

South Korea Artificial Intelligence Market Size, Share, Trends and Forecast by Offering, Technology, End Use Industry, and Region, 2026-2034

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Abstracts

The South Korea artificial intelligence market size was valued at USD 3.9 Billion in 2025. Looking forward, IMARC Group estimates the market to reach USD 32.4 Billion by 2034, exhibiting a CAGR of 26.33% from 2026-2034. The South Korea artificial intelligence market share is expanding, driven by the increasing investments in artificial intelligence (AI)-oriented semiconductors by regional tech companies and government agencies to enhance efficiency, along with the expansion of 5G and the Internet of Things (IoT), which enable the incorporation of advanced AI-focused solutions into autonomous vehicles and security systems.

The rising adoption of AI-oriented healthcare systems is transforming medical diagnosis and patient care in South Korea. Hospitals and clinics employ AI for early illness identification, tailored treatment strategies, and automated surgeries, improving accuracy and efficiency. AI-enabled imaging systems help doctors to analyze medical scans faster while chatbots and virtual assistants enhance patient interactions. Besides this, the pharmaceutical industry utilizes AI for drug discovery and development, speeding up research and development (R&D) activities. With an aging population, the demand for AI-driven healthcare solutions is high, making AI essential for remote monitoring and predictive analytics.

The increasing integration of AI with financial services is impelling the South Korea artificial intelligence market growth. This incorporation helps to make banking, investments, and fraud detection smarter and more efficient. Banks and fintech companies use AI for automated customer service, risk assessment, and real-time transaction monitoring. Chatbots and virtual assistants enabled by AI address customer inquiries while machine learning (ML) algorithms examine spending habits to provide

tailored financial guidance. Fraud detection systems employ AI to identify suspicious activities instantly, reducing security risks. Automated trading platforms and robo-advisors have also become popular in the country, aiding investors in making data-driven decisions. AI-driven credit scoring and loan approvals speed up financial processes, thereby improving the accessibility of banking solutions.

SOUTH KOREA ARTIFICIAL INTELLIGENCE MARKET TRENDS:

Growing applications in semiconductor chip manufacturing

The rising applications of AI in semiconductor chip manufacturing are fueling the market growth in the country. As AI models become more advanced, the demand for high-performance chips, such as AI accelerators and neural processing units (NPU), is high. South Korean tech companies wager on AI-focused semiconductors to power autonomous vehicles, smart devices, cloud computing, and robotics. These chips enable real-time data processing, better ML performance, and faster AI adoption in industries manufacturing. AI-oriented consumer electronics and smart city projects also depend on modern semiconductor technology. Additionally, government agencies are also increasing investments in AI semiconductor R&D activities to maintain competitiveness. In April 2024, South Korean President, Yoon Suk Yeol revealed the allocation of 9.4 Trillion Won (USD 6.94 Billion) for AI by 2027, aiming to maintain a top worldwide status in advanced semiconductor chips. Authorities in South Korea intended to encourage innovations in next-generation artificial general intelligence (AGI) and safety advancements that exceed existing designs.

Advancements in AI ethics and regulations

Advancements in AI ethics and regulations are offering a favorable South Korea artificial intelligence market outlook. As AI becomes more widespread in the area, concerns about data privacy, security, and fairness are growing. The government agencies are introducing policies to monitor AI usage, encouraging companies to adopt ethical AI practices while fostering innovations. On December 26, 2024, the National Assembly of South Korea successfully approved the Framework Act on the Development of AI and the Creation of a Trustworthiness Foundation (AI Framework Act). With this milestone, the country became the second region globally, following the European Union (EU), to implement a comprehensive AI framework law, harmonizing regulatory demands with the aim of promoting AI industry expansion. Moreover, stricter protocols also enable AI developers to create safer and more accountable systems. In addition, ethical AI guidelines help to prevent the misuse of AI-driven solutions.

Rising digital transformation

The increasing digital transformation in South Korea, with businesses and industries shifting towards automation, is positively influencing the market. Companies across sectors like finance, healthcare, and manufacturing adopt AI to enhance efficiency, lower expenses, and improve customer experiences. With the expansion of 5G and the Internet of Things (IoT), AI-oriented solutions have become more advanced, enabling smart cities, autonomous vehicles, and intelligent security systems. Besides this, e-commerce and retail businesses utilize AI for personalized recommendations and chatbots, thereby driving the demand. As organizations continue to digitize operations and leverage big data, AI usage is accelerating, making South Korea a leader in the market. According to the IMARC Group report, the South Korea digital transformation market size is estimated to show a growth rate (CAGR) of 19.10% during 2024-2032.

