (allowing for demonstration of new technology) and relaxing payment and age requirements.
- This also aligns with the direction of the Whole Amendment Bill for the Game Industry Act proposed by the National Assembly in 2025 and is expected to provide institutional support for the paradigm shift from regulation-oriented to promotion-oriented.

2) Reinforcing Tax Relief Support and Investment Incentives

- Due to the prolonged gap between production, distribution and success, the game industry requires more investment in R&D than other types of content such as films and music, with most SMEs facing funding difficulties and business uncertainties.
- To address these challenges, the government must provide early support in funding and facility investment, as well as tax relief, to boost the industry's competitiveness and job creation.
- According to the Korea Creative Content Agency's research report⁸⁾, providing tax relief for game production costs is projected to create value added worth KRW 1.4554 trillion and 15,513 jobs.

8) Korea Creative Content Agency. (2025, July). *Strategies to Build Tax Support Systems for the "Next K" of the Game Industry*.

Expected Economic Effect of Tax Relief on Game Production Costs

Classification	Production inducement effect (KRW 100 million)	Value-added inducement effect (KRW 100 million)	Employment inducement effect (persons)
2025	3,942	2,544	2,712
2026	4,204	2,713	2,892
2027	4,487	2,896	3,087
2028	4,793	3,093	9,297
2029	5,125	3,307	3,525
Total	22,550	14,553	15,513

* Source: Korea Creative Content Agency. (2025). *Strategies to Build Tax Support Systems for the "Next K" of the Game Industry.*

- As labor constitutes a major portion of production costs, the game industry is frequently left out of tax relief benefits, which adds more financial burden to developers.
- To resolve these difficulties, efforts such as expanding tax relief for game R&D costs, providing tax benefits based on overseas marketing expenses and export performance, and promoting (public-private) investment funds for the game industry are required.
- Such tax and financial incentives can improve money flow in small to mid-sized (indie) game companies, eventually accelerating their discovery of creative IP and global expansion.

3) Strengthening Institutional Support for Global Expansion

- Despite K-games' growth into a major exporting industry in the global market, SMEs face a lack of infrastructure required for localization, opening overseas offices, IP rights management and other export-related activities.
- The government needs to expand its support programs, such as export insurances and exchange rate compensation, matching companies with global publishers, financial assistance for participating in overseas exhibits and markets, and localization/translation services.
- It should also provide institutional support for Korea-China, Korea-Southeast Asia and other international co-production and investment models to promote the global expansion of K-game IP. The goal should not simply be short-term growth of exports but building a lasting ecosystem for collaboration.

4) Potential Health Code Registration

- The International Classification of Diseases 11th Revision (ICD-11), adopted by the World Health Organization (WHO) in 2019 and came into effect in 2022, includes a “gaming disorder” code, and South Korea is projected to follow suit in compliance with the WHO’s rules.
- There are concerns in South Korea that introducing a game disorder code may lead to more negative perception of game products and reduce sales and job creation, hindering the game industry, which highlights the need for sufficient medical validation and social consensus.
- Therefore, the government needs to form a policy committee encompassing the medical field, industry and academia to achieve social consensus backed by objective data.
- Furthermore, public campaigns promoting the educational, emotional and cultural value of games are required to lay the foundation for the game industry to establish itself as a healthy cultural ecosystem.

B Investment and Funding Measures for the Korean Game Industry

1) Promoting Financial Investment and Funding Support

- The fundamental problem* faced by game development companies in the early development process concerns the resilience to survive in the industry ecosystem (market), which requires private and public support.
*High costs and risks in early development stages, long payback period
- Alongside promoting investment of large game developers with verified marketability and private investors, systematic government support programs tailored to each growth cycle is considered essential for increasing the influence of small to mid-sized and startup game companies in the market.
- These structural limitations call for policy and financial support with stronger mechanisms as follows.
 - Expanding (public-private) funds dedicated to the game industry: Adding “game tracks” to cultural industry funds for further management
 - Expanding guarantee/loan support programs: Introducing credit guarantee programs dedicated to game development through the Korea Technology Finance Corporation/Korea Credit Guarantee Fund
 - Prototype creation support: Reducing risks in early development stages, assisting market validation

