

FRAUD CONTROL IN REAL ESTATE TRANSACTION SERVICES: LESSONS FROM SOUTH KOREA AND POLICY RECOMMENDATIONS FOR VIETNAM

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Abstract: Fraud in real estate exchange services constitutes a persistent and multifaceted challenge across jurisdictions, including Vietnam. Manifestations are evident in the proliferation of fictitious exchanges, fraudulent deposit agreements, lack of transparency in market information, and insufficient inter-agency coordination. This study examines the legal frameworks and regulatory techniques employed in South Korea to address fraud in exchange-based real estate transactions. Through case analysis, it elucidates the Korean model, which relies on a mandatory registration regime for exchanges, the digitalization of transaction data, and transparent enforcement mechanisms to deter and sanction misconduct. Drawing upon these insights, the article offers several implications for Vietnam: strengthening statutory provisions on licensing requirements and the legal liabilities of exchanges, establishing a transparent national real estate database, and leveraging information technology in supervisory mechanisms. These proposals aim to reinforce legal enforcement capacity and enhance consumer protection within the real.

Keywords: Fraud; Real estate brokerage; South Korea; Vietnam; Law; Electronic transactions; State management

INTRODUCTION

Over the past two decades, Vietnam's real estate market has witnessed rapid growth in terms of scale, transaction value, and the level of participation from various stakeholders. The development of this market plays a crucial role in economic growth, attracting investments, and regulating urban areas. In this context, real estate exchanges (REXs) have emerged as intermediaries connecting sellers and buyers, renters and landlords, providing information, assisting with legal procedures, and promoting transparency in transactions. However, recent developments in Vietnam show that fraud in exchange operations has become increasingly complex and sophisticated. Many cases, including "ghost exchanges" (exchanges that operate publicly but are not legally registered), deposit scams by exchange staff, and the provision of misleading information regarding legal status, urban planning, and project progress to deceive customers, have caused significant harm to consumers and investors. Many of these cases are prolonged and difficult to resolve due to the lack of clear legal provisions on the conditions for establishment, the legal responsibilities of exchanges, and the mechanisms for monitoring and imposing corresponding penalties.

These issues reflect a significant legal gap in the current management framework for real estate exchanges in Vietnam. Meanwhile, several Asian countries with similar institutional characteristics, notably South Korea, have successfully built a well-organized fraud control system that combines strict legal regulations, transparent licensing mechanisms, and the application of digital technology in transaction monitoring. The choice of South Korea as a reference model in this study is based on two main reasons: First, South Korea has a well-established legal framework for real estate brokerage services and exchanges, with particular

focus on consumer protection and information transparency. Second, the country has successfully applied digital tools, such as a national real estate management platform, which enables the tracking, verification, and storage of transaction data nationwide. This study aims to (i) analyze the fraud prevention mechanisms in South Korea's real estate exchange operations; (ii) compare these mechanisms with the current situation and legal gaps in Vietnam; and (iii) propose some feasible policy recommendations that could contribute to improving the legal system and enhancing management effectiveness in this sector. The scope of the study focuses on fraud originating from real estate exchanges and does not delve into other types of fraud in general real estate transactions.

I. THEORETICAL BASIS FOR COMBATING FRAUD IN REAL ESTATE EXCHANGE TRANSACTIONS

1. Definition of Fraud in Real Estate Exchange Transactions

In legal theory, "fraud" is understood as the intentional act of providing false information or concealing significant facts in order to deceive another party, leading them to make decisions that are not aligned with their true interests. In civil transactions, fraudulent actions can result in the invalidation of a contract, the obligation to compensate for damages, or even criminal liability. In the real estate sector – an area associated with high-value assets, complex legal frameworks, and a heavy reliance on information – fraud is often carried out through the intentional provision of false information about ownership rights, usage rights, legal status, urban planning, asset value, or the identities of participants in the transaction. According to research by Lim & Han (2021) in South Korea, real estate fraud through exchanges often involves: *"Deliberately inflating asset values, creating false legal documents, concealing urban planning status, and colluding with brokers to defraud buyers¹."* According to positive law, Vietnamese law does not have a unified definition of *"fraud in real estate transactions."* However, relevant provisions indirectly address this behavior through concepts such as *"deceiving to appropriate property"* (Criminal Code), *"contract formation due to deception"* (Civil Code), or *"providing false information causing harm to consumers"* (Consumer Protection Law). In some countries, such as South Korea, the United States, or Singapore, fraud in the real estate brokerage and exchange sectors is more specifically defined, with prohibited behaviors clearly identified, along with mechanisms for the public disclosure of transaction information and the accountability of intermediaries. Based on these understandings, the author defines fraud in real estate exchange transactions as: *the intentional act of providing false information, concealing facts, falsifying documents, colluding, or exploiting the real estate exchange process to benefit or harm other transaction participants, thereby distorting transparency and fairness in the real estate market.*

