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- FSC grants approval for the centralized securities depository enterprise to handle the electronic notification operations for dividend payments of public companies
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Policy and Law

FSC amends Articles 11 and 38 of the "Act Governing Electronic Payment Institutions"

The Legislative Yuan, meeting in full session on 3 January 2023, passed amendments to Articles 11 and 38 of the "Act Governing Electronic Payment Institutions." The amended Article 11, Paragraph 1, Subparagraph 12 provides that contract content – including trust agreement, performance guarantee agreement, or templates – may be approved by means of an attorney-reviewed legal opinion or a CPA-provided certification report. In addition to meeting supervisory needs, the applicant may also, as necessary, obtain a professional assessment opinion to facilitate examination of a contract's completeness and appropriateness. Also, considering the safe and sound operation of an electronic payment institution could be hindered by that institution's violation of legislation or its articles of incorporation, or by some other behavior of the institution, Article 38, Paragraph 1, Subparagraph 5 newly provides that the competent authority may require an electronic payment institution to set aside a certain amount to reserve, or order it to carry out a capital increase. This amendment provides a greater flexibility and discretion for the competent authority in its efforts to ensure that electronic payment institutions are operated more soundly.

FSC grants approval for the centralized securities depository enterprise to handle the electronic notification operations for dividend payments of public companies

FSC issued an order on 29 December 2022 granting approval for the Taiwan Depository and Clearing Corporation (TDCC) may handle electronic notification operations for the dividend payments of public companies. Where consent has been obtained from investors, TWSE- and TPEX-listed companies, emerging stock companies or public companies with shareholder services agents, the current paper dividend distribution notices will be converted into electronic notifications. This switch is part of an ongoing effort to promote Taiwan's securities markets to achieve net zero emissions by 2050.

Improving the digitalization of financial market services is one of the FSC's core policies. The COVID-19 pandemic has highlighted the importance of establishing an electronic processing mechanism. The FSC hopes that the objectives of lowering costs, improving efficiency, and reducing carbon emissions will be achieved through the innovation and optimization of shareholder services in the primary market, and thus help companies to move further ahead toward sustainable development.

FSC amends "Regulations Governing the Preparation of Financial Reports by Insurance Enterprises"

To coordinate with amendments to the International Financial Reporting Standards (IFRSs) and the current state of adoption of the IFRSs in Taiwan, the FSC has reviewed existing requirements in order to increase the transparency of financial reports. And for the sake of supervisory consistency, the FSC has amended the "Regulations Governing the Preparation of Financial Reports by Insurance Enterprises" with reference to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," as follows:

1. To clarify the definition of the term "material" as used in the Regulations and to facilitate practical compliance, a new paragraph has been added that defines "material" and the factors that must be considered when evaluating materiality. The amended Regulations also clarify that when judging what qualifies as material information that must be disclosed, an insurer must consider the information needs of the primary users of financial reports. Other related provisions have also been amended to coordinate with these revisions.
2. The terms "accounting estimates" and "accounting policies" are expressly defined.

Changes in accounting estimates relating to a change in fair value valuation technique for depreciable, depletable and intangible assets must be handled in accordance with the "change in accounting estimates" procedures set out in Article 6. Also, a newly added provision requires a company to assess the effects of a change in accounting policies on the current year's quarterly financial reports, and if that effects research the threshold set in Article 6, Paragraph 2, the company will be required to restate its financial reports.

3. To coordinate with the "Summary of the Auditor Engagement Standards" issued by the Auditing Standards Committee, some of Taiwan's Statements of Auditing Standards have been renamed and renumbered, and some terminology therein has been revised.
4. Insurance enterprises must carry out earnings distributions in accordance with the provisions of Article 148-1 of the "Insurance Act," which requires that, at the end of every fiscal year, an insurance enterprise shall submit the earnings distribution plan for approval at a shareholders meeting. Accordingly, related forms and notes have been amended.

FSC releases Financial Cyber Security Action Plan 2.0

To ensure uninterrupted operation of the financial system and provide the public with a safe trading environment, the FSC on 27 December 2022 released the Financial Cyber Security Action Plan 2.0 to strengthen the cyber defense capabilities of financial institutions.

