

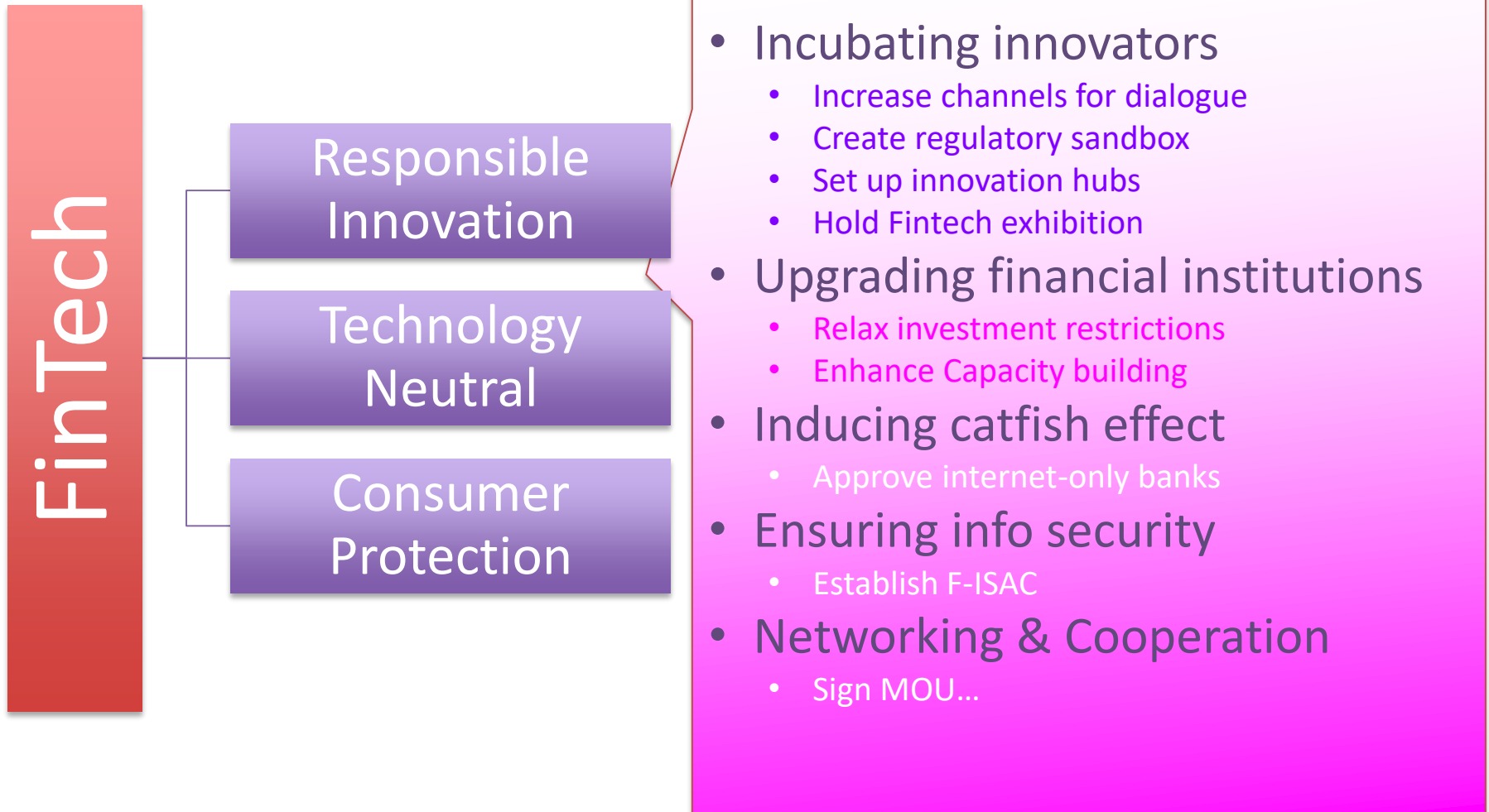
# Fintech Regulatory Roundtable

## Taiwan Experience Sharing



Financial Supervisory  
Commission  
May 22, 2019

# FSC Philosophy and Policy on Fintech



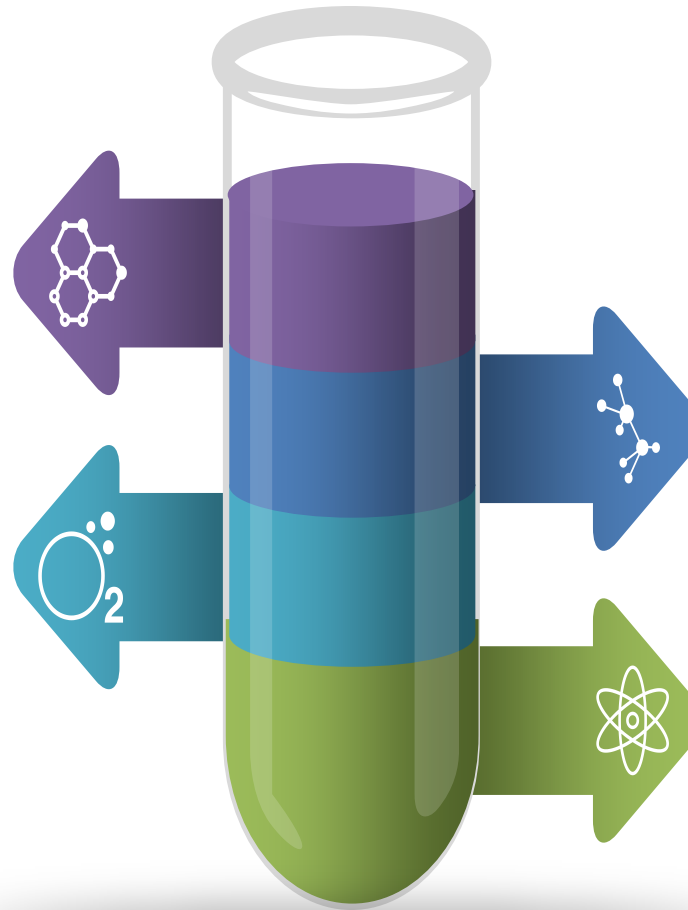
# Sandbox

## Financial Services

Using new tech or business models to provide FS that require approvals.

## Experiment period

1 year, can extend one time for 6 months.



NT\$100mn=PLN 12.28mn

## Applicants

Domestic/foreign, natural/juridical persons.

## Scope limitation

Overall risk exposure=NT\$100mn  
Insurance=NT\$1 mn  
Consumer credit=NT\$0.5mn  
Insurance premium=NT\$100,000  
Others=NT\$250,000

**Exemptions on related financial laws and regulations**

- **Updates: 11 applications accepted for review, and 3 have been approved. 27 cases are under counseling and guidance**
- **Under experiments:**
  - **using personal info. in mobile phone co. to access bank loans and credit card applications;**
  - **foreign workers cross-border remittance**

| Application updates                        | accepted | guidance |
|--|----------|----------|
| total                                      | 11       | 46       |
| approved                                   | 3        | —        |
| rejected                                   | 1        | —        |
| reviewing                                  | 7        | —        |
| under guidance                             | —        | 27       |
| unclear ideas and need further structuring | —        | 19       |



# FintechSpace

- **Purposes:** provide innovators w/ resources of initial operations, create opportunities for cooperation
- **Establishment:** opened on 9/18/2018
- **Major features:** regulatory clinic, digital sandbox, enterprise laboratory, theme space design, co-creation alliance, and international networks



## updates

|                          |  |
|--------------------------|--|
| <b>Innovators</b>        | 45 innovators (including 8 teams from SG, USA, JP, Ph & HK, 1 int'l exchange team & 1 int'l accelerator)               |
| <b>Regulatory clinic</b> | 49 teams have received 1-on-1 consultation from FSC staff since 10/16/2018 (every Wednesday afternoon, free of charge) |
| <b>Digital sandbox</b>   | 14 institutions offering data for API and 12 universities for cooperation  |
| <b>Inter'l links</b>     | Info/resource exchange and cooperation agreements with USA, UK, AU, SG, Portland                                       |
| <b>Thematic workshop</b> | Topics include: regulatory sandbox, KYC/DD, AML, payment, AI adoption  |

