

## **Bank Reforms in Taiwan: Past, Now and Future**

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- **Introduction and the History**

This report starts with the history of the banking industry in Taiwan. Through the literature review and analysis of the past, we can predict or explore the possible patterns of the development in the future. Hence, we can provide a useful policy implication for the practitioners.

The financial system in Taiwan is bank-dominant. It is not like the investment-banking dominant U.S. The state-owned banks in Taiwan have long been the major source of funds for large enterprises for several decades after the World War II. Accompanied with the development in the international trades and economic growth, Taiwan started its long process of banking reforms.

At the end of World War II, Taiwan first took over banks from Japanese banks in Taiwan and formed Chang Hwa, Huanan, and the First Commerce Banks (used to be called the Three Commercial Banks). In addition, several Chinese banks have been moved from mainland China and restored in Taiwan, which are Bank of China (then the name changed to ICBC), Chiao Tung Bank (i.e., Bank of Communication), Farmer's Bank and Taiwan Land Bank. Either the taken over or the banks from China were owned by the state. They formed the framework of the banks in Taiwan in 1940's and 1950's.

When the demand for funds had been increasing, Taiwan started to restructure and upgrade credit unions to becoming privately owned commercial banks. Nevertheless, the number of banks was restricted and the state-owned banks still dominate the market. The expansion of the privately owned banks occurred along with the expansion of the export-oriented economy. The enterprises in Taiwan needed the services of letter-of-credit financing and remittance of foreign exchanges. In order to attract foreign capitals, Taiwan gave permits to the newly established Overseas Chinese Commercial Bank in 1961 and the United World Overseas Chinese Commercial Bank in 1975. In addition, the three state-owned banks became half-state-owned by issuing shares to the public in the Taiwan Stock Exchange, starting with Chang Hwa Bank in 1962 and followed by the other two banks. Interest rate liberalization occurred in the early 1980's when the banking industry was still virtually state-owned. The partial market mechanism was introduced then.

As the economic and political power of domestic enterprises and local factions accelerated, Financial Liberalization and Deregulation were further processed from 1991 to 1999. And the banking market has become more competitive in 1990's. The political cause of this reform is the request from the local factions (such as Wang's family from Kaohsiung) that wanted to share the economic power in the banking

market. From 1991 to 1993, sixteen privately owned new banks proliferated in the market. This wave of reform focused on the improvement of the market competition. Cost and profit efficiencies of banks improved. The year 1999 witnessed the end of the dominance of the state-owned bank. However, the over-competition in this era has seen the seeds of deterioration of the profitability.

After Taiwan committed to join in the WTO to open the banking market to the world in 2001, the banking market has been further liberalized, which is called the First Round of Bank Reform. While Taiwan is over banking, large foreign banks can enter the market without significant barriers. This round of banking reform was intended to deregulate the market. While the sizes of most Taiwanese banks were too small, foreign banks could easily out beat them. Therefore, the previous deregulation is insufficient. Instead, bank reform turned to Consolidation and Mergers, which triggered the birth of the second round of bank reform, 2004-2008, the is the so-called the second stage of financial reform, to increase scale and scope economies to compete with foreign competition. Consolidation helps improve scope and scale economies to compete with international players.

The globalization of the banking market reduced the profit margin of the banks in Taiwan but it also opened a door for international expansion (2008-2015). President Ma's administration launched the "western march" to establish banks and branches in China under the framework of ECFA with China. In the same time, many banks also expanded their branches to the Southeast Asian countries such as Vietnam and the Philippine, etc. The new opportunities come along with new challenges: 1. the competition from China, 2. risk from China and Renminbi (RMB) 3. Entry barriers in the Asian nations. This report will discuss more about these issues in the following sections.

The other challenge comes from the technology. Financial tech called Fintech will change the landscape of the banking industry. The new types of financial innovations such as P2P (Peer-to-Peer) lending, microfinancing and other shadow banking skills have been used in the market. They erode the markets of traditional banking. In addition, the rise of big data might help the new financial institutions to handle the loan risk at the customers' level and further cut down the transaction cost and searching cost in finance. Many traditional big banks are also investing in this new field to compete with the new entries in banking. Taiwan must take the advantage of this new opportunity. Otherwise, banks in Taiwan will phase out of the market under the global competition.