2. Characteristics of Fraud in the Real Estate Exchange Environment

Real estate transactions through exchanges inherently act as information intermediaries. The buyer and seller usually do not interact directly but rely on data, recommendations, and contracts drafted by the exchange. *"Fraud in real estate transactions is often an act of collusion between multiple parties, making detection and resolution difficult²."* This causes information to become a core element, but also a weakness that is easy to manipulate. According to Nadav Shoked, *"Fraud in urban real estate is not merely the result of a few unscrupulous individuals violating*

¹ Lim, S., & Han, J. "Real Estate Fraud and Brokerage Market Regulation in Korea", Korean Journal of Real Estate Studies (2021)

² Zhou & Logan, Real Estate Risk Management 134 (2021)

rules. On the contrary, it is embedded within the very legal and institutional framework regulating ownership rights³.” Some notable characteristics of fraud in the exchange environment include: (i) The intangible nature of the act: Fraud does not occur as an act of tangible coercion but often takes the form of concealing, distorting, or fabricating information; (ii) Asymmetric information: The buyer often lacks the ability to verify the accuracy of the information provided by the exchange, which makes them easily misled. Fraud occurs when asymmetric and non-transparent information is unchecked⁴. Common forms of fraud include: impersonating the owner or developer to sign a fake contract; creating “virtual exchanges” with no legal registration or real address; defrauding deposit or reservation fees through ambiguous contracts; inflating prices, manipulating the market with fake information about “land fever,” or non-existent urban planning. Fraud is a form of legal opportunism, exploiting legal loopholes and the trust in the exchange system⁵. Real estate transactions through exchanges are expected to be a tool for market transparency, reducing risks, and protecting participants. However, within this environment, many complex forms of fraud exist, with distinctive characteristics, expressed in the following aspects:

Firstly, fraud is organized and involves collusion between multiple parties:

Unlike small-scale individual fraud acts, fraud in the exchange environment is usually a systemic collaboration between multiple parties, such as: property developers, exchanges, brokers, and document-issuing authorities. Brokers within exchanges may collude to manipulate transactions. For example, some exchanges set up “ghost projects” or impersonate developers to conduct transactions, causing significant harm to buyers. *“Fraud in real estate transactions through intermediaries often involves organized schemes, in which multiple parties collude to misrepresent the status of assets or ownership, making detection and resolution more difficult”*⁶.

Secondly, the concealment of sophisticated and difficult-to-verify information:

Fraud through exchanges often exploits the intermediary position of the exchange to conceal, obscure, or manipulate information. Common examples include: unclear or outdated legal information (land titles, urban planning, mortgages, etc.); inflated prices through multiple layers of internal transactions (brokers impersonating buyers); one-sided market information from the exchange, lacking independent verification sources. Since buyers often trust the exchange and lack independent tools to verify, they are easily trapped by “information traps.” According to Ronald Coase and Douglass North, markets only function effectively when intermediary rules are in place to reduce negotiation costs, control risks, and enforce contracts⁷ (Coase, 1937; North, 1990).

Thirdly, exploiting trust in the “legalization” of exchanges:

A very characteristic feature is the mindset that transactions through exchanges are safe, thereby facilitating fraudulent behaviors. Some exchanges exploit their legitimate business licenses to conceal fraudulent activities. The act of placing deposits, signing agreements, and making payments through exchanges leads buyers to be complacent, with customers’ default trust in the “legal guarantee” role of the real estate exchange. When an exchange is viewed as a “legalizing”

³ Nadav Shoked, Ownership and Deception in Urban Real Estate, 46 Fordham Urb. L.J. 987 (2019), <https://ir.lawnet.fordham.edu/ulj/vol46/iss5/2>.

