

ETHEREUM ON THE GROUND

Unpacking the State of Ethereum in South Korea





Key Takeaways

1

South Korea has an extremely active retail-driven crypto market with a high risk appetite. A quarter of the population holds exposure to BTC, ETH, and other digital assets.

2

Most South Korean users exclusively engage with Ethereum through CEXs like Upbit. While many ETH holders stake their holdings, the number of onchain users is relatively low.

3

South Korea's regulatory landscape has impacted the way builders, institutions, and retail market participants interact with the Ethereum ecosystem. While the local scene has suffered from stringent rules, the regulatory climate is rapidly changing.

4

The Ethereum ecosystem is maturing as it welcomes institutional adoption. South Korean adoption is growing with Ethereum, albeit at a slower pace than other regions.

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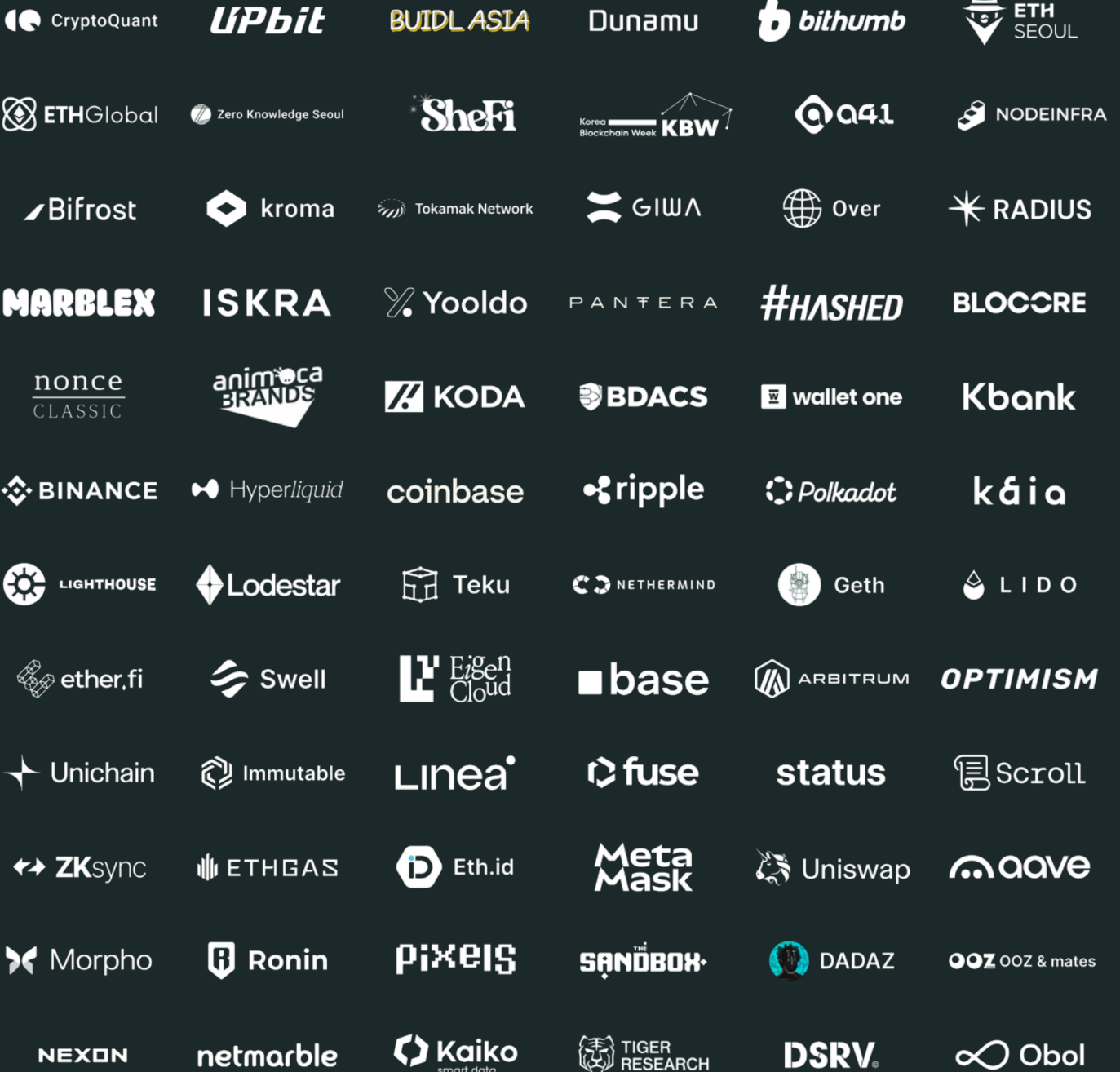


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Featured Projects and Companies



&





1.

South Korea's Ethereum Landscape



The Ethereum economy has grown at a rapid pace over the last decade. The ecosystem is flourishing thanks to builders on every continent and we are now on the cusp of mass adoption. Asia has been a particularly fertile region for vital builders in Ethereum's story. Within this region, South Korea has become an important crypto hub, though it has faced various challenges.

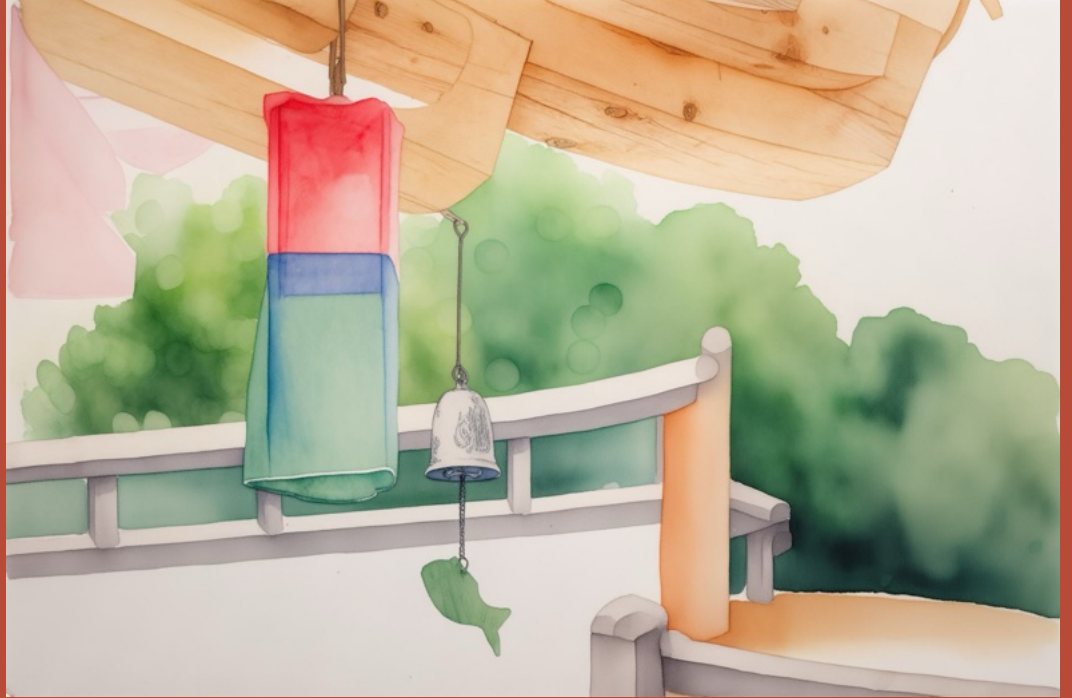
With a staggering 25% of the adult population owning BTC, ETH, or other digital assets, the South Korean crypto market is known for its heavy retail focus. Despite stringent regulations compared to other regions, South Korea's ppalli-ppalli culture has fostered a penchant for speculative trading and short-term investing. This culture also helped give rise to the so-called "Kimchi Premium."

