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- FSC launches "Green and Transition Finance Action Plan" to boost net-zero and sustainable development
- FSC issues "Operation Directions for Applications by Financial Services Firms to Conduct a Business Trial"
- FSC reminds listed companies that they are required to prepare an annual sustainability report starting from 2025

Policy and Law

FSC launches "Green and Transition Finance Action Plan" to boost net-zero and sustainable development

The Financial Supervisory Commission (FSC), on 29 October 2024, launched the "Green and Transition Finance Action Plan," which includes the following six main focal points: (a) funding corporates for net-zero transition; (b) collecting corporate emissions data and enhancing climate resilience; (c) encouraging financial services firms to disclose carbon reduction targets and strategies as well as nature-related financial data; (d) facilitating the acquisition of sustainable finance certificates and financial talent; (e) advancing sustainable finance evaluation and cooperation mechanisms; and (f) increasing of Taiwan's international influence. The idea is to enable financial services firms to increase the reach and the power of their support, and to collaborate with the government and the business community in promoting net-zero sustainable development.

In terms of its guiding vision, the "Green and Transition Finance Action Plan" (hereinafter, "the Action Plan") seeks to achieve "environmentally sustainable, socially reciprocal, and orderly governed." It pursues five core strategies (collaborate with the government and the business community in promoting net-zero transition; motivate private-sector funds to be used to support the development of sustainability-related infrastructure and low-carbon industries and technologies; enhance the resilience of financial services firms to ESG trends and emerging risks; uplift sustainability awareness and capacity building; increase the influence of the financial industry and raise Taiwan's international profile), and addresses six key aspects (funding; data; disclosures; empowerment; ecosystems; enhancement of international influence). The Action Plan includes a total of 30 specific implementation measures (of which seven are continuation measures from the Green Finance Action Plan 3.0).

A diverse range of measures has been put forward worldwide to address issues related to climate change and sustainable development. The FSC will continue paying close attention to trends involving international sustainability issues, and reviewing the Action Plan's measures on a rolling basis. In coordination with Taiwan's carbon pricing scheme and overall carbon reduction target, the FSC is working with other central government agencies to jointly push for industry and society to reduce carbon emissions and achieve an orderly transition to net zero, thereby ensuring that green and transition finance become forces that propel sustainable development forward.

FSC issues "Operation Directions for Applications by Financial Services Firms to Conduct a Business Trial"

On 24 October 2024, the FSC issued the "Operation Directions for Applications by Financial Services Firms to Conduct a Business Trial." The Directions: sharply expand the range of business activities that a financial services firm may conduct on a trial basis; increase the number of segments within the financial sector that are allowed to apply to conduct a business trial; establishes a priority application review mechanism for firms conducting business trials involving financial inclusion; and encourage financial services firms and both domestic and foreign FinTech firms to engage in collaborative business trials. The goal is to more effectively develop Taiwan's financial markets.

Given the rapid pace of FinTech development, the FSC's principal concern always revolves around the question of how it can promote FinTech policies in a manner that ensures proper risk control while also allowing a greater degree of fault tolerance for the purpose of innovation and greater market development. Moving forward, the FSC will work in line with the "Five Strategies for Spurring FinTech Development" and the "FinTech Development Roadmap 2.0" to continue using a diverse range of measures to spur digital transformation and innovative development of financial services firms, to support the development of startups, to collect the opinions of FinTech ecosystem firms as well as information on how they operate overseas, in order to create an environment that is friendly to FinTech innovation. At the same time, the FSC will also encourage firms to engage in cross-sector cooperation and to launch innovative financial products and services that meet the needs of the public, so as to optimize the customer experience and become more competitive.

