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Financial Outlook Monthly

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- Promoting the establishment of a Fintech Industry Alliance
- FSC announces 2026 principles for evaluating fair treatment of consumers
- Strengthening standards on advertising for securities enterprises to protect investors' rights and interests

Policy and Law

Promoting the establishment of a Fintech Industry Alliance



To guide financial organizations and fintech-related businesses to work together, the FSC and the Taiwan Financial Services Roundtable are collaborating on the establishment of the Fintech Industry Alliance. On 19 February 2025 they hosted an establishment ceremony and set up working groups for fintech R&D and applications, cross-industry environment co-creation, digital finance guidelines, and fintech investment and exchanges. The conveners of the four working groups will be CTBC Financial Holdings, Cathay Financial Holding Co., Ltd., E. SUN Financial Holding Co., Ltd., and KGI Financial Holding Co., Ltd. Together, they will collate resources from the financial sector to develop innovative concepts and solutions that bolster the overall development of fintech.

FSC announces 2026 principles for evaluating fair treatment of consumers

To supervise the good faith management of the financial services industry, create a healthy corporate governance culture, and ensure that customers are treated fairly, the FSC has implemented an assessment to ensure the principle of fair treatment in the financial services sector since 2019. The Securities and Futures Institute (hereinafter referred to as "the Institute"), which has extensive experience in administering sustainable finance and corporate governance assessments, has been entrusted to conduct the assessment in 2025. A broad variety of views as well as the opinions of external experts and scholars have been incorporated so as to deepen communication with the industry, making the assessment more comprehensive.

The evaluation mechanism for 2026 has been finalized following discussions led by the institute with invited scholars and experts. The targets of the evaluation, evaluation period, indicators, areas of particular focus, aspects of the evaluation results to be made public, and commendation awards are as follows:

1. Evaluation targets: 120 financial services enterprises
2. Evaluation period: From 1 January to 31 December 2025
3. Indicators: Two major categories totaling 130 points
4. Areas of particular focus, aspects of the evaluation to be made public, and commendation awards: the same as for 2025.

The FSC hopes through the assessment to reward outstanding enterprises, achieve benchmark-oriented learning, and further ingrain fair treatment of customers as a keystone of corporate culture among financial service enterprises. This will further build consumer trust in financial service enterprises and benefit the overall sustainable development of the financial service sector.

Revising Article 27, Article 36-1, and Article 42 of the "Implementation Rules for the Internal Audit and Internal Control System of Specialized Electronic Payment Institutions"

The FSC announced the amendments to Article 27, Article 36-1, and Article 42 of the Implementation Rules for the Internal Audit and Internal Control System of Specialized Electronic Payment Institutions on March 19, 2025. Key aspects of the revisions include:

1. The amendment specifies that specialized electronic payment institutions appoint certified public accountants to audit internal control systems; the audit report must meet requirements for reasonable assurance.
2. The amendment specifies that if a specialized electronic payment institution whose total assets audited and certified by a certified public accountant in the previous year amounted to NT\$1 billion or whose number of users reached or exceeded 2 million, it must set up a dedicated information security unit and appoint a supervisor to take charge of information security work.

Strengthening standards on advertising for securities enterprises to protect investors' rights and interests

To reduce the disputes arising from securities firms' advertising, client solicitation and promotion, and to encourage self-regulation and encourage the comprehensive development of the industry, the Taiwan Securities Association, having gathered opinions from all sectors, revised the "Regulations on Members' Advertising, Solicitation, and Promotional Activities" on 5 March 2025 to strengthen self-regulation over securities enterprises' advertising behavior and sent the revised regulations to the FSC for its reference. Key aspects of the revisions include regulation of financing advertising, cooperation between securities enterprises and internet celebrities, management of symposiums, and control over informational software. The FSC will continue to pay attention to the development of the securities market and work with the Taiwan Stock Exchange, the Taipei Exchange, and the Taiwan Securities Association to maintain comprehensive market development and protect investors' rights and interests.

Amending the "Directions for Promoting Insurance Service Business through Collaboration with Business Entities in Other Industries"

To expand cross-industry collaborations, provide consumers with a diverse array of accessible insurance protections, and ensure the

security of business operations as well as the sound development of cross-industry collaboration, the FSC amended Articles 4 and 9 of the "Directions for Promoting Insurance Service Business through Collaboration with Business Entities in Other Industries" on February 7, 2025. This will create channels for cross-industry cooperation to promote travel-related insurance, including at the business premises of companies selling travel products as well as the official websites and apps of mobile communications service providers offering international roaming services. It will also strengthen the internal controls, legal compliance, risk management, and other management mechanisms for insurance companies, agents, and brokers operators involved in cross-industry collaboration.

Revising the "Directions for Life Insurance Companies to Engage in Interest-Sensitive Insurance Products Business"

Taiwan will adhere to IFRS 17 starting in 2026. The transitional principles addressing coverage accounting in IFRS 4 will be superseded. Insurance liability will then utilize real-time information to determine fair value. As such, the FSC revised the "Directions for Life Insurance Companies to Engage in Interest-Sensitive Insurance Products Business" on 11 February 2025 to enhance operational flexibility amid external market uncertainties.

