

# ELECTRONIC FINANCIAL TRANSACTION ACT

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Act No. 7929, Apr. 28, 2006  
Amended by Act No. 8387, Apr. 27, 2007  
Act No. 8863, Feb. 29, 2008  
Act No. 9325, Dec. 31, 2008  
Act No. 10303, May 17, 2010

## CHAPTER I GENERAL PROVISIONS

### **Article 1 (Purpose)**

The purpose of this Act is to contribute to ensuring the security and reliability of electronic financial transactions by clarifying their legal relations and to promoting financial conveniences for people and developing the national economy by creating a foundation for the sound development of electronic financial industry.

### **Article 2 (Definitions)**

The definitions of terms as used in this Act shall be as follows: *⟨Amended by Act No. 8387, Apr. 27, 2007; Act No. 8863, Feb. 29, 2008⟩*

1. The term “electronic financial transaction” means any transaction whereby a financial institution or an electronic financial service provider provides financial products and services through electronic apparatuses (hereinafter referred to as the “electronic financial business”) and the users use them in a non-facing and automated manner without any direct contact with employees of the financial institution or electronic financial business operator;
2. The term “electronic payment transaction” means any electronic financial transaction whereby the person providing a payment (hereinafter referred to as the “payer”) has a financial institution or an electronic financial business operator transfer money to the person receiving the payment (hereinafter referred to as the “payee”) by means of electronic payment instruments;

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3. The term “financial institution” means any institution, organization or business operator falling under any of the following items:
  - (a) Any institution referred to in subparagraphs 1 through 8 and 10 through 12 of Article 38 of the Act on the Establishment, etc. of Financial Services Commission;
  - (b) Any specialized credit financial company established under the Specialized Credit Financial Business Act;
  - (c) Any communications agency under the Postal Savings and Insurance Act;
  - (d) Any community credit cooperative and the federation of community credit cooperatives established under the Community Credit Cooperatives Act; and
  - (e) Any other institution, organization or business operator that carries on relevant financial business and other related business pursuant to Acts, as prescribed by Presidential Decree;
4. The term “electronic financial business operator” means any person who obtains permission or effects registration (excluding any financial institution) pursuant to Article 28;
5. The term “subsidiary electronic financial business operator” means any person who assists a financial institution or electronic financial business operator in conducting electronic financial transactions or performs as proxy part of such transactions for the sake of financial institutions or electronic financial business operators or any operator of a payment gateway system who is prescribed by the Financial Services Commission pursuant to Article 3 of the Act on the Establishment, etc. of Financial Services Commission (hereinafter referred to as the “Financial Services Commission”);
6. The term “payment gateway system” means any financial data processing system that deals with business affairs relating to the settlement of accounts and payments by transmitting electronic financial transaction information between a financial institution and an electronic financial business operator;
7. The term “user” means any person who conducts an electronic financial transaction under a contract concluded with a financial institution or an electronic financial business operator for facilitating electronic financial transactions (hereinafter referred to as the “electronic financial

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- transaction contract”);
8. The term “electronic apparatus” means any apparatus used to transmit or process electronic financial transaction information through electronic means, such as a cash dispenser, automatic teller machine, debit terminal, computer, telephone, or other devices that transmit or process information through electronic means;
  9. The term “electronic document” means any information prepared, transmitted, received or stored pursuant to subparagraph 1 of Article 2 of the Framework Act on Electronic Commerce;
  10. The term “means of access” means any means or information falling under any of the following items which is used to issue a transaction request in electronic financial transactions or to secure the authenticity and accuracy of the users and the details of such transaction:
    - (a) An electronic card or other electronic information equivalent thereto;
    - (b) Electronic signature creating key referred to in subparagraph 4 of Article 2 of the Digital Signature Act and a certificate provided for in subparagraph 7 of the said Article;
    - (c) A user number registered with a financial institution or an electronic financial business operator;
    - (d) Biological information of users; and
    - (e) Any password required to use any means or information referred to in item (a) or (b);
  11. The term “electronic payment means” means electronic funds transfer, electronic debit payment instrument, electronic prepayment means, electronic currency, credit card, electronic bond or other means of payment through electronic means;
  12. The term “electronic funds transfer” means any transfer of funds made by the method referred to in any of the following items from an account opened with a financial institution or electronic financial business operator (limited to any account linked to a financial institution; hereinafter the same shall apply) to another account through an electronic apparatus for the purpose of transferring funds between a payer and a payee:
    - (a) A payment request made by a payer to a financial institution or electronic financial business operator; and
    - (b) A collection request made by a payee (hereinafter referred to as

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the “collection transfer”) to a financial institution or electronic financial business operator:

13. The term “electronic debit payment means” means any certificate (excluding any certificate available for loan), or information on such certificate, issued by a financial institution or electronic financial business operator to simultaneously perform the offering of goods or services and the payment of prices thereof by the method of transferring funds from the account of a financial institution between a user and a chain store in the electronic form;
14. The term “electronic prepayment means” means any certificate, or information on such certificate, of transferable monetary values stored and issued in the electronic form, which meets all requirements of the following items: *Provided*, That this shall not include any electronic currency:
  - (a) To be used to purchase goods or services from a third person other than the issuer (including particularly interested parties prescribed by Presidential Decree) and pay the prices thereof; and
  - (b) To be used to purchase goods or services included in not less than two business categories (referring to mid-classification business categories in the Korean Standard Industrial Classification published by the Commissioner of the National Statistical Office pursuant to Article 22 (1) of the Statistics Act; hereafter the same shall apply in this Article);
15. The term “electronic currency” means any certificate, or information on such certificate, of transferable monetary values stored and issued in the electronic form, which meets all requirements of the following items:
  - (a) To be used within the areas and by the chain stores which meet the standards prescribed by Presidential Decree;
  - (b) To meet the requirements of subparagraph 14 (a);
  - (c) To be used to purchase goods or services included in not less than five business categories as prescribed by Presidential Decree;
  - (d) To be issued in exchange for the same value of cash or deposits; and
  - (e) To be exchanged for cash or deposits under guarantee of the issuer;
16. The term “electronic bond” means any creditor’s monetary bond stated

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in an electronic document meeting the following requirements:

- (a) For the debtor to designate the creditor;
  - (b) To include the contents of debts in the electronic bond;
  - (c) To include the certified digital signature referred to in subparagraph 3 of Article 2 of the Digital Signature Act;
  - (d) To be registered with the electronic bond management agency under Article 29 (1) (hereinafter referred to as the “electronic bond management agency”) via a financial institution; and
  - (e) For the debtor to transmit an electronic document meeting all requirements of items (a) through (c) to the creditor pursuant to Article 6 (1) of the Framework Act on Electronic Commerce and for the creditor to receive it in accordance with Article 6 (2) of the said Act;
17. The term “transaction request” means any request whereby a user asks a financial institution or an electronic financial business operator to process electronic financial transactions pursuant to the electronic financial transaction contract;
18. The term “error” means any case where an electronic financial transaction fails to be effected pursuant to the electronic financial transaction contract or the user’s transaction request neither intentionally nor with gross negligence;
19. The term “electronic payment settlement agency service” means any service rendered to transmit or receive payment settlement information in purchasing goods or using services in the electronic form or to execute as proxy or mediate the settlement of prices thereof; and
20. The term “chain store” means any person, other than a financial institution or an electronic financial business operator, who offers goods or services to users in transactions conducted by using electronic debit payment means, electronic prepayment means or electronic currency under a contract concluded with a financial institution or an electronic financial business operator.

