

FSC Banking Bureau 2021 Internal Control Project Evaluation Results

No.	Organizer	Project Name	Project Execution and Performance (Results of the Organizer's Self-Evaluation of Performance)	Banking Bureau Review Comments	Grade
1	Credit Cooperatives Division	Enhance finance education and strengthen protection of the interest of financial consumers	<p>I. Project management:</p> <p>(I) Reported all implementation results and control status on a quarterly basis and submitted results before the scheduled deadline.</p> <p>(II) Progress control status:</p> <ol style="list-style-type: none"> 1. 1.82% ahead of schedule in the first quarter (target: 50 sessions; actual: 55 sessions). 2. 0.46% ahead of schedule in the second quarter (target: 200 sessions; actual: 202 sessions). 3. 3.64% ahead of schedule in the third quarter (target: 270 sessions; actual: 286 sessions). 4. Annual targets achieved in the fourth quarter (target: 440 sessions; actual: 486 sessions). <p>(III)The available budget for the entire year was NT\$3,344,000 and the actual expenditures amounted to NT\$ 2,685,000. The budget distribution rate was 57.92%. [In 2021, NT\$600,000 was allocated for the paid</p>	<p>The Bureau agrees with the descriptions provided in the evaluation.</p> <p>Please continue to promote the Project and implement improvement measures and enhancement actions.</p>	Outstanding

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			<p>broadcasting of short promotional short films (micro films) in movie theaters. Due to the COVID-19 epidemic, the effects of the paid screening were expected to be limited. The FSC has arranged for public service announcements on six wireless TV channels (TTV, CTV, CTS, FTV, Hakka TV, and Taiwan Indigenous TV channels) through the Government Information Office of the Executive Yuan. The videos were aired 1,248 times and the actual expenditures were lower than the available budget.]</p> <p>II.Implementation performance:</p> <p>(I) Annual targets:</p> <ol style="list-style-type: none"> 1. Target 1 for "At least 440 sessions of the School and Community Financial Literacy Campaign": Target achieved with 486 sessions organized. 2. Target 2 for "At least 42,000 participants in the School and Community Financial Literacy Campaign": Target achieved with 43,539 participants. 		

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			<p>(II) Designated targets:</p> <ol style="list-style-type: none"> 1. Target 1 for "100% (number of actual sessions/target number of sessions) in the Financial Knowledge Promotional Activities in School and Communities Series": As of the end of 2021, the target was achieved with an achievement rate of 110.45% of the number of sessions. 2. Target 2 for "100% (number of actual participants/target number of participants) of the target enrollments in the Financial Knowledge Promotional Activities in School and Communities Series: As of the end of 2021, the target was achieved with an actual participation rate of 103.66%. <p>(III) Special performance:</p> <ol style="list-style-type: none"> 1. Special performance for meeting the criteria "Project implementation effectiveness actively broadcasted by domestic or foreign media and 		

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			<p>received recognition": Financial institutions (e.g., banks and credit cooperatives) supported the "School and Community Financial Literacy Campaign" organized by the FSC to fulfill corporate social responsibilities and create a friendly financial consumption environment. The financial instructors of the institutions give lectures across Taiwan to foster financial education and promote financial knowledge. The FSC publicly praises the top ten financial institutions with the highest number of financial literacy events provided. The "Credit Cooperatives Quarterly" reports related information and photographs of the campaign each quarter, which recognize this campaign and effectively encourages financial institutions to participate actively and continually and strengthen social public welfare.</p>		

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			<p>2. Special performance for meeting the criteria " Business innovation, improvement, and simplification will help to enhance the government's administration performance and improve the public satisfaction of the government with significant results:</p> <p>(1) The FSC produced two micro films including the "Consumer Protection of Financial Education Micro Film: Trust 2.0 - Most Comprehensive Care with the Most Thoughtful Financial Service" and "There's No Need to Appoint an Agent to Apply Loans or Negotiate Debts" in 2021. The micro films educate people to make use of the trust system to promote the vision of Trust 2.0, and remind people not to use the services of private loan companies who claim that they can help integrate debts to negotiate debt payments.</p>		

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			<p>(2) The FSC's production of the aforementioned educational micro films was completed via open tender procedures and 7 institutions submitted bids for the 2021 procurement project. The FSC invited external experts for the joint evaluation and selection and selected a company with abundant production track records and multiple awards that was able to provide innovative scripts and high-quality effects as the winning bidder. The FSC also invited image processing specialists to use storytelling to advise people of their financial requirements for economic security in old age as a result of the aging society. They also reminded people not to entrust use private loan companies who claim that they can help integrate debts to negotiate debts to implement inclusive finance. Companies use YouTubers, videos on Facebook and</p>		

