

# Overview of Taiwan's Country Report

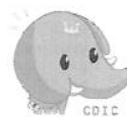
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- Overview of economic and banking conditions
- Deposit insurance update
- Challenges



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## Economic & Banking Conditions

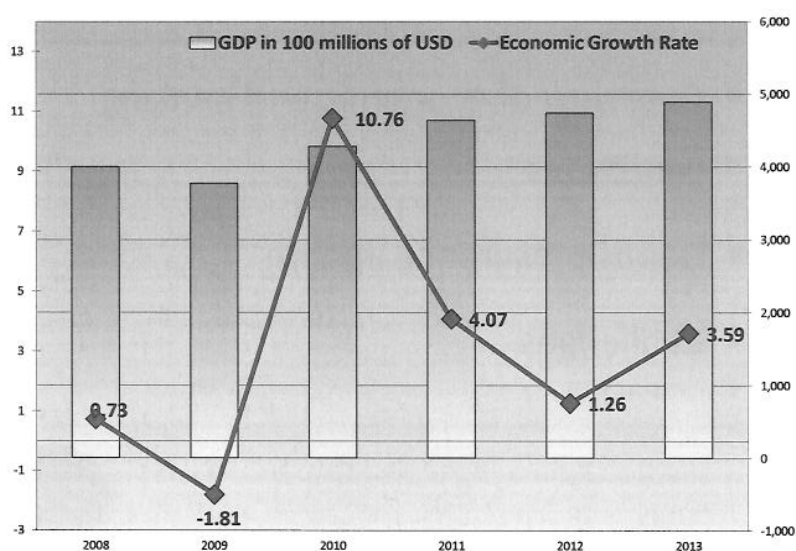
- Gradual economic recovery and growth
- Stable banking conditions



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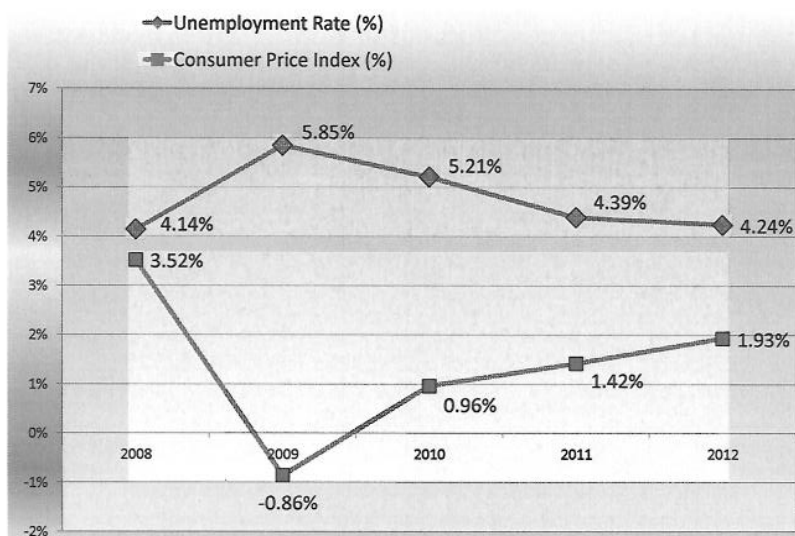
## Macroeconomic Indicators I