### **Article 3 (Scope of Application)**

- (1) Except as otherwise provided for expressly by other Acts, this Act shall apply to all electronic financial transactions: *Provided*, That it shall not apply to the electronic financial transactions determined by Presidential Decree from among those conducted under a separate contract concluded

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between financial institutions and electronic financial business operators.

(2) The provisions of Chapter V shall not apply to the financial institutions referred to in subparagraph 3 (c) and (d) of Article 2.

### **Article 4 (Reciprocity)**

This Act shall also apply to a foreigner or foreign corporation: *Provided*, That with respect to any foreigner or foreign corporation of the State which fails to bestow any protective benefits corresponding to this Act for any national or corporation of the Republic of Korea, such protective benefits under this Act or the treaties acceded to or concluded by the Republic of Korea may be restricted commensurately therewith.

## CHAPTER II RIGHTS AND DUTIES OF PARTIES TO ELECTRONIC FINANCIAL TRANSACTION

### SECTIONS 1 Common Provisions

#### **Article 5 (Use of Electronic Documents)**

(1) The provisions of Articles 4 through 7, 9 and 10 of the Framework Act on Electronic Commerce shall apply to electronic documents used for electronic financial transactions.

(2) Electronic documents received by a financial institution or an electronic financial business operator in relation to a transaction request shall be considered as independent of each other: *Provided*, That where the financial institution or electronic financial business operator and the user undergoes the procedures of confirmation on an electronic financial transaction contract concluded among them, such procedures shall prevail.

#### **Article 6 (Selection, Use and Management of Means of Access)**

(1) Any financial institution or electronic financial business operator shall select, use and manage the means of access necessary for electronic financial transactions and confirm the identity and authority of a user, the details of a transaction request, etc.

(2) Where a financial institution or an electronic financial business operator issues the means of access, it or he/she shall issue it only if an application is made by the user after verifying the identity of such user: *Provided*, That in any case falling under any of the following subparagraphs, it may

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be also issued without the user's application nor the verification of the user's identity:

1. In case of electronic prepayment means or the electronic currency referred to in the proviso to Article 16 (1); and
  2. In cases where user consent is obtained for the renewal or replacement, etc. of the means of access as prescribed by Presidential Decree.
- (3) No one shall commit any offence falling under any of the following subparagraphs unless specifically provided for in other Acts with respect to the use and management of means of access: *Provided*, That the same shall not apply to cases where electronic prepayment means under Article 18 or electronic currencies shall be transferred or offered as security: *(Amended by Act No. 9325, Dec. 31, 2008)*
1. To acquire or transfer means of access;
  2. To borrow or lend means of access with compensation;
  3. To provide for the means of access subject to a right of pledge;
  4. To assist such acts prescribed in subparagraphs 1 through 3.

### **Article 7 (Confirmation of Transaction Details)**

- (1) Any financial institution or electronic financial business operator shall ensure that a user can confirm the transaction details through an electronic apparatus (including any electronic apparatus, if any, stipulated in advance between the financial institution or electronic financial business operator and the user) used for electronic financial transactions.
- (2) Any financial institution or electronic financial business operator shall, upon a user's request to deliver relevant transaction details in writing (excluding any electronic document; hereinafter the same shall apply), deliver to him/her a document stating the details of his/her transaction within two weeks from the date when such request is received.
- (3) Matters concerning the coverage period, kinds, scope, etc. of the details of transaction offered pursuant to paragraphs (1) and (2) shall be prescribed by Presidential Decree.

### **Article 8 (Correction, etc. of Errors)**

- (1) When a user recognizes the existence of any error in the electronic financial transaction, he/she may request the relevant financial institution or electronic financial business operator to correct such error.
- (2) When any financial institution or electronic financial business operator receives a request to correct an error under paragraph (1), it or he/she

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shall immediately investigate and effect appropriate corrections to the processed transaction, and then inform the user of the causes of the error and the results of correction in a method prescribed by Presidential Decree within two weeks from the date when such request is received. *⟨Amended by Act No. 9325, Dec. 31, 2008⟩*

(3) When any financial institution or electronic financial business operator itself or himself/herself recognizes the existence of any error in the electronic financial transaction, it or he/she shall immediately investigate and effect appropriate corrections to the processed transaction, and then inform the user of the causes of the error and the results of correction in a method prescribed by Presidential Decree within two weeks from the date when such error is found. *⟨Amended by Act No. 9325, Dec. 31, 2008⟩*

### **Article 9 (Liability of Financial Institution or Electronic Financial Business Operator)**

(1) When a user suffers any loss as a result of an accident arising out of forgery or alteration of the means of access or in the course of electronically transmitting or processing the conclusion of a contract or a transaction request, the financial institution or electronic financial business operator concerned shall be liable for indemnifying him/her for the loss.

(2) Notwithstanding the provisions of paragraph (1), any financial institution or electronic financial business operator may have the user bear the liability for any damage in whole or in part in any case falling under any of the following subparagraphs:

1. Where, with respect to any accident caused by the intention or gross negligence of the user, a prior agreement is made with the user to the effect that all or part of the loss may be borne by the user; and
2. Where the user, who is a juristic person (excluding the small enterprises referred to in Article 2 (2) of the Framework Act on Small and Medium Enterprises), suffers any loss though the financial institution or electronic financial business operator fulfills the duty of due care reasonably requested to prevent accidents from occurring, such as the establishment and full observance of security procedures, etc.

(3) The intention or gross negligence of the user referred to in paragraph (2) 1 shall be limited to that stated in a standardized contract for electronic financial transactions (hereinafter referred to as the “standardized contract”) within the limits set forth by Presidential Decree.



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(4) Any financial institution or electronic financial business operator shall take measures necessary to discharge the liability provided for in paragraph (1), such as the buying of insurance, the joining of a mutual aid society or the accumulation of reserves, pursuant to the standards determined by the Financial Services Commission. *<Amended by Act No. 8863, Feb. 29, 2008>*

### **Article 10 (Liability for Loss or Theft of Means of Access)**

(1) Any financial institution or electronic financial business operator shall, upon receipt of a user's notification of the loss or theft of the means of access, compensate the user for any loss he/she might incur due to the use of such means of access by a third party from the time when such notification is received: *Provided*, That the same shall not apply to any damage caused by the loss or theft, etc. of electronic prepayment means or electronic currency as prescribed by Presidential Decree.

(2) Notwithstanding the provisions of paragraph (1) of this Article and Article 9, if there are the provisions of other Acts and subordinate statutes applicable favorably to the user, the specific provisions of such law shall prevail.

### **Article 11 (Status of Subsidiary Electronic Financial Business Operators)**

(1) The intention or negligence of a subsidiary electronic financial business operator (including any electronic bond management agency; hereafter in this Chapter the same shall apply) in relation to electronic financial transactions shall be deemed the intention or negligence of the financial institution or electronic financial business operator concerned.

(2) When any financial institution or electronic financial business operator compensates the user for any damage caused by the intention or negligence of its or his/her subsidiary electronic financial business operator, it or he/she may exercise the right of indemnity over the subsidiary electronic financial business operator.

