

Online Banking in Korea

Issuance and Usage of Banking Certificates

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Introduction

Because of its convenience internet banking, also called electronic-, e- or virtual banking, increasingly gained popularity throughout the last couple of years. Offering private as well as corporate customers of a bank the opportunity to conduct a certain scope of financial transactions online through using any sort of electronical device with internet access, online banking bears the advantage of being available anywhere for 24 hours a day. Besides conducting transactions, the costumers can also monitor their accounts more carefully and easily. Permanent access to banking information allows early detection of fraudulent activities and can therefore help to minimize the risk of fraud induced financial loss.

More than 115 Million people subscribed for online banking services in Korea in 2017, while only a percentage of 45% of them actually used the digital banking services. This divergence between subscribers and actual users might arise due to the complicated handling of digital banking services in Korea. Other than in Western countries, Korea's security and software requirements for online banking go beyond the widespread usage of a TAN (transaction authentication number).

Since most of the required software, as well as the user interface is merely only available in Korea language, the language barrier is another obstacle that foreigners have to face when setting up and using digital banking services. This article gives an insight on the prerequisites and the application process for subscription of electronic banking services, and explains the necessity, issuance and utilization of digital security certifications, as well as the scope of usage for online banking services.

Application Process

The subscription for the usage of online banking services requires a visit to a bank (at which an account is held). The applicant needs to decide whether to only apply for online inquiry services or withdrawal services as well. The application process can be done by either a representative of the company or an agent. In both cases, an ID for identification purposes is needed. Furthermore, applicants must fill out the applicable bank's business electronic financial service application form and conclude by sealing it with the company's

official seal. A company's seal impression (not older than 3 months) of the seal used as well as a business registration certificate must additionally be provided. The subscription process for online services including withdrawal supplementary requires the bankbook for the withdrawal account to be registered, and furthermore an application for an OTP card, which is needed to process any sort of online transactions.

An ID and a password to log into one's account on a bank's homepage is set up upon subscription for online banking services. However, this login data can be omitted in case a digital certificate is available for login (see below 'Issuance of Digital Banking Certificates').

The Subscription for online banking services is generally free of cost. Only the initial issuance of an OTP (one-time password) generator is about KRW 5,000, depending on the bank. This OTP generator is a time-based digital code generator, that creates an OTP, usually consisting of 6 numbers, which can be used for verification and/or identification within 10 seconds after generation.

Instead of OTP generators non-business clients usually receive a so-called security card, which is merely held in black and typically contains a set of 35 4-digit codes for verification purposes.

Prerequisites

In addition to a subscription for online banking services, a few other parameters need to be taken in to account.

Since (most) banking and governmental homepages in Korea only function with **Internet Explorer** it is highly recommended to use this browser for online banking services. When using other browsers like Safari, Chrome or Opera it is highly likely to encounter problems while operating on a bank's website.

To ensure smooth operation of a bank's homepage and it's offered online services, it is necessary to **install several programs** on the device used. One of those programs is an 'Active X' program and is legally mandatory to be used by Korean bank's homepages due to security reasons. It needs to be installed each time the homepage is accessed. Other

programs vary from bank to bank. Usually users can download and install a package including all essential programs at their first access of the respective website.

The four-digit **PIN-code**, which was set up at the initial application for a bank account and is usually used for any sort of bank card operations, is also needed to perform online banking services.

Furthermore, a **digital (security) certificate** is necessary for using Korean online-banking as well as diverse services on governmental homepages. The certificate is an accredited digital key, which can be stored at any sort of storage device, although it is most convenient and safest to save it on a password protected USB flash drive. The issuance of such a certificate is explained hereinafter.

Digital Banking Certificates – Issuance and Scope of Usage

An accredited certification is issued by an accredited certification agency approved by the government pursuant to the Electronic Signature Act, and thereby comes with legal effect. When using online banking services, both the digital certificate and the OTP generator are required.

To issue the digital certificate it is required to access the respective bank's website and log into one's account by using the predetermined ID and password. Usually bank homepages have an English 'certification center' which offers several services on the subject of digital certificates. Certification Issuance is one of the options offered. After clicking the respective button, the user is asked to choose the scope of usage of the certification, which should say 'bank usage'. To complete the process of issuance, an OTP, generated by the OTP device, is necessary. Furthermore, a password for the certification needs to be set up. The issuance will be completed after the certification is stored on the hard-drive or any sort of portable storage device. After the completion of the issuance the registered withdrawal account is charged with KRW 4,400.

One digital certificate can usually be used with several banks, no matter which bank initially issued it. Registration of another bank's digital certificate can also be done at a bank's certification center.

The accredited certificate can also be used as an online method to omit the usage of login data on webpages other than only the issuing bank's site. Besides banking services, the certificate can be used for several other things. The scope of usage includes the issuance of electronic tax invoices and inquiry services, national tax services such a filing and payment of taxes, as well as the issuance of various civil documents.

A digital certificate normally expires after a period of 12 month after issuance and can be easily renewed at a bank's online certification center.

Troubleshooting

Since online banking in Korea is a complex matter, the likelihood of facing troubles with the set up or usage is increased. Luckily, most banks offer Live Remote Assistance to deal with arising issues. This remote service allows a customer support agent to temporarily view or control a user's computer over the internet to resolve problems and help with struggles he is dealing with.

In case an ID, password or PIN has been forgotten, it is best to directly contact a bank's customer service. Security and account passwords can usually be updated or changed at a bank's homepage.

If a password, a PIN or an OTP is entered wrong between 3-5 consecutive times, the user's account will be frozen and will not be accessible until the account holder presents in person at the bank in charge.

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