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			<p>Instagram, and OneAD advertisement services to increase the number of views. The FSC has thus achieved significant results in consumer protection.</p> <p>3. Special performance for meeting the criteria " Outstanding performance in project implementation and effectively reduced project operating costs or increased operating efficiency": The 2021 "School and Community Financial Literacy Campaign" was organized by the FSC in collaboration with the Bankers Association of the Republic of China, National Federation of Credit Co-operatives of the R.O.C., Central Deposit Insurance Corporation, and Taiwan Academy of Banking and Finance. Activities were organized throughout Taiwan and were offered free of charge to encourage participation from the public. However, the Bureau allocates a budget of NT\$57,000 for travel accident insurance each year for</p>		

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			<p>finance lecturers to mitigate the risks of the transportation. The Bureau has not allocated other budgets and thus reduced the cost of the Project effectively.</p> <p>4. Special performance for meeting the criteria "Cross-agency projects which have prudent planning coordination and integration with significant benefits of the Project": The FSC broadcasts short films of correct financial concept and requests the Department of Information Services of the Executive Yuan for helping organize public service broadcasts on six terrestrial TV channels (TTV, CTV, CTS, FTV, Hakka TV, and Taiwan Indigenous TV channels). The FSC also requested the Bankers Association, National Federation of Credit Co-Operatives, Trust Association, and Bills Finance Association to notify their respective members to include the micro films</p>		

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			<p>into the training materials for the employees of individual financial institutions, or use as promotional materials for instructors of the "School and Community Financial Literacy Campaign". The FSC has actively engaged related organizations and associations and issued press releases to publish the materials.</p> <p>5. Special performance for meeting the criteria "Planning and implementation processes to incorporate participation among diverse groups in the society and enhance policy communication and coordination ":The FSC held 4 sessions of the Financial Consumer Protection Knowledge Seminars in Taipei, Taichung, Kaohsiung, and Hualien in October to November 2021. The number of participants reached 553 and the FSC invited experienced experts to share new developments trend</p>		

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			<p>and practices in related regulations. By delivering new knowledge of consumer protection to financial institutions employees, the FSC expects to enhance the financial institutions including banks, credit cooperatives, credit card companies, electronic stored value card issuers, and electronic payment institutions awareness of consumer protection, and helps to improve protection of consumer interests.</p> <p>III.Improvement measures and enhancement actions: The FSC will continue to organize the School and Community Financial Literacy Campaign, Financial Consumer Protection Knowledge Seminars, and the production and broadcast of promotional materials (short films) on correct financial values in 2022 to strengthen the protection of financial consumers' interests.</p>		
2	Trust and Bills	Create a friendly	<p>I. Project management:</p> <p>(I) Reported all implementation results and control status on</p>	The Bureau agrees with the	Outstanding

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	Finance Co. Division	legislation environment and establish comprehensive infrastructure for mobile payment	<p>a quarterly basis and submitted results before the scheduled deadline.</p> <p>(II) Progress control status:</p> <ol style="list-style-type: none"> 1. Work item 1 " complete the enactment of sub-regulations, ordinances and the amendments to the Act Governing Electronic Payment Institutions and related subsidiary legislations": The cumulative progress for the year in each management and evaluation cycle was entirely on schedule. (50%) 2. Work item 2 "encourage financial institutions to develop mobile payment services and accelerate the development and innovation of mobile payment in Taiwan". (50%): <ol style="list-style-type: none"> (1) 50% ahead of schedule in the first quarter: Target: From the start of the program and as of the end of January 2021, financial institutions have accumulated NT\$405 billion in mobile payment transactions (25% 	<p>descriptions provided in the evaluation.</p> <p>Please continue to promote the Project and implement improvement measures and enhancement actions.</p>	

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			<p>of the target); implementation status: from the start of the program and as of the end of January 2021, financial institutions have accumulated NT\$449.5 billion in mobile payment transactions. (75% of the estimated target).</p> <p>(2) 50% ahead of schedule in the second quarter: Target: From the start of the program and as of the end of April 2021, financial institutions have accumulated NT\$420 billion in mobile payment transactions (50% of the target); implementation status: from the start of the program and as of the end of April 2021, financial institutions have accumulated NT\$533 billion in mobile payment transactions. (100% of the estimated target).</p> <p>(3) 25% ahead of schedule in the third quarter: From the start of the program and as of the end of July 2021, financial institutions have accumulated NT\$440</p>		

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			<p>billion in mobile payment transactions (75% of the target); implementation status: from the start of the program and as of the end of July 2021, financial institutions have accumulated NT\$631 billion in mobile payment transactions. (100% of the estimated target).</p> <p>(4) Target achieved in the fourth quarter (Target: From the start of the program and as of the end of October 2021, financial institutions have accumulated NT\$460 billion in mobile payment transactions; implementation status: from the start of the program and as of the end of October 2021, financial institutions have accumulated NT\$753 billion in mobile payment transactions.</p> <p>(III) The implementation of the Project was not provided with a separate budget. The expenses necessary for the implementation of work items are provided from funding</p>		