But while the South Korean market has an appetite for BTC, ETH, and longtail assets, its regulatory climate has created hurdles for adoption. Since Ethereum's ICO boom in 2017, regulations have imposed restrictions on how builders, investors, and retail users can interact with the Ethereum ecosystem. Compared to other regions, there are relatively few protocols, investors, and onchain explorers building on Ethereum in South Korea.

However, regulations have become more relaxed throughout 2025. South Korea also has a uniquely engaged retail market, which offers hints at how the local community could adopt Ethereum in the future. Similar to how the US embraced Ethereum and crypto as a whole when the government administration changed, we could see a similar trend play out in South Korea.

We dive deeper into this topic in our first "Ethereum on the Ground" report in partnership with DSRV Labs. As we discovered when compiling our research for this piece, South Korea's regulatory backdrop and cultural DNA have equally impacted the region's Ethereum adoption. But while South Korea has been slower to adapt to new trends in Ethereum, all signs suggest that the state of Ethereum in South Korea shows promise.





2.

How South Korea Uses Ethereum



together account for over 95% of trading volume, with Upbit's share alone exceeding 67% [1]. Notably, neither Upbit nor Bithumb offer perpetual futures or leveraged trading products.

This is a stark contrast to major centralized and decentralized trading venues such as Binance and Hyperliquid, where perps trading accounts for the bulk of the volume. South Korea is yet to establish clear regulatory guidance for such products.

South Korea's regulatory landscape has driven most users to CEXs rather than onchain venues. A March 2021 amendment to the Act on Reporting and Use of Specific Financial Transaction Information (FTRA) limited the participation of institutions and offshore entities, which meant that KRW on/offramps were primarily only available to retail users via licensed CEXs.

How CEXs Dominate in South Korea

South Korea is one of the world's most active crypto trading markets. As of the first half of 2025, around 10.77 million of South Korea's 51.75 million residents had registered an account at a domestic crypto trading venue, representing about 20% of the population.

South Korea is one of the world's most active trading markets, with Upbit dominating volume.

South Korean CEXs hold about KRW 95 trillion (\$66.4 billion USD) in customer funds, while daily trading volumes average around KRW 6.3 trillion (\$4.4 billion USD). Since 2024, the KRW has become the second-most traded fiat currency in digital asset markets and crypto trading volumes top traditional equities markets like the KOSDAQ and KOSPI.

CEX trading represents the bulk of the South Korean retail market's adoption of ETH and other crypto assets. Upbit and Bithumb



Ki Young Ju

FOUNDER AND CEO AT CRYPTOQUANT

"South Korean crypto users fall into two groups: CEX-only users and onchain users. There is almost no middle ground."

The Virtual Asset User Protection Act (VAUPA) implemented in July 2024 specifically focused on regulating CEXs like Upbit and Bithumb, which reinforced their dominance, positioning them as a single entry channel combining banking rails and investment functions. South Korean users buy and sell almost exclusively through CEX frontends, liquidity gets recycled domestically in KRW, and the market has solidified into a closed ecosystem that is partially decoupled from global liquidity.



Ki Young Ju, founder and CEO of the South Korean onchain analytics firm CryptoQuant, told us that South Korean crypto users “fall into two groups”: CEX-only users and onchain users. “Unlike other countries, there is almost no middle ground,” Ju said. Upbit and Bithumb dominate the CEX market, though regulatory controls affect their operations.

Regulations deter many South Koreans from disclosing or engaging in activities like staking and DeFi.

This polarization is reflected in the way the population uses Ethereum. Most ETH staked in South Korea is done so through CEXs and platforms like Upbit and Bithumb have only offered staking services since staking withdrawals were enabled in March 2023 with the Shapella update. In August 2025, Upbit rolled out a custodial service for corporate clients, following competitors like Coinbase Prime [2]. Upbit Custody manages assets like ETH in cold storage to comply with regulations. **Though many retail users stake ETH through CEXs, South Korea’s staking ecosystem is in its infancy compared to other regions.**

Retail’s Appetite for Short-Term Trading on Longtail Assets

Similar to ETH, other major assets like BTC and XRP are mostly held on CEXs. XRP is particularly popular in South Korea, with Upbit trading volumes regularly topping both BTC and ETH.

Short-term trading on high-risk assets characterizes the South Korean retail market.

The South Korean retail market has also had an appetite for longtail “altcoins” since the 2017 ICO boom, when South Korea topped global CEX trading volumes.

According to data from CryptoQuant, Upbit saw \$70 billion USD in volume for assets other than BTC and ETH in September 2025 (representing 86% of crypto trading for the period) while the US-based Coinbase saw \$46.9 billion USD (representing 56% of crypto trading for the period). These figures show that short-term trading on high-risk assets characterizes the South Korean retail market.



Youbin Kang

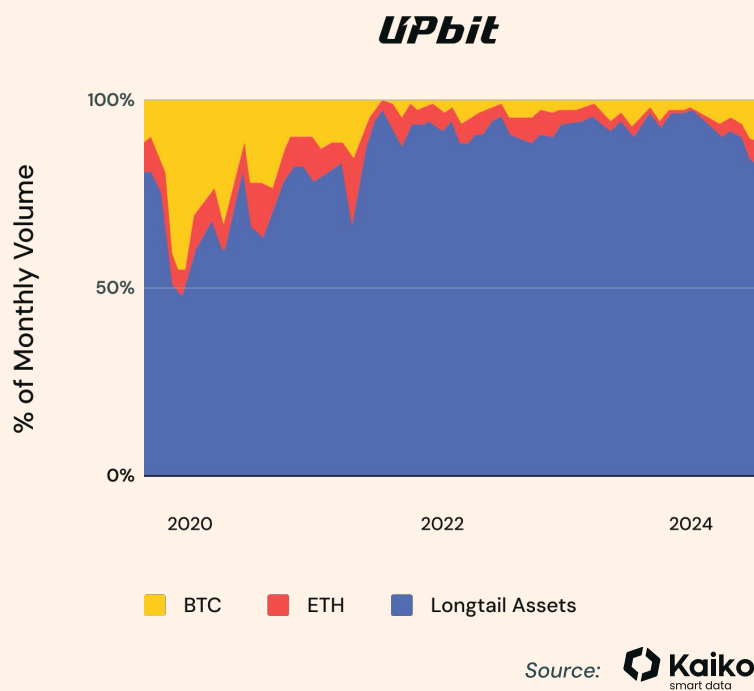
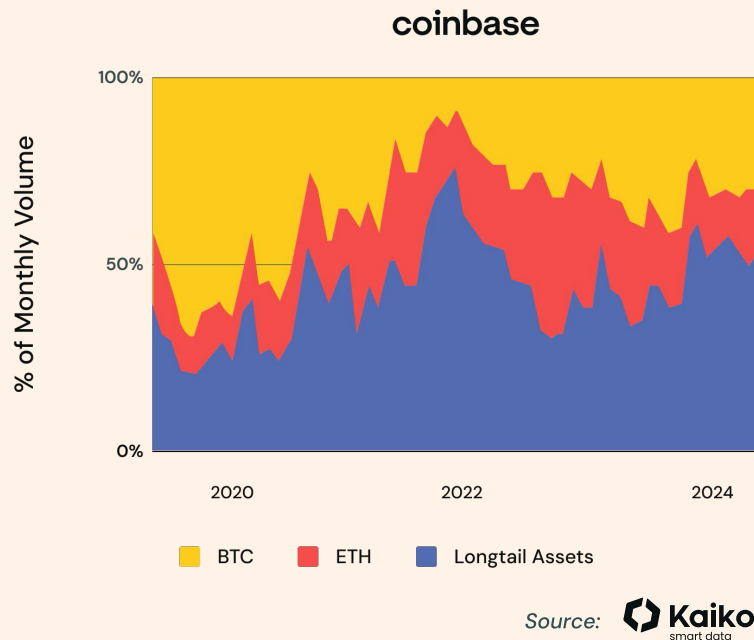
FOUNDER AT NONCE CLASSIC

