

Guide to Taiwan's financial services industry

March 2025



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Note: This guide was compiled by Damian Gilhawley, a Director at PwC Taiwan. The content is drawn from publicly available information and is current as of 20 March 2025, unless otherwise stated.

Foreword

The financial services industry is crucial to the functioning of economies worldwide and the well-being and livelihoods of people everywhere. It's also constantly evolving due to regulatory developments, technological advancements and changing consumer behaviours, which compels market players to adapt or be left behind.

At PwC, we focus on the future of financial services, effectively working with clients as they re-evaluate their strategies in light of market changes, while advising on key issues such as the impact of risk and regulation, cyber and financial crime, new financial technologies and innovation, and the changing face of the customer.

In Taiwan, our multi-disciplinary financial services practice provides assurance, tax, legal and advisory services to both domestic and multinational organisations across the banking, capital markets, asset management and insurance sectors, helping them to navigate and keep pace with the ever-changing local financial landscape.

This special publication, updated in March 2025, provides a concise, high-level overview of Taiwan's financial services industry and its constituent sectors, including the latest innovation-related developments. It serves as a useful introductory guide for those interested to know more about and better understand this growing market.

A key development to note is the Taiwan government's current policy push to expand the financial services industry by relaxing regulations and enhancing product diversity, with a goal of positioning Taiwan as a regional asset management hub, which will create new growth and market-entry opportunities for financial businesses.

We hope you will find this guide a helpful reference. Please do not hesitate to contact us if you would like more information or have questions about Taiwan's financial services industry and our related professional services.



Richard Watanabe

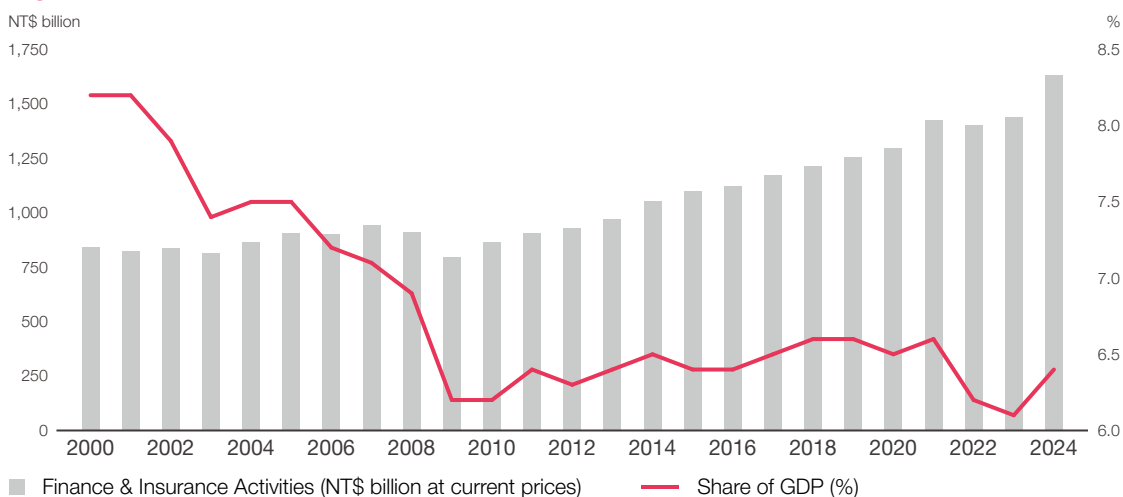
Financial Services Leader
PwC Taiwan



1. Financial services industry

The financial services industry is an important part of Taiwan's economy, offering a range of banking, investment and insurance products and services for individuals and businesses. It generated an annual output value of NT\$1.6tn (US\$50.8bn) in 2024, contributing 6.4% of GDP (see Figure 1), while the total assets of all financial institutions amounted to NT\$112.2tn (US\$3.5tn), or 439% of GDP, at the end of the year. However, it's a highly fragmented and competitive market, plagued by an excessive number of banks and other financial institutions.

