



## Country insights

# KOREA

Country insights from **Young Ham** on current trends in the Korean accounting market

**Young Ham from MGI Hanmi Accounting Corporation, Korea, shares some of the most recent developments in the Korean accounting market, identifying areas of service that are buoyant and commenting on whether the Korean accounting profession has been damaged by recent allegations of fraud in both state - and privately - owned firms.**

**Q: What have been the most significant developments in the Korean accounting market over the last 12 months from an industry and/or regulatory perspective?**

**Young Ham:** The biggest change relates to the audit of public companies. There are three principal changes: Firstly, the FSB (Financial Supervisory Board) introduced PCAOB system and allowed only 'registered accounting firms' to audit public companies from 2020. At year-end 2019, only 37 accounting firms were qualified and registered nationwide.

Secondly, standard audit time was introduced to ensure audit quality. Accounting firms must use the standard audit time depending on the industry and size of companies.

Thirdly, every 6 years audit firms must be changed. These are considered to be very drastic changes within the market.



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**Q: Which services areas are growing - and are there any service areas where demand is low?**

**Young Ham:** Covid-19 has changed the climate of accounting firms' service area. Consulting, which in the past has made up a considerable part of revenue has decreased significantly because it usually involves contact between client and consultant.

On the flip-side, tax work has grown notably as the government tries to cover the loss of tax revenue through tax audit.

**Q: Are your clients satisfied with the ease of doing business in Korea?**

**Young Ham:** It depends on what kind of industry you are in. Conventional manufacturing companies are not very satisfied since the labour market has, recently, become less flexible. However, if you're in other areas such as IT or the service industry, you will be satisfied with the quick support offered by the government.

**Q: Have allegations of accounting fraud in state firms and at Samsung and KT&G damaged the perception of the accounting profession in Korea?**

They certainly had an impact. It is these allegations that form the backdrop for the radical changes outlined in the first question, above.

This said, overall, the accounting profession is enjoying a boom. Firms can legitimately charge higher fees, and are now able to use their professional judgement, freed considerably from the usual concerns of their client relationship.



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