“Having a long-term philosophy can be a source of alpha. Investing in projects with sustainable models gives you a huge edge against retail in South Korea.”

South Korean retail investors frequently engage in **short-term trades on CEXs over onchain activities and long-term holding**. Activity tends to focus on capturing short-term price moves and liquidity quickly rotates into new narratives, which is why users favor volatile longtail assets over major assets like BTC and ETH. This focus on short-term price movements is at odds with both Bitcoin and Ethereum’s core philosophies, where steadfast belief in their long-term potential was the key to their success.



Market Share of Volume: Coinbase vs. Upbit

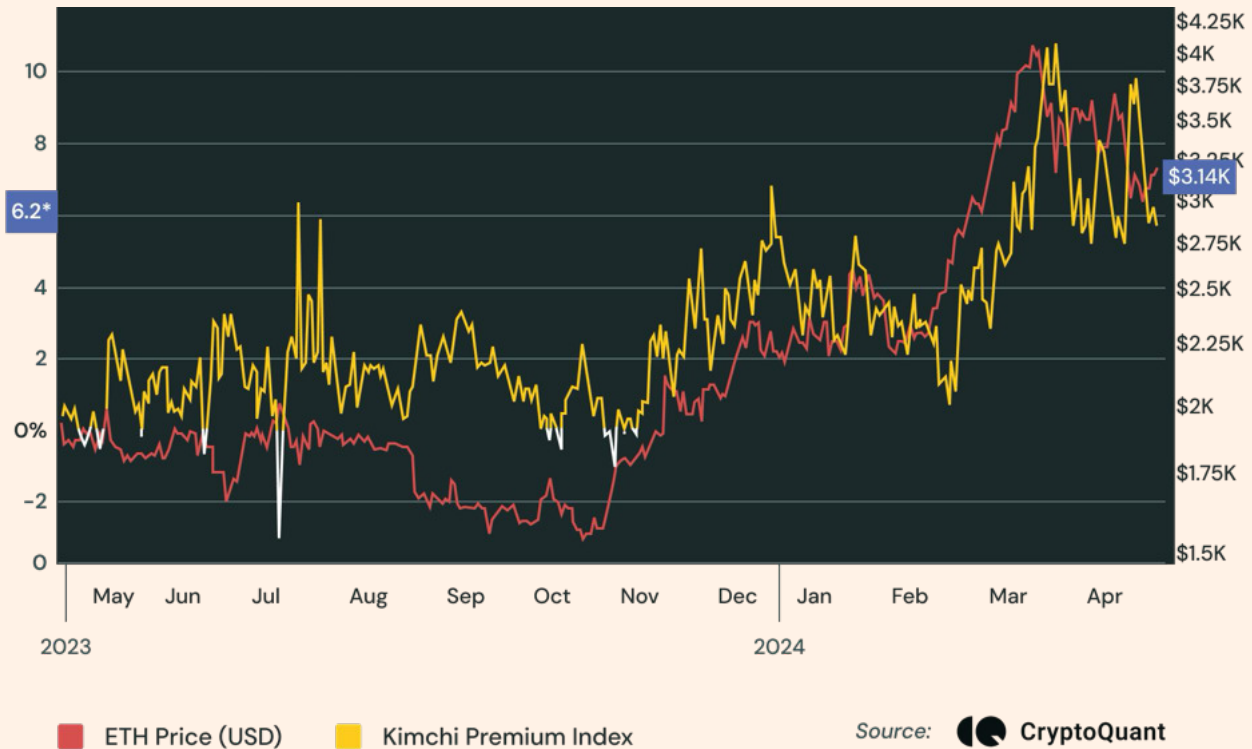


South Korea's retail-driven market helped create the so-called "Kimchi Premium," with BTC and ETH trading 2–6% higher than global USD-denominated venues [3]. This pricing anomaly has historically occurred in popular trading periods because KRW liquidity stays confined to domestic CEXs and stablecoin liquidity access is constrained.

South Korea's focus on short-term price movements is at odds with Ethereum's builder-first ethos.



Ethereum: Kimchi Premium Index



Publicly-listed South Korean companies hold around 15,000 ETH in their treasuries, which is a fraction of the six million ETH held in global DATs. According to data from Strategic ETH Reserve, each of the top 20 entities overseeing an Ethereum DAT holds more than every public entity in South Korea combined [4].

South Korea and the Ethereum Economy

A subset of South Korean crypto users are opting to move funds from domestic CEXs to alternative venues. The VAUPA limits derivatives trading in South Korea, which drives some users to offshore CEXs. Some also use foreign CEXs to access staking and DeFi strategies. Although few South Koreans are active onchain, their exposure is increasing.



Hada Kang

PRODUCT MANAGER AT CRYPTOQUANT

“The lack of onchain users stems from South Korea’s whitelist-style regulation, which limits most legal crypto activity to CEXs.”

Upbit holds most of South Korea’s ETH, which is a contrast from other regions. According to data from CryptoQuant, global ETH reserves on CEXs have fallen since 2023 [5] while Upbit’s holdings have risen [6]. As Ethereum users worldwide look to self-custody, staking, and DeFi, South Koreans continue to rely on CEXs.