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			<p style="text-align: center;">for various business operations.</p> <p>II. Implementation performance:</p> <p>(I) Annual targets:</p> <ol style="list-style-type: none"> 1. Target 1 "complete the enactment of sub-regulations, ordinances and the amendments to the Act Governing Electronic Payment Institutions (hereinafter referred to as the Act) and 16 sub-regulations or ordinances in 2021": The FSC completed the amendment and implementation of the Act and 16 sub-regulations or ordinances. After the promulgation of the Act and the authorization regulations on July 1, 2021, the FSC shall expand the business scope of electronic payment institutions. The electronic payment institutions (including existing electronic stored value cards issuers) may file applications to the FSC for prior approval or reference to engage in businesses, including core financial businesses, the associated and 		

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			<p>incidental businesses. The FSC aims to create an electronic payment institutions centric payment ecosystem and to enhance convenience for the public.</p> <p>2. Target 2 "financial institutions accumulate NT\$480 billion in mobile payment transactions by the end of 2021": From the start of the program and as of the end of 2021, financial institutions have accumulated NT\$838.3 billion in mobile payment transactions, which exceeded the target.</p> <p>(II) Designated targets:</p> <p>1. Target 1 "financial institutions increase the accumulated mobile payment transactions by 10% compared to the previous year (2020)": Financial institutions have increased accumulated mobile payment transactions by 98.18% as of the end of 2021 compared to the previous year.</p> <p>2. Target 2 "financial institutions increase the accumulated</p>		

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			<p>mobile payment transactions by 10% compared to the target of 'accumulate NT\$480 billion in mobile payment transactions for the end of 2021': Financial institutions have accumulated NT\$838.3 billion in mobile payment transactions, which exceeded the target of "accumulate NT\$480 billion in mobile payment transactions for the end of 2021" by 74.65%.</p> <p>(III) Special performance:</p> <ol style="list-style-type: none"> 1. Special performance for meeting the criteria "business innovation, improvement, and simplification will help enhance the government's administration performance and improve the public satisfaction of the government with significant results: <ol style="list-style-type: none"> (1) The implementation of the Act and related authorization regulations marks the completion of the integration of legislation on stored value payment tools in Taiwan and creates a sound environment for 		

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			<p>the non-cash payment and mobile payment.</p> <p>(2) In response to technological innovation, financial institutions use emerging technologies to develop diverse mobile payment services that can help increase the convenience and security in people's payment. As of the end of 2021, the cumulative transaction amount in mobile payment services provided by financial institutions totaled NT\$838.3 billion and the transaction amount in 2021 totaled NT\$415.3 billion, which demonstrated that people's acceptance of mobile payment has increased and helped support the adoption of non-cash payments.</p> <p>2. Special performance for meeting the criteria "outstanding performance in project implementation and effectively reduced project operating costs or increased operating efficiency":</p> <p>(1) The implementation of the Act enhanced the</p>		

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			<p>convenience of payment for the public.</p> <p>(2) The implementation of the Project did not require the use of the budget and from the start of the program and as of the end of 2021, financial institutions have accumulated NT\$838.3 billion in mobile payment transactions, which exceeded the target of "accumulate NT\$480 billion in transactions" for the end of 2021. The project operation was highly effective.</p> <p>3. Special performance for meeting the criteria "inclusion of diverse social participation in the project planning and execution process and enhancement of policy communication and coordination": The authorization regulations or ordinances and amendments for the Act were negotiated and discussed with related government institutions (including the Central Bank, Ministry of Justice, Ministry of Finance, Ministry of Labor,</p>		

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			<p>Ministry of Economic Affairs, and National Police Agency of the Ministry of the Interior), operators (including electronic payment institutions, electronic stored value cards issuers, FinTech innovation experiment operators, and banks), and the Bankers Association. The FSC also implemented reviews and adjustments based on the opinions provided by external parties in the period of public comments.</p> <p>III. Improvement measures and enhancement actions: The National Development Council has established the inter-agency implementation mechanism for mobile payment. It focuses on three main strategies (establish comprehensive infrastructure for mobile payment, expand consumer mobile payment applications, and enhance marketing of the mobile payment experience) for implementation. The target is to increase the mobile payment adoption rate to 60% by 2020 and 90% by 2025. The FSC has joined the</p>		

