

Two Suppliers Provide Crypto Buyers In South Korea A Break From ‘Travel Rule’

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On Monday, two solution providers, VerifyVASP and CODE, linked their services to enable access to exchanges for investors. The move came a month after South Korea adopted the Financial Action Task Force’s (FATF) travel rule.

Drafted by FATF, the FATF travel rules are a series of guidelines that make it mandatory for the crypto service providers to collect and disclose the information of the parties involved in transactions worth over US\$1,000.

Implemented on March 25, South Korea made it mandatory to follow the FATF guideline, a must for all transactions over one million Korean won (US\$801.67).

Four leading cryptocurrency exchanges in the country operate the two travel rule solution entities. Upbit operator Dunamu founded VerifyVASP, while CODE is the product of the collaboration of Coinone, Bithumb, and Korbit.

Users were having problems transferring large chunks of crypto from Upbit to Coinone, Bithumb, Korbit, and vice versa. This problem existed for over a month but was solved through this system linkage solved

Now, the movement of crypto within local exchanges has become smooth, but the investors are still restricted from moving large data to several foreign exchanges and e-wallets.

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However, experts, despite the current inconvenience, believe that the Travel Rule's adoption will help prevent illegal activities more efficiently and protect investors in the cryptocurrency industry.

At the time of implementation, a representative of the Korea Financial Intelligence Unit (FIU) disclosed that the firms, including crypto exchanges, would be given the liberty to apply the travel rule. The representative also explained that there is no rule that governs the movement of funds in individual wallets; the rule will only be governing the transactions between individuals.

Paik Hoon-jong, chief operating officer at SandBank, a digital asset banking platform, said that the skilled investors will get "what is happening with each exchange, but not many do." Further, he explained that because of the lack of clear regulatory guidance, there is confusion among the 5.5 million crypto investors in South Korea. "At the end of the day, investors take losses," he adds.

While the rule can impact investments in DeFi and NFTs to some extent due to the requirement for individual wallets, it is highly unlikely that there is going to be a long-term impact, added Paik.

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Nancy J. Allen is a crypto enthusiast and believes that cryptocurrencies inspire people to be their own banks and step aside from traditional monetary exchange systems. She is also intrigued by blockchain technology and its functioning.



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