(3) Any user may make various notifications to be given to a financial institution or an electronic financial business operator to its or his/her subsidiary electronic financial business operator pursuant to an agreement made with the financial institution or electronic financial business operator. In such cases, a notification made to the subsidiary electronic financial business operator shall be deemed to have been given to the financial institution or electronic financial business operator concerned.

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SECTIONS 2 Electronic Payment Transactions, etc.

**Article 12 (Validity of Electronic Payment Transaction Contract)**

(1) Any financial institution or electronic financial business operator shall ensure the payment is made by transmitting the amount requested by a payer or payee on a transaction request to the payee or his/her financial institution or electronic financial business operator, pursuant to an agreement made with the payer or payee to facilitate electronic payment transactions.

(2) Any financial institution or electronic financial business operator shall, when it is impossible to transmit the amount requested pursuant to paragraph (1), return to the payer the amount received for electronic payment transactions. In such cases, when the failure to transmit the amount is caused due to the negligence of the payer, the expenses disbursed for such transmission may be deducted.

**Article 13 (Time When Payment Takes Effect)**

In the case of making payment by means of an electronic payment instrument, such payment shall take effect at the time set forth in any of the following subparagraphs:

1. For electronic funds transfer: When the information on the amount transferred on a transaction request is completely recorded on the ledger of the account of a financial institution or electronic financial business operator with which the payee's account is opened;
2. For withdrawal of cash directly from an electronic apparatus: When the payee receives such cash;
3. For payment made by electronic prepayment means or electronic currency: When the information on the amount requested on a transaction request gets to the electronic apparatus designated by the payee; and
4. For payment made by other electronic payment means: When the information on the amount requested on a transaction request is completely inputted in the electronic apparatus of a financial institution or electronic financial business operator with which the payee's account is opened.

**Article 14 (Withdrawal of Transaction Request)**

(1) Any user may withdraw his/her transaction request before the payment

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takes effect pursuant to each subparagraph of Article 13.

(2) Notwithstanding the provisions of paragraph (1), with respect to any batch transaction or reserved transaction, etc., a financial institution or an electronic financial business operator and a user may, pursuant to a prior agreement, determine differently the time when a transaction request is withdrawn.

(3) Any financial institution or electronic financial business operator shall include in its or his/her standardized contract the matters relating to the methods and procedures for withdrawing a transaction request under paragraph (1) and the agreement under paragraph (2).

### **Article 15 (Consent to Withdrawal of Deposits by Transfer)**

(1) Any financial institution or electronic financial business operator shall in advance obtain the consent of the payer to the withdrawal of deposits to effect a collection transfer under the conditions as prescribed by Presidential Decree.

(2) Any payer may request a financial institution or electronic financial business operator to cancel his/her consent on withdrawal under paragraph (1) before the withdrawal of deposits is completely recorded on the ledger of the payer's account pursuant to a transaction request of the payee.

(3) Notwithstanding the provisions of paragraph (2), with respect to any batch transaction or reserved transaction, etc., a financial institution or an electronic financial business operator may, pursuant to a prior agreement made with the payer, determine differently the time when the consent is cancelled.

(4) Any financial institution or electronic financial business operator shall include in its or his/her standardized contract the matters relating to the methods and procedures for cancelling the consent and the agreement under paragraphs (2) and (3).

### **Article 16 (Issuance, Use and Exchange of Electronic Currency)**

(1) Any financial institution or electronic financial business operator that issues electronic currency (hereinafter referred to as the "issuer of electronic currency") shall, in issuing such electronic currency, assign identifiable numbers to the means of access and manage them by linking to the user's real name (hereinafter referred to as the "real name") provided for in subparagraph 4 of Article 2 of the Act on Real Name Financial Transactions and Guarantee of Secrecy or deposit account: *Provided*, That the same

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shall not apply to electronic currency the upper limit of whose face value is not more than the amount determined by Presidential Decree.

(2) The issuer of electronic currency shall issue the electronic currency in exchange for the same value of cash or deposits.

(3) The issuer of electronic currency shall take necessary measures to keep and use the issued electronic currency for facilitating the use of its holders.

(4) The issuer of electronic currency shall, upon a request by its holder, have the duty to exchange such electronic currency for cash or deposits.

(5) The methods and procedures for the issuance and exchange of electronic currency under paragraphs (1) through (4) shall be prescribed by Presidential Decree.

### **Article 17 (Validity of Payment by Electronic Currency)**

When the holder of electronic currency pays the prices of goods or services by electronic currency pursuant to an agreement with the payee, the duty to pay such prices shall be deemed to be fulfilled.

### **Article 18 (Transferability of Electronic Currency, etc.)**

(1) The holder of an electronic prepayment means or electronic currency may transfer it to a third party or offer it as a security pursuant to an agreement with its issuer.

(2) When an electronic prepayment means or electronic currency is transferred to a third party or offered as a security under paragraph (1), it shall be necessarily done via the issuer's central computer system: *Provided*, That the same shall not apply to any electronic prepayment means whose real name is not confirmed or the electronic currency referred to in the proviso to Article 16 (1).

### **Article 19 (Refund of Electronic Prepayment Means)**

(1) Any financial institution or electronic financial business operator that issues an electronic prepayment means shall, upon a request by its holder, refund the balance recorded on such electronic prepayment means pursuant to a prior agreement.

(2) Any financial institution or electronic financial business operator shall enter in the standardized contract the agreement on the refund under paragraph (1) and the fact that it or he/she will pay all of the balance recorded on the electronic prepayment means in any case falling under any of the following subparagraphs:

1. Where the electronic prepayment means can not be used because it

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is difficult for a chain store to offer goods or services due to any natural disaster, etc.;

2. Where a chain store can not offer goods or services due to any defect in the electronic prepayment means; and
3. Where the balance recorded on the electronic prepayment means falls below a fixed rate. In such cases, the fixed rate may not be fixed less than 20/100.

### **Article 20 (Requisite for Setting Up Transfer of Electronic Bond)**

(1) The transfer of electronic bonds shall be deemed to satisfy the requisite for setting up against the obligor referred to in Article 450 (1) of the Civil Act when meeting all the requirements of the following subparagraphs:

1. The notice made by the transferor to transfer the electronic bonds or the obligor's consent thereto shall be given through an electronic document bearing the certified digital signature provided for in subparagraph 3 of Article 2 of the Digital Signature Act; and
  2. The electronic document stating the notice or consent referred to in subparagraph 1 shall be registered with an electronic bond management agency.
- (2) The electronic document stating the notice or consent referred to in paragraph (1) shall be deemed to satisfy the requisite for setting up against the obligor referred to in Article 450 (2) of the Civil Act when completing the time-stamp stipulated in Article 20 of the Digital Signature Act and meeting all the requirements of paragraph (1).