The Financial Cyber Security Action Plan 2.0 will focus on expanding the scope of application of existing measures, implementing them better and more thoroughly, and encouraging forward-looking measures. The Plan puts forward 40 implementation measures, key points are as follows: (1) Require more institutions to appoint a chief information security officer (CISO), and institute periodic CISO liaison meetings; (2) Adopt and amend self-regulatory rules in response to digital transformation and deregulation of online services; (3) Enhance core data protection and business continuity drills; (4) Expand the adoption of international cyber security standards and the establishment of cyber security monitoring mechanism; (5) Encourage assessments of the effectiveness of cyber security monitoring and defenses; (6) Encourage establishment of zero trust networks, and improved network connection validation and authorization control; (7) Encourage hiring of cyber security personnel with diverse specialties, and enhanced attack and defense trainings; (8) Improve cyber security information sharing capabilities, and enhance the effectiveness of cyber security joint defense; and (9) Conduct cyber security offensive and defensive exercises, and plan for major cyber event supporting exercises.

The FSC will continue working to improve the cyber defense capabilities of financial institutions, to build a secure environment for the development of financial services, and to provide consumers a relieved, convenient, and diversified financial services.

FSC and Taiwan Financial Services Roundtable establish the Financial Industry Net-Zero Working Platform

To support transition to net-zero economy, and to develop and promote sustainable finance-related works through collaborative approaches, the FSC and the Taiwan Financial Services Roundtable (TFSR) announced that they jointly establish the Financial Industry Net-Zero Working Platform on 28 December 2022. Financial peripheral institutions and industry associations have been invited to jointly develop related tools, guidelines, and plans, and the platform will serve as a medium via which financial services firms can cooperate and exchange views, and can integrate financial sector resources to promote sustainable development and achieve the goal of net zero emissions.

Under the platform, members of the Coalition of Movers and Shakers on Sustainable Finance, the Joint Credit Information Center, and the Securities and Futures Institute will serve as conveners of the following five workstreams: Policies and Guidelines; Funds and Statistics; Information and Risk Control; Empowerment and Certificates; and Domestic and Overseas Promotions. The platform invited 16 peripheral institutions and financial industry associations to become members, while the TFSR established a secretariat to serve as a staff unit to assemble information on the achievements of each workstream to provide suggestions. The FSC will do all it can to assist with platform operations, move forward alongside financial services firms, and continue promoting sustainable finance.

FSC amends Article 18 of "Regulations Governing Foreign Bank Branches and Representative Offices"

In order to set a appropriately raise of the credit extension and investment capacity of foreign banks' branches in Taiwan based on the

sources of funds of their head offices and other overseas branches, the FSC on 29 December 2022 amended Article 18 of the "Regulations Governing Foreign Bank Branches and Representative Offices" (hereinafter, the "Regulations"). Under the amended Regulations, when a foreign bank's branches determine the "calculating basis of total amount of deposits" in accordance with Article 18 of the Regulations through mutatis mutandis application of Article 72 (limitations on total balance of medium-term loans) and Article 74-1 (restrictions on investments in securities) of the "Banking Act," the term "actual drawdowns under credit lines from its head office" includes short-term loans of one-year or less received from its head office and shall additionally include short-term loans of one-year or less received from other overseas branches of the head office. In addition, a newly added provision requires a foreign bank's branch to establish a managing mechanism for maturity allocation of related assets and liabilities and a controlling mechanism for liquidity risk, which provides flexibility and efficiency of funding sources for a foreign bank's branch in Taiwan, and at the same time gives due consideration to risk management.

FSC amends "Regulations Governing the Issuance of Corporate Bonds by Financial Holding Companies"

To enable financial holding companies to utilize funds with greater flexibility and efficiency, and to safeguard the interests of investors, the FSC on 19 December 2022 amended the "Regulations Governing the Issuance of Corporate Bonds by Financial Holding Companies." The amendment adjusted the procedures for applications by financial holding companies to issue corporate bonds and procedures for approval or rejection of their applications, stating that financial holding companies meeting certain financial conditions may carry out multiple issues of corporate bonds within a certain timeframe, and the conditions for stop issuing. Now that the Regulations have been amended, when a financial holding company intends to issue straight corporate bonds or other bonds without equity characteristics, it must apply to the Banking Bureau for approval, but for the issue of convertible bonds, exchangeable bonds, or other bonds with equity characteristics, applications are still submitted to the same one-stop window as before — the Securities and Futures Bureau — while the Banking Bureau is notified of such applications. The amended Regulations also provide that after a financial holding company has submitted an application, the competent authority must approve or reject the application within 12 working days, and the applicant may carry out multiple issues within a period of two years following approval of its application, in order to accelerate and simplify the application review process.