⁴ Edelman, B. (2014). “Market Design and Transparency in Real Estate Platforms”. Harvard Business School Working Paper.

⁵ Shoked, N. “Ownership and Deception in Urban Real Estate”. Fordham Urban Law Journal (2019)

⁶ Zhou & Logan, Real Estate Risk Management, 2021

⁷ Ronald H. Coase, The Nature of the Firm, 4 Economica (n.s.) 386, 390–91 (1937)

entity for transactions, people tend to reduce their level of independent due diligence, which in turn creates conditions for fraud to be exploited and emerge. This is a specific manifestation of information asymmetry and conflicts of interest in the principal-agent model.

Fourthly, difficulty in proving and handling in legal practice:

Due to the sophisticated nature of fraud, which often does not manifest clearly in contracts, it is very difficult to prove the element of “intentional deceit” in civil disputes. Criminal sanctions (e.g., fraud) require clear evidence of the act and consequences, which often falls into a loophole of handling. Exchanges often blame “third parties” or “unlicensed brokers” to avoid responsibility. Current laws do not specify the responsibility of real estate exchanges to monitor the accuracy of information, making it difficult to establish legal accountability when fraud arises. *“Real estate transactions are attractive to criminals because they can be used to conceal the origin of illegal funds and legitimize them in the formal economy. In many countries, the monitoring of real estate agents and transactions is limited, which makes this sector vulnerable to abuse”⁸.*

Fifthly, the potential for repetition and expansion thanks to digital technology:

Currently, many exchanges use online platforms to reach large numbers of consumers, thereby spreading false information rapidly (via websites, apps, social media). They create “virtual transactions” or fake appraisals to increase trust. They use deepfake technology and fake electronic documents in verifying the identity of parties or properties.

From these characteristics, it can be seen that fraud in the real estate exchange environment is an organized act, exploiting the intermediary role and public trust in exchanges to carry out sophisticated, hard-to-handle tactics. This underscores the urgent need to improve the legal framework and establish stricter control mechanisms over exchanges and professionals in this field.

II. THE SITUATION IN VIETNAM REGARDING COMBATING FRAUD IN REAL ESTATE EXCHANGE SERVICES

1. Some Typical Forms of Fraud in Real Estate Exchange Services

Recent practices in Vietnam show a concerning increase in fraudulent behaviors in real estate exchange services, with increasingly sophisticated, organized tactics that exploit the lack of transparency in information and gaps in control mechanisms. Common fraudulent activities include:

First, providing false information about legal status, urban planning, and asset value. Some real estate exchanges and brokers intentionally provide unverified or false information, causing buyers to misunderstand the legal status of properties, land use rights, or future development plans.

Second, creating fake transactions to “inflate prices” and create artificial liquidity effects. Many exchanges set up fake deposit contracts or principle agreements between related parties to create an illusion of large transaction volumes, thus “inflating prices” and deceiving the market. *“Mr. Nguyen Manh Hung, Permanent Member of the Economic Committee, recently mentioned that transactions through real estate exchanges have not been properly managed, with many cases of*

⁸ United Nations Office on Drugs and Crime (UNODC),
Manual on Real Estate Fraud and Money Laundering Risks (2020)

‘collusion’ between developers and exchanges to raise prices and drive up real estate prices, causing a fake market boom⁹”.

Third, exploiting the name “licensed exchange” to create false trust. In many cases, individuals or organizations falsely claim to be “licensed real estate exchanges” and display images of extravagant offices to reassure customers. In reality, these exchanges do not have legal registration to operate according to the regulations outlined in the Real Estate Business Law.