Figure 1: Financial services contribution to GDP, 2000-2024



Source: National Statistics, R.O.C. (Taiwan).

It's also a highly regulated industry, with stringent licensing and compliance requirements. Market players have long grumbled about the regulator's conservative approach to prioritising financial stability over disruption, which they say has restrained the industry's ability to innovate and caused it to lag behind foreign peers. Indeed, Taiwan's ranking in the [Global Financial Centres Index](#), which compares the competitiveness of 121 financial centres worldwide, has dropped continuously over the past 15 years from 19th place in 2010 to 73rd in 2024.

After a new government took office in May 2024, Taiwan's financial regulator said it would [work with the industry](#) to expand its output value and enhance its international competitiveness, by loosening regulations and enhancing product diversity as part of a [new policy initiative](#) to position Taiwan as an Asian asset management centre. The aim is to retain local wealth onshore, encourage Taiwanese households and companies to bring home funds parked overseas and attract more foreign funds to invest in Taiwan (see page 20 for more details).

1.1 Financial supervisory framework

The [Financial Supervisory Commission \(FSC\)](#) and the [Central Bank of the Republic of China \(Taiwan\) \(CBC\)](#) share responsibility for supervision of Taiwan's financial system. The FSC is an independent agency that directly reports to the Executive Yuan, the highest administrative body in Taiwan, and it is the main authority responsible for the development, supervision, regulation and examination of financial markets and financial service enterprises (including the authorisation and licensing of banks, insurers and other financial institutions).

The FSC has four bureaus and one government-owned organisation, the Central Deposit Insurance Corporation, under its charge. Its Banking Bureau, Securities and Futures Bureau and Insurance Bureau supervise financial service providers, while its Financial Examination Bureau monitors their operations and conducts on-site inspections from time to time. Also, in March 2023, the FSC assumed primary regulatory [oversight for the digital asset sector](#), including cryptocurrencies, due to mounting concerns about the associated financial risks.

The CBC performs the functions of both a central bank and a financial regulator. It manages the availability of money and credit, serves as a fiscal agent of the government, issues currency, regulates foreign-exchange activities and monitors banks and other financial institutions, including offshore banking units. Also, the CBC coordinates with the FSC on financial supervision, regulation and examination matters through a Financial Supervision Coordination Group, which includes senior officials from both bodies and convenes every quarter.

1.2 Market consolidation trends

Taiwan has over 700 financial service providers of all types competing for the business of its 23 million people (see Figure 2). This includes 38 domestic banks, 133 securities and futures brokers, 126 asset managers and 51 insurers, many of which are subsidiaries of the island's 15 financial holding companies (FHCs). Market overcrowding, particularly in the banking sector, has resulted in persistent pressure on returns and profit margins, while government efforts to encourage consolidation have had only limited success over the past two decades.

Figure 2: Number of financial service providers in Taiwan, December 2024

Banking		Capital markets		Insurance	
Domestic banks	38	Domestic securities firms	102	Domestic life insurers	23
Local branches of non-domestic banks	31	Foreign securities firms	16	Foreign life insurers	3
Credit cooperatives	23	Futures firms	15	Domestic non-life insurers	17
Credit depts. of farmers' and fishermen's associations	311	Sector total	133	Foreign non-life insurers	5
Bills finance companies	8			Domestic and foreign reinsurers	3
Postal savings system	1	Asset management		Sector total	51
Credit card companies	4	Securities investment trust enterprises	38		
Specialised electronic payment institutions	9	Securities investment consulting enterprises	88		
Foreign migrant worker remittance companies	4	Sector total	126		
Sector total	429				

Source: Financial Supervisory Commission.

The first major set of reforms to reduce the number of market participants was the introduction of the Financial Institutions Mergers Act in 2000 followed by the Financial Holding Company Act in 2001. These laws prompted some industry consolidation in the early 2000s, but since then there has been relatively little major merger and acquisition (M&A) activity, with just 64 deals concluded between September 2004 and the latest one in August 2023. Most of these entailed a large FHC acquiring a smaller bank, insurance company or a bills finance firm.