The remainder of the report is organized as follows. Section 2 reviews the literature and discusses the differences of performance between foreign and domestic banks and between the state-owned and private owned ones. Following the line of Section 2, Section 3 discusses the sequence and order of the liberalization and privatization of banks. Then Section 4 of this report will focus on the international factors of the banking industry, including the cross-strait businesses and the Renminbi risk. The impacts of the Economic Cooperation Framework Agreement (ECFA) and the agreements of the Trans-Pacific Partnership (TPP).

Section 5 highlights the recent development of the fintech (financial technologies). Section 6 concludes the whole report.

- Performance of Banks: State-owned vs. Privately Owned and Foreign vs. Domestic

In the field of banking and finance, numerous papers have explored the performance of the differences between different types of ownerships.

In Taiwan, many efforts have been done in this field. Wang and Hsieh (2010) analyze the performance of banks and found in the long run, semi-state owned outperforms the purely state-owned; and the private banks outperformed the semi-state owned banks. Their sample excludes the poorly-performed new banks and thus the private banks are more efficient. The semi-state owned are the Chang Hwa, Hua-nan, and the First Commercial banks that were privately owned under Japanese regime before 1945. Before 1999, more than 50% of their shares were still held by the government. Other purely state-owned banks such as Bank of Taiwan and Taiwan Land Bank are the least efficient in the market after the deregulation.

Nevertheless, some studies may show the state-owned banks are more efficient because of the following reasons: 1. The underperforming private banks are incorporated in the sample that lower down the average measure of performance of private banks (Lin, Lin, Mohanty 2009; Mohanty, Lin and Lin 2013). 2. The effect of the number of branches is computed. 3. Some off-balance sheet items are considered (Lieu, Yeh, and Chiu; 2005). In general, most scholars believe that the state-owned banks are less efficient with lower performance scores (Chen and Yeh, 1998; Chen, 2005; Wang and Hsieh, 2010). Nevertheless, though the efficiency on the cost side has been improved, the profit efficiency does not increase much because of the low profit margins of the depository institutions in Taiwan.

After the deregulation in the financial system in Taiwan in 2001, called the Six Acts of Finance (金融六法), the overbanking and disintermediation contribute to the low profit margin of the banks, particularly the domestic banks. Therefore, banks have been seeking more other ways to diversify and increase the cash flows from other sources such as expansion to the insurance businesses, wealth management, and foreign exchange, etc.

Regarding the differences of the performance between foreign banks and domestic banks in Taiwan, Chen and Wen (2006) find that the foreign banks outperform the domestic banks in terms of the return on assets. And the factors to explain the difference include liquidity, safety management, capital structure, and efficiency. Chen Ya-Ling (2013) explores the results of the mergers and acquisitions by foreign banks. The indicators show that the newly merged will become more efficient than their domestic counterparts.

Even though foreign banks have better returns than domestic banks in Taiwan, they may not choose to stay in Taiwan because of the low profit margin and over

competition. In addition, the banking system in Taiwan has already been liberalized now. Foreign banks in Taiwan can do anything similar to that of the domestic banks. If Taiwan joins TPP with other trade partners, there is no more incentive or deregulation that can attract more foreign bankers in enter the market.

The other observation is that the low profit margin is also caused by the low profit margins of the real asset investments. If the loan borrowers do not make much money in their capital budgeting investments, the bankers cannot make much profit form the traditional banking businesses. In addition to the banking reforms, it takes the upgrade in the industries and investment.

To sum up, in general, private and foreign ownership contributes positively to the cost efficiency of banks. The past bank reforms have shown their positive impacts. Since the banking market has already been internationalized, joining in the TPP will not make banks in Taiwan change.

- Privatization, Liberalization or Globalization, which should come first?

In literature, the term of liberalization here suggests to establish new banks and privatization is to make the state-owned banks turn to the private ownerships. During the process of deregulation, if the state-owned banks become private first, they will have better stands in the future competition. Before the entry of the new banks, the privatized former state-owned banks can expand businesses after the deregulation to acquire higher market shares.

In practice, the bank reforms in Taiwan did not follow this principle totally. This may be caused by the resistance of the establishment of the state-owned banks themselves, though the government has decided to privatize the state-owned banks. Even though state-owned banks have already been privatized, before more state-owned banks were privatized and expanding, from 1991 to 1993, sixteen new banks entered the market right away because of the rising economic powers as well as the intervention of the local political factions (Sato, 2002). It is also mentioned that influence from the Lee Teng-hui government pushed the Ministry of Finance to lower down the hurdle to approve all of them (Tseng 1991). Therefore, It does not follow the optimal or even sub-optimal solution to the path of the bank reforms.