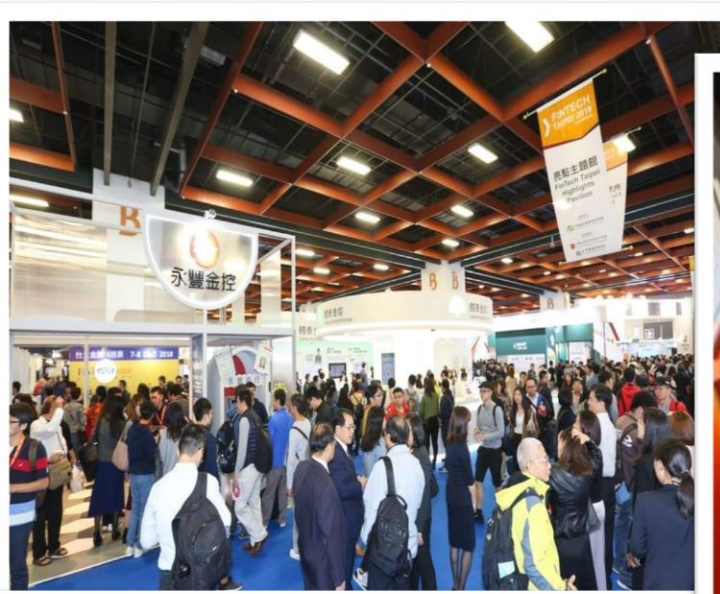
# Fintech Taipei 2019 (Exhibition):

- **Purpose:** Showcase Taiwan's strengths & energy on Fintech development
- **Dates:** November 29 and 30, 2019
- **Major activities:**
  - ◆ International trend seminar
  - ◆ Fintech innovative forums
  - ◆ Spotlight theme showroom
  - ◆ Demos
  - ◆ Match-making events