Fourth, embezzling deposit money by selling properties without ownership or those that are mortgaged. Numerous cases show that buyers are led to sign deposit contracts with parties who are not the legitimate owners or with properties that are being seized or mortgaged. *“The methods of these companies are mostly similar. After the deposit is made for land transfer (without completing the full payment or receiving the transfer), or after the transfer but without completing the legal procedures for the project as required by law, these parties build fences around the land, illegally construct roads, set up gates, hang advertising banners, draw out project plots, and post sale advertisements online. They then hire distributors to sell the project, have sales staff distribute flyers, and promote the product to gain customer trust¹⁰”.*

Fifth, collusion between developers and brokerage exchanges to “sell twice” or withhold prime properties to sell at a higher price. This is a violation of the duty of honesty and transparency, creating inequality between consumers and vested interest groups. These forms of behavior clearly reflect a common characteristic: a severe information asymmetry, lack of independent oversight, and ambiguity in the legal responsibilities of exchanges.

2. The Legal Framework Governing Fraud in Real Estate Exchange Transactions

2.1. The 2023 Real Estate Business Law

The 2023 Real Estate Business Law has made certain improvements in managing exchange operations, particularly:

Clause 1 of Article 66 stipulates that organizations or individuals conducting exchange services must establish a business and register their exchange activities with the Department of Construction; Article 68 requires exchanges to publicly disclose real estate transaction information, including legal documents, land use certificates, mortgage status, disputes, etc.

However, the law does not specifically regulate the responsibility for verifying information, nor does it impose an obligation to “compensate for damages” for providing false information unless there are criminal consequences.

2.2. The 2015 Civil Code

In theory, Articles 122, 123, and 124 stipulate that civil transactions are invalid if they violate prohibitions, are fraudulent, or are aimed at concealing other transactions. However, in practice, proving the element of “intentional deceit” is very difficult, especially in cases of deposit contracts or principle agreements.

2.3. The 2015 Criminal Code (Amended in 2017)

Some actions may be prosecuted under Article 174 (fraud to appropriate assets), Article 198 (using computer networks to appropriate property). However, the application of criminal law is

⁹Ngoc An, “Minister Hồ Đức Phớc Explains How to Avoid Fraud in Real Estate Transactions,” *Tuổi Trẻ*, June 19, 2023, 17:28, available at: <https://tuoitre.vn/bo-truong-ho-duc-phoc-chi-cach-tranh-lua-dao-trong-giao-dich-bat-dong-san-20230619165858978.htm>

¹⁰ Lam Thien, “Bình Dương: Selling ‘Illegal’ Real Estate Under Construction, Several Project Owners Arrested,” *Kinh tế & đô thị*, July 17, 2022, 14:35, available at: <https://kinhtedothi.vn/ban-lau-bat-dong-san-hinh-thanh-trong-tuong-lai-nhieu-chu-du-an-bi-bat>

still limited due to the need to prove intentional fault and specific damage consequences, resulting in most cases being classified as “civil disputes.”

3. Some Core Limitations of Vietnamese Law Regarding Real Estate Exchange Services

To date, Vietnamese law does not have a clear definition of “fraud in real estate exchanges,” nor is there a specific concept or clause in the Real Estate Business Law. This leads to difficulties in determining administrative and civil sanctions. Exchanges only have the obligation to disclose information but are not required to verify it, allowing them to remain “blameless” when disputes arise. Additionally, there is no mechanism for reporting and storing transaction data, nor an integrated electronic database, making it difficult to trace and control fraud. Some of the notable limitations include:

First, the level of transparency in information is still limited: There is no mandatory requirement for exchanges to comprehensively disclose information about brokers, legal status, transaction history, or actual sale prices. Existing regulations only encourage transparency but lack mechanisms for checking and verifying this information.

Second, the ability of state agencies to verify transactions is weak: Regulatory bodies do not have digital platforms or real-time data for supervision. Many transactions are still conducted via “handwritten” contracts or by third-party organizations, making it difficult to manage and handle fraud effectively.

Third, the legal responsibility and sanctions for exchange operators are insufficient: The law includes provisions for revoking the license of non-compliant exchanges, but it does not clearly define the responsibility for monitoring, compensating for damages, or criminalizing organized fraud. In practice, many “ghost exchanges” still operate covertly under the guise of branches.