FSC amends "Directions for Life Insurance Companies to Engage in Interest-Sensitive Insurance Products Business"

In order to implement asset-liability management under the declared interest rate policy, and to set out a formula and parameters that insurers can rely upon to set declared interest rates for interest-sensitive insurance products, the FSC on 26 December 2022 amended Points 3 and 5 of the "Directions for Life Insurance Companies to Engage in Interest-Sensitive Insurance Products Business" to determine the scope of the declared interest rate formula's parameters and to set out the bases therefor, and incorporate adjustment measures for the profit or loss of the segregated account into the stabilization mechanism for declared interest rates, so that insurers would have clear legal requirements to meet.

FSC amends "Standards for the Levy Rates of Life and Non-life Insurance Guaranty Fund"

In order to stabilize the insurance market and maintain the operational capabilities of insurance enterprises, and to work toward the goal of generating contributions to insurance guaranty fund to safeguard the interests of insured enterprises, the FSC has amended the "Standards for the Levy Rates of Life and Non-life Insurance Guaranty Fund" to provide that, beginning from August 2022, when an insurer pays out benefits to a home-care Covid patient based on hospitalization insurance benefits provided under a Covid-19 insurance policy, the amount of such benefits paid out may be deducted by the insurer from the amount of its required contribution to the proper insurance guaranty fund.

FSC adjusts RBC measurement scheme for insurance industry for 2022

To facilitate smooth adoption by insurers of the international regime by 2026, the FSC has developed a new-generation insurance solvency regime, which is built on the concepts and principles of the Insurance Capital Standard (ICS) 2.0 issued by the International Association of Insurance Supervisors (IAIS). The FSC has adopted a six-year adoption plan to guide a gradual phasing in of ICS 2.0,

and announced the amendment of the RBC measurement scheme for 2022 on 30 December 2022 in order to reasonably reflect capital charges associated with investments in real estate and overseas insurance business. Also, the entire amount of deferred income tax assets generated by losses on Covid-19 related insurance may now be recognized as admitted assets under the RBC system and factored into an insurer's total adjusted capital, and ICS will be increasingly adopted for the amended calculation of an insurer's retained risk capital charge for natural disasters, credit risk capital charge for natural disasters, and underwriting risk capital charge for auto insurance and commercial fire insurance.

FSC accepts filing by ROC Life Insurance Association of its "Guidelines on Autism Levels and Claim Settlement Reviews"

To encourage life insurers to review settlement claims from autistic persons in a fair and reasonable manner, the FSC has accepted a filing by the ROC Life Insurance Association of its "Guidelines on Autism Levels and Claim Settlement Reviews" to safeguard the interests of policyholders. If the clinical symptoms of someone with an autism spectrum disorder (ASD) — which, in addition to difficulties adapting to situations, uneasiness in social interaction, and other typical ASD symptoms — also include physical, mental, linguistic, and other symptoms of delayed nervous system development — then that person may be recognized as having neuropathy as set out in the Disability Level and Insurance Benefits Payment Form. As for the age at which the diagnosis of disability level was made, the person may choose either "before age 7," "age 7 to less than 15," or "age 15 or older" as provided for in the Guidelines.

FSC announces first set of sustainable finance evaluation indicators

The Taiwan Academy of Banking and Finance (TABF), the Taiwan Insurance Institute (TII), and the Securities and Futures Institute (SFI), acting in line with the FSC's Green Finance Action Plan 3.0, on 29 December 2022 released the first (2023) sustainable finance evaluation indicators, thus formally launching the first-ever sustainable finance evaluations for financial institutions in Taiwan.

In the early stage, relatively large financial institutions will be the focus of the evaluation, and later small institutions will be gradually incorporated in an effort to spur financial institutions to take a hard look at climate and ESG risks. In addition, taking into consideration the different characteristics and risks of different types of financial services firms, the evaluation will cover both qualitative and quantitative topics, including 112 industry-wide indicators and 58 indicators on specific types of business. The evaluation consists of "sustainable finance composite indicators" and three separate single-category indicators for environmental (E), social (S), and governance (G) issues.