## **CHAPTER III SECURING OF SAFETY OF ELECTRONIC FINANCIAL TRANSACTIONS AND PROTECTION OF USERS**

### **Article 21 (Duty to Secure Safety)**

- (1) Any financial institution or electronic financial business operator and its or his/her subsidiary electronic financial business operator (hereinafter referred to as the "financial institution, etc.") shall fulfil the duty of good manager to ensure the safe processing of electronic financial transactions.
- (2) A financial institution, etc. shall abide by the standards set by the

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Financial Services Commission for the information technology fields of manpower, facilities, electronic apparatuses, etc. necessary for electronic transmission or processing and electronic financial business by type of electronic financial transactions to secure the safety and reliability of electronic financial transactions. *<Amended by Act No. 8863, Feb. 29, 2008>*

(3) The Financial Services Commission may determine the standards necessary for the use and other authorization methods of the authorized certificates referred to in subparagraph 8 of Article 2 of the Digital Signature Act to secure the safety and reliability of electronic financial transactions. *<Amended by Act No. 8863, Feb. 29, 2008>*

### **Article 22 (Creation and Preservation of Electronic Financial Transaction Records)**

(1) A financial institution, etc. shall create any records necessary to trace and search the details of electronic financial transactions or to verify or correct any error in such details and preserve them for the period determined by Presidential Decree within the limit of five years.

(2) The kind of records to be preserved by a financial institution, etc. and the methods of such preservation under paragraph (1) shall be prescribed by Presidential Decree.

### **Article 23 (Issuance and Limit of Use of Electronic Payment Means)**

The Financial Services Commission may restrict the limit as referred to in any of the following subparagraphs or take other necessary measures with respect to a financial institution or an electronic financial business operator in consideration of the characteristics of electronic payment means, under the conditions as prescribed by Presidential Decree: *<Amended by Act No. 8863, Feb. 29, 2008>*

1. The upper limit of the face value of issued electronic currency and electronic prepayment means;
2. The limit of use of electronic funds transfer; and
3. The limit of use of electronic debit payment means.

### **Article 24 (Clarification, Notification of Alteration, etc. of Standardized Contract)**

(1) Any financial institution or electronic financial business operator shall clarify the standardized contract in concluding a contract for electronic financial transactions with a user, and, upon a request by the user, deliver a copy of the standardized contract with an explanation therefor under

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the conditions as prescribed by the Financial Services Commission. *<Amended by Act No. 8863, Feb. 29, 2008>*

(2) Any financial institution or electronic financial business operator may not, if it or he/she has concluded a contract in violation of paragraph (1), assert that the details of the standardized contract are included in the contract concerned.

(3) Any financial institution or electronic financial business operator shall, if it or he/she has altered the standardized contract, put up a notice thereof and inform the user concerned thereof not later than one month before the enforcement of the altered standardized contract, in such manner as prescribed by the Financial Services Commission: *Provided*, That if the standardized contract is urgently altered due to any amendment of Acts and subordinate statutes, it or he/she shall without delay put up a notice thereof and inform the user concerned thereof in such manner as prescribed by the Financial Services Commission. *<Amended by Act No. 8863, Feb. 29, 2008>*

(4) Any user may terminate a contract for electronic financial transactions not later than the business day immediately preceding the enforcement date of the altered standardized contract concerned after the details of the altered standardized contract are posted or informed pursuant to paragraph (3). When the user does not raise any objection against the details of the altered standardized contract within the period referred to in the former part, he/she shall be deemed to have approved the altered standardized contract.

### **Article 25 (Preparation and Alteration of Standardized Contract)**

(1) When any financial institution or electronic financial business operator intends to draw up or alter the standardized contract for electronic financial transactions, it or he/she shall in advance report thereon to the Financial Services Commission: *Provided*, That in the cases determined by the Financial Services Commission which do not adversely affect the rights, interests or duties of users, it may be reported to the Financial Services Commission within ten days after the standardized contract is drawn up or altered. *<Amended by Act No. 8863, Feb. 29, 2008>*

(2) The Financial Services Commission may, if necessary to maintain a sound order for electronic financial transactions, recommend a financial institution or electronic financial business operator to alter the standardized contract under paragraph (1). *<Amended by Act No. 8863, Feb. 29, 2008>*

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(3) The Financial Services Commission may determine the period and procedures of reporting preparation or alteration of the standardized contract under paragraph (1) and other necessary matters. *<Amended by Act No. 8863, Feb. 29, 2008>*

(4) The provisions of paragraphs (1) through (3) shall not apply to the financial institutions referred to in subparagraph 3 (c) and (d) of Article 2.

### **Article 26 (Providing, etc. of Electronic Financial Transaction Information)**

Any person who recognizes the existence of the matters falling under any of the following subparagraphs in the course of conducting the business affairs relating to electronic financial transactions shall neither provide or disclose such information to any third party nor use it for any purpose other than his/her business without consent of the user concerned: *Provided*, That the same shall not apply to cases provided for in the proviso to Article 4 (1) of the Act on Real Name Financial Transactions and Guarantee of Secrecy or in any other Acts:

1. The matters relating to the identity of the user; and
2. The information or materials relating to the accounts, the means of access, and the details and results of electronic financial transactions of the user.

### **Article 27 (Settlement and Mediation of Disputes)**

(1) Any financial institution or electronic financial business operator shall prepare the procedures to reflect reasonable opinions or complaints presented by users in relation to electronic financial transactions and to compensate for any loss incurred by users in the course of conducting electronic financial transactions, under the conditions as prescribed by Presidential Decree.

(2) Users may, when they have any objection in relation to the processing of electronic financial transactions, demand the compensation of damage or the settlement of other disputes or file an application for the mediation of disputes with the Financial Supervisory Service or the Consumer Protection Board, etc. pursuant to the procedures determined in paragraph (1).

(3) The detailed procedures, methods, etc. for the settlement of disputes and the application for mediation of disputes under paragraphs (1) and



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(2) shall be prescribed by Presidential Decree.

(4) Any financial institution or electronic financial business operator shall clarify the procedures referred to in paragraphs (1) through (3) in concluding a contract for electronic financial transactions.

**CHAPTER IV PERMISSION, REGISTRATION  
AND FUNCTIONS OF  
ELECTRONIC FINANCIAL  
BUSINESS**

**Article 28 (Permission and Registration of Electronic Financial Business)**

(1) Any person who intends to perform the business of issuing and managing electronic currency shall obtain permission therefor from the Financial Services Commission: *Provided*, That the same shall not apply to banks provided for in the Banking Act and other financial institutions determined by Presidential Decree. *<Amended by Act No. 8863, Feb. 29, 2008: Act No. 10303, May 17, 2010>*

(2) Any person who intends to perform the services referred to in each of the following subparagraphs shall register himself/herself with the Financial Services Commission: *Provided*, That the same shall not apply to banks provided for in the Banking Act and other financial institutions determined by Presidential Decree: *<Amended by Act No. 8863, Feb. 29, 2008: Act No. 10303, May 17, 2010>*

1. Electronic funds transfer services;
2. Issuance and management of electronic debit payment means;
3. Issuance and management of electronic prepayment means;
4. Electronic payment settlement agency services; and
5. Other electronic financial services determined by Presidential Decree.

