

No ties here: Casually clad e-traders Sul Dong Un, front, and Eom Dae Hyun buy and sell stocks at a "bang," a cyber-café style PC room in Seoul. Nearly 57% of all stock trades are conducted online in South Korea.

S. Korea's new pastime: E-trading

On the job or at a café, many Koreans are clicking away

By Paul Wiseman
USA TODAY

SEOUL, South Korea — The two warriors arrive at 8 a.m. every weekday, carrying cigarettes and cellular phones.

They make their way to the back of a dimly lit third-floor room and sit down at computer terminals No. 64 and 65. There, beneath whirring ceiling fans, they do battle in the stock market with the titans of world finance until 3 p.m., not counting a timeout or two for computer games.

Sul Dong Un and Eom Dae Hyun, both 29, are part of South Korea's army of individual investors who trade stocks online. Tech savvy and confident of their stock-picking prowess, these e-traders have made South Korea a world leader in computerized stock picking. Online trading accounts for more than half the volume on the country's stock exchanges.

"It's actually something of a social problem," says Lane Leskela of technology consultant Gartner Group. "You've got people taking coffee breaks and trying to get into the market during working hours. Some companies have to block these (online brokerage) sites."

Crazy for the Net

The e-trading craze is only the most vivid example of the astonishing enthusiasm with which South Korea has embraced the Internet and e-commerce.

"Koreans are eager to try new things," says Sungwon Suh, managing director of NuVista Asset Management, a Seoul firm that invests in young technology companies. "Secondly, they're very impatient" and know they can save time by going on the Net to trade stocks or book vacations. Consider:

► Nearly 57% of all stock trades are conducted online in South Korea. Estimates for the amount of U.S. trading done online range from a quarter to a half.

► South Korea ranks No. 1 in Asia in per-capita e-commerce retail revenue, according to a study by Boston Consulting.

E-commerce revenue, an estimated \$37 million last year, is expected to hit \$23 billion by 2005 in South Korea, lagging only Taiwan and Japan among Asian countries, Salomon Smith Barney estimates.

► Nearly 1.6 million South Korean households — 13% — have access to the Internet at home. The figure is expected to pass 4 million — nearly a third of all households — by 2005, says Salomon Smith Barney.

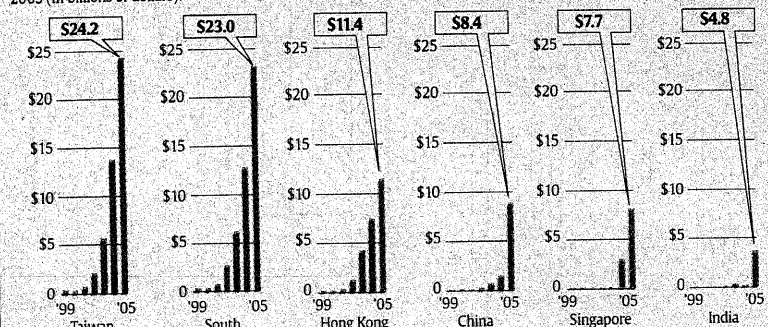
Currently, online trading contributes 70% of e-commerce revenue, Boston Consulting estimates.

It's everywhere

Using personal computers and, increasingly, mobile phones with Internet connections, South Korean e-traders can buy and sell stocks anywhere. They trade from home, from cars stuck on Seoul's congested streets, and from special PC rooms (called "bangs" in Korean) such as the one Sul and Eom frequent in a computer-crazy neighborhood in southern Seoul. Many of South Korea's cyber-investors

E-commerce on way to explosive growth

E-commerce is expected to boom in South Korea the next five years. Projected e-commerce revenue through 2005 (in billions of dollars):

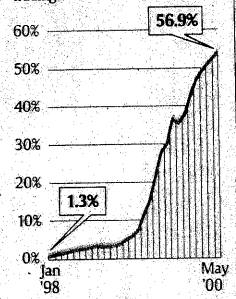


Source: Salomon Smith Barney

By Peter Photokoe, USA TODAY

Netting traders

After 2 1/2 years of rapid growth, online trading accounts for more than half of stock market trading in South Korea. Online trading as a percentage of stock-market trading:



Source: The Korean Securities Dealers Association
By Peter Photokoe, USA TODAY

Net spending

Although Japan led Asia last year in online retail revenue, South Korea was No. 1 in per-capita online retail revenue in 1999.

