

37th ABA General Meeting and Conference

**Session Three : Regulator' Roundtable : Current Banking
Trends and their Implications on Regulatory Policies**

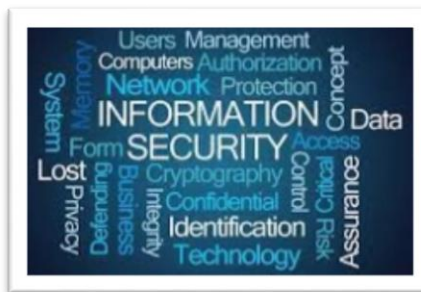
**Dr. Tien-Mu Huang
Chairperson
Financial Supervisory Commission
August 2021**



I. Preface

➤ The major issues in current international forum

- Climate change
- Corporate Social Responsibility (CSR)
- Environmental, Social, and Governance (ESG)
- Green or Sustainable Finance
- The development of emerging technologies
- Responsible Innovation
- Information security
- Widening wealth gap
- Financial Inclusion





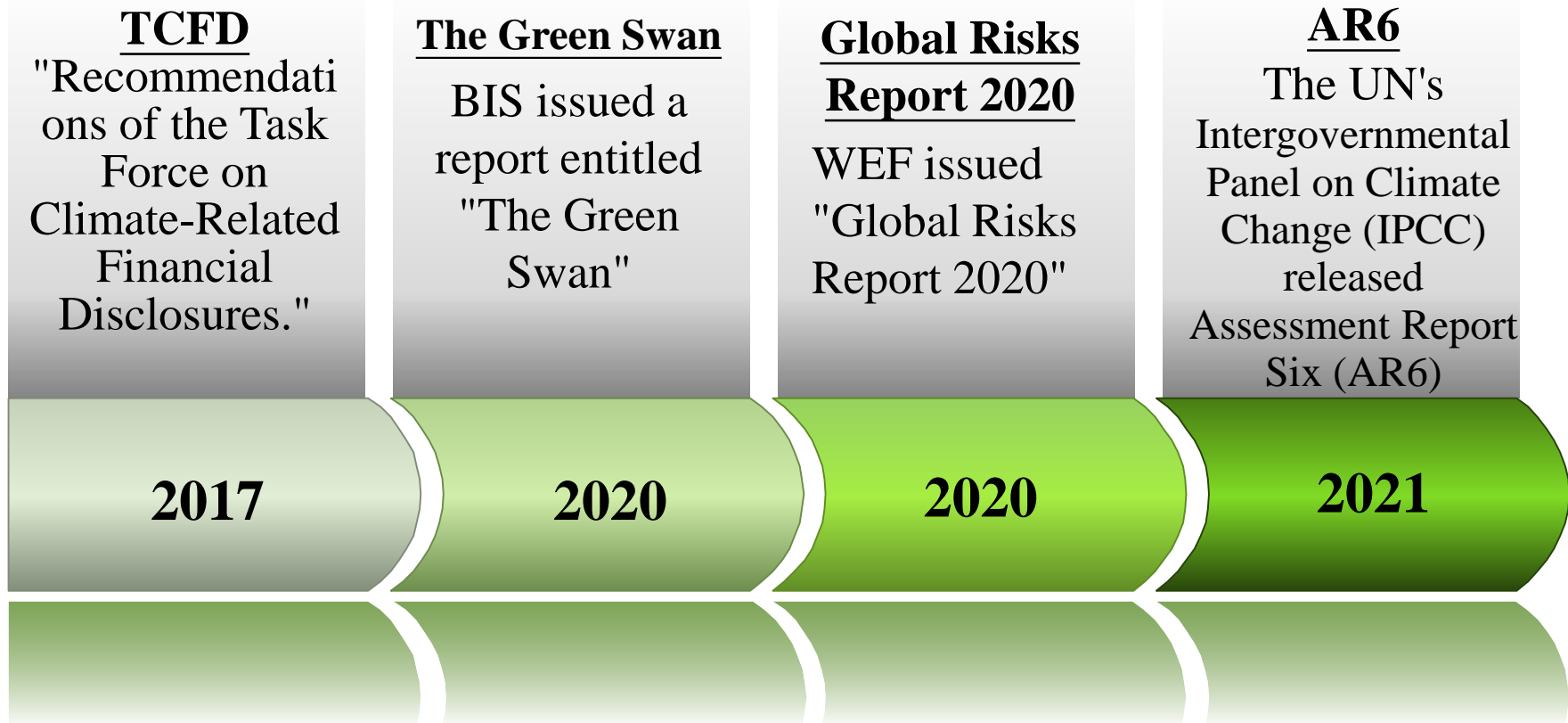
Strengthening financial resiliency

➤ Strengthening financial resiliency

- **At the end of Q1 2021, the capital adequacy of domestic banks were as follows**
 - Common Equity Ratio: 11.85%
 - Tier 1 Ratio: 12.81%
 - Total Capital Adequacy Ratio: 14.77%
- **At the end of June 2021, the NPL and the coverage ratio of domestic banks were as follows**
 - NPL Ratio: 0.21%
 - NPL Coverage Ratio: 647.45%
- **2021 Supervisory stress test**
 - The result of the stress testing : the average common equity ratio, tier 1 capital ratio, capital adequacy ratio, and leverage ratio under the adverse scenario and the severely adverse scenario were above the minimum regulatory requirement.
- **Adopting Basel III Framework**
 - Keeping in step with international practice.
 - Following the financial supervisory authorities in major countries, the FSC announced deferral the implementation schedule of the Basel III finalized document in Taiwan by one year to 2024.



Sustainable Finance & ESG (1)





Sustainable Finance & ESG (2)