Fourth, technological infrastructure is still weak: Vietnam is in the early stages of digitizing the real estate sector. There is no integrated electronic transaction management system like RTMS to manage everything from listing information, legal verification, to contract signing. Some localities have pilot digital exchanges, but their scale is small and not mandatory. Electronic contracts are recognized, but there are no specific regulations, so paper contracts—which are easily forged—remain common.

Fifth, there is a lack of data integration between agencies: Land, urban planning, housing, tax, and ownership data are managed in a decentralized manner and lack integration. People must often rely on local officials for information retrieval and lack transparent online tools, leading to information asymmetry.

These limitations are not just technical but also stem from institutional, resource, and awareness gaps:

- Limited resources: Building a modern management system requires significant capital, skilled personnel, and inter-agency coordination—things that Vietnam has not fully achieved.
- Fragmented databases: Agencies still manage data manually and locally, with no API connections, which makes nationwide fraud control difficult. Local data is often outdated, reducing preventive effectiveness.
- Limited legal awareness: Most citizens and investors do not habitually verify information through official channels and are easily misled by false advertising. The mindset of “quick transactions,” “shortcuts,” and lack of legal expertise make many people victims of “ghost exchanges” and “fake contracts.”

From these shortcomings, it is evident that Vietnamese law still lacks a complete institutional design to combat fraud in real estate exchanges. By placing the burden on consumers, while not clearly defining the obligations of exchanges—which hold key information—there is a significant imbalance. In this context, South Korea’s model, which is based on digital platforms, data retrieval, and clear legal responsibility of exchanges, could offer valuable insights for Vietnam.

III. SOUTH KOREAN LAW IN COMBATING FRAUD IN REAL ESTATE EXCHANGE TRANSACTIONS

South Korea is a country with a vibrant real estate market, but it has also gone through periods of “land fever” and market crises. Since the 2000s, the South Korean government has focused on strictly controlling real estate exchange transactions to ensure transparency and prevent speculation and fraud. The exchange system in South Korea operates under a model of authorization – transparency – control, with strict government oversight. This model is built on a multi-layered legal system, including a framework law, specialized laws, and accompanying administrative regulations, supported by a state-developed legal technology system.

1. Legal Foundations

1.1. *The Certified Real Estate Agents Act (공인중개사법)*

This is the central law governing all real estate brokerage activities and exchanges, including: Articles 3, 9, and 26: Requiring mandatory registration of real estate brokerage activities, the conditions for issuing licenses, and control over exchange operations; Articles 30-33: Regulating administrative penalties, license revocation, and suspension of activities in cases of fraud, falsification, or false information; Article 25: Requiring the use of standard contracts, the storage of transaction records, and the provision of information to the regulatory authorities when requested.

Legal significance: This is the foundational law that establishes the legal responsibilities of brokers, licensing mechanisms, information transparency obligations, and administrative penalty frameworks.

1.2. *The Real Estate Transaction Reporting Act (부동산거래신고등에관한법률)*

This law regulates the responsibility for reporting and verifying real estate transactions, including: Articles 3-5: All real estate sales or transfers must be reported and verified via an electronic transaction system within 30 days; Articles 10-12: Establishing a national database on actual transaction prices (Real Transaction Price Disclosure System); Articles 13-15: Holding individuals accountable for false declarations, underground transactions, or tax evasion.

This law forms the basis for the nationwide real estate electronic transaction system (K-RETS) and ensures transparent transaction price data.

1.3. *The National Land Planning and Utilization Act (국토의계획및이용에관한법률)*

While this law does not directly regulate fraud, it supports transparency of urban planning information, preventing fraud from misinformation: Articles 117-119: Obligating the public disclosure of land use planning data. It supports the LURIS (Land Use Regulation Information System), which integrates land planning, usage purposes, and construction restrictions for each plot of land.

Legal significance: It helps citizens and exchanges verify land planning, usage purposes, and avoid being deceived by fake project information.

1.4. The E-Government Act (전자정부법)

This law provides the legal framework for the digital transformation in the real estate sector, including: Articles 8-10: Establishing an integrated public data system, publicizing administrative information; Articles 24-27: Providing digital administrative services, including electronic licensing, electronic contracts, and data storage and verification.