Ethereum: Exchange Reserve – All Exchanges



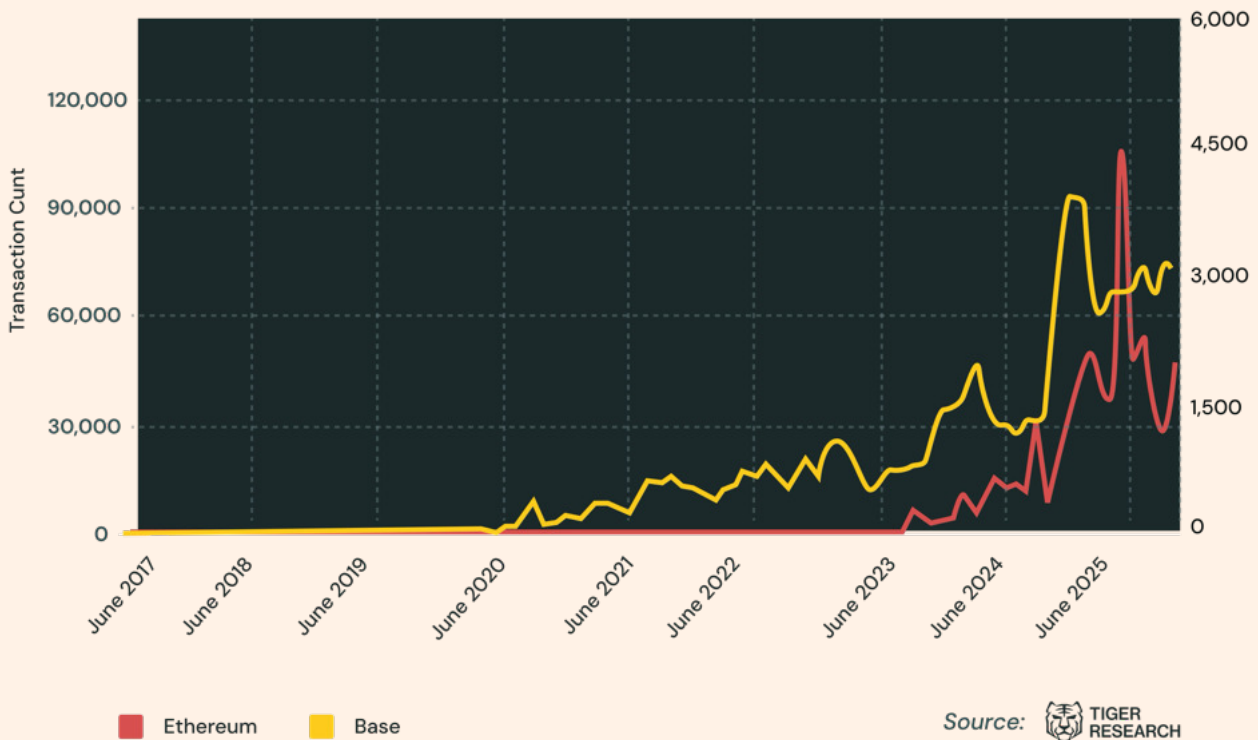
Ethereum: Exchange Reserve – Upbit



Direct onchain activity is limited due to legal uncertainty, UX difficulties, and a lack of South Korean builders. Still, some users have exposure to staking through CEXs, with Rated data suggesting that Upbit stakes about 20% of its ETH [7]. While few retail users are directly transacting onchain, they have exposure to the Ethereum economy as stakers.



Monthly Transaction Count on Ethereum and Base in South Korea



Note: This chart tracks the lifetime monthly transaction count on Ethereum and Base across 12,000 addresses based in South Korea.

Moreover, overall usage of the Ethereum network and L2s like Base is rising over time. Tiger Research data found that monthly transaction counts on both networks hit highs between December 2024 and April 2025. Between the previous market cycle peak in October 2021 and October 2025, the number of monthly transactions on Ethereum increased by ~354%.

These user habits point to a retail-driven crypto scene that's attuned to owning major and longtail assets but is not yet familiar with the full scope of the Ethereum economy. In a region where CEX trading dominates the market and onchain activity is relatively limited, **the South Korean market in 2025 shares some similarities with the US market in Ethereum's 2017-19 era.** This period was characterized by the emergence of early experimentations in DeFi such as Uniswap, but it was before the onchain economy had truly emerged.





3.

South Korea's Ethereum Culture



Socioeconomic and Cultural Drivers

South Korea’s ppalli-ppalli (“hurry-hurry”) culture emerged following the Korean War out of a need to rebuild and industrialize with limited resources. Speed, results, and immediacy are some of the country’s key social values, which impacts how the population approaches finance. **Many investors prefer efficiency and near-term outcomes to long-term strategies.**

Trust formation also tends to occur via collective validation. Platforms like YouTube, X, and KakaoTalk shape opinions, with the sense that “many are watching” serving as social proof. As many place greater weight on herd signals than information quality, the market often moves on reaction time rather than information depth.



Number of Individual Digital Asset Users by Age Group

CATEGORY	<30	30-39	40-49	50-59	60+	TOTAL
Male	1.51M	2.03M	1.94M	1.22M	0.44M	7.15M
Female	0.53M	0.97M	0.98M	0.80M	0.34M	3.62M
Total Share	18.9%	27.9%	27.1%	18.8%	7.3%	100%



While South Korea's high-risk appetite can be seen across all asset classes, high entry barriers to property and other assets have driven younger generations to crypto, where high volatility is perceived as a path to economic mobility. South Koreans can also opt to defer crypto taxes until 2027, which makes short-term trading more appealing. While South Korea's retail market is speculative, trading behavior is a response to societal conditions.

Ethereum Events in South Korea



Jayden Kim

CO-FOUNDER AT RADIUS

"The builder community is a tight-knit group. Builders gather around major events like BUIDL Asia, ETH Seoul, and Korea Blockchain Week."

Ethereum's borderlessness and community-driven culture have been key to its success. Perhaps the best example of Ethereum culture in South Korea can be found at ETH Seoul, the country's annual summit that unites some of the key builders and researchers in the Ethereum ecosystem.

Many prominent voices in Ethereum such as Vitalik Buterin and Joseph Lubin have spoken at the event since it launched in 2022. Other reputed organizations such as she.fi and ETHGlobal have also hosted events in Seoul, while Zero-Knowledge Seoul has grown to become the largest ZK-focused event in Asia.



Jeongho Jeon

ORGANIZER AT ZK-SEL

"Events don't happen very frequently, so there is often overlap in attendance with other builder meetups. The main audience is industry professionals and project builders. But we've recently seen an increase in attendance from students and new graduates looking for jobs"





Vitalik Buterin speaking at ETH Seoul 2024.

Source:  ETH SEOUL

When Ethereum thought leaders show up to represent Ethereum in South Korea, they tend to focus on technology. But the broader retail segment often thinks in price signals and short-term narratives. This means events appeal with builder circles more than general audiences today.



Agwn
CEO AT LUDIUM

South Korea's Ethereum builder community is fragmented. While South Korea is known for liquidity and trading, it isn't for building. There's no go-to community with a strong foundation for support. So individual groups from Ethereum OGs to builders and global services are all segregated."

In recent years, the number of hackathons, incubators, and research groups in South Korea has grown. South Korea's developer community is entering a formative phase, but the community will need more cultural bridges to encourage more adoption.



Crypto Culture in South Korea and Japan

South Korea's crypto culture greatly differs from the one in Japan despite the short distance between them. Japan's market values stability, with investors favoring lower-risk strategies. As a result, many users engage in activities like staking over short-term trading. Japan also offers clear regulatory guidelines, which has enabled more institutional adoption from businesses like crypto funds and custody services. But while regulations are well-defined, Japanese corporations tend to move slowly.