- GDP & GDP%



## Macroeconomic Indicators II

- Unemployment Rate & CPI %

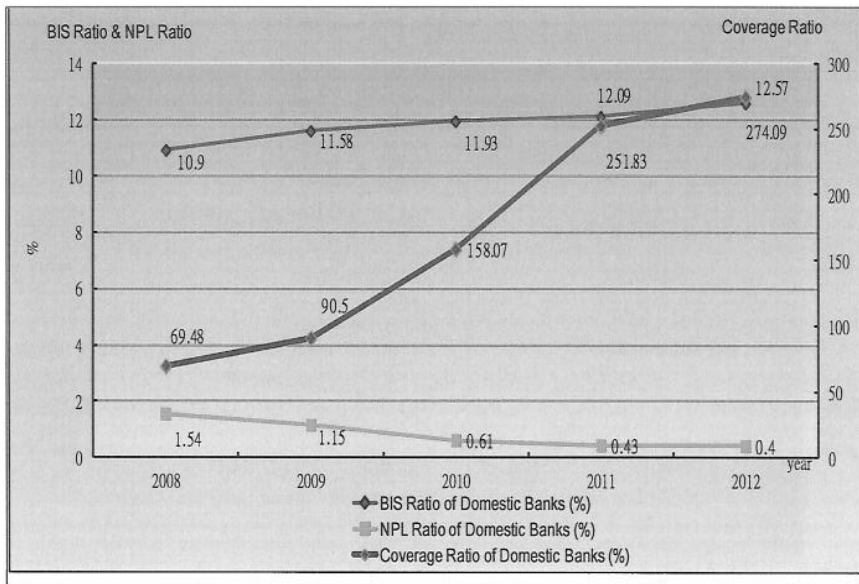


## Macroeconomic Indicators III

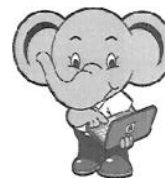
- Foreign Exchange Reserves & GNP per capita

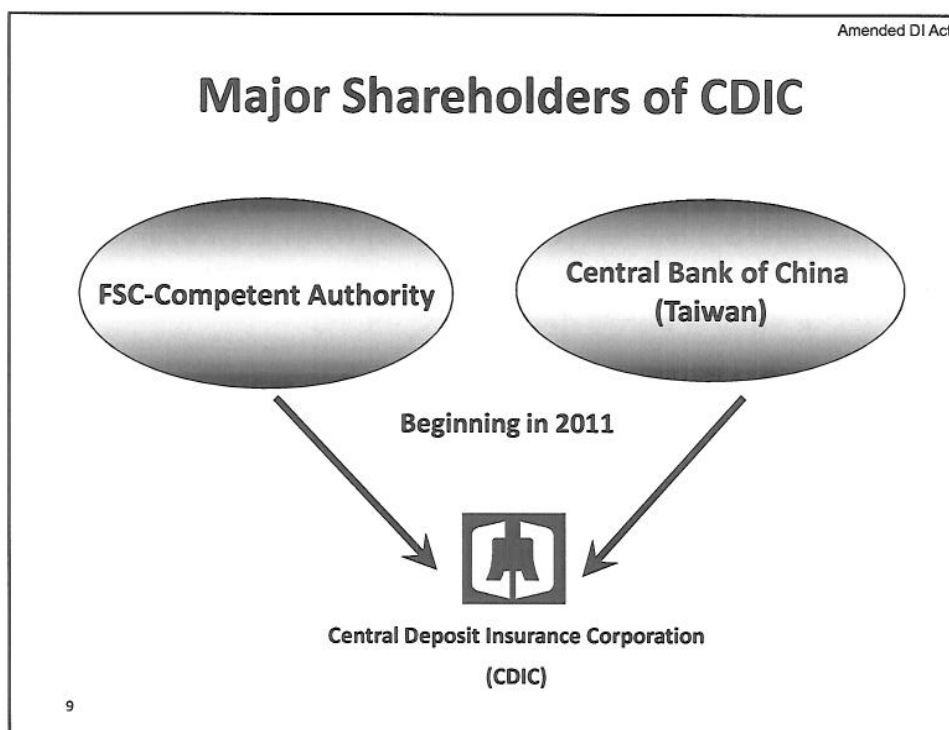
	2012	2011	2010	2009	2008
<b>Foreign Exchange Reserves (US\$ 100 Million)</b>	4,032	3,855	3,820	3,480	2,917
<b>GNP per capita (US\$)</b>	21,035	20,574	19,090	16,901	17,833

## Banking Indicators - BIS%, NPL% & Coverage%



## Deposit Insurance Update





## DI Borrowing and Fund Balances

		2013.4	2012*	2011	2010	2009	2008
<b>Long-term Borrowing (US\$ million)</b>		0	47	853	1,723	1,757	1,820
<b>Deposit Insurance Special Payout Reserves (US\$ million)</b>	General	307	-43	-823	-1,723	-1,757	-1,793
	Agricultural	107	103	90	83	80	77
	<b>Total</b>	<b>414</b>	<b>60</b>	<b>-733</b>	<b>-1,640</b>	<b>-1,677</b>	<b>-1,716</b>