FSC reminds listed companies that they are required to prepare an annual sustainability report starting from 2025

The information provided in sustainability reports is used by stakeholders when they examine the sustainability performance of companies, and serves as important reference when they make investment and financing decisions. The FSC's "Sustainable Development Action Plan for Listed Companies" requires listed companies with paid-in capital less than NT\$2 billion to prepare an annual sustainability report starting from 2025 (covering the year 2024). Accordingly, all listed companies will have to prepare a sustainability report in 2025 and disclose it on the system designated by TWSE by end-August 2025. Listed companies must continue to improve the quality of their sustainability information and avoid exaggerated or false representations. If they do so, they will win increased trust from the public, thereby building a better corporate reputation and stronger competitiveness, which will help to prevent greenwashing. The FSC will keep paying close attention to international sustainability trends and improve related policies to lead listed companies toward sustainable development.

FSC issues "Regulations Governing Anti-Money Laundering Registration of Enterprises or Persons That Provide Virtual Asset Services" and amends "Regulations Governing Anti-Money Laundering and Countering the Financing of Terrorism for Enterprises Handling Virtual Currency Platform or Transaction," which will come into force on 30 November 2024

The "Money Laundering Control Act" was amended on 31 July 2024 to support the prevention of money laundering. Article 6, paragraph 1 of the amended Act introduces a registration system for enterprises or persons that provide virtual asset services, while Article 6, paragraph 2 authorizes the FSC to adopt rules governing an anti-money laundering registration system, including applicant eligibility criteria, application procedures, cancellation or revocation of registrations, review procedures for listing and delisting of virtual assets, a system for prevention of unfair transactions, a method for separate custody of VASP and customer assets, information systems and security, a wallet management system, and other matters requiring compliance.

Acting upon the authority of Article 6, paragraph 2 of the "Money Laundering Control Act," the FSC issued the "Regulations Governing Anti-Money Laundering Registration of Enterprises or Persons That Provide Virtual Asset Services" on 26 November 2024. Any enterprise or person that intends to provide virtual asset services is required to apply for anti-money laundering registration by furnishing the documentation and following the procedures set out in Article 5 of said Act, and any party that provides virtual asset services without having completed registration shall face criminal liability. In addition, the FSC has also amended the "Regulations Governing Anti-Money Laundering and Countering the Financing of Terrorism for Enterprises Handling Virtual Currency Platform or Transaction" and changed the name to the "Anti-Money Laundering and Counter Terrorist Financing Regulations for Enterprises or Persons that Provide Virtual Asset Services." The renamed Regulations will come into force on 30 November 2024.

FSC issues order regarding the lines of business that may be conducted by SITES and SICEs with approval of the competent authority per Article 3 paragraph 3, subparagraph 3 and Article 4 paragraph 3, subparagraph 3 of the Securities Investment Trust and Consulting Act ("the SITC Act")

To help securities investment trust enterprises (SITES) and securities investment consulting enterprises (SICEs) successfully collaborate with banks and securities firms to develop sales and consulting services for offshore funds that do not have the nature of a securities investment trust fund, the FSC on 25 October 2024 issued an order regarding lines of business that SITES and SICEs may conduct with the approval of the competent authority per Article 3 paragraph 3, subparagraph 3 and Article 4 paragraph 3, subparagraph 3 of the SITC Act. The order eases restrictions on the range of services that SITES and SICEs may provide, and on the range of parties to whom they may provide those services. Also, in order to afford domestic SITES and SICEs a greater degree of flexibility in their business operations, the order has eased a prior restriction which declared that any foreign asset management institution, or an institution designated thereby, was only allowed to retain one qualified financial institution within Taiwan to sell offshore funds that do not have the nature of a securities investment trust fund; under the new order, the restriction does not apply across the board to a single institution, but separately to such an institution's various funds.

