Financial Services Commission

Press Release

September 29, 2022

FINANCIAL MEASURES TO STAMP OUT VISHING SCAMS

The FSC introduced financial measures to stamp out vishing scams. The measures include the suspension of payment from the account exploited for fraud and the suspension of money transfer from accounts for first three days since joining open banking made through non-face-to-face process.

BACKGROUND

In 2021, there were 30,900 cases of vishing scams. As the amount of monetary damages incurred to victims rose to about KRW774.4 billion,[1] vishing scams pose a serious threat to the society. Since December 2021, the Office for Government Policy Coordination, the Prime Minister's Secretariat organized and has operated a government-wide joint taskforce to draw up government-wide policy responses to vishing scams and to pursue intensive crackdowns and investigations led by the National Police Agency and a special joint investigation team. After consultation with the ruling party and multi-ministry taskforce meetings, the government prepared a package of detailed response measures tailored for the telecommunications and financial sectors. The following are financial sector measures.

KEY DETAILS OF FINANCIAL SECTOR MEASURES

I. SUSPEND PAYMENT FROM AN ACCOUNT EXPLOITED FOR FACE-TO-FACE VISHING SCAMS

a) Revise some provision of the Special Act on the Prevention of Loss Caused by Telecommunications-based Financial Fraud and Refund for Loss ("the Special Act" hereinafter) to enable investigative authorities to immediately request suspension of payment from an account exploited for face-to-face vishing scam to financial institutions as soon as they make an arrest on the spot.[2]

II. LOWER THE MAXIMUM CASH DEPOSIT THROUGH ATMS WITHOUT CARD OR BANKBOOK

a) Lower the upper limit of cash deposit at ATMs (automatic teller machines) requiring no card or bankbook[3] to KRW500,000 per transaction from the current level of KRW1 million per transaction. This is to prevent transfers of fraudulently obtained cash through cash deposit at ATMs.

---

[1] KRW247.0 billion (2017) → KRW404.0 billion (2018) → KRW639.8 billion (2019) → KRW700.0 billion (2020) → KRW774.4 billion (2021)

[2] Currently, only the acts involving remittance or money transfer can be considered as vishing scams under the Special Act and the act of obtaining cash in person is not included as a vishing-related fraudulent activity in the Special Act. Thus, the Special Act will be revised to include these face-to-face vishing activities as telecommunications-based financial frauds.

[3] Requires an input of account number.

b) Limit the maximum daily amount withdrawable from the unlimited to KRW3 million per day[4] for received money that has been transferred through ATMs without a card or bankbook.[5]

III. Improve ID Verification before Non-face-to-face Account Opening and Prevent Fraud Crimes in Open Banking

a) Strengthen the ID verification process by requiring all financial institutions to make use of ID card authentication system to block fake ID usages for non-face-to-face account opening. In addition, facilitate development of a facial recognition system to be introduced in the second half of 2023, which will prevent illegitimate use of ID cards by comparing the profile picture of an ID card with the real face shot of the applicant for account opening.
b) Prohibit money transfer through open banking for the first three days for new open banking users who signed up via non-face-to-face process and lower the maximum daily usage amount[6] to KRW3 million for the first three days (from KRW10 million previously).

IV. Prepare Self-protection Mechanisms for Victims and Strengthen Punishment

a) Set up a system where a victim of vishing or a person at risk of falling a victim can choose to suspend transaction to and from all or some of the accounts at all the financial institutions.
b) Strengthen the severity of punishment[7] on vishing through a revision of the Special Act and introduce a legal ground for punishing a mere assistant to vishing scams.

# # #

For press inquiry, please contact Foreign Media Relations at fsc_media@korea.kr.

[4] Currently, there is no limit.
[5] Currently, there is no limit.
[6] For the first 3 days, new open banking users will not be allowed to transfer money to other accounts under the same name and will only be allowed to use the service for making payments to other entities or for topping up prepaid payment instruments (PPIs).
[7] Prison sentence of one year or more, a fine commensurate with 3 to 5 times the amount of illicit profits made from vishing activities, etc.