After the banking market became over-competitive, the government opened the door to foreign banks and found that the domestic banks were too small to compete with the international players and then pursued mergers and acquisitions to reorganize the financial institutions. The question is, is that a right route for bank reforms? If Taiwan needs big banks to compete with international ones, why not privatizing big state-owned banks directly and having them compete with the global players? Is that possible to have the liberalization and globalization processed together?

Even though we do not have concrete answers to the questions above, there are several sure conclusions in the process of the bank reforms in Taiwan. First, the

1991-1993 liberalization of the new banks was an overexpansion. It is not necessary, nor wise, to allow too many new banks co-exist in a small market such as Taiwan. Nor it is correct to follow the political pressure from the local factions instead of the ideal planning of bank reforms organized by the central government. It is possible that the government in Taiwan mis-calculate the amount of the private funds circulating by put the minimum capital requirement of NT \$ 10 billion for the bank license. It turned out that too many groups were qualified to establish new banks. Second, the big state-owned banks did not improve their ability and efficiency fast enough to compete with the international banks. The environment changes too fast and the organizations changed too slowly.

To sum up, according to the history of the bank reforms in Taiwan, liberalization of the banking market is not necessary. Liberalization gave birth to many newly established small banks that are not competitive globally. Privatizing state-owned banks and globalization can better facilitate banks in Taiwan for the future environment.

- The International Factors of the Banking in Taiwan

**Table 1 The Impacts of the Foreign Assets and Foreign Banks**

Year	Loan/Deposit Ratio	Foreign Assets/Total Assets		Foreign Deposits/Total Deposit	
		Domestic Banks	Foreign Banks	Domestic Banks	Foreign Banks
2006	91.17	6.08	24.52	8.22	38.17
2007	91.82	7.48	19.27	9.38	39.69
2008	86.48	8.76	27.45	10.30	37.45
2009	81.04	8.51	32.61	10.30	29.93
2010	81.37	7.76	23.94	10.78	38.01
2011	81.42	8.32	24.60	10.66	33.17
2012	81.05	8.11	27.43	11.07	46.73
2013	78.49	8.40	40.04	12.79	42.65
2014	77.24	9.23	47.10	14.32	48.01
2015	75.09	10.96	46.42	15.23	43.03

Sources: The website of the Central Bank of the Republic of China  
<http://www.cbc.gov.tw/ct.asp?xItem=33796&CtNode=969&mp=1>

Banks in Taiwan has suffered low profit margins and then been searching for opportunities. One possible solution is to make loans to the foreign borrowers including the borrowers from Mainland China. All the numbers here from Tables 1 to 3 are from the website of the Central Bank of the Republic of China (Taiwan).

The column 1 of Table 1 shows the loan to deposit ratio of the banks in Taiwan in percentage. Here we can observe that the “redundant deposits” have become a serious problem. In 2006, 91.17% of deposits were loaned to borrowers, while this ratio declines to only 75.09% in 2015. The “unloaned” deposits in banks do not generate cash inflows for them. Therefore, the profitability also declined. Banks in Taiwan were lack of opportunities of financial investments and physical investments. The overall environment of investment is not good so it is hard to

make loans to profitable enterprises. Financial investments are confined by rules of commercial banking,

There are at least two solutions to this problem. First one is to make loans to international borrowers, for instance, Chinese borrowers, if political risk is manageable. The deregulation happened in 2011 and the domestic banks in Taiwan started to hold more assets denominated in Chinese currency RMB. We can observe that the domestic banks are holding higher and higher proportion of foreign assets from 8.11% in 2012 to 10.95% in 2015 for all foreign assets (the ratio for RMB is not readily available). And the proportion of foreign currency deposits increased from 10.66% in 2011 to 15.23% in 2015. In the same time, foreign banks have been holding more foreign currency assets and receiving more foreign currency deposits. In 2015, foreign banks held up to 46.42% of foreign assets to total assets. In addition, they accepted more foreign currency deposits than the domestic deposits.

Moreover, 2011 witnessed the deregulation of the cross-strait integration of the banking industry. Chinese banks can establish branches in Taiwan. Here we observe that from 2011 to 2012, the proportion of the foreign currency deposits in foreign banks increased from 33.17 to 46.13 percent. And the domestic banks have been taking more and more deposits in foreign currencies, and a lot of them are in RMB, the Chinese currency.

