

## FSC REFORMS NON-FACE-TO-FACE CUSTOMER ID GUIDELINES FOR CORPORATIONS AND FOREIGNERS

The Financial Services Commission unveiled a revised guideline for non-face-to-face customer identification on December 20, which is aimed at promoting online financial transactions by corporations and foreigners.

### **BACKGROUND**

The non-face-to-face customer identification was first introduced to the banking sector in December 2015 for the purpose of improving consumer convenience. It was a major shift from the face-to-face identification method which had been in place for more than 20 years since the implementation of the real name financial transactions in August 1993. In February 2016, the non-face-to-face identification expanded to the non-banking sector (e.g. financial investment business and mutual banks).

In January 2017, the FSC allowed corporations to open a new bank account through non-face-to-face customer identification; however, for corporations, only one representative could be identified through non-face-to-face identification method to prevent financial crimes, such as identify theft.

Since its introduction, the number of new bank accounts opened through non-face-to-face customer identification has continued to increase.<sup>1</sup>

### **CHANGES**

For corporations, opening a new corporate bank account by legal representatives, such as an employee or a board member, through non-face-to-face customer identification will be permitted. Legal representatives must present a power of attorney to financial companies for verification purposes.

For foreigners, the alien registration card may be used to verify identity when opening a new bank account through non-face-to-face customer identification.

### **SCHEDULE**

The changes will go into effect on January 1, 2020, although each financial institution will determine whether and when to adopt non-face-to-face customer identification service for corporations. In January 2020, banks and financial investment sectors will draw up operational guidance in that regard.

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<sup>1</sup> 1,160,000 (2016) → 8,680,000 (2017) → 9,200,000 (2018) → 7,210,000 (H1, 2019)