The main challenges to increasing consolidation in the financial services industry, especially for government-run or state-controlled banks, have been labour union resistance and political hurdles. To spur more M&A, the Financial Institutions Merger Act was amended in 2015 to streamline merger procedures and provide more tax incentives. In addition, the regulations governing the investing activities of private-sector FHCs were relaxed in 2018 to increase flexibility to simplify consolidation efforts, helping to facilitate hostile takeovers of these groups.

The scale and market impact of FHCs has grown significantly following several M&A deals over the years, now accounting for around 70-80% of the total assets of all financial institutions in Taiwan. More recently, they have started to consolidate among themselves. In 2022, Fubon FHC acquired Jih Sun FHC for NT\$44bn (US\$1.4bn), marking the first merger between FHCs in Taiwan. Then, in October 2024, Taishin FHC and Shin Kong FHC agreed, subject to regulatory approvals, to merge in a share swap deal valued at around NT\$222bn (US\$7bn).

1.3 Financial innovation initiatives

The FSC has in recent years adopted various policy initiatives and plans to encourage and promote financial innovation and the digitalisation of financial services in Taiwan. In January 2025, it established a new [Financial Market Development and Innovation Division](#) to further advance sustainable and innovative development in the financial services industry. This section looks at some of the key policy initiatives, focusing on green and transition finance, financial technology (referred to as fintech), and electronic and mobile payment promotion.

1.3.1 Green and transition finance

The FSC has been [promoting green finance](#) since 2017 to support the pursuit of sustainable development in Taiwan. The policy is being implemented through a series of action plans that complement local commitments to energy transformation and carbon emissions reduction (see Figure 3). The strengthening of green finance activities is also closely aligned with the enhancement of environmental, social and governance (ESG) reporting, particularly through the increasing disclosure requirements for carbon emissions and other related information.

Figure 3: Green and transition finance action plans

Action Plan 1.0 2017	Action Plan 2.0 2020	Action Plan 3.0 2022	Action Plan 4.0 2024
Initial focus on the environmental aspects of green finance, with financial institutions encouraged to lend to and invest in the green energy industry to support its development	Added focus on ESG-oriented finance, with financial institutions encouraged to expand their financing and investment in the green and sustainable fields and to develop related financial products	New focus on supporting Taiwan's 2050 net-zero emissions policy, including further promotion of the financial services industry's understanding of carbon emissions and the targets it lends to and invests in	Expanded focus on transition finance to help the most carbon-intensive sectors to decarbonise, with financial institutions encouraged to support net-zero and low-carbon transformation activities

Sources: Financial Supervisory Commission and PwC analysis.

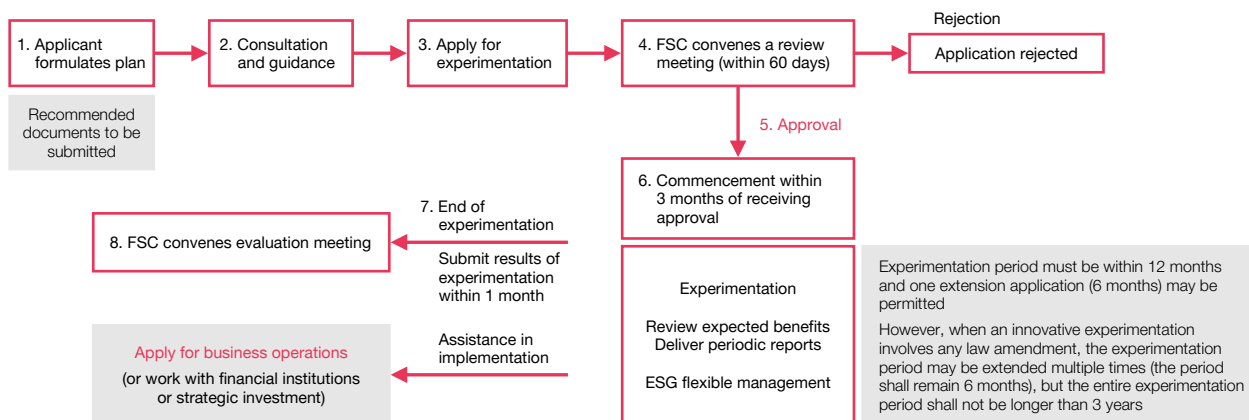
The [latest \(fourth\) version](#) of the FSC's green finance action plan was released in October 2024 and takes into account the increasing international focus on transition finance, which refers to financial products and services that support higher emitting companies and activities to decarbonise over time. Building on the foundation of the previous action plans, the new one seeks to promote green finance as a driving force for net-zero transition, with financial institutions encouraged to fund corporate sustainability and low-carbon transformation activities.