# Last year's exhibitors reached 200 firms and 32,000 visitors





# Networking and Cooperation



# Non-FIs unfamiliar with rules/practices

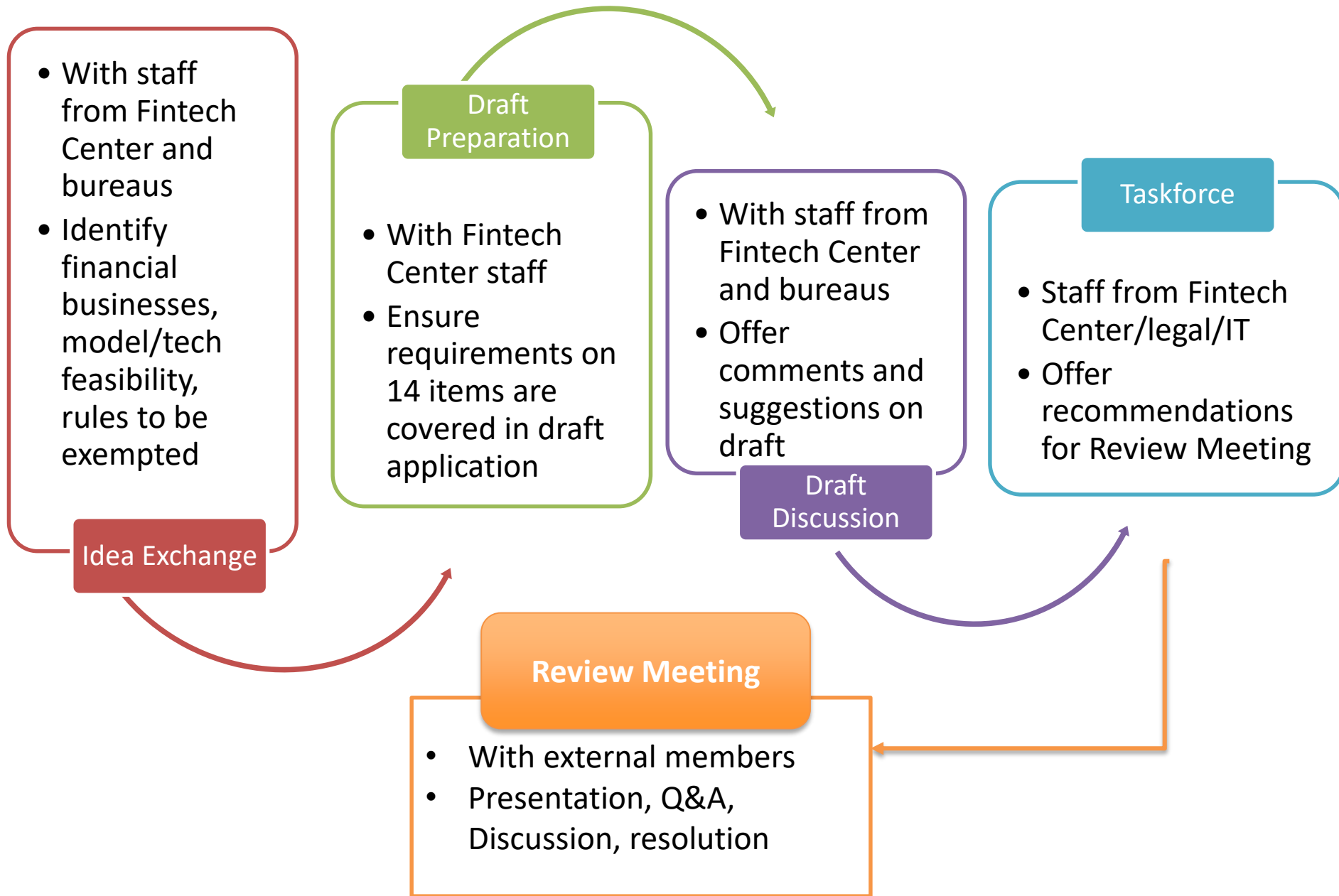
## Challenges

- Limited knowledge /experience on financial practices, KYC, AML, risk management, data privacy, consumer protection
- Very ambitious on conducting omni-bearing financial businesses

## Solutions

- FSC (Fintech Center): consultation and guidance services
- FintechSpace (incubator): regulatory clinic, health check
- MoEA & FSC (Front shop back factory): clarify grey areas

# Fintech Center Consultation Process



# Regulatory Clinic

1-on-1

Specific  
questions

Staff from  
FSC

Every  
Wednesday

Pass on  
experience



# Regulators insufficient tech expertise

## Challenges

- New business models, new technologies involving AI, big data, cloud computing, DLT,...
- Questions on their judgement to approve experiments

## Solutions

- Sandbox's review meeting invites external experts, professionals from related government agencies

### Review committee:

- 7-21 ppl, 1/3~1/2 experts
- Make decision within 60 days
- FS efficiency, costs, benefits to consumers/corporations



# Questions on time and way to market

## Challenges

- Law amendments need time. Can experimenters market their new models upon finishing their tests?
- Legal compliance, operational costs are high if non-FIs intends to recruit customers

## Solutions

- Successful experiments can be extended upto 3 years if law amendments are required
- Start planning law amendments when seeing test potential (e.g., limited license)
- Give advice for cooperation, match-making services, referrals

# Competition or Cooperation?

## Challenges

- Open banking
  - Banks bear full responsibility of consumer disputes
  - TSPs should be supervised
  - Data protection/IT security
- Credit information
  - Banks think non-FIs free-rider
  - Security issues

## Solutions

- Open banking
  - Voluntary-based
  - Self-regulation (drafted by Bankers' Association)
  - API standards (set by Financial Info. Services co.)
- Credit Information
  - Opened up to insurance co. and securities firms who extend credits to customers
- Security issue

## Ensuring Info. Security --F-ISAC's 6 functions

- Established in Dec. 2017, integrating banks, securities, futures, and insurance companies into the joint defense system (358 members)
- Expected benefits:
  - Early warning
  - Emergency response
  - Joint defense
  - Improving overall response
  - Capability building of protection



**Most great learning happens in groups.  
Collaboration is the stuff of growth.**

Sir Ken Robinson Ph.D.