All domestic banks (except for Eximbank Taiwan and internet-only banks); securities firms that are listed on the TWSE or TPEX, are not subsidiaries of a corporate group, and have share capital of NT\$5 billion or more; non-life insurers that rank among the top 5 by assets; life insurers with assets of NT\$1 trillion or more; and the domestic reinsurer will be evaluated for the first year, which includes 35 banks, 9 securities firms, 8 life insurers, 5 non-life insurers, and 1 reinsurer. The FSC intends to spur financial institutions to pay close attention to risks and strengthen their contingency response capability and build up their resilience through the sustainable finance evaluation, and to exert the influence of the financial industry and guide consumers, investors, and physical industries to recognize the importance of sustainable development.

International Activities

Taiwan and France sign EoL on insurance supervision cooperation

On 5 January 2023, FSC Chairperson Tien-Mu Huang and Chairman François Villeroy de Galhau of the French Prudential Supervision and Resolution Authority (ACPR) completed signing an exchange of letters (EoL) regarding insurance supervision cooperation. The EoL includes provisions governing information sharing, assistance with on-site examinations, and cooperation in the supervision of cross-border establishments, and will serve as the basis for further financial supervisory cooperation between Taiwan and France. Taiwan has signed regulatory cooperation documents with France in the areas of securities and futures, banking, and Fintech. The signing of this EoL allows both sides to achieve full-range financial regulatory cooperation on banking, securities and futures, insurance and Fintech matters.

Industry Updates

FSC urges for establishment of financial history museum by Taiwan Academy of Banking and Finance

The FSC recently urged the Taiwan Academy of Banking and Finance (TABF) in its work that began in 2020 to establish a new financial history museum called Financial Explorer 62 (FE62), and opened its doors to the public on 16 December 2022. The FE62 is an excellent place for financial institution employees and the general public to learn about the development of Taiwan's financial industry, and it also attracts group visits from schools and other organizations. It plays a useful role in financial literacy campaigns, contributes to financial inclusion and international financial communications, and has helped people at home and abroad to better understand Taiwan's financial history.

DBS Bank (Taiwan) Ltd. gets green light to acquire retail banking business of Citibank Taiwan Ltd.

On 22 December 2022, the FSC granted approval for a cash acquisition of the retail banking business of Citibank Taiwan Ltd. ("Citibank Taiwan") by DBS Bank (Taiwan) Ltd. ("DBS Taiwan"). The applications submitted by the two banks state that after Citibank Taiwan transfers its retail banking business to DBS Taiwan, Citibank Taiwan will be able to focus more on developing its corporate banking business, while the expansion of business by DBS Taiwan will help it to achieve greater economies of scale and synergies, and to provide customers a more diverse range of products and services. Before, during, and after the transfer, the FSC will urge the two banks to pay attention to the state of their business operations, the security of their transactions and data, and regulatory compliance performance, and to properly safeguard the interests of customers and employees.

Taiwan Cooperative Bank gets approval to apply for establishment of Singapore branch

On 13 December 2022, the FSC granted approval for Taiwan Cooperative Bank (TCB) to apply with the authorities in Singapore to establish a branch there. With an eye to the increasingly close trade ties between Taiwan and Singapore, TCB has decided to establish a Singapore branch in order to integrate its financial and payment services within the region and enhance the integrity of its business footprint in Southeast Asia. Taiwanese banks have a total of 12 branches and one representative office in Singapore.

FSC holds 2022 Awards Ceremony to Praise Insurers for their Cooperation with Policy Promotions

On 9 December 2022, FSC held the "2022 Awards Ceremony to Praise Insurers for their Cooperation with Policy Promotions," where it presented the following awards: "Excellent Performance in Microinsurance"; "Excellent Performance in Insurance for Seniors"; and "Excellent Performance in Residential Earthquake Insurance and Compulsory Automobile Liability Insurance." The purposes of the awards are to encourage insurers to continue promoting related lines of business, to promote social fairness, and to fulfill their corporate social responsibilities.