1.3.2 Financial technology (fintech)

Fintech is another key focus for the FSC, which since 2015 has adopted a [series of roadmaps and guidelines](#) to build up a fintech ecosystem and promote the development of innovative financial services. Key measures taken so far include, among others, the establishment of regulatory sandbox and business trial mechanisms, approval of digital-only banks, advancement of open banking services, launch of a regulatory framework for security token offerings, promotion of online insurance business, and the creation of a fintech innovation hub.

To encourage the growth of fintech services and companies, the Financial Technology Development and Innovative Experimentation Act was enacted in 2018 to establish a [regulatory sandbox](#) that allows for the testing of financial innovations in a controlled environment. Approved sandbox applicants are exempt from legal restrictions for up to 18 months, or three years in some cases (see Figure 4). Additionally, in 2019, the FSC launched a [business trial mechanism](#) to provide a dedicated testing environment for financial institutions.

Figure 4: Application process for Taiwan’s fintech sandbox



Source: Financial Supervisory Commission.

However, only a small number of firms have so far participated in the fintech sandbox, with just eight application cases approved to date by the FSC, the last one being reported in February 2021. Some of the successful experiments have resulted in legislative amendments that provide for small-amount remittance services, fund swap services and cost averaging investment services. Nevertheless, fintech businesses have complained about the administrative complexity and restrictive nature of the sandbox and the slow review of applications.

In response, the FSC announced in July 2024 that it intended to allow greater flexibility in the fintech sandbox regime, as part of a policy refresh to inject new vitality into Taiwan’s fintech sector. In October 2024, the regulator published new guidelines that significantly expand the scope and accessibility of pilot testing for innovative financial products and services. The guidelines also encourage collaboration between financial institutions and fintech firms when developing business trial projects and prioritise proposals that support inclusive financing.

1.3.3 Electronic and mobile payments

The FSC has designated electronic and mobile payments as priority areas to support fintech development. To promote their adoption and reduce cash dependency, in January 2024, it set a new three-year target to expand the value of annual non-cash payment transactions to NT\$10tn (US\$310bn) by 2026, up from NT\$7.3tn (US\$220bn) in 2023; non-cash payment methods include credit and debit cards, electronic stored-value cards, and electronic and mobile payments. A goal has also been set for 90% mobile-payment penetration by 2025.

Taiwan is well-placed to adopt digital payment platforms and other mobile-based fintech applications, given its high level of internet connectivity and smartphone penetration. While cash still plays a key role in in day-to-day transactions, accounting for a 40%-plus share of total payments volume, consumer shopping patterns have changed since Covid, with more emphasis on e-commerce and digital payments. This shift has been supported by a highly banked adult population, online banking incentives and aggressive promotions by e-wallet providers.

The FSC has a separate regulatory classification for electronic payment institutions which offer online banking, mobile banking and e-money. The Act Governing Electronic Payment Institutions was introduced in 2015 to remove restrictions on third-party payment providers and later amended in 2020 to allow them to expand their scope of business. Importantly, this included the establishment, in 2021, of a cross-platform e-payment system that allows money transfers across different providers without consumers needing to set up several accounts.