In order to observe the decrease of the interest spread of the banks in Taiwan, we illustrate both the spread of the interest rate of the ten-year Treasury minus that of the ninety-one day treasury bill and the spread between the prime rate and deposit rate.

Figure 1 shows the spread of interest rates between the 10 year Treasury Bond and 91-day Treasury Bill. Since the 91 -day T-bill is not consecutively traded, some of the interest rates stay the same as those of the previous month, and sometimes the spread is negative while the actual spread should be positive. We can observe the narrowing down spread after 2007-2009 financial meltdown (in Taiwan, Year Mingguo 96 to 98) . It seems that this trend is not reversible.

The shrinkage of the spread is also shown in the individual bank. Figure 2 displays the interest rate spread of the Bank of Taiwan, an individual representative bank, by taking the prime interest rate minus the deposit interest rate of banks, January 2003 to July 2016. We can observe in general, the interest rate spread has been declined from around 4% to 2.5%. The shrinking spread also explains the low profit margins in the banking industry. Again, the expansion to the overseas markets could be a good solution to the problem. The tiny 2.5% spread has made the operations of banks in Taiwan more difficult than before.

The interest rate spread of the U.S. is illustrated in Figure 3 for comparison. We can compare the interest rate spread between the ten-year Treasury Bond and the three-month Treasury Bill of the U.S. in Figure 3 and the Prime Interest rate spread in Taiwan in Figures 1 and 2. First, the U.S. spread is in not always higher than that

of Taiwan but it adjusted to the changes of the environment from time to time. The spread in the U.S. was very high during financial crisis of 2007-2009 and came back to between two to three percent, or a little bit more than three percent after 2010. A serious problem of the banking in Taiwan is that the interest rate spread lacks the flexibility as observed here.