In South Korea, on the other hand, adaptability to trends and short-term opportunity capture define the market. While regulatory clarification has been slower, the market quickly adopts new trends. South Korea also has a larger builder base than Japan, though both ecosystems are growing.





4.

How the Regulatory Landscape Is Changing





Jayden Kim

CO-FOUNDER AT RADIUS

“We need a more builder-friendly environment akin to what we’re seeing in the US. We’re hopeful that regulations will keep evolving in a clearer direction. South Korea has a history of adapting fast when needed.”

South Korea’s restrictive regulatory environment is one of the key contributors to the market’s retail-driven dynamic. South Korea has fewer builders than other regions and most users favor CEXs over onchain alternatives. South Korea has seen a number of notable regulatory changes since Ethereum’s first major adoption wave in 2017 [8].



SEPTEMBER 2017	DECEMBER 2017	JANUARY 2018	OCTOBER 2018
ICOs formally banned	Institutional crypto trading banned	“Real-name bank account” rules introduced for CEX trading	Venture business designation restriction on digital asset trading and brokerage companies
MARCH 2021	SEPTEMBER 2021	MARCH 2022	JULY 2024
Act on Reporting and Use of Specific Financial Transaction Information (FTRA) amended to include Virtual Asset Service Providers (VASPs)	VASP licenses issued to CEXs	Travel Rule implemented	Act on the Protection of Virtual Asset Users (VAUPA) implemented
FEBRUARY 2025	JUNE 2025	SEPTEMBER 2025	
Institutional crypto trading ban lifted	Digital Asset Basic Act (DABA) proposed	Removal of the venture business designation restriction on digital asset trading and brokerage companies	

How Regulations Impacted Building and Adoption

Following Ethereum’s ICO mania bubble and a formal ban on ICOs in September 2017, South Korea introduced strict rules on crypto trading in January 2018. To move funds on and off CEXs, traders had to register bank accounts in the same name as their CEX account. Later that year, South Korean businesses were banned from receiving VC funding.

Upbit teamed up with the online bank K Bank to verify user accounts in response to the ruling, which helped it establish market dominance before the requirements were standardized across the industry. The ICO ban also benefited Upbit because traders had to use CEXs to access new tokens.



The corporate account ban in late 2017 solidified the South Korean market's retail focus. The introduction of Virtual Asset Service Provider (VASP) regulations, meanwhile, created a significant hurdle for operators like crypto funds and service providers as they risked being flagged as illegal. It also advanced the Upbit and Bithumb duopoly.

South Korea's strict regulations have historically held adoption back. But regulations are becoming more favorable for the ecosystem.

After Terra's \$40 billion wipeout in May 2022, the South Korean government issued harsh restrictions against builders and many left the country to avoid regulatory attacks. However, the government is becoming friendlier to the industry over time.

Notably, while Upbit dominates the South Korean market alongside Bithumb, the current regulatory landscape restricts both platforms from offering products such as perpetual futures, which have proven to be hugely popular on other major trading venues. Upbit and Bithumb are market leaders in South Korea but their offerings are relatively limited in scope versus the largest overseas CEXs.

Crypto-Friendly Regulatory Developments

South Korea's regulatory landscape has held Ethereum back, resulting in fewer builders, onchain adopters, investors, and institutions looking at or building on Ethereum. But the landscape is rapidly evolving and South Korea is now taking a more inclusive approach to regulation. Upbit's move to serve institutional clients with Upbit Custody and the launch of GIWA Chain are proof of this.

This year, the FSC is gradually lifting its ban on institutional trading that had been in place since the peak of the 2017 ICO boom. The Ministry of SMEs and Startups has also removed the venture business designation restriction on digital asset trading and brokerage companies for the first time since October 2018. These developments prove that the regulatory climate is becoming more favorable for the Ethereum and broader crypto ecosystem.



Opportunities for Institutions

New changes have also created more opportunities for institutional adoption. Financial authorities have proposed a phased roadmap to allow institutions like publicly-traded companies to enter the market, which could trigger a surge in DAT management solutions. The June 2025 Digital Asset Basic Act (DABA) has also proposed the creation of a framework for issuing and regulating KRW-pegged stablecoins.

KRW-pegged stablecoins are a point of contention between financial authorities and the Bank of Korea. While the government hopes to institutionalize stablecoins in a framework that reduces reliance on USD-pegged stablecoins, the central bank is more conservative, expressing concern over stability.



Kevin Lepsoe

FOUNDER AT ETHGAS

“We predict a significant acceleration of institutional DeFi and RWA tokenization, driven by the Digital Asset Basic Act. This new legal clarity will de-risk the ecosystem and attract capital from institutions that prefer Ethereum’s high security and established liquidity.”

How the Digital Asset Basic Act Could Fuel Ecosystem Growth

The proposed Digital Asset Basic Act (DABA) could give a significant boost to South Korea’s Ethereum ecosystem. This boost can broadly be categorized in three buckets:

1.

Increased interest in onchain adoption

As stablecoins gain acceptance, integration with blockchains will become essential. The Ethereum ecosystem is likely to be prioritized due to its dominance in stablecoins and security benefits.

2.

Adopting Ethereum as core financial infrastructure

As with other regions, large corporations in South Korea are likely to explore blockchains for cross-border payments, while payment companies will pursue stablecoins-related models. Ethereum is likely to be adopted as key infrastructure for both approaches.

3.

Traditional finance adoption and shift to investor mentality

The DABA will likely advance the release of financial instruments like ETFs and equity tokenization in South Korea. It should also attract interest from investors, whether through DATs or retail audiences that view ETH as an institutional asset.





Youbin Kang
FOUNDER AT NONCE CLASSIC

"I expect favorable regulations in the future because our government tends to follow the US and Trump has taken a pro-crypto stance. However, our government wants to tax crypto users. That could have a negative impact on the strong retail market."

South Korea as a Key Asian Market

The ongoing regulatory discussions and potential opening of the corporate market have helped solidify South Korea's place as one of Asia's most crucial crypto hubs.

South Korea's strong retail base and investment focus should accelerate this transition. As new regulations pave the way for the launch of products like staking ETFs, interest in digital assets and financial structure should grow.

South Korea is becoming friendlier to institutions and Ethereum is the preferred blockchain for institutions.

This means that institutional and retail interest in the Ethereum ecosystem should also increase. Ethereum is known for its stability and scalability and has successfully established itself as the preferred blockchain for institutions. Regulatory changes will further anchor South Korea's place in the digital finance landscape and position it as a leading adopter of Ethereum-based infrastructure.





5.

Ecosystem Highlights



Publicly-listed companies in South Korea hold around 15,000 ETH today, a fraction of the sum held by the largest Ethereum DAT entities.

Institutional participation remains limited due to regulatory restrictions. Most South Korean financial institutions cannot directly hold or stake ETH under domestic jurisdiction. As a result, some entities use overseas subsidiaries to get digital asset exposure.

Nonetheless, interest in DAT strategies is growing, and several institutions have expressed interest in staking ETH pending regulatory approval. Today, publicly-listed companies in South Korea hold around 15,000 ETH. This figure is a fraction of the sum held by the largest overseas entities but it shows there is some institutional appetite for Ethereum in South Korea.