As of December 2024, Taiwan had 29 e-payment institutions (including 9 non-banks), which had a total of 30.6 million users and their monthly payment transaction volume was NT\$18.2bn (US\$567m) (see Figure 5). Competition has intensified among e-payment service providers after local retail heavyweights PX Mart and Taiwan FamilyMart entered the market in 2021. The current leader is iPass, which accounts for 21.8% of the total user base, followed by Jkopy (21.6%), PXPAY Plus (17.1%), EasyCard (10.9%) and E Sun Bank (8.8%).

Figure 5: Top ten electronic payment institutions in Taiwan, December 2024

Name of institution	Number of users		Payment transaction volume (NT\$m)
iPass Corp	6,684,320	21.8%	3,575.8
Jkopy	6,616,273	21.6%	5,450.5
PXPAY Plus	5,244,313	17.1%	4,307.2
EasyCard Corp	3,345,646	10.9%	821.3
E.Sun Commercial Bank	2,694,053	8.8%	2,011.1
All Win Fintech (Family Mart)	2,201,848	7.2%	630.7
icash Corp	1,539,137	5.0%	717.5
O'Pay Electronic Payment	1,075,537	3.5%	68.8
Gama Pay	567,197	1.9%	38.0
CTBC Bank	500,721	1.6%	370.3
National total	30,645,744	100.0%	18,195.8

Source: Banking Bureau, Financial Supervisory Commission.

1.4 Crypto-related developments

Digital or virtual assets like cryptocurrencies are currently not financially regulated in Taiwan, but that will soon change. Spooked by global crypto failures and growing investment scams, the FSC assumed primary regulatory oversight for the digital asset sector in March 2023. It has since introduced [new registration rules](#) for virtual asset service provide (VASPs), which took effect in January 2025, and is also drafting a special law for digital assets that will cover areas such as licensing, consumer protection, capital requirements and trading behaviour.

Taiwan had previously taken a largely hands-off approach to crypto regulation, though the authorities were cautious about integrating digital assets with the existing financial system. The exceptions were security token offering regulations enacted in 2020 and special anti-money laundering (AML) rules for VASPs introduced in 2021. The latter have been replaced by stricter registration requirements (as above) following changes to the Money Laundering Control Act in 2024, which every VASP must now follow regardless of previous compliance.

Local regulations are relatively permissive about retail investor participation in cryptocurrencies, and a total of [23 VASPs](#) are currently registered for AML compliance. [MaiCoin](#), Taiwan's largest crypto exchange with about US\$70m in daily trading volume, announced plans in 2023 to list on the local bourse in the near future, which would make it the first Taiwanese crypto firm to go public. Also, in June 2024, a group of VASPs established a new industry association to develop self-regulatory standards based on guiding principles issued by the FSC.

In other crypto developments, Taiwan's central bank, the CBC, announced in December 2023 its completion of an in-depth feasibility and technology study exploring the potential of a central bank digital currency (CBDC). It has not yet set a timetable for issuing a digital Taiwan dollar, saying its focus is on making sure the infrastructure and regulatory framework are well prepared. In July 2024, the CBC said it would collaborate with the Ministry of Digital Affairs to test a CBDC prototype using the latter's digital voucher system, starting in late 2024 or 2025.



2. Banking sector

Taiwan's banking sector is largely stable and well-capitalised, though highly saturated with over 400 financial institutions serving some 23 million people. The resulting intense competition has undermined bank profitability, squeezing net interest margins to among the lowest levels in Asia. Longstanding efforts to encourage banking consolidation, mainly aimed at forming a few big lenders, have made little progress on reducing overcrowding, while the recent market entry of digital-only banks could potentially further increase competition going forward.

2.1 Structure and participants

Taiwan had a total of 412 monetary financial institutions with 5,875 branches as of December 2024 (Figure 6). This included 38 domestic banks and 31 local branches of foreign and Chinese banks, as well as the banking unit of Chunghwa Post, the national postal service provider, which only offers deposit and remittance services but has a widespread network of 1,295 post offices. A second tier of non-bank lenders comprises 23 credit cooperatives, 311 credit departments of farmers' and fishermen's associations and eight bill finance companies.