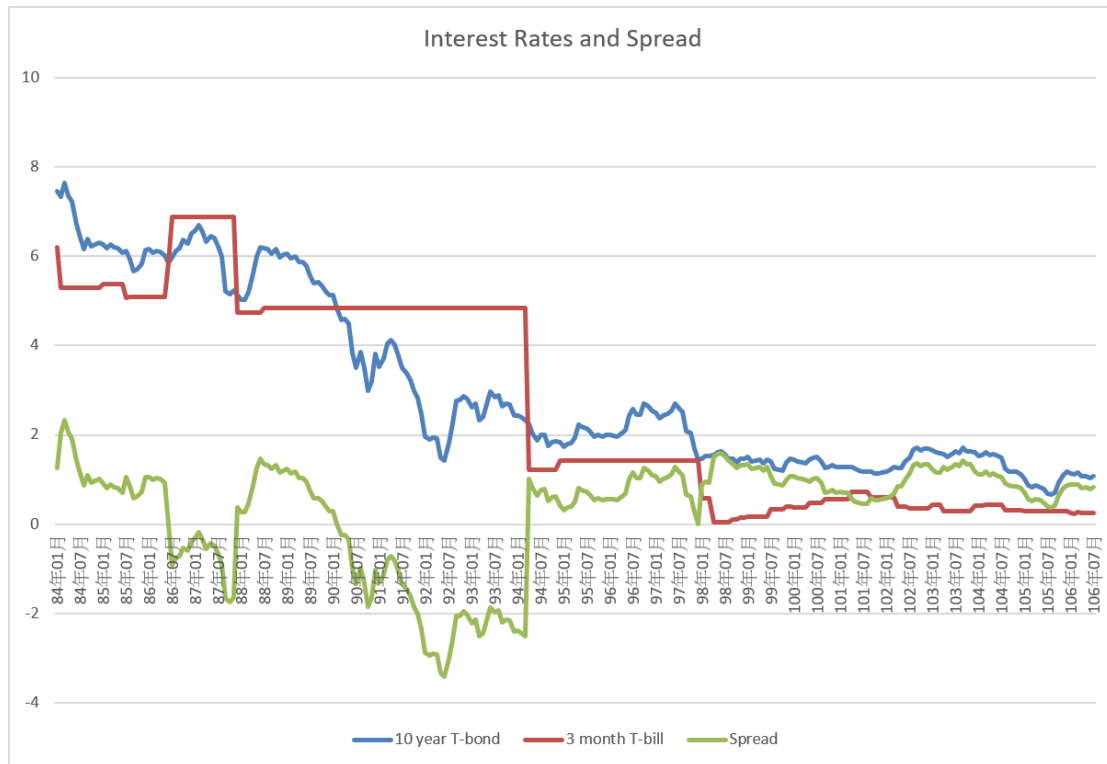


Figure 1. The 10-Year Treasury Bond and 91-Day Treasury-Bill Spread of Taiwan

Sources: The website of the Central Bank of the Republic of China

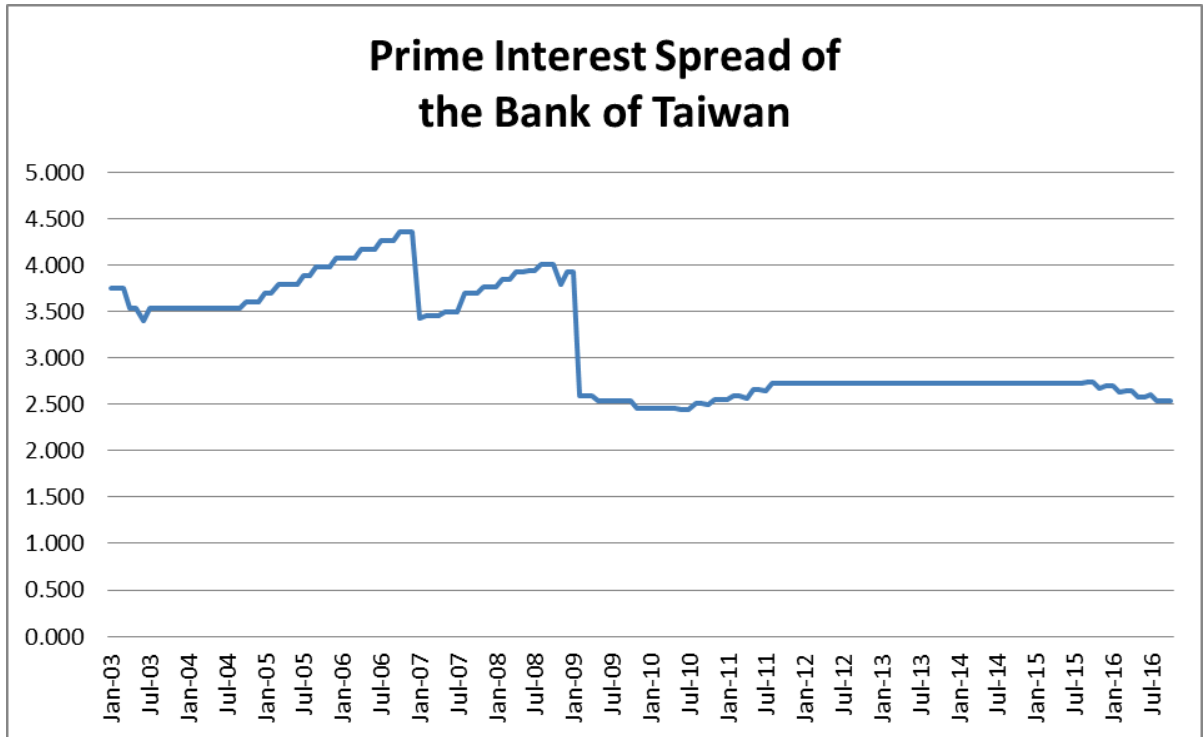


Figure 2. The Prime Interest Spread of the Bank of Taiwan

Sources: The website of the Central Bank of the Republic of China

<http://www.cbc.gov.tw/ct.asp?xItem=33796&CtNode=969&mp=1>

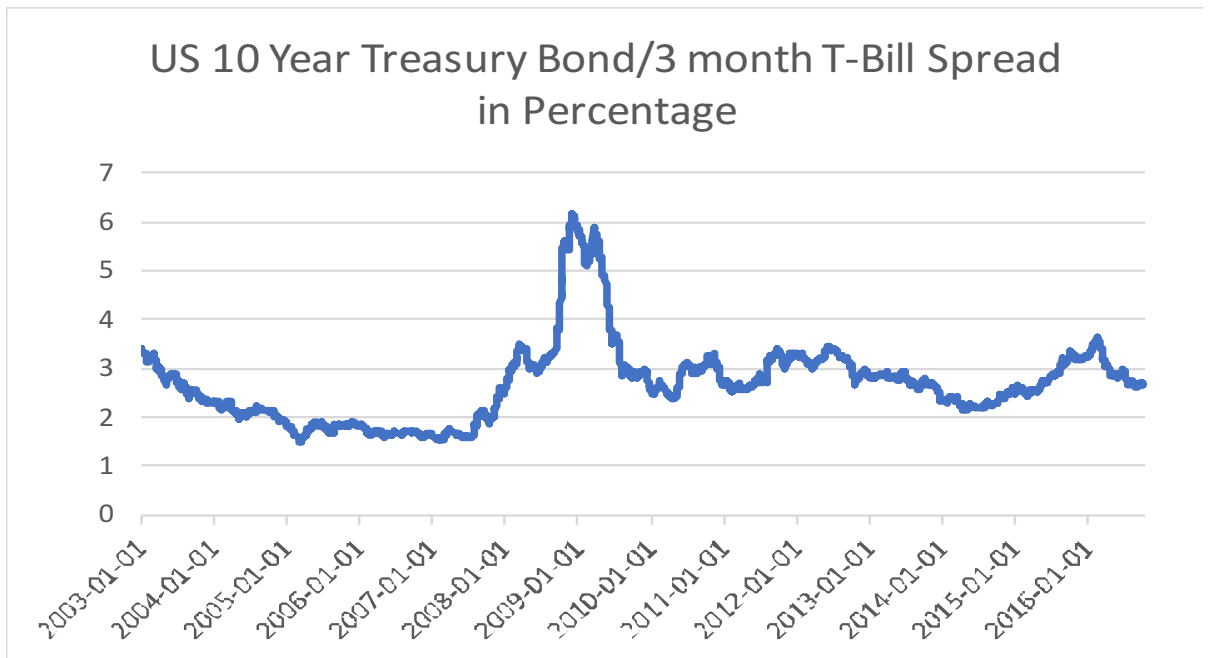


Figure 303 The US 10-year-Treasury Bond/3 Month T-Bill Spread

Sources: FRED website at <https://fred.stlouisfed.org/series/BAA10Y>



**Table 2 Net Income after Tax of Banks in Taiwan**

<b>Year</b>	<b>Net Income after Tax</b>	
	<b>Domestic Banks</b>	<b>Foreign Banks</b>
<b>2008</b>	<b>42,150</b>	<b>31,285</b>
<b>2009</b>	<b>98,357</b>	<b>12,135</b>
<b>2010</b>	<b>200,442</b>	<b>10,286</b>
<b>2011</b>	<b>211,835</b>	<b>16,761</b>
<b>2012</b>	<b>245,906</b>	<b>10,736</b>
<b>2013</b>	<b>246,955</b>	<b>13,229</b>
<b>2014</b>	<b>317,890</b>	<b>22,372</b>
<b>2015</b>	<b>288,346</b>	<b>23,222</b>
<b>in million NT\$</b>		

Sources: The website of the Central Bank of the Republic of China  
<http://www.cbc.gov.tw/ct.asp?xItem=33796&CtNode=969&mp=1>)

Table 2 shows the amount of the after tax net income for the aggregate domestic banks and that for the aggregate foreign banks, respectively from 2008 to 2015, at the end of each year. The income of foreign banks shrunk dramatically from 2008 to 2009 because of the financial crisis. We can observe that the income of foreign banks has grown gradually after year 2012 and reached to NT \$23,222 million.

The income of domestic banks has been increasing rapidly from 2008 to 2012 (NT\$42,150 million to NT\$245,906 million) but the growth rate became smaller after 2012 and started to decline after 2014. It became 288,346 million New Taiwan dollars. It is more likely that the net incomes of the domestic banks continue to decrease when the GDP and exports of Taiwan and the performance of firms in Taiwan are sluggish.

It is clear that the net income of a financial institution is based on the income earned from the interest spread as well as the earning ability of individual firm. That is, the return on financial assets should be linked to the return on the physical investments and assets. If the physical assets (that is, the embedded assets of financial assets) are not profitable, the profit of financial assets and an institution is just a bubble.