(3) Notwithstanding the provisions of paragraph (2), any person who falls under any of the following subparagraphs may perform the services referred to in each subparagraph of the said paragraph without registering himself/herself with the Financial Services Commission: *<Amended by Act No. 8863, Feb. 29, 2008>*

1. Any person who issues any electronic prepayment means falling under any of the following items:

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- (a) Where it is only used at chain stores meeting the standards prescribed by Presidential Decree such as the chain stores located within specially designated buildings;
  - (b) Where the total balance of its issued amount is not more than the amount determined by Presidential Decree; and
  - (c) Where it is an electronic prepayment means whose price is not paid directly by a user in advance and is subject to the refund guarantee insurance, etc. as prescribed by Presidential Decree to discharge the liability for monetary values stored by the user; and
2. Any person who performs the electronic payment settlement agency services determined by Presidential Decree such as the transmission of information only for the electronic processing of electronic payment transactions without direct involvement in the transfer of funds.
- (4) The provisions of Article 4, Chapters II and III (excluding Articles 19, 23 and 25), and Articles 37, 38, 39 (1) and (6), 41 (1), 43 (2) and (3), 46, and 47 concerning electronic financial business operators shall apply *mutatis mutandis* with respect to the persons who issue electronic prepayment means exempted from registration under paragraph (3) 1 (c): *Provided*, That in cases where financial accidents determined by Presidential Decree take place, such as the state of insolvency due to any illegal or unjust act committed by the employees or officers concerned, the provisions of Articles 25, 39 (2) through (5) and 40 (2) and (3) shall apply *mutatis mutandis*.
- (5) The Financial Services Commission may attach a condition to the permission provided for in paragraph (1). *<Amended by Act No. 8863, Feb. 29, 2008>*

**Article 29 (Registration of Electronic Bond Management Agency)**

- (1) Any person who intends to carry out the business of registering and managing electronic bonds shall register himself/herself with the Financial Services Commission. *<Amended by Act No. 8863, Feb. 29, 2008>*
- (2) The provisions of Articles 21, 22, 39, 41 and 43 shall apply *mutatis mutandis* to the electronic bond management agencies which are registered to carry out the business of registering and managing electronic bonds pursuant to paragraph (1).
- (3) The procedures and methods for the registration of electronic bonds by electronic bond management agencies and other necessary matters shall

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be prescribed by Presidential Decree.

### **Article 30 (Capital)**

(1) Any person who intends to obtain permission pursuant to Article 28 (1) shall be a stock company whose capital is not less than five billion won.

(2) The person who is eligible for registration pursuant to Article 28 (2) 1 through 3 shall be a company provided for in Article 170 of the Commercial Act whose capital or total investment amount is not less than two billion won for each category of business, as prescribed by Presidential Decree.

(3) The person who is eligible for registration pursuant to Article 28 (2) 4 and 5 and Article 29 shall be a company provided for in Article 170 of the Commercial Act or a juristic person stipulated in Article 32 of the Civil Act, whose capital, total investment amount or fundamental property is not less than five hundred million won for each category of business, as prescribed by Presidential Decree.

### **Article 31 (Requirements for Permission and Registration)**

(1) Any person who intends to obtain permission or make a registration pursuant to Articles 28 and 29 shall meet all the requirements referred to in the following subparagraphs. Subparagraphs 4 and 5 shall be applicable only in the case of permission:

1. To hold the capital or fundamental property referred to in Article 30;
2. To be equipped with specialized manpower and physical installations, such as computer equipment, sufficient to protect users and carry out the intended business;
3. To meet the standards of financial soundness prescribed by Presidential Decree;
4. To have a proper and sound plan necessary to execute the business concerned; and
5. To secure the major investors with sufficient investment capability, sound financial state and social credit as determined by Presidential Decree.

(2) The matters necessary concerning the detailed requirements for permission and registration under paragraph (1) shall be determined by the Financial Services Commission. *<Amended by Act No. 8863, Feb. 29, 2008>*

### **Article 32 (Disqualifications for Permission and Registration)**

Any person who falls under any of the following subparagraphs shall be

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disqualified for permission or registration under Articles 28 and 29: *⟨Amended by Act No. 8863, Feb. 29, 2008⟩*

1. A corporation for which one year has not yet passed since its registration was cancelled pursuant to Article 34, and a person who was a large stockholder (referring to any such investor as determined by Presidential Decree; hereinafter the same shall apply) of the corporation at the time of cancellation of such registration and for whom one year has not yet passed since the registration was cancelled;
2. A corporation for which three years have not yet passed since its permission or registration was revoked pursuant to Article 43 (1), and a person who was a large stockholder of the corporation at the time of such revocation and for whom three years have not yet passed since such revocation;
3. A company which is in process of the rehabilitation procedure pursuant to the Debtor Rehabilitation and Bankruptcy Act and the large stockholders of such company;
4. Any person who has failed to pay a debt within an agreed period in financial transactions and other commercial transactions, as determined by the Financial Services Commission;
5. Any person who has been punished by a fine or heavier punishment for a violation of the finance-related Acts or subordinate statutes determined by Presidential Decree within the three years preceding the date of application for permission or registration; and
6. A corporation whose large stockholder falls under any of subparagraphs 1 through 5.

### **Article 33 (Application, etc. for Permission and Registration)**

(1) Any person who intends to obtain permission or make a registration pursuant to Articles 28 and 29 shall submit an application therefor to the Financial Services Commission under the conditions as prescribed by Presidential Decree. *⟨Amended by Act No. 8863, Feb. 29, 2008⟩*

(2) The Financial Services Commission shall, upon receipt of an application under paragraph (1), grant permission or registration and notify the applicant of the results, under the conditions as prescribed by Presidential Decree. *⟨Amended by Act No. 8863, Feb. 29, 2008⟩*

(3) When the Financial Services Commission grants permission or registration pursuant to Articles 28 and 29, it shall without delay publish

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the details thereof in the Official Gazette and inform the general public thereof through computer communications, etc. *⟨Amended by Act No. 8863, Feb. 29, 2008⟩*

### **Article 34 (Cancellation of Registration Subject to Application)**

(1) Any person who has been granted registration pursuant to Articles 28 (2) and 29 may file an application for the cancellation of such registration under the conditions as prescribed by Presidential Decree.

(2) The Financial Services Commission shall, upon receipt of an application under paragraph (1), cancel the registration without delay. *⟨Amended by Act No. 8863, Feb. 29, 2008⟩*

(3) When the Financial Services Commission has cancelled registration pursuant to paragraph (2), it shall without delay publish the details thereof in the Official Gazette and inform the general public thereof through computer communications, etc. *⟨Amended by Act No. 8863, Feb. 29, 2008⟩*

### **Article 35 (Restriction on Concurrent Businesses)**

(1) Any electronic financial business operator who has obtained permission pursuant to Article 28 (1) shall be prohibited from concurrently engaging in any business other than those referred to in each of the following subparagraphs:

1. Business provided for in each subparagraph of Article 28 (2) (limited to registered ones); and
2. Business permitted pursuant to Article 28 (1) and other business, as prescribed by Presidential Decree, necessary to perform the business of subparagraph 1.

(2) Notwithstanding the provisions of paragraph (1), the electronic financial business operator who has obtained permission pursuant to Article 28 (1) may engage in the business other than those referred to in each subparagraph of paragraph (1), subject to payment guarantee by the financial institution as determined by Presidential Decree or the buying of refund guarantee insurance for all of the non-refunded portions of electronic currency.

### **Article 36 (Prohibition against Use of Similar Names)**

(1) The name of the 'electronic currency' shall be used only for the electronic currency referred to in subparagraph 15 of Article 2.

(2) Any person who has failed to obtain permission pursuant to Article 28 (1) may not use the phrase 'electronic currency' in his/her trade name.

### **Article 37 (Matters to be Observed by Chain Stores)**

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(1) No chain store shall refuse to provide goods or services, or treat any user unfavorably, on the grounds of transactions by electronic debit payment means, electronic prepayment means or electronic currency (hereinafter referred to as the "electronic currency, etc.").