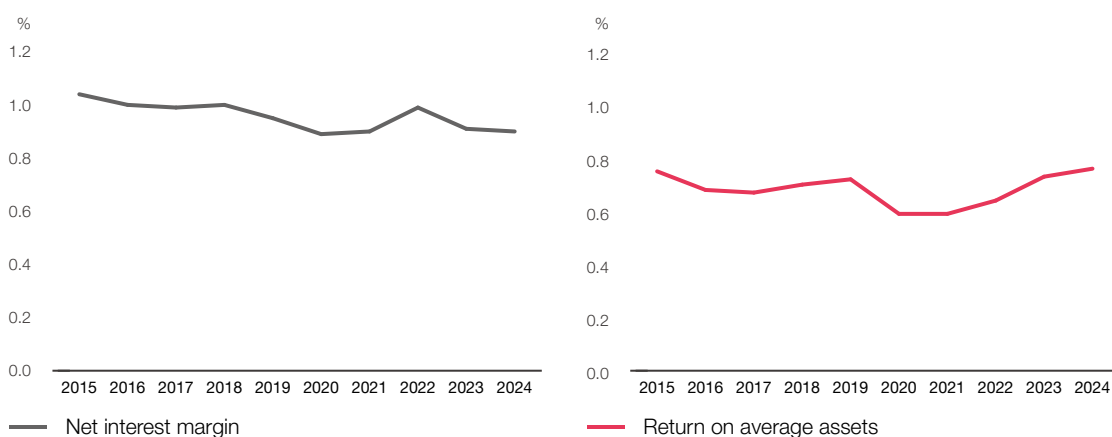
Figure 6: Number of monetary financial institutions, December 2024

Institution by type	Head office	Branches	Assets		Deposits		Loans	
			NT\$tn	Share	NT\$tn	Share	NT\$tn	Share
Domestic banks	38	3,379	72.1	80%	50.7	82%	38.1	92%
Local branches of non-domestic banks	31	40	5.1	6%	0.9	1%	1.3	3%
Credit cooperatives	23	291	1.0	1%	0.9	1%	0.7	2%
Credit depts. of farmers' and fishermen's associations	311	840	1.3	1%	2.3	4%	1.5	4%
Bills finance companies	8	30	2.6	3%	0.0	0%	0.0	0%
Postal savings system	1	1,295	7.6	8%	7.1	11%	0.0	0%
Banking sector total	412	5,875	89.5	100%	61.9	100%	41.6	100%

Source: Banking Bureau, Financial Supervisory Commission.

The banking sector had total assets of NT\$89.5tn (US\$2.8tn) at the end of 2024, equivalent to 350% of GDP. Domestic banks dominate, accounting for 80% of aggregate assets, as well as 82% of total deposits accepted and 92% of all loans extended in Taiwan. A combination of fierce competition, tight banking regulations and a prolonged period of low interest rates has hampered bank profitability over the past decade, as reflected in a low net interest margin of around 1% and an average return on average assets of 0.7% in the period (Figure 7).

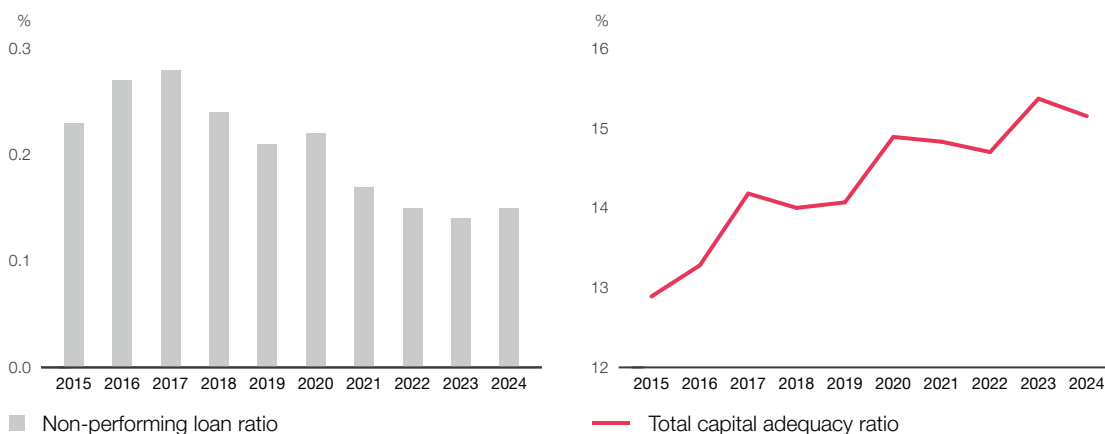
Figure 7: Key profitability ratios of domestic banks, 2015-2024