Legal significance: It legalizes the use of technology platforms as legal tools for management and fraud prevention.

1.5. Subordinate Laws and Administrative Guidelines

Various ministries, especially the Ministry of Land, Infrastructure, and Transport (MOLIT), have issued a series of regulations managing brokers, contracts, transaction platforms, and dealing with violations, such as:

- Regulations on the Operation of Electronic Real Estate Transactions (RETS Operation Regulation)
- Directive No. 2023-12/MOLIT to strengthen the handling of illegal brokerage.
- Regulations on the operation of real estate transaction price disclosure systems.
- The Broker's Ethical Code.

These are flexible tools to effectively implement the framework law, ensuring adaptability to market and technological changes.

The exchange model in South Korea is built on a multi-layered legal system—ranging from framework laws to specialized laws and technical administrative regulations—closely combining legal norms and digital infrastructure, creating a transparent, accountable, verifiable, and traceable legal environment. This approach helps prevent fraud not only through penalties but, more importantly, by preventing fraudulent acts right from the institutional framework. According to Park, J. H., “*Legal codification of obligations and responsibilities is crucial to ensure accountability in digital transactions*¹¹”.

2. South Korea's Legislative Thinking in Controlling Real Estate Fraud

South Korea has built its real estate legal framework based on the principles of “transparency – oversight – traceability – deterrence,” with three main objectives: Prevent fraud at the root through a transparent data system; Identify and control all participants in the market; Strengthen criminal and administrative sanctions for violations.

The real estate exchange management model in South Korea emphasizes the digital rule of law, combining legal frameworks with technology. The focus of the legal design is on “transparency and traceability.” South Korea approaches fraud control in real estate through the principle of market transparency via the mandatory transaction reporting system outlined in the Real Estate Actual Transaction Price Reporting Act (amended in 2020). This system requires buyers, sellers, and brokers to truthfully report all transaction details, including price, timing, and property status, to the relevant authorities. This information is then integrated into the national transaction registration system. The legislative thinking here reflects a shift from post-transaction verification to proactive prevention through digital data.

3. Legal Enforcement Mechanisms

South Korea not only establishes laws but also organizes efficient enforcement agencies:

¹¹ Park, J. H., “Digital Transformation of Korea's Real Estate Market: Legal Framework and Challenges,” *Asian Journal of Law and Society*, vol. 8, no. 2, 2021, pp. 241–260

- The National Real Estate Transaction Monitoring System (RTMS): Collects, analyzes, and alerts for abnormal transactions.
- The Korea Real Estate Portal (www.r-one.co.kr): Publicizes price, ownership, planning, and building permits for each property in real time.
- The Real Estate Brokerage Inspection Team (RE Brokerage Inspection Team): Carries out routine and random inspections of exchange operations and brokerage activities.

4. Positive Impacts on the Market

Strict legal policies have helped South Korea:

- Limit the phenomenon of price inflation, land speculation, and “ghost projects.”
- Increase consumer trust in the real estate transaction environment.
- Significantly reduce civil lawsuits related to misinformation in transactions.

According to statistics from the Ministry of Land, Infrastructure, and Transport (MOLIT), the number of fraud cases in real estate transactions through exchanges decreased by 42% from 2018 to 2022 after the implementation of the real transaction price reporting system and electronic exchange management.

5. Basic Principles to Limit Fraud in South Korea

5.1. Principle of Transparency

Information on urban planning, transaction prices, participants, brokerage history, sample contracts, etc., must be publicly disclosed on the government’s digital platforms. Transaction participants have the right and obligation to check, verify, and track legal information before carrying out any transaction. Preventing fraud at its root is about stopping misleading information, which is the most common form of fraud.

5.2. Principle of Traceability and Accountability

All transactions must be reported on the electronic system (RETS), and they are stored, identified, and verified from the broker to the buyer and seller. If fraud is detected, the system can trace the responsibility of the individual (broker, exchange, developer) through the transaction history. Thus, there is no room for “anonymity” or “ambiguous collective responsibility”—which often creates loopholes for fraud in countries that are not yet digitized.