NPL Ratio for Domestic Banks as of the End of December 2022

The total outstanding loans extended by the current 39 domestic banks increased by NT\$53.6 billion (US\$1.75 billion) as compared to the figure of previous month and amounted to NT\$36.65 trillion (US\$1,194 billion) at the end of December 2022. Meanwhile, the NPLs of these banks totaled at NT\$54.7 billion (US\$1.78 billion) which decreased by NT\$1.6 billion (US\$0.05 billion) from NT\$56.3 billion (US\$1.83 billion) as of the end of the previous month. The average NPL ratio of the 39 banks remained at 0.15% compared to previous month, and was down by 0.02 percentage points compared to the same month last year.

The coverage ratios of allowances for NPLs increased by 40.51 percentage points and therefore rose to a figure of 910.46% from 869.95% of the previous month. The asset quality of domestic banks continuously remained manageable according to the above figures as of the end of December 2022. The FSC will request banks to undertake measures to improve asset quality and financial structure on an ongoing basis.

NPL situation of credit cooperatives at the end of December 2022

Total NPLs at Taiwan's 23 credit cooperatives stood at approximately NT\$0.445 billion as of the end of December 2022, generating an NPL ratio of 0.08%, down by 0.03 percentage points from 0.11% at the end of November 2022. The NPL coverage ratio was 2,831.69%, up

by 787.60 percentage points from 2,044.09% at the end of November 2022.

Net foreign and mainland China investment in listed shares

As of the end of December 2022, foreign investors in the year to date had bought around NT\$17,749.4 billion and sold around NT\$18,838.3 billion worth of shares listed on the Taiwan Stock Exchange, amounting to a net-sell of around NT\$1,088.9 billion. In addition, foreign investors in the year to date had bought around NT\$3,068.1 billion and sold around NT\$3,120.7 billion worth of shares listed on the Taipei Exchange, amounting to a net-sell of around NT\$52.6 billion. Meanwhile, mainland China investors had bought around NT\$2.1 billion and sold around NT\$2.9 billion worth of shares listed on the Taiwan Stock Exchange, amounting to a net-sell of about NT\$0.8 billion; and mainland China investors had bought NT\$0.2 billion and sold around NT\$0.5 billion worth of shares listed on the Taipei Exchange, amounting to a net-sell of around NT\$0.3 billion. As for inward remittances by foreign and mainland China investors, the figure for cumulative net inward remittances by offshore foreign institutional investors, offshore overseas Chinese, and foreign nationals at the end of December 2022 stood at approximately US\$216 billion, down by around US\$0.8 billion from US\$216.8 billion at the end of November 2022. The figure for cumulative net inward remittances by mainland China investors was US\$25 million, the same as the figure at the end of November 2022.

Sales statistics of foreign-currency denominated products by life insurance industry as of the end of October 2022

The sales statistics of foreign-currency denominated products by life insurance industry as of the end of October 2022 were as follows: premium revenues from new foreign-currency denominated policies amounted to around NT\$389.671 billion, down by 21% from NT\$495.582 billion year-on-year. Within these figures, investment-linked insurance products accounted for NT\$121.796 billion (around 31% of the total), down by 49% from NT\$241.046 billion year-on-year, and the sales of traditional insurance products totaled NT\$267.875 billion (around 69% of the total), up by 5% from NT\$254.536 billion year-on-year.

Profit/loss, net value and exchange gains/losses of the insurance industry in November 2022

The pre-tax profit of all insurance enterprises at the end of November 2022 was NT\$61.8 billion, down by NT\$347 billion or 84.9% compared to the previous year; the pre-tax profit of life insurance enterprises was NT\$216.1 billion, down by NT\$170.4 billion or 44.1% compared to the previous year, while the pre-tax loss of non-life insurance enterprises was NT\$-154.3 billion, down by NT\$176.6 billion or 791.9%.

The owners' equity of insurance enterprises at the end of November 2022 was NT\$1,761.2 billion, down by NT\$1,049.9 billion or 37.3% compared to the previous year; the owners' equity of life insurance enterprises was NT\$1,695.3 billion, down by NT\$957.4 billion or 36.1% compared to the previous year, while owners' equity of non-life insurance enterprises was NT\$65.9 billion, down by NT\$92.5 billion or 58.4%.

As of the end of November 2022, the NT Dollar had depreciated by 10.39% against the US Dollar since the end of 2021, and the cumulative balance of the foreign exchange valuation reserve of life insurance enterprises was NT\$242.3 billion, increasing by NT\$198.6 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\$17 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\$993.2 billion.