(2) No chain store shall charge users a membership fee to be borne by such store.

(3) No chain store shall commit any offence falling under any of the following subparagraphs:

1. Pretending transactions by electronic currency, etc. without providing goods or services;
2. Conducting transactions by electronic currency, etc. in excess of actual turnover;
3. Performing transactions by electronic currency, etc. under the name of another chain store;
4. Lending the name of the chain store to a third party; and
5. Conducting as proxy transactions by electronic currency, etc.

(4) A person other than a chain store shall not perform any transactions by electronic currency, etc. under the name of a chain store.

### **Article 38 (Recruitment, etc. of Chain Stores)**

(1) Any financial institution or electronic financial business operator shall, in recruiting its or his/her chain store, confirm whether the store which seeks membership actually carries on its own business: *Provided*, That the same shall not apply with respect to a chain store which is already confirmed pursuant to Article 16-2 of the Specialized Credit Financial Business Act.

(2) Any financial institution or electronic financial business operator shall not have its or his/her chain store bear a loss incurred by any transaction falling under any of the following subparagraphs: *Provided*, That the same shall not apply to cases where such financial institution or electronic financial business operator concludes a contract with its or his/her chain store to the effect that such loss shall be borne in whole or in part by the chain store when such financial institution or electronic financial business operator proves the intention or gross negligence of the chain store in connection with the transaction:

1. Transaction conducted using any lost or stolen electronic currency, etc.; and

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2. Transaction conducted using any forged or altered electronic currency, etc.
- (3) Any financial institution or electronic financial business operator shall inform its or his/her chain stores of the matters referred to in the following subparagraphs, in such a manner as prescribed by the Financial Services Commission: *<Amended by Act No. 8863, Feb. 29, 2008>*
  1. A membership fee to be borne by chain stores;
  2. Liability for chain stores under paragraph (2); and
  3. The matters to be observed by chain stores under Article 37.
- (4) When a chain store is sentenced to a punishment for a violation of Article 37 or receives a written notification of such violation from the administrative agency concerned, as prescribed by Presidential Decree, the financial institution or electronic financial business operator concerned shall without delay terminate the contract with the said chain store unless any special ground exists to the contrary.

## CHAPTER V SUPERVISION OF ELECTRONIC FINANCIAL BUSINESS

### **Article 39 (Supervision and Inspection)**

- (1) The Financial Supervisory Service (referring to the Financial Supervisory Service under Article 24 (1) of the Act on the Establishment, etc. of Financial Services Commission; hereinafter the same shall apply) shall supervise whether financial institutions and electronic financial business operators abide by this Act or an order issued by this Act, under the direction of the Financial Services Commission. *<Amended by Act No. 8863, Feb. 29, 2008>*
- (2) The Governor of the Financial Supervisory Service (referring to the Governor of the Financial Supervisory Service under Article 29 (1) of the Act on the Establishment, etc. of Financial Services Commission; hereinafter the same shall apply) may, if necessary to conduct supervision under paragraph (1), have a financial institution or an electronic financial business operator report on its or his/her business operations and financial conditions. *<Amended by Act No. 8863, Feb. 29, 2008>*

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(3) The Governor of the Financial Supervisory Service may inspect the electronic financial business and other related financial conditions of a financial institution and an electronic financial business operator and, if deemed necessary to conduct such inspection, ask the financial institution and electronic financial business operator to submit materials relating to its or his/her business operations and financial conditions or to order the attendance of all parties interested.

(4) Any person who conducts an inspection pursuant to paragraph (3) shall carry an identification indicating his/her authority and present it to the interested parties.

(5) The Governor of the Financial Supervisory Service, when he/she has conducted an inspection pursuant to paragraph (3), shall report the results thereof to the Financial Services Commission under the conditions as determined by the Financial Services Commission. *<Amended by Act No. 8863, Feb. 29, 2008>*

(6) When a financial institution or an electronic financial business operator is deemed to be likely to undermine the sound operation of the financial institution or electronic financial business operator in violation of any provision of this act or any order issued by this Act, the Financial Services Commission may, upon recommendation of the Governor of the Financial Supervisory Service, take any measure falling under any of the following subparagraphs or have the Governor of the Financial Supervisory Service take any measure falling under any of subparagraphs 1 through 3: *<Amended by Act No. 8863, Feb. 29, 2008>*

1. Corrective order for an offense;
2. Caution or warning against a financial institution or an electronic financial business operator;
3. Demand for caution, warning or reprimand against an officer or an employee; and
4. Recommendation for dismissal of an officer or demand for the business suspension of an officer.

### **Article 40 (Supervision and Inspection of Financial Institutions, etc. over Affiliations or Outside Orders)**

(1) Where a financial institution or an electronic financial business operator concludes or alters a contract with its or his/her subsidiary electronic financial business operator for affiliation or outside order in relation to



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electronic financial transactions (including cases where a subsidiary electronic financial business operator concludes or alters a contract with another subsidiary electronic financial business operator for affiliation or outside order), it or he/she shall abide by the standards as determined by the Financial Services Commission to secure the safety and reliability of electronic financial transactions and the soundness of the financial institution and electronic financial business operator. *⟨Amended by Act No. 8863, Feb. 29, 2008⟩*

(2) Where the details of a contract under paragraph (1) are deemed to be likely to undermine the operational soundness of a financial institution or an electronic financial business operator and the rights and interests of users, the Financial Services Commission may direct the financial institution or electronic financial business operator to correct or supplement the details of the relevant contract. *⟨Amended by Act No. 8863, Feb. 29, 2008⟩*

(3) The Governor of the Financial Supervisory Service may, when conducting the inspection of a financial institution or an electronic financial business operator in relation to affiliation or outside order under paragraph (1), ask its or his/her subsidiary electronic financial business operator to submit materials pursuant to the standards as determined by the Financial Services Commission. *⟨Amended by Act No. 8863, Feb. 29, 2008⟩*

### **Article 41 (Request for Submission of Materials, etc. by Bank of Korea)**

(1) When the Monetary Policy Committee deems it necessary for implementing monetary credit policies and facilitating the smooth operation of payment and settlement systems in relation to electronic payment transactions, the Bank of Korea may request a financial institution or an electronic financial business operator to submit materials. In such cases, the scope of materials so requested shall be limited to the necessary minimum extent in consideration of the work burden of the financial institution and electronic financial business operator concerned.

(2) When the Monetary Policy Committee deems it necessary for implementing monetary credit policies, the Bank of Korea may ask the Financial Supervisory Service to inspect the issuer of electronic currency and the financial institution and electronic financial business operator registered to carry out the business referred to in Article 28 (2) 1 or to conduct joint inspection thereof with the Bank of Korea.