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			<p>implementation mechanism and conducted continuous review of related regulations for mobile payment to "establish comprehensive infrastructure for mobile payment". The FSC will support the National Development Council in the implementation of related measures whenever necessary.</p>		
3	Foreign Banks Division	Launch asset management-business for high-asset customers	<p>I. Project management:</p> <p>(I) Reported all implementation results and control status on a quarterly basis and submitted results before the scheduled deadline.</p> <p>(II) The cumulative progress for the year in each management and evaluation cycle was entirely on schedule.</p> <p>(III) The implementation of the Project was not provided with a separate budget. The expenses necessary for the implementation of work items are provided from funding for various business operations.</p> <p>II. Implementation performance:</p>	<p>The Bureau agrees with the descriptions provided in the evaluation.</p> <p>Please continue to promote the Project and implement improvement measures and</p>	Outstanding

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			<p>(I) Annual targets:</p> <ol style="list-style-type: none"> 1. Target 1 "accumulate at least 6 banks approved for providing wealth management services for high-asset customers": As of the end of 2021, the FSC has approved 7 banks to provide such services and attained the target set for 2021. 2. Target 2 "at least NT\$60 billion total assets under management by banks providing wealth management services for high-asset customers": As of the end of 2021, the total assets under management of the 7 banks approved by the FSC to provide wealth management services for high-asset customers reached NT\$207.7 billion, which exceeded the target set for 2021. <p>(II) Designated targets:</p> <ol style="list-style-type: none"> 1. Target 1 "accumulate at least 3 foreign-currency structural financial bonds issued by banks or offshore structured products issued by foreign branches": There 	enhancement actions.	

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			<p>were 2 foreign-currency structural financial bonds issued by banks or offshore structured products issued by foreign branches.</p> <p>2. Target 2 "less than 3% in the ratio of high-asset customers with major customer complaint or dispute at banks": The ratio of high-asset customers with major customer complaint or dispute at banks was 0%.</p> <p>(III) Special performance:</p> <p>1. Special performance for meeting the criteria "business innovation, improvement, and simplification will help to enhance the effectiveness of government governance and increase public satisfaction with government governance": The FSC published the "Regulations Governing Banks Conducting Financial Products and Services for High-Asset Customers" on August 7, 2020. The legislation targeted high-asset customers with an asset of more than NT\$100 million and relaxed</p>		

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			<p>regulations to allow banks to provide a diverse range of financial products and consulting services to high-asset customers. The FSC accepted applications from banks in two rounds. The results of the first round were announced on December 31, 2020 and 3 banks received approval; the results of the second round were announced on May 18, 2021 and 4 banks received approval. Therefore, the FSC has approved 7 banks as of the end of 2021. These banks have all started providing such services and have provided the financial products and services to high-asset customers in accordance with the relaxed regulations in the aforementioned Regulations. It helps provide customized total solutions for the asset management of high-asset customers.</p> <p>2. Special performance for meeting the criteria "outstanding performance in project implementation"</p>		

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			<p>and effectively reduced project operating costs or increased operating efficiency": The Project attained special performance for meeting the criteria "outstanding performance in project implementation and effectively reduced project operating costs or increased operating efficiency".</p> <p>3. Special performance for meeting the criteria "inclusion of diverse social participation in the project planning and execution process and enhancement of policy communication and coordination": When the FSC formulated the "Regulations Governing Banks Conducting Financial Products and Services for High-Asset Customers", it consulted the opinions of the Central Bank and organized public hearings. It invited the Central Bank, Taiwan Financial Services Roundtable, Bankers Association, Trust Association, Taiwan Academy of Banking and Finance, Securities</p>		

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			<p>Association, Securities Investment Trust & Consulting Association, European Chamber of Commerce Taiwan, American Chamber of Commerce in Taipei, and banks to participate in the process to enhance communication and coordination on policies. After publishing the aforementioned Regulations, the FSC continued to communicate with external entities on the key items in the legislation and its expectations for business operations. The FSC also exchanged ideas with attendees in meetings with external entities and continued to request feedback on the implementation of the business or the aforementioned Regulations from the banks that have received approval in order to improve related legislation and create a healthy financial environment.</p> <p>III. Improvement measures and enhancement actions:</p> <p>(I) Continuous improvement of legislation: The FSC will</p>		

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			<p>continue to request feedback on the implementation of the business or the "Regulations Governing Banks Conducting Financial Products and Services for High-Asset Customers" from the banks that have received approval in order to improve related legislation and create a healthy financial environment.</p> <p>(II) Enhance communication: Starting from September 2021, banks that meet qualifications may file individual applications to the FSC. The FSC shall continue to strengthen the communication of its supervisory requirements and expectations for business operations so that banks can achieve both internal control and risk management when they operate the business.</p>		

*Performance grades are divided into four marks: Outstanding, A, B, and C. Outstanding scores 90 or above; A scores 80 or above; B scores 70 or above; and C scores less than 70.