Investor and Consumer Protection

FSC adds micro-insurance to Online Platform for Protection-Type Insurance Products on 30 December 2022

The Online Platform for Protection-Type Insurance Products already provided selections for three types of insurance products which includes term life insurance, micro-whole-life insurance, and critical illness health insurance. Considering that micro-insurance is also a protection-type insurance product that can make up for the protection shortfall between what commercial insurance offers and public assistance provides, but some people who are eligible for micro-insurance may be unable to obtain it because they can't find a channel via which to purchase it. Accordingly, after micro-insurance was added to the Platform on 30 December 2022, people eligible for micro-insurance can purchase it online, which in this way extends commercial insurance coverage to

more underprivileged persons and creates a better social safety net.

Fraud rings claim to be the FSC in running swindles; FSC clarifies it does not tout individual stocks

Many shady firms and websites have recently claimed to be FSC officials in publishing fake advertisements or touting individual stocks, attempting to entice people to become investment scheme members or purchase recommended financial products. The FSC recently clarified that, as a financial supervisory authority, its supervisory objective is to maintain sound, fair, and efficient financial markets, and FSC officials do not analyze the price movements of individual stocks or make investment recommendations. The public are therefore urged to carefully confirm the veracity of such recommendations, and not to lightly believe the information provided in advertisements. The FSC and related financial industry associations have set up special sections on their websites that investors can visit to check lists of legitimate financial services firms and clarifications of public figures who have been impersonated by fraudsters, and investors can go online to check related information to make sure their investments are safe.

FSC assists with launch of "Finance Polymath" radio podcast

"Financial Polymath," a financial literacy radio show jointly produced by the FSC and National Education Radio (NER), has been launched. In the shows, senior officials from the FSC and various financial industry peripheral institutions are interviewed and conduct in-depth discussions to help the public better understand the role of financial services in everyday life, and how to use financial tools to manage wealth and debts and to protect properties. Apart from the first show, which was broadcast on 2 January 2023, all shows will be broadcast by NER from 9:05 to 10:00 a.m. on the second, fourth and sixth Monday of each month.

For the first show, the FSC Vice Chairperson Hsiao was interviewed on the topic of "Financial Inclusion and the LOHAS Lifestyle." The Vice Chairperson Hsiao described the role and function of financial services firms in people's lives, spoke about the FSC's financial inclusion measures, and provided suggestions for how a person can use financial services to improve their lives. Anyone who misses the live broadcast can visit the NER website and click into the "Life In Design" program whenever they wish, or search for "Financial Polymath" on the homepage of NER Channel+ website (Chinese version only), or they can visit the FSC's "Money Wise" website (Chinese version only) and find a link there. In addition, the public can use a podcast app to listen to the radio show and learn about financial knowledge at any time.

2022 Financial Literacy Campaign for the Campus and Community

During the year 2022, the FSC held a total of 495 activities around Taiwan as part of the 2022 Financial Literacy Campaign for the Campus and Community, attracting a total of 42,258 participants. The events are free of charge, and have struck a chord with many people since their inception in 2006. As of December 2022, a total of 7,846 events had been held and over 1.14 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, fire fighters, coast guard personnel, and taxi drivers.

The Banking Bureau of the FSC will continue to promote the financial literacy campaign in 2023. Schools or community groups interested in the campaign are invited to register through the website of the Banking Bureau. For more information, please contact us at (02) 8968-9710.

Major Enforcement Actions

FSC imposes fine on Cathay United Bank

The FSC recently imposed an fine on Cathay United Bank after discovering malfunctions in the bank's server room power equipment and slow transaction speeds in its online banking and mobile banking services. These problems were found to constitute violations of Article 45-1, Paragraph 1 of the "Banking Act" as well as Articles 3 and 8 of the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries," which were issued upon the authority of Article 45-1, Paragraph 1 of the "Banking Act," and also constituted a likely hindrance to sound operations. The FSC therefore imposed an administrative fine of NT\$12 million on the bank in accordance with the provisions of Article 129, Subparagraph 7 of the "Banking Act," and issued the bank an official reprimand in accordance with Article 61-1, Paragraph 1 of the "Banking Act," and ordered that the monthly salary of the bank president be reduced by 30% for three months in accordance with Subparagraph 9 under that same paragraph.