SOUTH KOREA ARTIFICIAL INTELLIGENCE INDUSTRY SEGMENTATION:

IMARC Group provides an analysis of the key trends in each segment of the South Korea artificial intelligence market, along with forecasts at the country and regional levels from 2026-2034. The market has been categorized based on offering, technology, and end use industry.

Analysis by Offering:

Hardware

Software

Services

The hardware segment includes processors, graphics processing units (GPUs), AI chips, and edge computing devices, which are employed in AI applications. With increasing demand for high-performance computing, companies wager on specialized AI hardware to enhance deep learning and ML tasks. The rise of data centers and cloud services further creates the need for modern AI processors. South Korean tech firms and startups work on developing AI-specific chips to compete internationally.

Software covers AI platforms, ML frameworks, and deep learning algorithms.

Companies are integrating AI-driven analytics, natural language processing (NLP), and computer vision into various applications. AI-enabled software is widely used in industries like finance, healthcare, and manufacturing for automation and decision-making. Local tech firms also wager on AI research to develop new software solutions.

Services in South Korea inculcate consulting, deployment, and maintenance, helping businesses to integrate AI solutions effectively. Companies depend on AI-as-a-service (AlaaS) models for cloud-based AI tools without heavy upfront investments. AI service providers assist businesses in customizing AI solutions for automation, predictive analytics, and cybersecurity. Government agencies and private firms are working together to enhance AI capabilities through training programs and R&D support.

Analysis by Technology:

Machine Learning

Natural Language Processing

Others

Machine learning enables systems to learn from data, improve predictions, and automate decision-making without human intervention. Businesses employ ML for fraud detection, personalized recommendations, and medical diagnostics. The rise of big data and cloud computing further encourages ML adoption. South Korean tech companies and startups also wager on AI-driven research to enhance ML models.

Natural language processing has become important in the market, especially with the rise of AI-enabled chatbots, voice assistants, and translation tools. Companies use NLP to improve customer interactions, automate support services, and analyze large volumes of text data. AI-driven speech recognition assists businesses in finance, healthcare, and entertainment sectors. South Korea's investments in AI R&D activities are allowing advancements in Korean language processing, making AI applications more accurate and reliable.

Analysis by End Use Industry:

IT and Telecom

Healthcare

Retail and E-Commerce

Logistics and Transportation

Manufacturing

Consumer Electronics

BFSI

Others

The IT and telecom industry uses AI for network optimization, cybersecurity, and predictive maintenance. Telecom companies employ AI-oriented chatbots, virtual assistants, and automated customer services to improve user experience. AI also assists in fraud detection and real-time data analysis, enhancing network performance. With the rollout of 5G and IoT expansion, AI integration has become more essential for managing large-scale data and refining connectivity.

The healthcare industry employs AI to improve diagnostics and patient care and provide personalized treatments. Hospitals and research centers use AI for medical imaging, drug discovery, and predictive analytics to detect diseases earlier. Additionally, AI-focused chatbots assist with patient queries while robotic surgery and remote monitoring enhance treatment efficiency. The government agencies also support AI-driven healthcare innovations, encouraging startups and hospitals to adopt advanced AI solutions.

The retail and e-commerce industry adopts AI for personalized shopping experiences, inventory management, and demand forecasting. AI-oriented recommendation systems evaluate customer actions to suggest items, thereby increasing sales. Moreover, chatbots and virtual assistants refine user service while AI-enabled pricing tools help retailers to stay competitive. Computer vision technology also enhances checkout systems and store security. As online shopping grows, AI is becoming essential for optimizing supply chains and improving user engagement.

The logistics and transportation industry uses AI to improve route optimization, fleet

management, and supply chain automation. AI-enabled predictive analytics help companies to minimize delivery times and fuel usage. Autonomous vehicles and AI-driven traffic management systems enhance efficiency in urban areas. Additionally, robotics and AI in warehouses streamline inventory handling and order fulfillment.