Country	Per-capita spending (U.S. dollars)
South Korea	\$15.30
Japan	\$12.00
Hong Kong	\$5.90
Singapore	\$5.00
Taiwan	\$2.30
Malaysia	50 cents
Thailand	20 cents
Philippines	8 cents
Indonesia	1 cent
China	1 cent
India	0.3 cent

Source: Boston Consulting

porate clients at the expense of individual investors. He prefers the autonomy of investing online.

Working at the terminal

He also finds the atmosphere of his favorite PC bang a lot more relaxing than the typical brokerage house.

On a recent weekday morning, Sul sat as usual at Terminal No. 64, his buddy Eom beside him at No. 65. A handful of other computer users were scattered around the computer room, most of them playing computer games or checking their e-mail. This PC room attracts a hard-core group of only five or six regular e-traders, and Sul and Eom are the most hard-core among them.

Unlike the office workers on the city streets outside, Sul wasn't in a dark suit and tie. He wore blue shorts and a plaid shirt. Beside him was a small silver bowl containing a little water, in which he doused cigarettes. Every once in awhile, his cellphone rang: a friend or a fellow e-trader seeking stock tips. He gets his own investing ideas from online tip sheets and by studying financial statements. He arrives at 8 a.m., before South Korea's stock market opens, and stays until the market closes at 3 p.m., skipping lunch. Then he goes home and plays with his children. At night, he goes online to conduct his own investment

(called "bangs" in Korean).

research.

On this morning, he was taking a short respite from trading to play an online version of the Korean chess game ba-dook. "The company I invested in hit a high," he says with satisfaction. "So I'm taking a break. Whenever I want a break, I go to a PC game."

Investing as a job

Six months ago, Sul shut down the small public relations firm he owned and started investing on-line full time. He says he and Eom have turned an initial investment of 360 million Korean won (about \$320,000) into 1 billion won (about \$890,000). They invest primarily in the Kosdaq, South Korea's version of the USA's tech-heavy Nasdaq market. Although the Kosdaq is notoriously volatile, Sul says he follows a disciplined investment approach: He lets profits run up but unloads losers quickly, once they've slipped 3%. He doesn't panic when the market collapses, believing that the setbacks will be short-lived and perseverance rewarded.

In the broader market, Sul says, individual investors are at the mercy of big institutional investors and foreign fund managers — the ones many Koreans hold responsible for the Asian market meltdown of 1997-98 that pitched South Korea into a brief but painful recession.

But the Kosdaq is the domain of individual investors, many of them e-traders who know the market better than and can move just as quickly as the big players. "We are the ant troop," he says. "In the normal stock-trading market, the individual investors can lose lots of money because of the big institutional investors. But (in the Kosdaq) they can't read the mind of the ant troops. On the Kosdaq, we revenge ourselves against institutional investors and foreign investors."

Other South Korean e-traders, though, seem to be a little more jittery. E-stock trading volume plunged 46% in April as tech stocks worldwide took a beating. "The market is very unstable," Sul concedes. "It's high risk, high return."

No wonder the PC bang where he takes his chances every day is named Veg@.

Some of the new engines are for a full-size pickup Nissan plans to launch in 2002 as a 2003 model. The truck, still unnamed, will be on display at the Detroit auto show in January.

The automaker also will boost production capacity at its Smyrna, Tenn., factory 32% before the end of 2003 to 500,000 vehicles a year from 380,000. The extra capacity is expected to be dedicated to the big pickup.