2) Reforming the Industry’s Funding Structure Through Large-Scale M&A

- The aim of M&A in the game industry is to achieve upstream and downstream growth by ensuring more diverse game lineups, which in turn allows companies to secure external management resources like technology and talent and grow their influence in the market.
- In addition to bolstering financial strength, M&A enables the game industry to promote originality, innovation and creativity and bring together different genres and technologies. This blurs the boundary between gaming platforms, leading the industry to evolve in previously unseen and various ways.
- The global market is seeing strategic M&A between large publishers, including TENCENT, SONY and Microsoft. Although Korean companies such as KRAFTON, Kakao Games and NC Soft are also carrying out M&A, there remain limitations in acquiring foreign companies and absorbing global studios.

Examples of M&A in Domestic and Global Game Industries

Classification	Company Name	Description
South Korea	KRAFTON	Global M&A activities with ADK Group (Japan), Dream Motion (Korea), Unknown Worlds and Striking Distance Studio (U.S.) and more, including (equity) investment in content fields such as games, advertising and media
	Kakao Games	Underwent M&A to build development capabilities after publishing-focused growth, successfully acquiring XLGames and investing in Neptune in 2020
	NC Soft	Global expansion through M&A efforts such as investment in Moon Rover Games (Sweden) and Virtual Alchemy (Poland) and strategic equity investment in emptyvessel (U.S.)
Abroad	TENCENT	Large-scale investment in Ubisoft subsidiaries to secure IP dominance and purchasing shares of European mobile publishers for stronger influence in the West, as well as China
	SONY	Acquisition of VR-based action game companies and expanding influence in the console market
	Microsoft	Acquired Activision Blizzard, worth USD 68.7 billion, in 2023
	T2(Take-Two)	Acquired Zynga at USD 12.7 billion in 2022, gaining the foothold to expand its platform and secure competitive IP

- Therefore, the following policy-wise support is required at the government level.
 - Expanding M&A-related tax relief benefits: Tax exemption for M&A and increasing tax relief for technology transfers
 - Streamlining the fair-trade review process: Simplifying administrative procedures required for acquisition of Korean and foreign IP/platform companies
 - Building an M&A matching platform for industry cooperation: Matching large developers with startups interested in acquisition and supporting technology assessment
- Promoting large-scale M&A in this manner is expected to play a key role in accelerating the Korean game industry’s entry into global value chains and the modernization of its capital structure, in addition to expansion of companies.

3) Building Global Investment Networks and Cross-Border Funds⁹⁾

- In contrast to its rapid growth, the Korean game industry is struggling to attract global venture capital (VC) and strategic investment (SI).
- In particular, in the Southeast Asian, Middle Eastern and North American game markets, where there is strong demand for cooperation with K-games, the lack of legal/financial infrastructure often hinders the development of co-investment models.
- This highlights the necessity of global K-game funds that establish a co-investment structure with foreign venture funds and investors through joint investment by government organizations and large Korean publishers.
- There also needs to be efforts to sign international investment agreements that build co-development/co-investment models with venture capital firms from the Middle East, Southeast Asia and North America.
- Furthermore, operating a global creative finance hub with tracks dedicated to games for K-content funds will lower the entry barriers to overseas markets faced by Korean developers. It will also enable the industry's expansion by attracting foreign capital to Korea and, in the long term, lay the foundation for creating a virtuous cycle of investment, development and global distribution.

C Continuous Generation of Value Added Through Business Diversification Strategies

1) User-Oriented Strategies

- To broaden the scope of K-games in domestic and global markets, it is crucial to build cross-platform services that break the boundaries between gaming devices and introduce new technology like VR and AR for market expansion.
- Furthermore, providing quality content based on diversity and creativity, such as subculture games, will create a virtuous cycle and ecosystem between content users and the industry, leading to continuous generation of value.

2) Content Diversity

- Business diversification strategies for game companies to expand into various fields, such as webtoons, animations and television, at home and abroad to become multi-content companies need to be considered as well.

⁹⁾ Global projects where companies sell products to consumers abroad or enter overseas markets beyond borders.

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