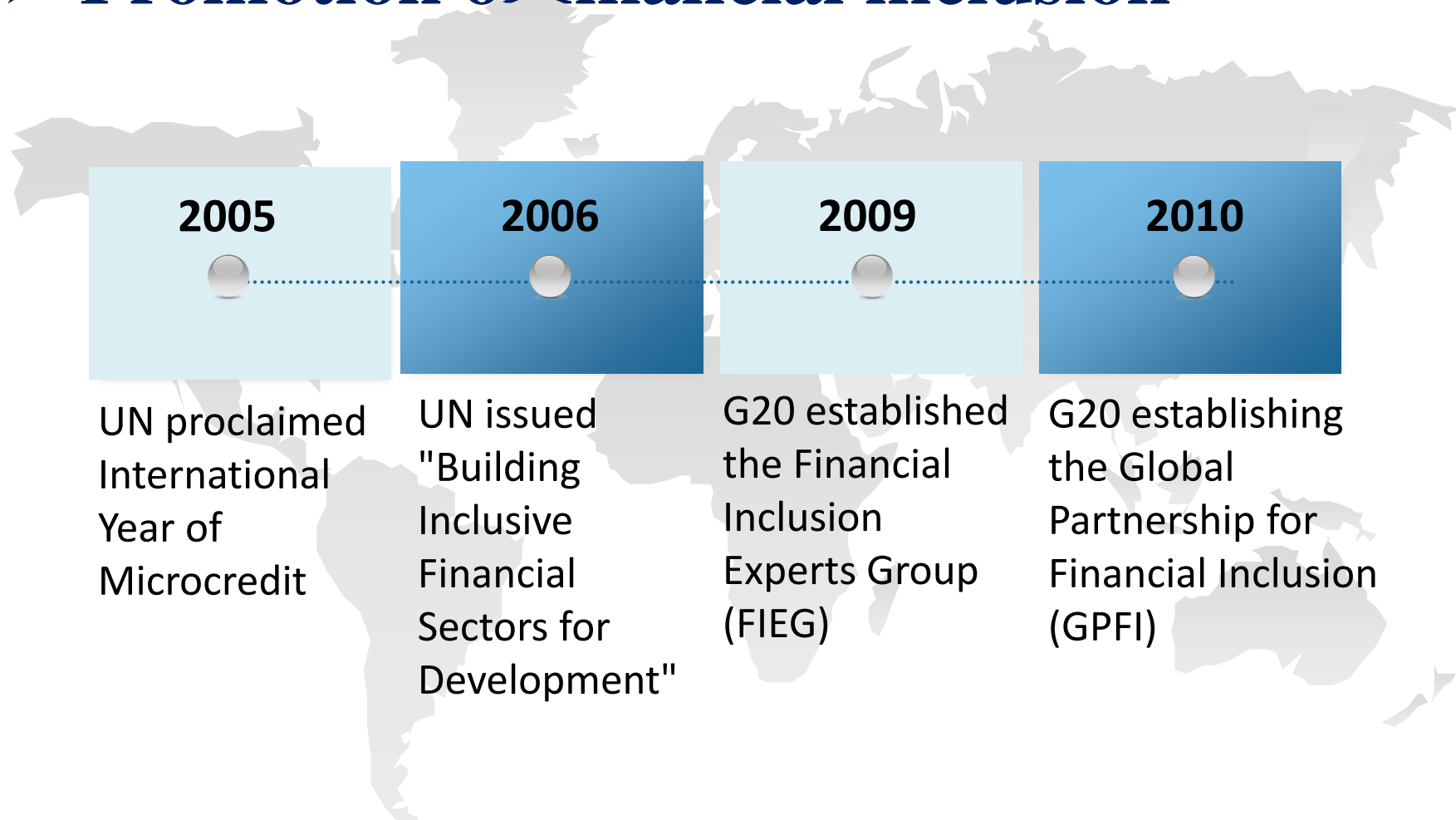
➤ In response to climate change

- **Launched the Green Finance Action Plan 2.0 in 2020**
- The plan covers 7 main areas to promote sustainability :
 - Extension of credit
 - Investments
 - Fundraising in the capital market
 - Nurturing professionals
 - Information disclosure
 - Promotion of green finance products or services
 - Private-public cooperation





➤ Promotion of financial inclusion





Financial Inclusion & Fintech (2)

➤ **Promotion of financial inclusion**

- Adopted a set of "Financial Inclusion Indicators for Taiwan" in January 2020.
- Amended laws and regulations to ensure that persons with physical and mental disabilities have fair and convenient access to financial products and services.
- Promoting micro-whole-life insurance, micro-insurance, and reverse mortgages.
- Encouraging banks to take strong steps to implement relief measures adopted by central government agencies.
- Continuing to improve various outreach and financial literacy programs directed at different types of people.



Financial Inclusion & Fintech (3)

➤ Promotion of Fintech

● Fintech Development Roadmap

- One-stop communication platform
- Data sharing
- Regulatory adjustment and code of ethics
- Capacity Building
- Digital infrastructure
- FintechSpace
- International networking
- SupTech/RegTech



Cybersecurity and Fintech-Risk Management

- **Consumer protection**

- "Policy Guidance on Financial Consumer Protection Approaches in the Digital Age." (G20 and OECD)

- **Strengthening of cybersecurity**

- "Summary Report on Financial Sector Cybersecurity Regulations, Guidance and Supervisory Practices." (FSB)
- "Regulatory approaches to enhance banks' cyber-security frameworks." (FSI)

- **Artificial intelligence and ethics**

- "OECD Principles on AI." (OECD)
- "Ethics Guidelines For Trustworthy AI" (European Commission)



Cybersecurity and Fintech-Risk Management

- **Released the Financial Cyber Security Action Plan**
 - Shapes a corporate culture that emphasizes information security
 - Enhances the management of information security on emerging technologies
 - Promotes the cybersecurity training and education
 - Resource sharing and international cooperation

- **Discuss measures for business continuity of banks**



IV. Conclusion

**Formulating
a New Model
for the future**

**More resilient, highly innovative,
and sustainable.**

**Creating financial services that
provide a new type of value.**