FSC amends "Regulations Governing Responsible Persons and Associated Persons of Securities Investment Trust Enterprises," "Regulations Governing Securities Investment Trust Enterprises," and "Regulations Governing the Conduct of Discretionary Investment Business by Securities Investment

Trust Enterprises and Securities Investment Consulting Enterprises"

To ensure the sound development of the asset management industry, maintain market discipline, and continue improving the mechanism for preventing SITEs and the managers of discretionary investment funds from engaging in transactions that pose conflicts of interest, the FSC amended the three abovenamed Regulations on 27 November 2024. Key points of the amended provisions are as follows:

1. In addition to a SITE's chief internal auditor being required to meet certain qualification requirements, this position must be treated as having the same occupational grade as that of a company vice president or the equivalent.
2. In terms of hierarchy of law, the level of requirements governing the use of information and communications equipment has been raised from self-regulatory rules to laws and regulations.

FSC issues the scope and formula for calculating total adjusted capital and risk-based capital of insurance companies

The FSC issued "The scope and formula for calculating total adjusted capital and risk-based capital of insurance companies in 2024" on 9 October 2024. In adjusting the 2025 "X+Y multiple system" used to calculate the C3 (interest rate risk) capital requirement, the X multiple has been kept at 0.9, the same as in 2024. Also, proceeding in accordance with the plan, the FSC has implemented phase 3 catastrophe risks capital requirement that requires non-life insurers and reinsurers to set aside catastrophe risk capital charges and credit guarantee capital charges for all insurance lines, and requires all of the insurers to set aside capital charges for risk of terrorist attacks and epidemics/pandemics capital charge, so as to be gradually in line with the catastrophe risk capital charges in Taiwan's New Generation Insurance Solvency Regime (TW-ICS).

FSC amends "supervisory reporting forms for compulsory automobile liability insurance" and "methods for setting aside of the various reserves for compulsory automobile liability insurance"

To coordinate with adoption of IFRS 17 and the amendment of the "Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance," on 29 December 2023 the FSC amended the "supervisory reporting forms for compulsory automobile liability insurance" and the "methods for setting aside of the various reserves for compulsory automobile liability insurance."

FSC issues "Interpretive Rule on proviso of paragraph 5 of Article 15 of the Regulations Governing the Supervision of Insurance Solicitors"

The FSC recently an interpretive rule declaring that, in the case of "a residential fire insurance policy renewal application in which a renewability provision is already included in the original policy and the details of the coverage remain unchanged," if an electronic application form already specifies the solicitor's name and registration number, and if a management system has been set up for the solicitor to confirm solicitation details, the solicitor shall be deemed to have signed the insurance application form in accordance with the provisions of the proviso of paragraph 5 of Article 15 of the "Regulations Governing the Supervision of Insurance Solicitors."

FSC amends the "Directions for Insurance Enterprises Engaging in Electronic Commerce Business"

To enable insurers to conduct e-business more efficiently, the FSC has amended the aforementioned Directions to: (1) provide that the Taiwan Clearing House's electronic direct debit authorization (eDDA) platform may be used by insurers as a mechanism for accepting payment for online insurance purchases and supplementary identity verification; (2) ease restrictions regarding investment-linked annuity insurance purchased online, whereby such products may pay out value-added bonuses, and the maximum number of linked underlyings has been increased from 3 to 50; and (3) expand the allowable range of online insurance services.

FSC announces the 3rd (2025) Sustainable Finance Evaluation Indicators

To respond to climate change and sustainable development, and to make Taiwan more competitive, the FSC adopted the third (2025) sustainable finance evaluation indicators on 11 October 2024. The idea is to continue making Taiwan's financial institutions capable of pushing more powerfully and influentially for transition to a net-zero economy. It also hopes to motivate peer institutions and companies from other sectors to more fully address diverse aspects of sustainable issues. The 3rd evaluation methods and scoring procedures are in principle the same as those of the 2nd. The main differences from the year before include the following: 1. the number of firms subject to evaluations has

been increased; 2. the schedule for sustainable finance evaluations has been adjusted; 3. emerging sustainability policies and issues of concern to outside observers will be included among the indicators in the 3rd evaluations; and 4. there have been consolidation and adjustment of indicator content and the number of topics. The sustainable finance evaluation work committee will release a handbook for the 3rd Sustainable Finance Evaluation and conduct a 3rd Sustainable Finance Evaluation informational meeting to help institutions subject to evaluation understand the key focal points of the evaluation. If institutions subject to evaluation are interested, when the time comes they may visit the "Sustainable Finance Evaluation Data Platform" or the "Sustainable Finance Website" to learn more about the subject, or they may contact the Taiwan Academy of Banking and Finance, the Securities and Futures Institute, or the Taiwan Insurance Institute.