(3) With respect to the methods and procedures for demand under

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paragraphs (1) and (2), the provisions of Articles 87 and 88 of the Bank of Korea Act and Article 62 of the Act on the Establishment, etc. of Financial Services Commission shall apply *mutatis mutandis*. *<Amended by Act No. 8863, Feb. 29, 2008>*

### **Article 42 (Division of Accounting and Guidance for Sound Management)**

(1) A financial institution and an electronic financial business operator shall separately manage accounts by the category of business provided for in Article 28 (1) and (2) to analyze the performance of business relating to the management of funds and electronic financial transactions, and draw up a report on the business relating to electronic financial transactions and the results of management and submit it to the Financial Services Commission under the conditions as determined by the Financial Services Commission. *<Amended by Act No. 8863, Feb. 29, 2008>*

(2) The Financial Services Commission may set the standards of management guidance for the matters referred to in the following subparagraphs to direct the sound management of a financial institution or electronic financial business operator that performs the business relating to electronic financial transactions and to prevent electronic financial accidents under the conditions as prescribed by Presidential Decree: *<Amended by Act No. 8863, Feb. 29, 2008>*

1. Matters relating to the appropriateness of capital;
2. Matters relating to the soundness of assets;
3. Matters relating to liquidity; and
4. Other matters necessary to secure the soundness of management.

(3) Where the financial institution or electronic financial business operator that has obtained permission under Article 28 (1) is deemed to be likely to severely undermine the soundness of its or his/her own management, such as failing to meet the standards of management guidance under paragraph (2), the Financial Services Commission may ask it or him/her to take necessary measures to improve its or his/her own management, such as an increase in capital, restrictions on distribution of profits, etc. *<Amended by Act No. 8863, Feb. 29, 2008>*

(4) With respect to the measures, etc. to be taken when the financial standing of the financial institution or electronic financial business operator that has obtained permission under Article 28 (1) falls short of the standards of management guidance under paragraph (2) or is evidently deemed to

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fall short of the said standards due to any serious financial accident or insolvency claims, the provisions of Articles 10, 11 (1), (4) and (5), 13-2, 14, 14-2 through 14-5, 14-7, 15 through 19, 27, and 28 of the Act on the Structural Improvement of the Financial Industry shall apply *mutatis mutandis*.

**Article 43 (Revocation, etc. of Permission and Registration)**

(1) When a financial institution or an electronic financial business operator falls under any of the following subparagraphs, the Financial Services Commission may revoke permission or registration under Article 28: *<Amended by Act No. 8863, Feb. 29, 2008>*

1. When it or he/she has been granted permission or registration under Article 28 in a false and fraudulent manner;
2. When it or he/she falls under any of subparagraphs 1 through 5 of Article 32;
3. When it or he/she has violated an order given to suspend business under paragraph (2);
4. When it or he/she has failed to carry on business for one or more consecutive years without any justifiable grounds; and
5. When it or he/she has virtually closed down business due to the merger, bankruptcy or business closure, etc. of the corporation concerned.

(2) When a financial institution or an electronic financial business operator falls under any of the following subparagraphs, the Financial Services Commission may order it or him/her to suspend the business concerned in whole or in part for a fixed period of not more than six months: *<Amended by Act No. 8863, Feb. 29, 2008>*

1. When it or he/she has violated Article 6 (1) and (2), 8 (2) and (3), 16 (1) through (4), 19 (1), 35, 36, or 38 (3) and (4); and
2. When it or he/she has failed to comply with any measure, direction or order taken or given by the Financial Services Commission under Article 23, 39 (6), 40 (2) or 42 (3).

(3) A financial institution or an electronic financial business operator, whose business is suspended in whole or in part or permission or registration is revoked under paragraphs (1) and (2), may even so continue to perform the payment and settlement business of electronic financial transactions conducted prior to such disposition.

(4) When the permission or registration is revoked under paragraph (1),

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the Financial Services Commission shall without delay publish the details thereof in the Official Gazette and inform the general public thereof through computer communications, etc. *<Amended by Act No. 8863, Feb. 29, 2008>*

### **Article 44 (Hearings)**

When the Financial Services Commission intends to revoke permission or registration under Article 43 (1), it shall hold a hearing thereon. *<Amended by Act No. 8863, Feb. 29, 2008>*

### **Article 45 (Authorization of Merger, Dissolution, Business Closure, etc.)**

(1) When the electronic financial business operator who has obtained permission pursuant to Article 28 (1) intends to do an act falling under any of the following subparagraphs, he/she shall get authorization therefor from the Financial Services Commission under the conditions as prescribed by Presidential Decree: *<Amended by Act No. 8863, Feb. 29, 2008>*

1. A merger with another financial institution or electronic financial business operator;
2. Dissolution or the closure of electronic financial business; and
3. The transfer and take-over of business in whole or in part.

(2) The Financial Services Commission may attach a condition to authorization under paragraph (1). *<Amended by Act No. 8863, Feb. 29, 2008>*

### **Article 46 (Penalty Surcharge)**

(1) When a financial institution or an electronic financial business operator falls under any subparagraph of Article 43 (2), the Financial Services Commission may impose a penalty surcharge not exceeding fifty million won in lieu of an order for suspension of business, under the conditions as prescribed by Presidential Decree. *<Amended by Act No. 8863, Feb. 29, 2008>*

(2) The amount of penalty surcharge following the types or degrees, etc. of offenses subject to imposition of the penalty surcharge under paragraph (1) and other necessary matters shall be prescribed by Presidential Decree.

(3) Unless the penalty surcharge under paragraph (1) is paid within a fixed period, the Financial Services Commission shall collect it by referring to the practices of dispositions on default of national taxes. *<Amended by Act No. 8863, Feb. 29, 2008>*

(4) The Financial Services Commission may entrust the business relating to the collection of penalty surcharges and dispositions on default to the Commissioner of the National Tax Service, under the conditions as prescribed by Presidential Decree. *<Amended by Act No. 8863, Feb. 29, 2008>*

## CHAPTER VI SUPPLEMENTARY PROVISIONS

### **Article 47 (Statistical Research on Electronic Financial Transactions)**

(1) The Bank of Korea may conduct a statistical research on electronic financial businesses and electronic financial transactions to grasp the present conditions of electronic financial transactions and to establish and implement an effective monetary credit policy. In such cases, it may request a government agency, financial institution, etc., and a corporation and organization related to electronic financial transactions to submit necessary materials.

(2) A government agency, financial institution, etc., and a corporation and organization related to electronic financial transactions requested to submit materials under paragraph (1) shall comply with such request unless any justifiable ground exists to the contrary.

(3) Necessary matters concerning the objects, methods and procedures of the statistical research under paragraph (1) shall be prescribed by Presidential Decree.

### **Article 48 (Entrustment of Powers)**

The Financial Services Commission may entrust the Governor of the Financial Supervisory Service with part of its powers under this Act, under the conditions as prescribed by Presidential Decree. *(Amended by Act No. 8863, Feb. 29, 2008)*

## CHAPTER VII PENAL PROVISIONS

### **Article 49 (Penal Provisions)**

(1) Any person who falls under any of the following subparagraphs shall be punished by imprisonment of not more than seven years or by a fine not exceeding fifty million won:

1. Any person who has forged or altered any means of access;
2. Any person who has intermediated the sale of, sold, exported, imported or used any forged or altered means of access;
3. Any person who has intermediated the sale of, sold, exported, imported or used any lost or stolen means of access;