Source: Banking Bureau, Financial Supervisory Commission.

Nevertheless, domestic banks have performed well on other key indicators, including an aggregate non-performing loan (NPL) ratio that has remained below 0.3% over the last ten years, and a current total capital adequacy ratio of around 15% (compared with the minimum requirement of 10.5%) that provides a healthy capital buffer (Figure 8). Taiwan's bank capital regime is generally in line with the international standards of the Basel III framework, with new capital rules adopted on 1 January 2025 to align with the final Basel III reforms.

Figure 8: NPL and capital adequacy ratios of domestic banks, 2015-2024



Source: Banking Bureau, Financial Supervisory Commission.

Loans are almost exclusively funded from deposits, which represented 132% of bank lending at the end of 2024. Individual loans (mostly mortgages) accounted for 52% of total bank loans in 2024, followed by private enterprises (42%) and the public sector (6%). Small and medium-sized companies rely on banks for access to working and investment capital, while larger businesses make use of both bank lending and the issuance of securities. The most prominent industries for credit are manufacturing (37%), real estate (20%) and trade (13%).

Less market concentration than regional peers

Taiwanese banks are relatively large in terms of their assets, net worth and size of branch network, but their international footprint is rather limited (Figure 9). Government-owned and -controlled banks and those owned by private-sector financial holding groups dominate. The ranks of domestic banks include a few foreign-owned lenders with local incorporation, including Citibank, DBS, HSBC and Standard Chartered. DBS acquired the local consumer banking business of Citibank in 2022, making it the largest foreign bank in Taiwan by assets.

Figure 9: Top ten domestic banks in Taiwan, December 2024

Bank	Assets (NT\$bn)	Net worth (NT\$bn)	Deposits (NT\$bn)	Loans (NT\$bn)	Domestic branches	Overseas bases
Bank of Taiwan	6,583.7	493.2	5,115.4	3,417.5	163	23
CTBC Bank	5,457.4	393.9	4,477.0	3,045.3	153	214
Taiwan Cooperative Bank	4,921.6	277.9	4,242.8	3,081.7	261	26
First Commercial Bank	4,528.8	275.9	3,722.6	2,642.9	183	43
Cathay United Bank	4,386.0	295.4	3,737.2	2,618.3	164	68
Taipei Fubon Commercial Bank	4,167.9	298.4	3,470.3	2,273.5	178	31
Mega International Commercial Bank	4,166.6	342.4	3,163.3	2,305.1	107	39
Hua Nan Commercial Bank	4,138.8	240.5	3,451.0	2,418.6	185	16
E.Sun Commercial Bank	3,932.8	259.5	3,273.5	2,278.2	138	33
Land Bank of Taiwan	3,604.0	227.6	3,087.9	2,441.4	148	8
Domestic banks total	72,072.5	5,187.5	50,669.8	38,057.2	3,379	639

Source: Banking Bureau, Financial Supervisory Commission.

