

**2021 IADI APCR Technical Assistance Virtual Workshop
Resolution Issues in New Normal Times: Cooperation &
Coordination in Handling Resolution of Troubled Banks during
Pandemic/Global Warming**

Opening and Welcome Remarks

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Wednesday, 8 December 2021

IADI President and Chair of the Executive Council Mr. Yury Isaev, IADI Acting Chairperson of the Asia-Pacific Regional Committee (APRC) Mr. Roberto Tan, IADI Secretary General Mr. David Walker, CDIC Chairman Dr. Norman Chu and President Mr. William Su, distinguished speakers and participants, good morning, good afternoon.

On behalf of the Financial Supervisory Commission (FSC), it is my great pleasure and privilege to join the host organization CDIC in welcoming you to the ***IADI APCR Technical Assistance Virtual Workshop on: Cooperation & Coordination in Handling Resolution of Troubled Banks during Pandemic and Global Warming.***

As the financial supervisory authority aiming to consolidate financial supervision, the FSC has been making efforts to ensure the sound operation of financial institutions and to facilitate the development of the financial environment. To solidify the foundation of financial development, one of our main policy objectives lies in strengthening the resilience of financial market to safeguard

against international financial and economic stress, thus reducing the systemic risk of the financial sector, and complying with the international regulations to be in line with international standards.

Since the outbreak of COVID-19 pandemic in 2020, significant adjustments on the work style and operations of the financial industry have been made. The FSC as the competent authority has also taken some key measures for financial intermediary function and business continuity. For example, the FSC encouraged financial institutions to assist worst-hit businesses and individuals to overcome difficulties by granting relief loans as precautionary measures and rewarded with deposit insurance premium deduction for the best-performing domestic banks, in protecting the health and safety of their employees, continuing to provide financial services to the public and businesses during the epidemic. In addition, the FSC relaxed some supervisory measures including the postponement for one year of implementing Basel III capital standards and D-SIBs 2% additional buffer.

In light of timely and proper response measures adopted, Taiwan's real GDP is projected to grow by 5.88% in 2021. As of Q2 2021, banks in Taiwan posted good profits with an average ROE of 4.24 % and ROA of 0.31%. They also maintained good asset quality, with the average NPL ratio as low as 0.2% and a high average coverage ratio for NPLs at 647.45%. The average capital adequacy ratio of banks was 14.98%.

In addition, innovative finance and sustainable finance are parts of

FSC's current key policies . In terms of innovative finance, the FSC continues to encourage fintech innovations and promote regtech development. The FSC also granted 3 applicants' approval to set up internet-only banks, as well as developed the regulatory measures, including "plan for the supervision and development of internet-only banks".

In terms of sustainable finance, climate change poses new challenges to supervisors. Sustainable development involves extensive scopes and professional areas, relying on coordinated cooperation and long term promotion of the public and private sectors. The FSC actively promotes ESG sustainable finance. It announced the green finance Action Plan 2.0 and the sustainable development blueprint for corporate governance 3.0 in 2020. It is in the hope of driving the financial market to identify and manage the potential risks of climate change, exerting financial market influence to raise the awareness of enterprises to attach importance to ESG, promoting sustainable finance in a two-pronged way, and creating a sound sustainable development ecosystem. Hence, it's very meaningful for today's webinar to explore these issues.

The CDIC is one of financial safety net participants in Taiwan, with the policy goals of safeguarding the rights of depositors in financial institutions, maintaining credit order and enhancing the sound development of financial businesses. The CDIC has played active role in watching on insured institutions' risk exposure to avert potential financial risks before it becomes a domestic financial turmoil. In

addition, the CDIC's close cooperation with the FSC has been also fostering sound development of the banking industry, such as the joint supervision on the internet-only banks recently by developing the new Internet-Only Bank Supervision System for supervision matters.

Furthermore, the CDIC is empowered to handle the resolution of troubled financial institutions. It successfully handled exit of troubled financial institutions, boosted public confidence in the financial system, and protected the rights of depositors over the years. Most importantly, after the global financial crisis in 2008, the importance of the deposit insurance mechanism and international cooperation to maintain financial stability has been highly valued. The International Association of Deposit Insurers (IADI) is the global standard-setting body for deposit insurance systems. The FSC also fully supports the CDIC in actively participating IADI related affairs. At present, the CDIC serves as a member of the Executive Council and Chairperson of the Core Principles and Research Committee at the IADI and other important positions, committing to promoting IADI's important policies and research. Today I believe the experts from different jurisdictions with abundant experiences as speakers will share with us their crisis preparedness and how they handled troubled financial institutions experiences.

Today, I am pleased that we are gathering here to make contributions for robust financial development to our own jurisdictions, to our region, and even to the global community. Although new challenges

and obstacles are always on the road to a better future, we have been geared up for them.

Finally, I would like to wish the IADI APRC Technical Assistance Workshop a great success and each of our distinguished guests good health, happiness and prosperity in the future. Thank you very much.