Nissan is planning to market the new truck as a return to utility and simplicity for buyers who don't need or want the expensive luxury touches now common on big pickups.

The expansions should add 2,000 workers to the 5,700 at the two plants, Nissan forecasts.

Aetna to sell financial services, keep health

By Julie Appleby
USA TODAY

After months of negotiations, Aetna said Thursday that it will sell its financial services division to Dutch company ING Group in a \$7.7 billion deal but will retain its health insurance business.

The sale comes during a tumultuous period for Aetna, which this year has ousted its chief executive, rejected an earlier buy-out offer and struggled to ease tensions with doctors and hospitals. Tuesday, Aetna said its earnings would fall short of analysts' expectations.

Blaming rising medical costs for the earnings shortfall, Aetna said it would take a variety of steps to resolve problems, including raising premiums and working more closely with hospitals to control use of medical services.

The sale of its financial services division is not likely to make a difference in Aetna's troubles with its health care operations, analysts say.

"They have a lot of issues they need to deal with," says Todd Richter, an analyst at Banc of America Securities. "They need a management team. They need to come up with a new strategy. It will be a multiyear process."

Aetna will spin off the health services into a new company, which will retain the Aetna name. For each share owned, stockholders will receive one share of the new company and about \$35. To purchase the financial services division, ING Group will pay \$5 billion in cash and assume \$2.7 billion of Aetna's debt.

Aetna, the health insurer, will

Nissan's big plans in Tennessee. The philosophy of Chief Operating Officer Carlos Ghosn for storing the money-losing automaker to health through expansion where it makes sense, rather than just through cuts. And the expansions might be insufficient if U.S. truck market remains healthy. Ghosn says a full-size SUV, a luxury SUV also will be built under the big pickup's underpinning.

While truck sales remain, there is creeping evidence of a slowdown. Automakers are forced to use costly incentives to keep truck sales strong. Ford, for instance, just began offering discounts on its extra-large Excursion SUV, and General Motors boosted cash rebates on its new SUVs.

now turn its attention to its earnings. Second-quarter results, expected to be in the range of 95 cents, short of the analysts' expectations.

Aetna blamed the shortfall 10% to 12% increase in medical costs, driven by rising use of hospital, doctor and outpatient services and costs of some medications.

That Aetna needs to raise premiums or cut costs, or both, is some health care providers say they've already been squeezed too far by insurers.

"It's a significant concern because the approach of many is to identify as many ways as possible to deny payment," says Waltman, general counsel. Greater New York Hospital Association, which is in talks with over payment issues.

As part of its effort to control costs, Aetna says it would move some of its utilization-reviewers into hospitals. Depending on how that's done, it could be a good move, says Rick Wade, American Hospital Association.

"One of the most common complaints is about how a nurse in a skyscraper miles away is making judgments over the phone at the bedside," Wade says. "Face-to-face contact could be better."

The sale of the financial services division negotiated over five months will be approved by shareholder regulators, but could close end of the year.

Aetna shares closed Thursday at \$59.13, up 13 cents.

Server sales spark Sun earnings: Up

Reuters

PALO ALTO, Calif. — Sun Microsystems, the largest maker of computers that serve up Web pages, Thursday reported profits that sailed past forecasts, propelled by continued strong sales of its servers to help power the Internet.

Sun Microsystems said earnings for its fiscal fourth quarter, ended June 30, rose 67% to \$660 million, or 39 cents a share, from \$395 million, or 24 cents, a year ago. The results easily topped the 33 cents a share analysts had expected, says First Call/Thomson Financial.

Sun Microsystems, one of the Internet's top infrastructure players, has been benefiting in the past few years from the explosive growth of the Internet, where powerful computers are required to deliver Web

content to users and are a in computer networks.

"In every important market share gains an incredible quarter," Scott McNeely said in a statement. "Sun's position as one of the Internet's leading innovators has been stronger."

Sun shares rose \$4.13 to \$63.26 in regular Nasdaq trading. Earnings were released after hours trading.

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