Recently, banks in Taiwan have attempted to expand to the other countries. Because Taiwan cannot compete with most industrialized countries in terms of banking, Asian nation, therefore, become the top choice for the overseas opportunities. Taiwan's expansion to China has its own strength in terms of language and culture but the political risk and foreign exchange risk are obvious. Vietnam is the other target for expansion while many Taiwanese foreign direct investments are located there. The expansion of banking over there naturally serves Taiwanese businessmen in Vietnam. However, because of the previous anti-

Chinese events, Taiwanese factories were also involved in and suffered from losses. Many banks have also filed to establish branches in Myanmar. It is a big challenge at Taiwan is opening door to foreign banks and the profit margins and interest rate spread are small. And the path to overseas expansion is not clear.

- The Challenges and Opportunities from Fintech : Room of cooperation of the banking Industry between the U.S. and Taiwan.

Fintech application and new types of financial institutions have proliferated in many countries, including the U.S., Taiwan and China. China, as one of the emerging economies with less complete regulation, has become a facilitator of the fintech. In addition to less regulation, China is also featured with abundant IT manpower that is able to develop and explore new applications in the field of finance. As we know, shadow banking that is outside of the conventional banking regulation and supervision has grown rapidly in China. It will further grow when it is combined with the new fintech applications.

The breakthrough occurred when the concept of “blockchain” was introduced in the financial transactions. Blockchain is a distributed processed system that a financial transaction can be verified by multiple-users and then the transaction can be secured and proved by them. The birth of the virtual money, the Bitcoin, was triggered because of this technology. The technology of blockchain can be further used in the online stock and bond trading and other field such as the peer-to-peer lending.

China has walked ahead of the U.S. in terms of mobile fintech. It is a common practice in many big cities in China to pay bills by smart phone, even pay the taxi fee or the train ticket fares through phone. A less restricted and emerging market such as China provide us with soil of creativity. Nevertheless, the U.S. is more advanced in the electronic process of documentation and auditing. The U.S. uses more online insurance than China because it takes more verification and documentation. Taiwan banks may also form strategic alliances with smaller US banks that are tech savvy. Avoid aligning with big five (which can gobble up Taiwan banks), and instead, try to cross-share hold with for example, Suntrust Bank, Nations Bank or US regional banks that are interested in coming to East and Southeast Asia. These banks may be eager to come even the profit margins are slim after the transaction costs become lower.

The other drawback of the Chinese fintech market is the protection of the intellectual property. The creativity of the new applications and technologies may not be rewarding and lose its impetus to continue growing. The initiators in the market may not enjoy the extraordinary profit as inventors or pioneers. In addition, it is risky to use Chinese business models directly in the U.S.. Hence, fintech needs the U.S. to further develop and grow and Taiwan is an important bridge in this field.

Taiwan has an opportunity to learn from both sides . While Taiwan has stronger regulation than China and similar cultural background with China, Taiwan may develop the norm of regulation of the fintech. Taiwan can also adapt new fintech

business models from China and find new opportunities in banking. Taiwan also has strong connection with the U.S. in terms of economy, especially the financial industries and foreign trades. Taiwan's business education and pop culture are also connected with the counterparts in the U.S. Taiwan has had many American educated financial economists both in the States and Taiwan. There are abundant manpower to engage in the fin-tech. Taiwan may serve as a research and development center, or an incubator of fintech of banks in the U.S.. An incubator also means that banks in Taiwan can adopt fintech (including some Chinese business models and American technologies) and apply it in Taiwan first. In other words, investors may try to develop and apply fintech in Taiwan as a trial place first. When the new models and technologies matured, banks can further promote and extend the new models to the U.S. and other countries. By doing so, the business risk of using fintech is reduced.

The remaining problem probably is the attitudes of government officers and their perception about further deregulation on banking industry to cope with globalization. Therefore, it is easy for Taiwan to acquire the e-finance and fintech of the insurance industries and auditing from the U.S. Again, it is too early to depict the picture of the fintech now but it is really an opportunity when the new challenge is coming. Therefore, there are room for further cooperation between the banking industries between the U.S. and Taiwan.

- Concluding Remarks:

After reviewing literature and the history of bank reforms in Taiwan, we can have a better picture about what is going on in the future of the banking industry in Taiwan. The banking industry in Taiwan has been deeply influenced by the foreign factors. It was affected by the need of trade-finance of the export-import businesses and now the expansion of Taiwan's banks is affiliated with the foreign expansion to Asian countries. Nevertheless, accompanies with the globalization of the banking industry, Taiwan's banks are facing the environment with shrunk profits and narrow interest rate spreads. The net income of the domestic banks is also decreasing.

