# South Korea's crypto funding reforms spark renewed global investor confidence



Crypto investment activity showed signs of cooling in August 2025, as total funding for cryptocurrency protocols dropped 30% to nearly $2 billion, down from July's $2.67 billion, according to data from DeFiLlama. This slowdown reflects a cautious investor sentiment marking the summer months after a period of heightened activity earlier in the year. Despite the decline in monthly inflows, third-quarter funding reached $4.57 billion in the first two months alone, surpassing the second quarter's total of $4.54 billion. This performance signals that although monthly capital flows have moderated, overall investment momentum is still sustained compared to previous quarters.

A key trend influencing this shift is the changing focus of investors within the crypto scene. Market analyst Daan Crypto Trades highlighted that capital allocation has moved away from incessant launches of new blockchain projects, which tend to have lower valuations, towards strengthening the treasuries and development teams of existing platforms. This has helped to stabilise market price movements post-listings. Data indicates the current cycle prioritises building on established infrastructures rather than speculative new chains, reinforcing a maturation phase within the ecosystem.

Investments diversified across multiple segments of the crypto industry beyond traditional DeFi offerings. Infrastructure and trading platforms within DeFi attracted continued funding interest, but stablecoin infrastructure also saw activity, with Rain raising $58 million recently. Additionally, payment solutions gained traction, illustrated by OrangeX’s $20 million Series B round. These trends reflect a broader investor appetite for varied crypto-related technologies addressing different use cases and regulatory environments.

In a significant regional development, South Korea lifted a long-standing ban on venture capital investments in crypto firms as of September 16, 2025. The Ministry of SMEs and Startups announced that amendments to the Enforcement Decree removed the "restricted venture business" classification that had constrained the funding ability of exchanges and brokerages since October 2018. This regulatory easing, following the State Council’s approval, coincides with other recent legislative measures such as the Virtual Asset User Protection Act, which introduced investor safeguards, record-keeping requirements, and controls to prevent unfair trading practices. These regulatory advancements have paved the way for a more transparent and responsible crypto ecosystem within the country.

South Korean officials emphasised that reopening venture capital channels aims to boost growth and capital inflows into blockchain and cryptography-focused companies. According to the Ministry, this development will likely help local start-ups and established crypto enterprises access new sources of growth capital, while institutional and venture investors gain confidence in the sector’s regulatory framework. This policy shift aligns with the country’s broader push towards embracing blockchain innovation and financial digitisation, potentially positioning South Korea as a significant hub for crypto venture investments. Industry observers anticipate this could catalyse both domestic and international investor interest, fueling the next phase of development for Korean crypto companies.

Overall, while the crypto investment landscape shows signs of tempering from the highs of earlier years, the sector continues to attract substantial funding with evolving investor preferences favouring established projects and diversified sectors. Regulatory improvements in key markets like South Korea further underscore an emerging global trend towards integrating enhanced governance with innovation, potentially creating a more resilient environment for future digital asset growth.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.newsbtc.com/news/crypto-investment-slows-august-funding-sinks-to-2-billion/), [[2]](https://www.ainvest.com/news/crypto-companies-raise-1-8-billion-investors-august-total-funding-exceeds-15-billion-months-2025-2508/)
* Paragraph 2 – [[1]](https://www.newsbtc.com/news/crypto-investment-slows-august-funding-sinks-to-2-billion/)
* Paragraph 3 – [[1]](https://www.newsbtc.com/news/crypto-investment-slows-august-funding-sinks-to-2-billion/)
* Paragraph 4 – [[1]](https://www.newsbtc.com/news/crypto-investment-slows-august-funding-sinks-to-2-billion/), [[3]](https://www.chaincatcher.com/en/article/2204807), [[4]](https://www.mexc.com/en-GB/news/south-korea-lifts-2018-ban-on-venture-capital-investments-in-crypto-firms/94161), [[6]](https://www.mexc.com/en-GB/news/south-korea-lifts-2018-ban-on-venture-capital-investments-in-crypto-firms/94161), [[7]](https://www.mexc.com/en-GB/news/south-korea-lifts-2018-ban-on-venture-capital-investments-in-crypto-firms/94161)
* Paragraph 5 – [[1]](https://www.newsbtc.com/news/crypto-investment-slows-august-funding-sinks-to-2-billion/), [[3]](https://www.chaincatcher.com/en/article/2204807), [[4]](https://www.mexc.com/en-GB/news/south-korea-lifts-2018-ban-on-venture-capital-investments-in-crypto-firms/94161), [[6]](https://www.mexc.com/en-GB/news/south-korea-lifts-2018-ban-on-venture-capital-investments-in-crypto-firms/94161), [[7]](https://www.mexc.com/en-GB/news/south-korea-lifts-2018-ban-on-venture-capital-investments-in-crypto-firms/94161)
* Paragraph 6 – [[1]](https://www.newsbtc.com/news/crypto-investment-slows-august-funding-sinks-to-2-billion/), [[2]](https://www.ainvest.com/news/crypto-companies-raise-1-8-billion-investors-august-total-funding-exceeds-15-billion-months-2025-2508/)