Revising the "Directions for the Review of Life Insurance Products"

Taiwan will adhere to IFRS 17 starting in 2026. After that time, reserves and their calculation basis will come under the scope of the "Regulations Concerning the Deposit of Insurance Industry Reserves" and its derivative regulations. Reserves for long-term insurance contracts (such as liability reserves) will have their calculation basis be the cash flow of contracts in force. The stipulation concerning the calculation basis of reserves in special circumstances and related regulations (such as the announced guaranteed rates for universal life insurance or the guaranteed benefits of investment-type products) in the original "Directions for the Review of Life Insurance Products" (hereinafter, the "Directions") need no longer be listed following Taiwan's adherence to IFRS 17. In line with this, the "Directions" were revised on 13 February 2025.

Revising the "Directions for the Separate Account Custodian Institutions and Investment Instruments of Investment-linked Insurance"

To improve the hedging and risk management capability of discretionary investment-linked insurance products, reduce fluctuations in the net value of discretionary accounts, and ameliorate the effect of market fluctuations on policy account values, the FSC revised Point 8 of the "Directions for the Separate Account Custodian Institutions and Investment Instruments of Investment-linked Insurance" on 18 February 2025, adding the proviso that discretionary investment-linked insurance oriented products may be linked to short-or leveraged-exchange traded funds for hedging and risk management to stabilize the net values of discretionary accounts and to protect the rights and interests of the insured.

Revising the "Directions for Disclosure Requirements of Investment-linked Insurance"

To improve the hedging and risk management capability of discretionary investment-linked insurance products, the FSC is permitting discretionary investment-linked insurance products to link

to short- or leveraged-exchange traded funds for hedging and risk management. However, the risk attributes and operating strategies of leveraged and inverse exchange traded funds differ from those of traditional ETFs. As such, Point 9 of the “Directions for Disclosure Requirements of Investment-linked Insurance” was revised on 18 February 2025 to state that if the investment targets of investment-linked insurance products include leveraged or inverse exchange traded funds, a relevant notice must be placed in insurance product prospectus brochures to ensure that such information is disclosed to policyholders.

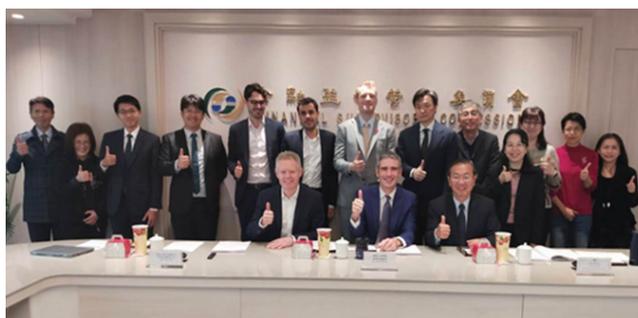
International exchanges

FSC hosts Martin Kent, UK Trade Commissioner for the Asia-Pacific



A delegation led by Martin Kent, the UK Trade Commissioner for the Asia Pacific (fourth from left) was received by FSC Vice Chairperson Chen Yen-liang (fourth from right) on 25 February 2025. The two sides exchanged views on asset management, fintech development, and ESG, and expressed the hope of continuing financial exchanges in the future.

FSC cohosts workshop on financial supervision with Cambridge University



On March 7 2025, the FSC hosted Joel Derbyshire, Director of Trade and Investment at the British Office in Taipei, and Nick Clark, Director of the Cambridge Regulatory Innovation Hub at the Cambridge Centre for Alternative Finance (CCAF), and other members of a delegation. The CCAF organized a workshop on financial supervision where emerging topics such as digital financial services, open banking/open finance, and regulatory sandboxes were discussed. The two sides expressed their wishes to continue financial dialogue and collaboration in the future.

Industry Updates

FSC authorizes SinoPac Securities Corporation to conduct a regulatory sandbox experiment for stock gift cards

On 27 February 2025, the FSC approved an application from

SinoPac Securities Corporation (hereinafter referred to as “SinoPac Securities”) to conduct a one-year regulatory sandbox experiment on stock gift cards. This is the tenth fintech experiment the FSC has approved. Henceforth, SinoPac Securities may issue and sell electronic stock gift cards that purchasers may use themselves or gift to others. This is the first time a securities firm in Taiwan has issued stock gift cards. The project is innovative and has the potential to attract people without prior experience investing in stocks, offering them the opportunity to engage with and learn about investment and financial management. The FSC encourages those with innovative technological or business models to apply to conduct sandbox experiments under the Financial Technology Development and Innovative Experimentation Act. The FSC stands ready to provide potential applicants with guidance and legal consultation.

FSC approves Taishin International Bank to conduct financial products and services to high-net-worth customers.