International Activities



European Chamber of Commerce Taiwan (ECCT) pays a visit to the FSC

An ECCT delegation led by CEO Freddie Höglund (third from the right in the first row) paid a courtesy call to the FSC on October 22, 2024. They were warmly received by FSC Chairperson Jin-Lung Peng (4th from the right in the first row), and both sides broadly exchanged views on issues of mutual interest.

Industry Updates

FSC grants approval for E.SUN Bank to apply with US authorities to establish representative office in Dallas

On 17 October 2024, the FSC granted permission for E.SUN Bank to apply with the US authorities for approval to establish a representative office in Dallas. Texas is the second largest state in the United States, so E.SUN Bank, in order to gain a better understanding of local business conditions, grow its overseas network, and expand the range of its services, has made plans to set up a representative office in Dallas.

FSC grants 2024 awards to securities and futures firms for excellence in implementing Principles for Fair Treatment of Consumers



The FSC on 1 November 2024 held the "2024 Awards Ceremony for Excellence in Consumer Protection Among Securities and Futures Firms." FSC Vice Chairperson Yen-Liang Chen personally presided over the ceremony and presented the awards.

This year's assessment of the implementation of the Principles for Fair Treatment of Consumers (FTC Principles) focused on companies with NT\$10 billion or more in paid-in capital (9 large-scale full-licensed securities firms, 21 specialist securities firms, and 14 enterprises exclusively engaged in futures brokerage business). To encourage securities and futures enterprises to continue improving the fair treatment of customers, the FSC held an awards ceremony to grant public recognition to firms that ranked in the top 25% for implementation of the FTC Principles, and also conferred awards for best progress to one securities firm and one futures firm.

FSC face-to-face interviews with FinTech startup teams: FSC Chairperson Peng hears the thoughts of entrepreneurs, lends a helping hand



FSC Chairperson Jin-Lung Peng launched a series of in-person interviews with FinTech startup teams on 15 October 2024 at the FinTechSpace. There he had chats with 10 startup teams, who shared opinions and suggestions with him. The startup teams all said afterward that it was an excellent activity, and that meeting and talking with Chairperson Peng made them feel more confident about prospects for future business expansion. The FSC attaches great importance to the views of the business community, and makes a special effort to hear their views.

The FSC thanked the startup teams for sharing their views and suggestions, and stated that the day's interviews would play an important role in the FSC's ongoing efforts to promote FinTech development in Taiwan. In addition to two further sessions of interviews with startup teams, the FSC also hopes to continue engaging in dialogue with the business community and building up the FinTech development ecosystem, and to go on from there to establish a more comprehensive support system so as to provide financial services characterized by greater innovation, progress, and inclusivity. Beyond that, the ultimate hope would be to jointly create a new type of value in Taiwan's financial industry, and achieve the goal of inclusive finance.

NPL Ratio for Domestic Banks as of the End of October 2024

Unit: NT\$1 billion / percentage points

	31 Oct. 2024	30 Sep. 2024	Increase/Decrease
Total outstanding loans	41,799	41,470	Increased by 329 billion
NPL ratio	0.16%	0.15%	Increased by 0.01 percentage points
Coverage Ratio	857.36%	896.67%	Decreased by 39.31 percentage points

As of the end of October 2024, there were 38 domestic banks in Taiwan, and their asset quality continuously remained manageable according to the above figures. The FSC will require banks to undertake measures to improve asset quality and financial structure on an ongoing basis.