Jeongho Jeon

FOUNDER AT ZK-SEL

“In the past, the ecosystem would fluctuate with market conditions. Nowadays, the builder base is seeing continuous growth.”

The Staking Ecosystem

While South Korea’s Ethereum users have historically preferred to hold ETH on CEXs, user behavior has begun to shift as the broader staking ecosystem matures. Since Ethereum’s Shapella upgrade enabled staking withdrawals, Upbit and other CEXs have offered staking services, and most retail users have relied on them rather than operating their own validators or using Liquid Staking Protocols like Lido.

Enterprise-Grade Validators and Operators

South Korea is home to several enterprise-level staking operators that support global staking infrastructure. These organizations do not limit their operations to the domestic market. Among them, DSRV stands as a leading staking-as-a-service (SaaS) platform, operating reliable validator infrastructure across Ethereum and other Proof-of-Stake networks.

DSRV has operated Ethereum validators since 2021 as a member of Lido’s validator set. DSRV currently manages over 17,500 active validators, accounting for roughly 1.75% of all Ethereum validators. This includes over 7,600 validators managed through Distributed Validator Technology.



By staking with Obol Distributed Validators, DSRV enjoys a number of key benefits, including fault tolerance, reduced risk, improved uptime, and higher rewards. Many other institutional node operators across the world have followed DSRV's lead to capture the same benefits.

South Korea is home to several enterprise-grade staking operators that support global staking infrastructure.

DSRV is also one of the earliest adopters of Obol Distributed Validators in Lido's Curated Module. DSRV helps bring geographic diversity to Ethereum and improves its decentralization by running nodes in South Korea and other regions. DSRV also deploys stake across a variety of other Liquid Staking and Restaking Protocols, including ether.fi, Swell, and EigenCloud (formerly known as EigenLayer). Additionally, it maintains Ethereum's client diversity by supporting multiple validator and execution clients, including Lighthouse, Lodestar, Teku, Nethermind, and Geth.

Notably, DSRV is also the only Ethereum validator operator in South Korea that holds an official custody license, uniquely integrating staking infrastructure with licensed digital asset custody services through a single institutional framework.

DSRV is the only Ethereum staking operator in South Korea that holds an official custody license.



Other major Korean-based staking operators include A41, which accounts for approximately 1.12% of staked ETH according to Rated data [9], and Nodeinfra, which manages delegated stake for institutional clients. Additionally, Bifrost, a Seoul-based "staking yield layer," issues an LST called yETH designed to provide ETH yield exposure. While most of its assets are staked on Polkadot, it currently holds roughly \$3 million USD worth of ETH in staking positions.

Overall, these figures show that larger entities account for a significant portion of South Korea's ETH staking ecosystem. This trend is consistent with many other regions of the world, where the amount of stake held by major operators through protocols like Lido dwarfs the amount held by solo stakers.



Institutional Custody and Staking Constraints

Institutional staking in Korea remains heavily restricted due to custody regulations. Under the FTRA, asset safekeeping is defined as a VASP function. Furthermore, the DABA proposed in June 2025 is expected to mandate third-party custodianship for institutional crypto holdings.

As of 2025, 27 licensed custody service providers are registered with the Financial Intelligence Unit (FIU) [10]. Roughly half are CEXs; only a few independent custodians maintain active operations through renewed licenses. Major independent custodians include KODA, BDACS, DSRV, and WalletOne, though custodians rarely disclose official figures on assets under custody [11].

DSRV stands out as a technology-driven custodian with deep blockchain infrastructure capabilities among those major independent custodians. Moreover, as DSRV uniquely holds a custody license, it can offer integrated staking and custody infrastructure on its validator technology stack.

Market Outlook and the Future of Staking

Institutional ETH staking remains underdeveloped in Korea due to regulatory uncertainty, yet there is significant latent demand. Retail ETH holdings suggest that once legal frameworks mature, institutional participation will expand rapidly. According to data from Arkham Research, South Korean virtual asset operators collectively hold around 1.1% of total ETH in circulation [12], implying meaningful institutional potential.

As of September 2025, four listed companies in Korea had adopted DAT strategies. While these strategies currently focus on BTC, ETH adoption could rise in line with global trends [13]. As more ETH-focused ETFs gain regulatory approval, demand for on-exchange ETH and staking-linked investment products could grow and reinforce South Korea's position as an emerging hub for institutional Ethereum adoption.

The L2 Landscape

While South Korea has fewer Ethereum builders than other regions, a handful of cutting-edge L2s have opted to build on Ethereum for its security, decentralization, and liquidity benefits.

One of them was Kroma, though its plans were halted earlier this year. Launched as an Optimistic Rollup on the Superchain, the network was set to transition into a ZK-Rollup until its mainnet was shuttered in June 2025. KRO now lives on Ethereum L1 and the team has as-yet-unannounced plans to roll out the new Kroma Protocol.



Despite an abundance of Ethereum L2s launching in recent years, South Korea's landscape is relatively barren.

Tokamak, meanwhile, started out as an early Plasma research project with a grant from the Ethereum Foundation and is still active on L2 today. With a focus on offering "L2 on-demand," Tokamak offers its own L2 SDK called the Thanos Stack. This stack plans to let builders launch customized L2s with their own gas token (rather than ETH) via the upcoming Tokamak Rollup Hub. The upcoming Thanos chain, which adopts an Optimistic Rollup architecture, will use TON as its native token. Separately, Tokamak is also exploring Zero-Knowledge Proofs with its own zkEVM network, which is also slated to launch in the future.

Arguably the most significant development to South Korea's L2 landscape has been the launch of GIWA Chain, the L2 launched on the OP Stack by Upbit's parent company Dunamu in September 2025 [14]. GIWA boasts 1-second block times [15] and its launch could offer South Koreans an easy way to get onchain à la Coinbase's Base play.

The new GIWA Chain could become South Korea's Base equivalent.

Over Protocol runs as an independent L1 focused on promoting solo staking, but it recently increased its alignment with Ethereum L2 when it announced a bridge to Base with support for its OVER token.

Ethereum has seen an abundance of L2s launch over the past few years, but South Korea's landscape remains relatively barren. Most of the top L2s by TVL, including Arbitrum, Optimism, and Unichain, have a heavy US presence today. Many of their core team members, applications, and users are based in the US and adoption in South Korea is relatively low.

L2 adoption in South Korea is also held back by a lack of support from CEXs in comparison to global platforms like Binance and Bybit. These CEXs offer retail users easy accessibility to L2, whereas South Koreans have historically not had an easy onramp. "If this improves, [L2] usage could grow significantly," Hada Kang, Product Manager at CryptoQuant, told us.

These points suggest that South Korea is not considered a hotbed for chain builders relative to other regions today. **But this also means that the South Korean L2 landscape is ripe for disruption.**

Some teams appear to have noticed this and Dunamu's GIWA Chain launch is the clearest example. But established L2 projects like Status and Scroll have also recently made moves to increase their presence in South Korea, with appearances at Korea Blockchain Week and new hires dedicated to expansion in the region. Many existing L2s are looking to penetrate the market in South Korea, while the region's largest crypto company has also launched its own Optimistic Rollup.

