

KoFIU TO EFFECTIVELY INSPECT AND SUPERVISE AML COMPLIANCE DUTIES IN 2022

The Korea Financial Intelligence Unit announced its inspection and supervision plan for 2022 as the volume of digital financial transactions increases and new types of money laundering threats emerge. Since 2019, the number and the types of business entities that are subject to inspection by the KoFIU under the Act on Reporting and Using Specified Financial Transaction Information have grown to include electronic financial service providers, private loan businesses, peer-to-peer lending companies and virtual asset service providers. With more sophisticated types of money laundering threats emerging due to a rise in digital financial transactions and advancement in criminal activities, the KoFIU will work to allocate and use resources to achieve the utmost efficiency in the inspection and supervision of anti-money laundering (AML) duties.

(NEW ENTITIES AND VULNERABLE SECTORS) The authorities will carry out site inspections on 124 electronic financial service providers and 60 private loan businesses with focus on the entities that are deemed to have relatively low levels of internal control standards vis-à-vis their risks for money laundering threats. The inspection will specifically check their compliance with the customer due diligence (CDD) rule, internal control system and the appropriateness of their STR (suspicious transaction reports) and CTR (cash transaction reports). The KoFIU will also resume inspections on nine casino businesses after a temporary halt on inspection due to the pandemic-induced business closures. The KoFIU and the Financial Supervisory Service will strengthen inspection on the issues that are considered as common risks by closely sharing information and coordinating on risk-based responses.

(COMMISSIONED INSPECTION AGENCIES) The authorities will carry out site inspections on the commissioned inspection agencies for AML activities, such as mutual finance companies, Korea Post and Korea Customs Service to enhance their professional capacity and improve consistency.

(VIRTUAL ASSET SERVICE PROVIDERS) The authorities will check whether the registered entities have set up proper money laundering prevention systems and are complying with the CDD requirement, etc. Further inspections may take place on targeted entities in the second half of this year if deemed necessary.

The KoFIU will begin to carry out inspections on VASPs, financial institutions, casino businesses and mutual finance companies starting from February this year.

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