

Easing stance, South Korea to adopt real-name crypto trading

January 23 2018, by Youkyung Lee



South Korea's Financial Services Commission Vice Chair Kim Yong-beom, center, speaks at the government complex in Seoul, South Korea, Tuesday, Jan. 23, 2018. South Korea said Tuesday that local banks will launch a real-name system for crypto currency trading that make anonymous transactions to be traceable as the country seeks to curb speculation and criminal activities. (Kim Seung-doo/Yonhap via AP)

Softening its tough stance on crypto trading for now, South Korea said Tuesday it would adopt a system requiring that transactions that until now were anonymous be traceable. It also will more closely monitor

trading for signs that transactions may be linked to tax evasion or other crimes.

The bitcoin markets appeared to take the news in stride.

Financial Services Commission Vice Chair Kim Yong-beom told reporters that starting next week, local banks will launch a real-name system for trading of crypto currencies to help curb speculation and criminal activities.

That means banks will have to ensure any crypto currency investment comes from a bank account owned by the same individual. The measure will prevent such trading by foreigners living outside South Korea who do not have local bank accounts. It also will ban minors younger than 19 from buying or selling bitcoins and other digital currencies.

Once the new system is in place, existing anonymous accounts used for crypto trading will be cancelled, he said.

The moves follow warnings by South Korean authorities that they might ban anonymous trading in crypto currencies and crack down on speculative trading. Regulators are seeking to prevent use of crypto currency trading for money laundering, tax evasion and other criminal activities.

The new requirements could also lead to a shutdown of some crypto currency exchanges. Banks will be able to refuse to open accounts with crypto currency exchanges that refuse to disclose information about suspicious trading.

"We expect that crypto currency exchanges that are in danger of being exploited for money laundering will be thrown out of the market," Kim told reporters.

The government is also asking financial institutions to step up their oversight of the virtual currency sector. Lenders were told to closely monitor crypto trading that exceeds 10 million won (\$9,338) a day or 20 million won (\$18,676) per week and also crypto trading accounts owned by corporations or groups and report any suspicious activity to the authorities.

Kim said the government does not intend to encourage trading in crypto currencies.

South Korea is home to some of the world's largest crypto currency exchanges and a craze for bitcoin and other crypto currencies has swept the country.

Suggestions by top government officials that a ban on such trading was under consideration prompted supporters of crypto currency investing to petition the presidential office's website to block such a move.

The price of bitcoin fell was down 2.2 percent at \$10,537.78 as of 1010 GMT Tuesday. It gyrated wildly earlier this month, soaring and then sinking on concerns over how South Korea and other governments might handle the boom in crypto currency trading. Its price has fallen more than 40 percent from its peak earlier this month.

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