Furthermore, as we discuss later, some of the most popular Web3 gaming projects coming out of South Korea have chosen to build on established L2s. **This shows that dedicated builders are embracing the L2 vision.**



DeFi and Other Infrastructure

The FSC banned ICOs in South Korea at the height of the niche’s mania in September 2017. The current state of the region’s DeFi landscape illustrates the impact this ban and more recent regulatory controls have had. After eight years, few DeFi builders have operated out of South Korea and many of those that have used alternative networks like Kaia or struggled to find success.



Youbin Kang
FOUNDER AT NONCE CLASSIC

“After the Terra collapse, the government became very strict against the industry and builders got scared. It became very difficult to find good founders in South Korea.”

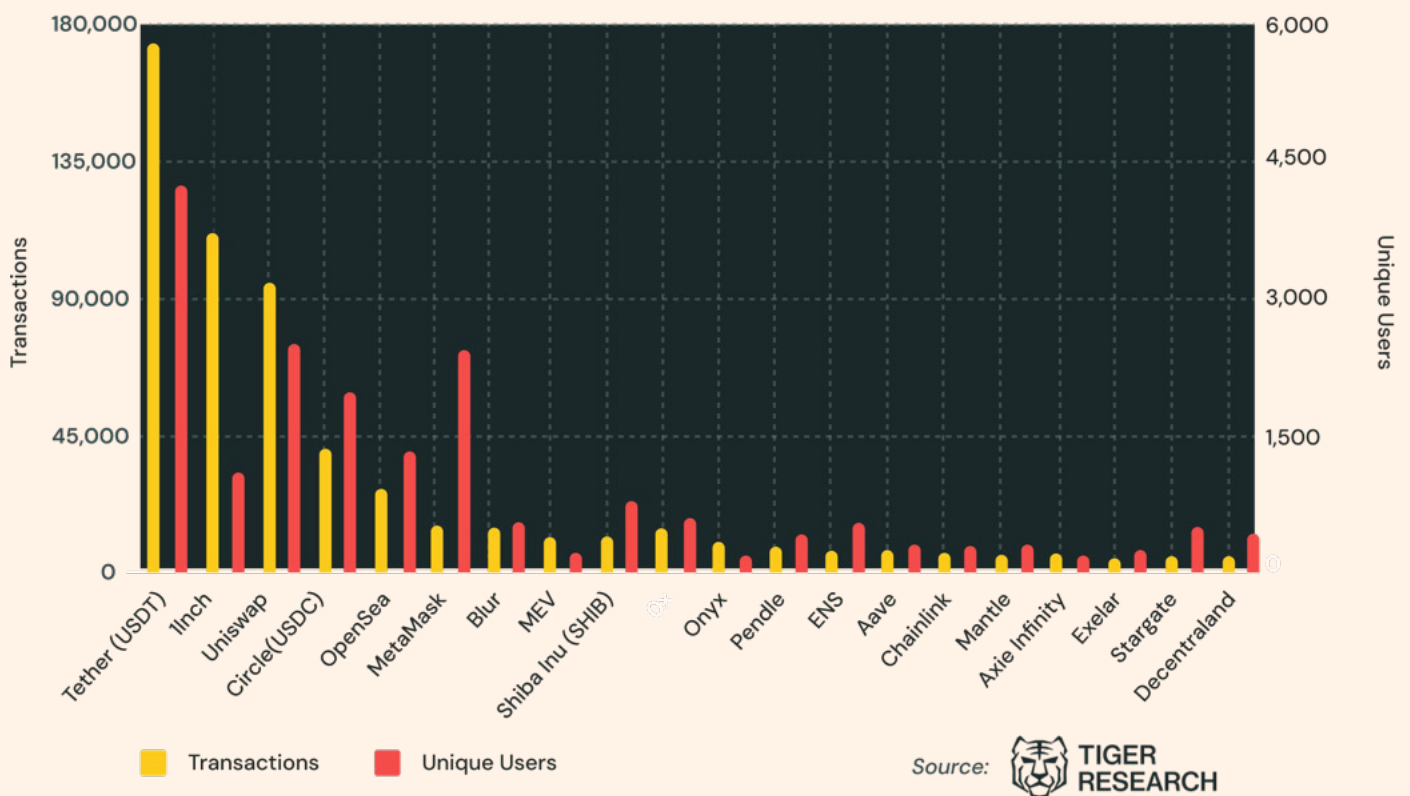
One of the newer infrastructure projects to emerge from South Korea despite stringent regulations is Radius, an economic trust layer focused on helping L2s capture MEV. Radius’ goal is to help L2s generate revenue and protect their users. It supports (or will soon support) the key L2 frameworks and counts chains like Swell and Fuse as partners. With backing from Pantera Capital and early traction from ecosystem staples, Radius is one of the most promising Ethereum projects to come out of South Korea today.



While onchain adoption lags behind other regions, some dedicated South Korean teams are working to advance the Ethereum ecosystem.

With few South Korean DeFi apps to choose from, the retail market tends to favor venues from the US and other regions when exploring the ecosystem. South Korean Ethereum wallets tend to use the network for exchanging ETH, stablecoins, or other ERC-20 tokens, plus popular apps like the DEX Uniswap and wallet MetaMask [16]. Lending protocols like Aave and Morpho see less demand, as do more exotic DeFi applications.

Top 20 Most Used Applications on Ethereum and Base in South Korea



Note: This chart tracks lifetime usage of Ethereum-based applications (on Ethereum L1 and Base) across 12,000 addresses based in South Korea.

In a region that's historically lagged behind other parts of Asia when it comes to building crucial Ethereum infrastructure, Radius is a useful case study that shows South Korea is home to some teams working to advance the ecosystem. **Nevertheless, it is clear that there are relatively few builders and the South Korean retail market's appetite for using onchain venues remains low.**



NFTs and Gaming

Thanks to support from leading Asian VCs, a culture-focused blockchain scene, and a retail-dominated market, South Korea has an active NFT and gaming ecosystem. During the first NFT boom, collections like Dadaz (by the South Korean artist of the same name) and OOOZ & Mates found success on Ethereum. But the most active projects in this space today are those building out gaming platforms. Many of these live on L2.

MARBLEX chose Immutable zkEVM for its “fun comes first” gaming ecosystem and has continued building during a slow period for gaming. The Animoca-funded gaming project Iskra migrated to Base as the leading L2’s ecosystem gained traction in 2024, while Yooldo lives on Linea. Each of the three projects has games available to play on L2 today.

Many active gaming projects are building on L2s like Base and Immutable today.

Many other gaming platforms and development companies have opted against building on Ethereum in favor of other networks such as Kaia.

The emergence of projects like MARBLEX is a sign of South Korea’s confidence in the L2 ecosystem, with established chains attracting the top game builders. South Korea does not have a particularly active L2 ecosystem but it’s likely that we would see more game developers building on Ethereum if it did.

Importantly, as with other niches, regulations have impacted the crypto gaming scene in South Korea. Play-to-earn gaming is illegal in South Korea, so players use VPNs to circumvent the ban. The country’s largest gaming companies, Nexon and Netmarble, also operate their own blockchain arms, but they are restricted from operating locally due to the laws.