5.3. Principle of Prevention Before Punishment

The legal system and technology are designed to make fraud difficult to occur, rather than only punishing after damage has occurred. The regulations on information verification, licensing conditions, broker reliability assessment, and standardized electronic contracts are all aimed at preventing violations from the outset. This reflects the principle of preventive governance, a level higher than mere administrative management.

5.4. Principle of Clear Legal Responsibility Allocation

Brokers and exchanges not only have the right to provide services but also bear independent and specific legal responsibility if violations occur. The law requires brokers to compensate customers if they fail to provide accurate information, adhere to professional ethics, or avoid reporting transactions. The significance: Ending the “lack of legal responsibility” of some exchanges and increasing professionalism in the brokerage field.

5.5. Principle of Multilevel Institutional Coordination

The operation mechanism of this model includes cooperation between: The central government (Ministry of Land – MOLIT): system design, licensing, and national supervision; Local governments: regular inspections, penalties, and coordinating inspections; Technology

businesses, exchanges, and the public: using platforms, reporting, and warning about fraudulent activities.

This builds a multi-center anti-fraud ecosystem, not dependent on a single government apparatus.

5.6. Principle of Combining Law and Technology

South Korea is a pioneer in “legalizing” technological infrastructure: digital platforms such as RETS, K-APT, and LURIS are recognized as legally equivalent to paper procedures. Electronic contracts, digital storage, practitioner identification codes, and urban planning lookup are all legally recognized and mandatory. This creates a foundation for “digital legality,” where technology is an effective legal enforcement tool, not just an administrative tool.

The operational principles of the South Korean model are not just management techniques but reflect a modern legal vision: placing prevention at the core, transparency as a means, accountability as a motivation, and technology as a tool. This system of rules represents the advanced development level of state governance in the real estate market—a sector prone to risks, fraud, and information inequality.

6. Technology Infrastructure for Anti-Fraud

South Korea is one of the few countries that has integrated the entire real estate transaction process into a digital environment with three main technology platforms:

- RTMS – Real Estate Transaction Management System: This is the national-level real estate transaction management system that connects data from all registration offices, exchanges, tax authorities, and banks. RTMS helps control the flow of information related to participants, property types, values, and transaction processes, while detecting anomalies in real-time.
- Electronic Contract System: Since 2016, the South Korean government has mandated that all real estate transactions use electronically authenticated contracts. This platform stores contracts on government data systems, ensuring integrity, authenticity, and traceability.
- Open Disclosure Platform: Citizens can access legal, planning, and actual transaction price information for each property through the national portal. This helps limit behaviors like price inflation, fake urban planning, or concealing negative information. Additionally, many exchanges today integrate technologies such as two-factor authentication (2FA), electronic identification (e-KYC), and experiment with using blockchain in contract storage and identity verification to prevent forgery.

7. Control Mechanisms and Violation Handling

Unlike Vietnam, South Korea enforces a strict monitoring mechanism:

- Mandatory registration and issuance of practitioner IDs: All exchanges and brokers must register their operations with local authorities and are issued a unique practitioner ID linked to the national database. Unauthorized brokering or impersonation is severely punished.
- Monitoring through national databases: Authorities frequently cross-check information between exchanges, electronic contracts, and tax data to detect discrepancies. The RTMS system automatically alerts if there are anomalies regarding prices, transaction frequencies, or duplicated ownership information.
- Strong sanctions and high effectiveness: Fraudulent behaviors, including false information, deposit fraud, and unauthorized brokering, can be handled at high administrative levels, criminally prosecuted, or lead to permanent license revocation. The

government also requires professionals to have professional liability insurance, providing a rapid compensation mechanism for harmed parties.

The South Korean model is an exemplary case of digital governance in preventing real estate fraud through exchanges. The combination of strict legal frameworks, modern technology, and public-private monitoring creates a positive effect that is valuable for Vietnam to reference when building a transparent real estate transaction ecosystem. By combining clear legal frameworks, modern technological infrastructure, and strict sanctions, South Korea has effectively controlled fraud in real estate transactions, specifically:

- A significant reduction in fraud cases: According to statistics from the Ministry of Land, Infrastructure, and Transport (MOLIT), the number of fraud cases through brokers has decreased by over 60% since the implementation of the electronic contract system.
- Increased public trust: A 2022 survey showed that over 75% of citizens trust the transparency of the market, thanks to the ability to check information online and trace the origins of transactions.
- Near elimination of “ghost exchanges”: Since 2019, 100% of exchanges have been required to publicly disclose their operational information on the national data portal, automatically updated through the RTMS system.