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4. Any person who has acquired any means of access, or conducted electronic financial transactions using the acquired means of access, in a false and fraudulent manner by invading the electronic apparatus for electronic financial transactions or the information communications network referred to in Article 2 (1) 1 of the Act on Promotion of Information and Communications Network Utilization and Information Protection, etc.; and
  5. Any person who has intermediated the sale of, sold, exported, imported or used any means of access acquired by force or embezzlement or by deceiving or blackmailing another person.
- (2) Electronic currency shall be deemed to be the securities in the application of Articles 214 through 217 of the Criminal Act, and accordingly a crime committed in connection with such electronic currency shall be subject to the punishment prescribed in the said Articles.
- (3) Any person who has offered, divulged, or used for any purpose other than the conduct of business, electronic financial transaction information (including any person who has issued an electronic prepayment means applicable *mutatis mutandis* pursuant to Article 28 (4)) in violation of Article 26 shall be punished by imprisonment of not more than five years or by a fine not exceeding thirty million won.
- (4) Any person who falls under any of the following subparagraphs shall be punished by imprisonment of not more than three years or by a fine not exceeding twenty million won: *(Amended by Act No. 9325, Dec. 31, 2008)*
1. Any person who has acquired or transferred means of access in violation of Article 6 (3) 1;
  2. Any person who has borrowed or lent means of access in violation of Article 6 (3) 2;
  3. Any pledger or pledgee who has violated Article 6 (3) 3;
  4. Any person who has assisted any offense in violation of Article 6 (3) 4.
  5. Any person who has carried out the business without permission or registration under Article 28 or 29;
  6. Any person who has been granted permission or registration under Article 28 or 29 in a false and fraudulent manner;
  7. Any person who has conducted transactions by electronic currency, etc. under the name of another chain store in violation of Article 37

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(3) 3;

8. Any person who has conducted as proxy transactions by electronic currency, etc. in violation of Article 37 (3) 5;

9. Any person who has conducted transactions by electronic currency, etc. under the name of a chain store in violation of Article 37 (4); and

10. Any person who has perused or has been provided with electronic financial transaction information in a false and fraudulent manner.

(5) Any person who falls under any of the following subparagraphs shall be punished by imprisonment of not more than one year or by a fine not exceeding ten million won:

1. Deleted. *(by Act No. 9325, Dec. 31, 2008)*

2. Any person who has used the name of 'electronic currency' in violation of Article 36;

3. Any person who has refused to provide goods or services, or treated any user unfavorably, on the ground of transaction by electronic currency, etc. in violation of Article 37 (1);

4. Any person who has charged a user a membership fee to be borne by the chain store concerned in violation of Article 37 (2);

5. Any person who has lent the name of a chain store to a third party in violation of Article 37 (3) 4; and

6. Any person who has performed an act falling under any subparagraph of Article 45 (1) without authorization under the said Article and paragraph.

(6) Any attempted criminals of paragraph (1) 1 and 2 shall be punishable.

(7) The imprisonment and fine referred to in paragraphs (1) through (6) may be concurrently imposed.

**Article 50 (Joint Penal Provisions)**

If the representative of a juristic person, or the agent, employee or any other employed person of a juristic person or an individual has committed an offense under Article 49 in connection with the business of the said juristic person or individual, not only shall such offender be punished accordingly, but the juristic person or individual shall be punished by a fine as prescribed in the said Article.

**Article 51 (Fine for Negligence)**

(1) Any person who falls under any of the following subparagraphs

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(including any person who has issued electronic prepayment means applicable *mutatis mutandis* pursuant to Article 28 (4), in the cases of subparagraphs 1, 3, 4, 5, and 6) shall be punished by a fine for negligence not exceeding ten million won: *<Amended by Act No. 9325, Dec. 31, 2008>*

1. Any person who has failed to deliver a document stating the details of transaction in violation of Article 7 (2);
  - 1-2. Any person who has failed to inform the causes of an error and results of correction in violation of Article 8 (2) and (3);
  2. Any person who has transferred an electronic prepayment means or electronic currency to a third party or offered it as a security in violation of Article 18 (2);
  3. Any person who has failed to create or preserve records in violation of Article 22 (1) (including cases where it is applicable *mutatis mutandis* under Article 29 (2));
  4. Any person who has failed to clarify, explain, deliver, post, notify or report the standardized contract in violation of Article 24 (1) and (3) or 25 (1);
  5. Any person who has failed to prepare the procedures for the settlement of disputes in violation of Article 27 (1);
  6. Any person who has refused, obstructed or evaded the inspection or the submission of materials under Article 39 (3) (including cases where it is applicable *mutatis mutandis* under Article 29 (2)) and 40 (3); and
  7. Any person who has failed to separately manage accounts or submit a report, or submitted a false report, in violation of Article 42 (1).
- (2) The fine for negligence under paragraph (1) shall be imposed and collected by the Financial Services Commission under the conditions as prescribed by Presidential Decree. *<Amended by Act No. 8863, Feb. 29, 2008>*
- (3) Any person who is dissatisfied with the disposition of a fine for negligence under paragraph (2) may raise an objection to the Financial Services Commission within 30 days from the date of receiving a notice of such disposition. *<Amended by Act No. 8863, Feb. 29, 2008>*
- (4) When any person subjected to the disposition of a fine for negligence under paragraph (2) raises an objection under paragraph (3), the Financial Services Commission shall promptly notify the competent court thereof, and the court in receipt of the said notice shall bring the case to trial



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for the fine for negligence under the Non-Contentious Case Litigation Procedure Act. *<Amended by Act No. 8863, Feb. 29, 2008>*

(5) If neither an objection is raised nor is a fine for negligence paid within the period as prescribed in paragraph (3), it shall be collected by referring to the practices of dispositions on default of national taxes.

ADDENDA

**Article 1 (Enforcement Date)**

This Act shall enter into force on January 1, 2007.

**Article 2 (Transitional Measures concerning Means of Access, etc.)**

The means of access and electronic payment means issued at the time of the entry into force of this Act shall be deemed to have been issued pursuant to this Act.

**Article 3 (Transitional Measures concerning Permission and Registration)**

(1) Any person who is engaged in issuing or managing electronic currency at the time of the entry into force of this Act shall obtain permission therefor from the Financial Supervisory Commission pursuant to Article 28 (1) within three months from the date when this Act takes effect.

(2) Any person who is engaged in performing electronic funds transfer services, the issuance and management business of electronic debit payment means or electronic prepayment means or electronic payment settlement agency services, etc. at the time of the entry into force of this Act shall file a registration with the Financial Supervisory Commission pursuant to Article 28 (2) within six months from the date when this Act takes effect.

(3) Any person who is engaged in the business of electronic bond management agency at the time of the entry into force of this Act shall file a registration with the Financial Supervisory Commission pursuant to Article 29 within three months from the date when this Act takes effect.

**Article 4** Omitted.

ADDENDA *<Act No. 8387, Apr. 27, 2007>*

**Article 1 (Enforcement Date)**

This Act shall enter into force six months after the date of its promulgation.

**Articles 2 through 9** Omitted.

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ADDENDA *⟨Act No. 8863, Feb. 29, 2008⟩*

**Article 1 (Enforcement Date)**

This Act shall enter into force on the date of its promulgation.

**Articles 2 through 5** Omitted.

ADDENDUM *⟨Act No. 9325, Dec. 31, 2008⟩*

This Act shall enter into force three months after the date of its promulgation.

ADDENDA *⟨Act No. 10303, May 17, 2010⟩*

**Article 1 (Enforcement Date)**

This Act shall enter into force six months after the date of its promulgation.

(Proviso Omitted.)

**Articles 2 through 10** Omitted.