It’s also worth noting that the titles that have launched out of South Korea to date offer a relatively basic experience when compared to the next-generation projects many AAA developers set out to build in the 2021 boom. **Given the current developers’ preference for L2s like Immutable zkEVM, it’s reasonable to imagine that the next generation of AAA blockchain game developers in South Korea could choose Ethereum in the future. But as with other gaming developers and builders based in South Korea, they could also face regulatory hurdles.**





6.

Capital Allocation in the Ethereum Ecosystem



Due to South Korea's strict regulatory environment, there are relatively few active builders. Regulation also impacts the broader investment landscape, creating entry barriers for both funds and startups. **Unlike regions such as Silicon Valley, Korea's venture investment market is heavily influenced by government intervention.** Most early-stage startups secure capital through government-backed funds or policy financing. This structure has long constrained innovation in the private sector, and the classification of digital asset trading and brokerage businesses as ineligible for venture company status has been a major obstacle to ecosystem growth.

Because of these restrictions and the ecosystem's reliance on government-backed capital, fundraising is a significant challenge for many digital asset startups in South Korea. However, with the recent removal of this exclusion, digital asset trading and brokerage businesses can once again qualify as venture companies. This proves that regulatory constraints are easing, creating a more favorable environment for Ethereum and the broader digital asset ecosystem.

Unlike Silicon Valley, the South Korean government is heavily involved in VC funding.

As Nonce Classic founder Yubin Kang told us, crypto funds based in South Korea often struggle to get regulatory approval. Many firms get around this by setting up overseas or selling equity. Similarly, projects frequently set up overseas to improve their chances of securing funding.



Yubin Kang

FOUNDER AT NONCE CLASSIC

"Crypto funds cannot raise funds from South Korean investors. The government does not issue licenses. If you want to manage other people's assets, you need to use an overseas vehicle. Many companies also raise funds by selling equity."



Despite the strict regulatory backdrop, the Ethereum ecosystem has received capital injections from a number of VC firms based in Seoul. The standout example among these entities is Hashed, one of the most recognized crypto investment firms in Asia. Hashed CEO Simon Seojoon Kim started investing in Ethereum soon after the network launched in 2015 and the firm has been one of the ecosystem's longstanding supporters with a portfolio that includes ethereum.org and the ZKsync developer Matter Labs. Hashed now has offices in Seoul, Singapore, San Francisco, and Abu Dhabi.



Youbin Kang
FOUNDER AT NONCE CLASSIC

"Ethereum has the most users and builders. It is also the most secure and decentralized ecosystem. We love its philosophy. Without decentralization, it's difficult to compete with Web2 fintech apps, games, and consumer apps. This is why we're heavily invested in the Ethereum ecosystem."

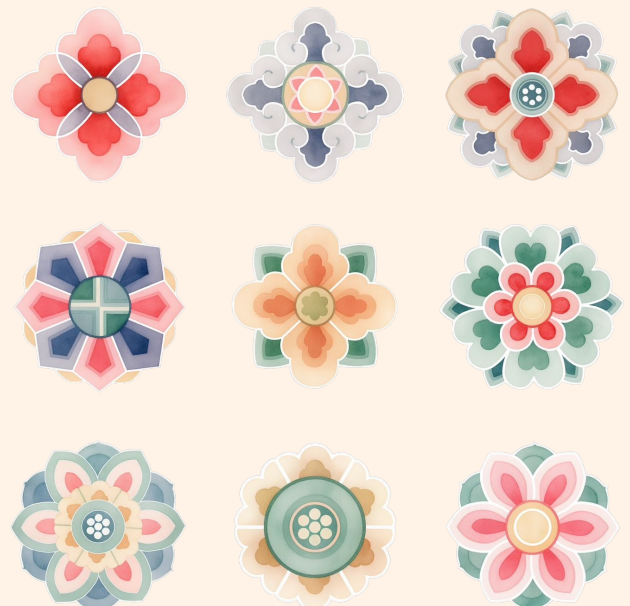
South Korea may have fewer crypto VCs than other areas of the world, thanks largely to its regulatory climate. But it is clear that a select few firms are ready to support Ethereum builders they believe in. This also bodes well for the future of South Korea's Ethereum scene given that VC funding remains one of the main drivers of ecosystem growth.



Agwn
CEO AT LUDIUM

"It's nearly impossible to secure funding if you position yourself as a South Korean project. The government won't offer funding and overseas VCs avoid investing based on the perception that local CEXs don't list South Korean projects. This is why some projects are incorporated overseas."

Blocore is another Seoul-based VC firm that's helped support several Ethereum-based projects with a primary focus on gaming. Its PortCos include Pixels, a popular Web3 game built on the Ethereum sidechain Ronin, The Sandbox, and Tokamak. Nonce Classic, meanwhile, has funded projects like ether.fi, Radius, and Eth.id.





7.

The Future of Ethereum in South Korea



The regulatory environment has stalled building and institutional adoption in South Korea. But the most recent changes look favorable for Ethereum.

Moreover, just as South Korea is not yet a hub for institutional adoption, it has a small builder community today. The various regulations imposed since 2017 are a key reason for this. But regulatory changes are happening fast and the landscape is changing.

It's worth considering how regulatory pressure has impacted crypto in other regions. In the US, crypto innovation was stifled for years until a change in government administration. Today, the scene in the US is thriving. Similarly, South Korea is beginning to loosen its stringent rules as crypto gains more global acceptance. The most recent regulatory actions, including the proposed DABA, could be favorable for Ethereum and the broader crypto ecosystem. Reduced regulatory pressure will doubtless lead to more investment, building, and adoption.



Jayden Kim

CO-FOUNDER AT RADIUS

"South Korea has the potential to retain talent and grow into a global Ethereum hub. It has a strong user base, capital, research, advanced tech, and more."

Ethereum marked its 10th anniversary this summer and is maturing as it enters its second decade. Perhaps most notably, Ethereum is gaining acceptance as an institutional asset, as evidenced by the launch of the first spot ETH ETFs, Ethereum DAT mania, and the institutionalization of the staking ecosystem.

But as Ethereum goes institutional, the state of the ecosystem in South Korea offers some differences to other regions of the world. In South Korea, retail dominates the market and this explains current user trends. Short-term trading dominates in South Korea and CEXs rank as the primary venue for activities like staking. Unlike the world's biggest Ethereum hubs, South Korean users are yet to embrace the full scale of the Ethereum economy.





Jeongho Jeon

ORGANIZER AT ZK-SEL

"Ethereum has historically been the gathering place for builders. With institutional and regulatory support, we expect the ecosystem to naturally develop as industries such as stablecoins, payments, RWAs, and ETFs grow. On the other hand, competition will also intensify."

Overall, our findings show that as the Ethereum ecosystem enters a new era, South Korean adoption is rising at a slower pace. But with an engaged retail market and teams working to advance adoption, all signs suggest that the ecosystem is growing and the community on the ground is ready to help build the future.



Kevin Lepsoe

FOUNDER AT ETHGAS

"South Korea is one of the most dynamic and forward-thinking markets. We're deeply committed to the region and are actively engaging with top protocols, builders, validators, and community leaders. We see South Korea as a crucial proving ground for the future of Realtime Ethereum."



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