On March 3, 2025, the FSC amended certain articles of the “Regulations Governing Banks Conducting Financial Products and Services for High-Net-Worth Customers,” which were first promulgated on August 7, 2020. The amendments fully permit banks to engage in high-net-worth customer business and implement a phased relaxation of restrictions on the scope of this business. The FSC has approved Taishin International Bank to engage in this business, in consideration of the bank’s commitment to talent development and deployment, product research and development, and customers’ investment risk management. The bank has submitted related concrete plans and established a responsibility map for this business, along with an accountability mechanism for major misconduct cases involving senior management responsible for this segment. Moreover, the bank has strengthened the supervisory and management functions of its board of directors to foster a sound corporate culture and realize good corporate governance and the fair treatment of customers. Including this case, the FSC has granted approval to 14 banks to conduct this business.

NPL ratio for domestic banks as of the end of February 2025

Unit: NT\$1 billion / percentage points

	End of February 2025	End of January 2025	Increase/Decrease
Total outstanding loans	42,760	42,596	Increased by 164 billion
NPL ratio	0.16%	0.16%	--
Coverage ratio	835.23%	845.58%	Decreased by 10.35 percentage points

As of the end of February 2025, there were 38 domestic banks in Taiwan, and their asset quality continuously remained manageable as seen in the above figures. The FSC will require banks to undertake measures to improve their asset quality and financial structure on an ongoing basis.

NPLs at credit cooperatives as of the end of February 2025

Unit: NT\$1 billion / percentage points

	End of February 2025	End of January 2025	Increase/Decrease
NPLs	0.661	0.704	Increased by NTS 0.043 billion
NPL ratio	0.10%	0.11%	Increased by 0.01 percentage points
Coverage ratio	2238.12%	2238.48%	Decreased by 149.64 percentage points

As of the end of February 2025, there were 23 credit cooperatives in Taiwan, and their asset quality continuously remained manageable as seen in 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 inflows and outflows of funds

1. Net foreign and mainland China investment in listed shares

Unit: NT\$1 billion

End February 2025		TWSE-listed shares	TPEX-listed shares
Foreign Investors	Bought	4,344.33	744.02
	Sold	4,530.01	739.69
	Net bought (sold)	(185.68)	4.33
Mainland China investors	Bought	0.620	0.03
	Sold	1.32	0.04
	Net bought (sold)	(0.70)	(0.01)
Total		(186.38)	4.32

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

Unit: US\$1 billion

	End Feb. 2025	End Jan. 2025	Increase (Decrease)
Cumulative net (outward) inward remittances from offshore foreign institutional investors and foreign individual investors	287.35	284.06	3.29
Cumulative net (outward) inward remittances from mainland China investors	0.05	0.06	(0.01)
Total	287.40	284.12	3.28

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

Unit: NT\$1 billion

	End Dec. 2024	End Dec. 2023	Increase (Decrease)
Investment-linked insurance	49.814	62.072	-20%
Traditional life insurance	272.847	201.68	35%
New-policy premium income (total)	322.661	263.752	22%

Profit/loss, net value and exchange gains/losses of the insurance industry in January 2025

1. Pre-tax profit of insurance enterprises

Unit: NT\$1 billion

	End Jan. 2025	End Jan. 2024	Growth Rate %
Pre-tax profit of life insurance enterprises	321	318	0.9%
Pre-tax profit of non-life insurance enterprises	36	29	24.1%
Pre-tax profit of all insurance enterprises (total)	357	347	2.9%

2. Owners' equity of insurance enterprises

Unit: NT\$1 billion

	End Jan. 2025	End Jan. 2024	Growth Rate %
Owners' equity of life insurance enterprises	2,594.7	2,225.2	16.6%
Owners' equity of non-life insurance enterprises	153.5	129.7	18.4%
Owners' equity of insurance enterprises (total)	2,748.2	2,354.9	16.7%

3. As of the end of January 2025, the NT Dollar had appreciated by 0.3% against the US Dollar since the end of 2024, and the cumulative balance of foreign exchange valuation reserves of life insurance enterprises was NT\$226.3 billion, increasing by NT\$6.7 billion. 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\$-25.3 billion. 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\$69.8 billion.

Investor and Consumer Protection

2025 Financial Literacy Campaign for Campuses and Communities

The FSC's 2025 Financial Literacy Campaign for Campuses and Communities held a total of 115 activities at Hualien's Wun-Lan Elementary School in March that were attended by 6,487 people. The free program has proven popular since its inception in 2006. As of the end of 2024, a total of 9,251 events had been held and over 1.25 million people had attended. The target participants include students at all levels, communities, women's groups, indigenous people, immigrants, military personnel, correctional institutions, social welfare groups, senior citizens' groups, police, firefighters, coast guard personnel, and taxi drivers.

The FSC Banking Bureau will continue to hold continuing education on financial literacy in 2025. Interested schools or groups can apply online or call (02) 8968-9711.

Major penalties

Taiwan Life Insurance Co., Ltd. fined for infringing insurance statutes

Taiwan Life Insurance Co., Ltd. (hereinafter referred to as "Taiwan Life") discovered abnormalities during an inspection into claims fraud and reported a major incident of insurance fraud committed by claims adjusters to the FSC in October 2024. The FSC then conducted an investigation into Taiwan Life and found that the company had violated provisions of the Insurance Act when handling insurance claims, payments, and accounting. The firm was fined NT\$7.2 million in line with Paragraph 4, Article 171-1 of the Insurance Act.