

KOFIA Introduces the World's First Blockchain-Based Joint Authentication Platform

KOFIA Holds Ceremony and Technology Seminar to Commemorate the Event

Korea Financial Investment Association, KOFIA, introduced the world's first blockchain*-based joint authentication service for the financial industry dubbed "Chain ID" on October 31, 2017. To commemorate the event, the association held a ceremony along with a technology seminar.

*Q: What is a blockchain?

A: It refers to the distributed ledger through which all participants of the transaction share information. As the core technology of the 4th Industrial Revolution, it promises stronger security and lower transaction costs.

Chain ID is the authentication service for online equity transactions and fund transfers. By just going through the authentication procedure once, the user can immediately engage in financial transactions with other financial institutions. In addition, the user can decide the authentication method, whether it is the personal identification number (PIN), password or bio authentication.

User convenience has also been enhanced by addressing security loopholes and extending the authentication certificate renewal period to more than three years.

The consortium is hoping to widen the adoption of the Chain ID across the entire financial investment industry within this year, and introduce it to other financial industries such as banking, insurance and credit card next year.

The IT Committee* overseen by KOFIA spearheaded the development of this platform. Together with KOFIA member companies, the committee formed the blockchain subcommittee and conducted technical analysis and research on areas that this technology can be applied to in the capital market from April 2016.

*The committee, mostly consisting of KOFIA member companies, was launched in January 2016. It pushed forward the establishment of a joint communication network for the capital market and rolled out joint projects in order to create an efficient IT working environment for the entire financial investment industry and strengthen the industry's technological prowess.

26 financial investment companies and 5 IT companies initiated the blockchain consortium in October 2016, the first such consortium in Korea. The consortium signed a memorandum of understanding for its first project, which was establishing a joint authentication platform for the capital market. 11 KOFIA member companies* took part in the pilot service.

* (Participants) Daishin Securities, Meritz Securities, Shinhan Investment Corp., Yuanta Securities Korea, Eugene Investment, eBEST Investment & Securities, KB Securities, Kiwoom Securities, Hana Financial Investment, Korea Investment & Securities, Hanwha Investment & Securities (in the Korean alphabetical order)

Jung-ah Kim, Managing Director of the Management Support Office said, "By replacing the current complex public key certificate system with the blockchain technology, an efficient financial IT environment has been created. Financial consumers can enjoy electronic financial transaction services in a safe and convenient environment, while financial service providers can strengthen security at a low cost. She added, "We will continue to pursue digital innovation of the financial investment industry by applying the blockchain technology

to areas including fixed income clearing & settlement and OTC equity trading.”

Meanwhile, the consortium also opened the blockchain-based personal information leak prevention system,* the first of the kind for the financial sector.

* If personal information such as the public key certificate is exposed, the leaked information is picked up by the Financial Supervisory Service, which is then disseminated to the financial institutions to prevent further damage.

This system allows financial investment companies to more stably operate their investor protection systems by sharing the breached data with member companies in real time through the blockchain network.

KOFIA’s Chairman Young-Key Hwang said, “Korea’s financial investment industry will take the lead in establishing the global standard and become the first mover in the 4th Industrial Revolution era, leveraging on the world’s first successful commercialization of the blockchain-based joint authentication platform.”

<Strong Points of the Chain ID Platform>

