

KOFIU UNVEILS H2 2022 SURVEY RESULT ON VIRTUAL ASSET SERVICE PROVIDERS

The Korea Financial Intelligence Unit (KoFIU) conducted a survey on 36 registered virtual asset service providers (VASPs) in order to ascertain the current state of the domestic virtual asset market.

SURVEY OVERVIEW

(RESPONDENTS) 36 VASPs (27 exchange service providers and 9 other businesses)

(SURVEY METHOD) Data collected from VASPs by paper surveys

(PERIOD COVERED) July 1, 2022 to December 31, 2022

SURVEY RESULTS

Type	H2 2022	H1 2022	Change (%)
I. Virtual Asset Service Providers			
Average daily trading volume (in KRW)	3.0 trillion	5.3 trillion	-2.3 trillion (-43%)
Total operating profits (in KRW)	0.13 trillion	0.63 trillion	-0.5 trillion (-80%)
Total deposits (in KRW)	3.6 trillion	5.9 trillion	-2.3 trillion (-38%)
II. Virtual Assets			
Total market capitalization (in KRW)	19 trillion	23 trillion	-4 trillion (-16%)
# of types of virtual asset	1,362	1,371	-9 (-0.7%)
- Excluding those cross-listed on multiple virtual asset exchanges	625	638	-13 (-2.0%)
# of types of exclusively listed virtual assets	389	391	-2 (-0.5%)
Price volatility (Maximum Drawdown) ¹	67%	73%	-6%p
III. Virtual Asset Users			
# of registered accounts	11.78 million	13.10 million	-1.32 million (-10%)
# of users eligible to trade	6.27 million	6.90 million	-0.63 million (-9%)
Most prevalent age group	30s	30s	-
# of users holding less than KRW1 mil.	4.77 million	5.05 million	-0.28 million (-6%)

※ (a) Responses from Individual businesses cannot be disclosed as they may constitute trade secrets.

(b) The survey results are not government-approved statistics as they are compiled from data submitted by businesses.

¹ (Highest price minus lowest price) / highest price

KEY SURVEY FINDINGS FOR H2 2022

The domestic market for virtual assets in H2 2022 was downsized significantly compared to that of H1 2022 in terms of market capitalization, trading volume, operating profits, etc.² This seems to be caused by a contraction in the real economy due to interest rate and price hikes, as well as a decline in confidence following the Luna crash and the collapse of FTX.

According to the survey, the amount of deposits in KRW and the number of users, which show potential investment demands in the future, both declined. Investment in the global top ten virtual assets, such as Bitcoin, handled by the KRW-based exchange service providers increased from 46 percent in H1 2022 to 57 percent in H2 2022 (*up about 11 percentage points*), which is greater than that in non-mainstream virtual assets. New listing of virtual assets also dropped significantly by about 72 percent compared to H1 2022, showing a tendency of VASPs conducting their operations more conservatively following the Terra-Luna crash.³

The newly analyzed items in the H2 2022 survey include the reason for suspending transaction (delisting of a virtual asset) and the VASPs' compliance status with the travel rule.⁴ In H2 2022, the most prevalent reasons for delisting of virtual assets were in the order of project risk (50 percent), investor protection risk (22 percent) and market risk (22 percent). The amount of transactions between domestic VASPs that were subject to the travel rule amounted to KRW7.5 trillion, about 25 percent of all VASPs' external transfer volume (KRW30.6 trillion) in H2 2022.⁵

The KoFIU will continue to carry out these surveys every six months to accumulate data on the domestic virtual asset market.

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² (Market capitalization) KRW19 trillion (down KRW4 trillion or 16 percent from KRW23 trillion in H1 2022)
(Average daily trading volume) KRW3.0 trillion (down KRW2.3 trillion or 43 percent from KRW5.3 trillion in H1 2022)
(Total operating profits) KRW127.4 billion (down KRW498.0 billion or 80 percent from KRW625.4 billion in H1 2022)

³ In H2 2022, there were 32 new virtual assets listed by KRW-based exchange service providers, a drop of 72% from 116 newly listed virtual assets in H1 2022.

⁴ A rule requiring VASPs to provide relevant information about users sending and receiving virtual assets worth KRW1 million or more when they are asked to transfer virtual assets to another VASPs. For more information on travel rule, please see the [press release](#) dated March 24, 2022.

⁵ Volume of VASPs' other external transfer: KRW19.9 trillion to overseas VASPs (whitelisted), KRW1.7 trillion to personal wallet service providers