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://www.newsbtc.com/news/crypto-investment-slows-august-funding-sinks-to-2-billion/> - Please view link - unable to able to access data
2. <https://www.ainvest.com/news/crypto-companies-raise-1-8-billion-investors-august-total-funding-exceeds-15-billion-months-2025-2508/> - In August 2025, 65 cryptocurrency companies secured $1.8 billion in funding, a decrease from July's $2.7 billion. This brings the total funding for the first eight months of 2025 to nearly $15 billion, surpassing the entire 2024 total by over $4 billion. Notable raises include Bullish's $1.1 billion IPO, IVIX's $60 million Series B, and 1Kosmos' $57 million Series B. Industry experts predict further growth, with PitchBook forecasting $18 billion in funding this year and investors anticipating over $25 billion.
3. <https://www.chaincatcher.com/en/article/2204807> - South Korea's Ministry of SMEs and Startups announced that, effective September 16, cryptocurrency-related companies can apply for venture capital funding. This decision follows the State Council's approval of amendments to the Enforcement Decree of the Special Act on Promoting Venture Enterprises, removing the restrictive designation on virtual asset trading and brokerage companies. The move aims to promote capital inflow and industry growth within the existing user protection framework.
4. <https://www.mexc.com/en-GB/news/south-korea-lifts-2018-ban-on-venture-capital-investments-in-crypto-firms/94161> - South Korea has lifted its 2018 ban on venture capital investments in cryptocurrency firms, effective September 16. The Ministry of SMEs and Startups confirmed the decision after the State Council approved the revision. This policy change allows digital asset firms to access venture capital funding and apply for venture certification, reflecting South Korea's shift towards supporting blockchain innovation and aligning with global digital finance trends.
5. <https://www.banklesstimes.com/articles/2025/01/08/south-korea-gives-green-light-on-institutional-crypto-trading-lifts-ban/> - South Korea's Financial Services Commission (FSC) has lifted the ban on institutional crypto trading, allowing institutional investors to trade cryptocurrencies in phases. Non-profit organizations will be the first groups permitted to trade. This decision follows the FSC's plan to amend existing rules, collaborating with the Digital Asset Committee to enable institutional investors to participate in the crypto market, marking a significant step towards modernizing the digital asset space in South Korea.
6. <https://www.mexc.com/en-GB/news/south-korea-lifts-2018-ban-on-venture-capital-investments-in-crypto-firms/94161> - South Korea has lifted its 2018 ban on venture capital investments in cryptocurrency firms, effective September 16. The Ministry of SMEs and Startups confirmed the decision after the State Council approved the revision. This policy change allows digital asset firms to access venture capital funding and apply for venture certification, reflecting South Korea's shift towards supporting blockchain innovation and aligning with global digital finance trends.
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