\* Except for April 2013, all data in the table are as of end of each year. 10

## Coverage Limit & Scope

### ▪ Coverage Limit

- NT\$ 3 Million (US\$ 100,000) from 1.1.2011 after expiration of full deposit coverage
- Fully covered depositors: 98.4%
- Fully covered deposits: 54.5%

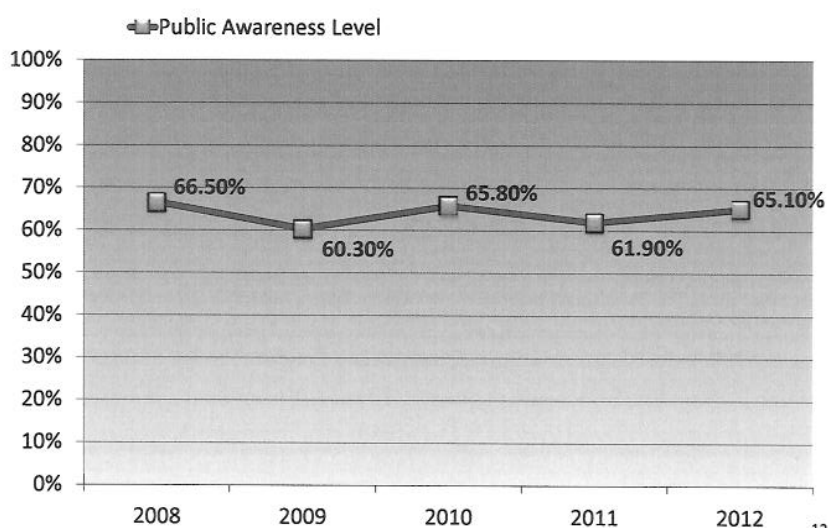
### ▪ Scope

- Both NT and foreign currency deposits are covered from 1.1.2011 (RMB deposits are covered from 1.1.2013)
- Both deposit principal and its accrued interest are covered from 1.1.2011



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## Public Awareness Level



## Challenges



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### Accumulate DI Fund to Reach 2% Target Ratio

- **Major sources of fund:**
  - Annual business tax paid by banks: NT\$15 B. (US\$5 B.)
  - Annual deposit insurance premium: NT\$ 8.5 B. (US\$.28 B.)
    - Banks: 5, 6, 8, 11, 15 b.p. of covered deposits; 0.5 b.p. for eligible deposits > coverage limit
    - Credit Coops: 4, 5, 7, 10, 14 b.p. of covered deposits; 0,5 b.p. for eligible deposits > coverage limit
    - Agricultural FIs: 2, 3, 4, 5, 6 b.p. of covered deposits; 0.25 b.p. for eligible deposits > coverage limit
  
- **Estimated year to reach target: 2027**



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## **Revise Risk-based Premium System**

- **Using call report data only by end of 2013**
  - Replace “Composite Score of Examination Data Rating System” with “Composite Score of Risk-based Premium Rating System”
  - Use call report data to timely reflect risks
- **Revising Financial Early-warning System**
  - Re-examine and adjust risk indicators
- **Enhancing on-site inspection**
  - Conduct on-site inspections to ensure accuracy of risk indicators

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## **Build up Payout and Advance Payment IT System**

- **Target**
  - Payout within 3 days: Friday => Monday
- **Allow depositors to enquire on their deposit balances via internet**
- **Schedule of completion (including simulation)**
  - December 2013



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### Enhance DIS in Taiwan

- **Conduct self-assessment based on BCBS-IADI Core Principles**
- **Amend DI Act**
- **Areas for improvements**
  - 100% state-owned institution
  - Insured risk management function
  - Disclosure of insured/uninsured products
  - Legal framework for bank liquidation
  - Completion of payout system a.s.a.p
  - Crisis communication



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*Thank You!*

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