IV. POLICY RECOMMENDATIONS FOR VIETNAM

1. Improving the Legal Framework

Firstly, amend and supplement the 2023 Real Estate Business Law (and its guiding documents) in the following ways:

Add the obligation for transparency: require exchanges and brokers to disclose real estate legal status, urban planning conditions, transaction participants, and average local prices. Mandate the use of electronic contracts for transactions involving brokers or exchanges, along with digital verification mechanisms. Establish a mandatory registration system for exchanges, with identification codes and unified platform management.

Secondly, issue a legal framework for electronic real estate transactions: Create a legal basis for non-physical transactions, electronic contracts, digital identity verification, and digital storage. Regulate the rights, obligations, and legal responsibilities of parties in the digital space.

Thirdly, establish real estate exchanges as an independent legal entity with full legal personality to operate autonomously and bear responsibility under the law. Introduce a “mandatory exchange transaction” mechanism (suggested amendment to Article 7, Clause 7 of the Real Estate Business Law: “The State encourages organizations and individuals to carry out transactions of buying, selling, transferring, renting, leasing, and using land or real estate through real estate exchanges”), clearly defining the legal status of exchanges, ensuring they are not just a listing platform but also a responsible legal intermediary, making transactions via exchanges a method for market transparency.

Fourthly, establish a mechanism for strict penalties and the public disclosure of violations: Apply high administrative fines, permanently revoke licenses for organized fraudulent activities. Publicly disclose information about violating exchanges on the national portal to create a market deterrent.

2. Developing Technical and Technological Infrastructure

Establish the National Real Estate Transaction Management System (VN-RTMS): This will be the platform for storing, verifying, and authenticating all information about real estate, exchange operations, and transaction history.

Apply digital technology to the transaction process: Use technologies such as electronic identification (eKYC), smart contracts, and blockchain for data storage to enhance authenticity, immutability, and easy traceability.

Integrate with other databases: Connect the transaction management system with land, civil registration, tax, and urban planning databases to ensure synchronized information for legal property checks before transactions. Real estate exchanges should not only be transaction platforms but also serve as tools for public administration, integrating administration, finance, and legal supervision in the urban land market¹².

3. Strengthening Enforcement and Supervision Mechanisms

Establish an effective inter-ministerial coordination mechanism: Strengthen cooperation between the Ministry of Construction, the Ministry of Justice, the Ministry of Public Security, and the Ministry of Science and Technology to supervise exchanges, address fraud, and investigate violations.

Set up a national real estate information portal: This portal will allow citizens to look up the legal status of properties, planning information, exchange identification codes, brokers' certifications, and actual local transaction values. Additionally, enhance regular inspections and create mechanisms for public feedback: Simplify the process for citizens to report violations by exchanges or brokers, while also conducting random and surprise audits to detect fraudulent activities.

V. CONCLUSION

Fraud in real estate exchange services is becoming a serious challenge for the healthy and sustainable development of Vietnam's real estate market. Practices such as creating "ghost exchanges", deposit fraud, and price manipulation not only cause direct harm to the public but also erode trust in the market mechanisms and the legal system. In this context, establishing a strong legal and technical system to combat fraud is an urgent and indispensable requirement.

The experience from South Korea shows that a combination of a strict legal framework, advanced digital technology applications, and effective monitoring mechanisms can significantly reduce fraud in real estate transactions. The RTMS model, mandatory electronic contracts, strong sanctions, and comprehensive public data have proven the capability of modern state governance to both ensure market transparency and protect citizens' interests. From a policy perspective, Vietnam can fully adopt relevant lessons from South Korea, but this requires strong political consensus, a commitment to institutional reform, and serious investment in digital infrastructure. Only when legal tools and technology work in unison can we build a transparent, safe, and sustainable real estate market.

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