NPLs at credit cooperatives at the end of October 2024

Unit: NT\$1 billion / percentage points

	31 Oct. 2024	31 Sep. 2024	Increase/Decrease
NPLs	0.83	0.80	Increased by NT\$0.03 billion
NPL ratio	0.13%	0.12%	Increased by 0.01 percentage points
Coverage Ratio	1859.41%	1902.03%	Decreased by 42.62 percentage points

As of the end of October 2024, there were 23 credit cooperatives in Taiwan, and their asset quality continuously remained manageable according to the above figures. The FSC will require credit cooperatives to undertake measures to improve asset quality and financial structure on an ongoing basis.

Net purchases and sales of listed stocks by foreign and mainland China investors, as well as the inflow and outflow of funds

1. Net foreign and Mainland Area investment in listed shares

Unit: NT\$1 billion

As of Oct. 2024		TWSE-listed shares	TPEx-listed shares
Foreign Investors	Bought	27,225.25	4,639.83
	Sold	27,635.83	4,707.67
	Net bought (sold)	(380.57)	(67.83)
Mainland area investors	Bought	4.94	0.41
	Sold	47.6	0.48
	Net bought (sold)	0.18	(0.05)
Total		(380.39)	(67.88)

2. Cumulative net (outward) inward remittances by foreign and mainland China investors

Unit: NT\$1 billion

	End-Oct. 2024	End-Sep. 2024	Increase (Decrease)
Cumulative net (outward) inward remittance from offshore foreign institutional investors and foreign individual investors	278.25	274.96	3.29
Cumulative net (outward) inward remittance from Mainland area investors	0.059	0.059	(0)
Total	278.31	275.02	3.29

Sales statistics of foreign-currency denominated products by life insurance industry as of the end of August 2024

Unit: NT\$1 billion

	End-Aug. 2024	End-Aug. 2023	Increase (Decrease)
Investment-linked insurance	29.82	46.223	-35%
Traditional life insurance	161.993	138.775	17%
New-policy premium income (total)	191.813	184.998	4%

Profit/loss, net value and exchange gains/losses, hedging gains and losses, and foreign exchange volatility reserves of insurance enterprises as of August 2024

1. Pre-tax profit of insurance enterprises

Unit: NT\$1 billion

	End-Sep. 2024	End-Sep. 2023	Growth Rate %
Pre-tax profit of life insurance enterprises	293.9	174.7	68.2%
Pre-tax profit of non-life insurance enterprises	22.1	12.4	78.2%
Pre-tax profit of insurance enterprises (total)	316	187.1	68.9%

2. Owners' equity of insurance enterprises

Unit: NT\$1 billion

	End-Sep. 2024	End-Sep. 2024	Increase (Decrease)
Owners' equity of life insurance enterprises	2,674.7	1,964.6	36.1%
Owners' equity of non-life insurance enterprises	148.7	122	21.9%
Owners' equity of insurance enterprises (total)	2,823.4	2,086.6	35.3%

3. As of the end of September 2024, the NT Dollar had depreciated by 2.89% against the US Dollar since the end of 2023, and the cumulative balance of foreign exchange valuation reserve of life insurance enterprises was NT\$157.7 billion, increasing by NT\$65.7billion. Meanwhile, the combined impact of exchange gains/losses, hedging gains/losses, and the net effect of volatility on the foreign exchange valuation reserve of life insurance enterprises was NT\$-224.4billion. Over the same period, the overseas investments of life insurers resulted in net gains (including exchange gains/losses and hedging gains/losses, but not including the net effect of volatility on the foreign exchange valuation reserve) of NT\$637.8billion.

Investor and Consumer Protection

2024 Financial Literacy Campaign for the Campus and Community

In November 2024, the FSC held 41 activities at different locations, including National Yunlin Special School, as part of the 2024 Financial Literacy Campaign for the Campus and Community, attracting 3,924 participants. The Financial Literacy Campaign is free of charge and has struck a chord with many people since its inception in 2006. As of the end of 2023, a total of 8,509 events had been held and over 1.19 million people had attended. The target participants include students at all levels, communities, women's groups, indigenous people, immigrants, military service personnel, correctional institutions, social welfare groups,

senior citizens' groups, police, firefighters, coast guard personnel, and taxi drivers.