The performance of banks in Taiwan, for both state-owned and private, has been improved a lot during past decades though the sizes of banks are small for the global competition. Therefore, there are more to do in the further consolidation of financial institutions to enhance the ability of banks to compete in the global markets and the chance to survive under the competition. For instance, Taishin Bank may have to consolidate with Chang Hwa Bank to form a large bank holding company in the future.

The other serious problem comes from the exposure of foreign currency. The proportions of the foreign assets and deposits denominated in foreign currencies are increasing. Particularly the Chinese RMB exposure could become serious when RMB devaluated recently in this year (2016). The risk management is not easy.

Nevertheless, the risk of Chinese RMB is still under control. Table 3 shows a declining trend of the RMB transaction recently and Table 4 demonstrates that the proportion RMB trades is only 16.6 percent of all foreign currency transactions. In short, the exposure in foreign currencies, particularly in Chinese RMB, is not monotonically increasing and RMB's proportion of the portfolio of the transactions of foreign currencies stays reasonable and manageable. Taiwan still relies on the U.S. dollar-dominant trades, not the RMB-dominant trades in the international transactions. For many Taiwanese investors, the U.S. is still a safe haven. If the Trump Administration can further provide the avenues for Taiwan's investors, both direct and portfolio, then the end results will be a "win-win" game plan for both countries.

These phenomena also show that the Trans Pacific Partnership (TPP) is still attractive to Taiwan according to the currencies in the trades (in Table 4). US dollar serves as the most important foreign currency for Taiwan, Chinese RMB is the second important, and Euro, the third. The fourth and fifth critical foreign currencies for Taiwan are Japanese Yen and Australian dollars, respectively, and both are also the future members of the TPP when it is very unlikely for China to join TPP.

The other concern for Taiwan to join TPP is the foreign entry in the banking industry in Taiwan. Will the participation for Taiwan to join TPP lead to a domestic problem for the financial industries in Taiwan? Based on the analysis above, my inference is "No". Taiwan has opened the door to foreign banks for many years and the competition is serious now. A low-profit-margin market like Taiwan may attract many foreign bankers to further involve in. Nevertheless, Taiwan can still serve as one part of the investment portfolio for foreign banks to diversify the risk, especially when Taiwan does not rely too much on the Chinese economy (Chiou, Hsu, Huang, 2013). Japanese banks may also take advantage of the opportunities of the joint venture or alliance with Taiwan while the China-Japan relation is in tension or the anti-Japanese atmosphere is among Chinese people.

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Table 3 Monthly Overview of RMB Business Conducted by Banks (October 2016)

Central Bank of the Republic of China (Taiwan)

PRESS RELEASE Release Date: Nov. 15, 2016

Monthly Overview of RMB Business Conducted by Banks (October 2016)

As of October 31, 2016 there were 68 authorized banks (DBUs) and 59 offshore banking units (OBUs) conducting the RMB business. The monthly overview is shown in the table below :

RMB billion

	DBU	OBU	Total
Deposits (excl. NCD)	271.76	36.57	308.33
(End of Sept. 2016)	( 275.35 )	( 36.28 )	( 311.63 )
NCD	0.20	—	0.20
(End of Sept. 2016)	( 0.20 )		( 0.20 )
Deposits (incl. NCD)	271.96	36.57	308.53
(End of Sept. 2016)	( 275.55 )	( 36.28 )	( 311.83 )
Discounts and Loans	0.56	17.21	17.77
(End of Sept. 2016)	( 2.79 )	( 17.68 )	( 20.47 )
Remittances	63.65	56.47	120.12
(Sept. 2016)	( 79.94 )	( 68.70 )	( 148.64 )
<b>Note 1 : The amount of RMB settlements handled by the Taipei Branch of the Bank of China in October 2016 was RMB 220 billion.</b>			
Note 2 : The figures in the brackets were from the previous month.			

Table 4 August 2016 Currency Trades in Taiwan

(USD billions)

NTD/foreign currency			Third currency		
	Amount	%		Amount	%
NTD/USD	275.1	44.3	USD/RMB	103.3	16.6
NTD/other foreign currencies	11.5	1.8	EUR/USD	73.2	11.8
Total	286.6	46.1	USD/YEN	54.6	8.8
			AUD/USD	28.9	4.7
			GBP/USD	21.0	3.4
			other foreign currencies	54.0	8.6
			Total	335.0	53.9