The manufacturing sector in South Korea is integrating AI to enhance productivity, quality control, and predictive maintenance. AI-oriented robotics improve automation in assembly lines, reducing errors and increasing reliability. ML algorithms analyze production data to predict equipment failures, preventing downtime. Moreover, AI-driven visual inspection systems ensure high-quality standards in automotive, electronics, and heavy industries. Smart factories, supported by AI and IoT, are changing the way goods are manufactured.

The consumer electronics industry utilizes AI to develop smarter devices, ranging from AI-focused televisions (TVs) and home assistants to advanced smartphones and wearables. Companies integrate AI for voice recognition, personalized recommendations, and enhanced user experiences. AI-driven automation in production lines improves efficiency and reduces defects. Smart home technology, driven by AI, has become more common, making homes more connected.

The BFSI sector in South Korea uses AI to improve fraud detection, risk assessment, and user service automation. Banks employ AI-driven chatbots, robo-advisors, and credit scoring models to enhance customer experience and decision-making. ML algorithms analyze transactions to detect fraud in real time. AI-oriented predictive analytics help financial institutions to manage risks and optimize investments. As digital banking and fintech solutions grow, AI is playing an important role in making financial services more secure and user-friendly.

Regional Analysis:

Seoul Capital Area

Yeongnam (Southeastern Region)

Honam (Southwestern Region)

Hoseo (Central Region)

Others

The Seoul Capital Area is noted for the presence of AI startups, research institutions, and tech companies. Major universities and government-supported innovation hubs work on AI development. Besides this, companies in Seoul integrate AI into industries like finance, healthcare, and retail. Additionally, smart city initiatives, autonomous vehicle testing, and AI-oriented urban planning are key trends across the region.

Yeongnam (Southeastern Region) comprises industrial cities like Busan, Daegu, and Ulsan, where AI adoption is increasing in logistics and smart factories. AI-driven automation is improving production efficiency in automotive and shipbuilding industries across the region. Ports in Busan employ AI for smart logistics and cargo management. AI-oriented predictive maintenance is reducing downtime in heavy industries.

Honam (Southwestern Region), which inculcates Gwangju and Jeonju, focuses on AI applications in energy, agriculture, and smart mobility. AI-driven renewable energy projects and smart grids have become popular. The region is also investing in AI-oriented precision farming practices to improve agricultural productivity. Gwangju is emerging as a hub for AI-driven smart car development, with government support for autonomous vehicle testing. AI-focused public services and healthcare innovations are expanding in the area.

Hoseo (Central Region), which includes Daejeon and Chungcheong, is a leading region for AI R&D activities. Daejeon is noted for the high number of top research institutions and government-supported AI projects. AI is widely employed in biotechnology, defense, and space technology. AI-driven smart city projects and automated traffic systems are improving urban living. Additionally, universities team up with startups to increase the efficiency of AI applications in robotics and healthcare.

COMPETITIVE LANDSCAPE:

Key players work on developing modern solutions to meet the South Korea artificial intelligence market demand. They wager on advanced AI technologies and R&D efforts and collaborate with startups and universities. Besides this, big tech firms and telecom companies are integrating AI into areas like smart cities, autonomous vehicles, and 5G networks. AI startups are innovating in ML, robotics, and NLP, leading to efficient automation. The government agencies also support AI development with funding and policies to accelerate digital transformation. Additionally, major players are focusing on AI-oriented healthcare, finance, and manufacturing solutions, improving reliability across

various industries. With growing worldwide competition, companies are strengthening AI capabilities through strategic partnerships and acquisitions. For instance, in November 2024, Dow Jones Newswires, a firm that releases real time news, introduced its initial AI-enabled language service, the 'Dow Jones Korean Language Service'. Designed for the business and financial sectors in South Korea, it aims to deliver timely high-quality financial news that impacts the market and can be relied upon. It utilizes a method that combines top-tier AI with extensive journalism expertise to develop a premier machine translation service.

The report provides a comprehensive analysis of the competitive landscape in the South Korea artificial intelligence market with detailed profiles of all major companies.

Frequently Asked Questions About the South Korea Artificial Intelligence Market Report

- 1.How big is the South Korea artificial intelligence market?
- 2.What factors are driving the growth of the South Korea artificial intelligence market?
- 3.What is the forecast for the South Korea artificial intelligence market?

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