

KOFIU AND PROBING INSTITUTIONS TO STRENGTHEN MONITORING AND INSPECTION ON AML DUTIES OF VASPs

The Korea Financial Intelligence Unit held a meeting with eleven institutions tasked with probing virtual asset service providers for their AML requirements on June 9.¹ At the meeting, the KoFIU and relevant institutions discussed ways to bolster inspection of VASPs' use of fake and false name bank accounts and to strengthen AML supervision over financial institutions.

(STRENGTHEN MONITORING OF FRAUDULENT BANK ACCOUNTS) As VASPs are required to register with real name bank accounts by September 24 this year, their use of fictitious bank accounts has become more prevalent. As local banks have begun to more tightly restrict VASPs from opening up new accounts for collection of money, the use of accounts opened at mutual finance firms and other small-scale financial firms has also increased. As such, the authorities will strengthen monitoring of fraudulent and inappropriate use of bank accounts by VASPs. Financial transactions through fraudulent and fictitious bank accounts will result in rejection of transactions and termination of accounts. In this regard, the authorities will also strengthen monitoring of suspicious account activities.

(CONDUCT COMPREHENSIVE INSPECTIONS ON FRAUDULENT ACCOUNTS) The relevant institutions will carry out comprehensive inspections on the fraudulent accounts operated by VASPs between June and September. In the future, the status on the use of fraudulent accounts by VASPs will be analyzed monthly and shared with relevant institutions.

(ENHANCE MONITORING OF VASPs) As the deadline is approaching for VASPs to register their business with the authority, there exists a greater risk of business closure. As such, the authorities will enhance monitoring of VASPs' operating accounts as well as accounts used for collecting deposits.

(STRENGTHEN AML SUPERVISION) The authorities will strengthen AML supervision and inspection over financial institutions in order to prevent fraudulent activities, such as inappropriate lending, embezzlement of funds, illicit fund management, etc.

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¹ 11 institutions include the Ministry of the Interior and Safety, Ministry of SMEs and Startups, National Tax Service, Korea Post, Financial Supervisory Service, Jeju Special Self-governing Province and 5 mutual finance companies.