FSC reminds consumers to regularly check whether their compulsory auto liability insurance is in force

The FSC launched a compulsory auto liability insurance scheme on 1 January 1998 in order to ensure prompt basic protection for the injured parties in automobile traffic accidents that result in injury or loss of life and to maintain roadway traffic safety. Recently, the FSC reminded automobile owners that if they fail to insure their autos in accordance with legal requirements, or if their insurance expires and they fail to renew it, an administrative fine may be imposed upon them by a highway supervisory authority, they will not be able to apply for a license plate, change their vehicle registration in any way, or have their vehicle inspected.

FSC encourages purchase of micro-whole-life insurance to obtain basic insurance protection

To encourage widespread purchases by senior citizens of micro-whole-life insurance products, the FSC, in addition to using supervisory measures to incentivize insurers to promote the sale of this type of insurance, also encourages the general public to strengthen their basic insurance protection by purchasing micro-whole-life insurance.

Micro-whole-life insurance products are characterized by low insured amounts and low premiums, and there are no restrictions on who may purchase them other than a maximum age of 84 for the purchaser. Minimum requirements for agreement to underwrite are not as rigorous as for ordinary life insurance products, and the underwriting process is relatively simple. Senior citizens, those with limited funds, and persons in the "sandwich generation" who are caring for both young and elderly family members can all build up basic insurance coverage by purchasing micro-whole-life insurance.

One type of micro-whole-life insurance product is a traditional whole life main contract that pays out whole-life benefits when the insured passes away or experiences full permanent disability, and the policyholder can additionally purchase a one-year personal injury insurance rider to obtain coverage for death or disability due to accident.

The Life Insurance Association of the Republic of China has established a special "Micro-Whole-Life Insurance Section" on its website that consumers can visit to find information on micro-whole-life insurance products and how to buy them. In addition, members of the public can also visit the Online Platform for Protection-Type Insurance Products to learn about micro-whole-life insurance products, and can link from this platform to cooperating insurance companies to make online insurance purchases.

Cross-Sector Collaboration Among Financial Institutions Advances Anti-Fraud Technology

On 1 November 2024, the FSC held a "Thematic Achievement Showcase of Tech-Driven Prevention of Fraud" at the Taipei FinTech Expo. This event displayed the results of this year's thematic campaign for Tech-Driven Prevention of Fraud, inviting financial institutions, FinTech companies, and tech firms to engage in knowledge sharing and networking. The Showcase also featured a "Protecting Financial Assets from Tech-Enabled Financial Crime" Panel Discussion, where representatives from the Criminal Investigation Bureau of the National Police Agency, Ministry of the Interior, the Ministry of Digital Affairs, and participants from the four programs of the Joint Proof of Concept Initiative discussed public-private partnerships in combating fraud. They shared experiences, practical challenges, and recommendations for enhancing inter-financial institution collaboration, and explored potential scenarios and solutions to strengthen joint anti-fraud measures through advanced technology and AI.

The FSC expressed its hope that this Showcase not only provided financial institutions, FinTech companies, and co-creation teams with an opportunity to demonstrate their innovative anti-fraud technologies and solutions, but also promoted collaboration between financial and technology sectors to jointly develop more effective tools and strategies against financial crime. By sharing the latest FinTech applications, the FSC aims to enhance the industry's fraud detection capabilities, foster the development of Taiwan's anti-fraud tech ecosystem, and more effectively intercept illegal financial transactions, safeguarding the financial security of the public.

Personnel Changes

Yi-jong Jiang retired from the position of FEB Chief Secretary on 16 July 2024. Jiang's vacancy has been filled by Wen-long Kuo, who was transferred from his former position as a division director at the FEB on 16 October 2024.