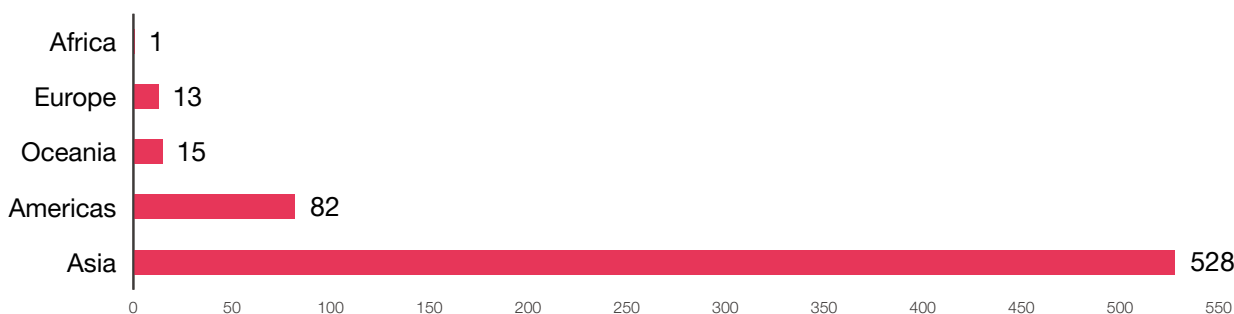
Six Taiwanese banks are currently designated by the financial regulator as domestic systemically important banks (D-SIBs): Cathay United Bank, CTBC Bank, First Commercial Bank, Mega International Commercial Bank, Taipei Fubon Commercial Bank and Taiwan Cooperative Bank. They are subject to stricter capital cushion standards, which are an average of two percentage points higher than those for other domestic banks, and enhanced supervision measures such as additional reporting of contingency plans and stress test results.

Slow consolidation and growing overseas expansion

Taiwan has long been one of the most overbanked markets in Asia. Despite regulatory pressure for consolidation, there have been very few bank M&A deals over the past two decades, particularly among the larger or state-controlled banks, due in part to labour union resistance and political obstacles. The most recent merger was between [Taipei Fubon Bank and Jih Sun Bank](#) in 2023. Also, SinoPac Financial Holding Co. announced in late 2024 that it would [buy King's Town Bank](#) for NT\$60bn (US\$1.8bn), subject to regulatory and other approvals.

Domestic consolidation is gradually becoming less of a priority for Taiwan's large financial groups, which are instead expanding their overseas presence (especially in Southeast Asia) through M&A as a way of overcoming local market constraints and a slowing offshore renminbi business amid challenging Taiwan-China relations. At the end of December 2024, domestic banks had a total of 639 overseas bases (including representative offices, branches, subsidiaries, etc.), with the vast majority (83%) of them located in Asian countries (Figure 10).

Figure 10: Number of overseas bases of Taiwan's domestic banks, December 2024



Source: Banking Bureau, Financial Supervisory Commission.

2.2 Oversight and legal framework

The Financial Supervisory Commission under the Executive Yuan is the main regulator and supervisory authority for Taiwan's financial services industry. Its [Banking Bureau](#) regulates and supervises banking-related activities, while its Financial Examination Bureau conducts regular on-site examinations of banks and others. In addition, the Central Bank of the Republic of China (Taiwan) is authorised to conduct targeted examinations of banks on issues related to monetary, credit and foreign exchange policies as well as the payments system.

Taiwan's bank depositor protection regime is entrusted to the [Central Deposit Insurance Corporation](#), which is responsible for protecting depositors' rights and interests in financial institutions, maintaining credit order and enhancing the sound development of financial businesses in accordance with the Banking Act and the Deposit Insurance Act. The areas of anti-money laundering and counter-terrorism financing are monitored by the FSC and the Ministry of Justice, which is the main competent authority under the Money Laundering Control Act.

The Banking Act, the Financial Holding Company Act and the Central Bank of the Republic of China (Taiwan) Act are the three main pillars of the banking sector's legal framework. The Banking Act sets forth the general regulations that govern banking businesses (including licensing and financial requirements); the Financial Holding Company Act regulates licensed financial holding companies; and the Central Bank Act lays down the powers and functions of the CBC. In addition, a separate Offshore Banking Act governs offshore banking units.

2.3 Digital banking developments

Besides traditional banks, the FSC in 2019 issued three licences for digital-only banks (i.e., without physical branches) to introduce more market competition and promote digital transformation among oft-complacent incumbents—it was the first time that new banking licences had been issued in Taiwan since the 1990s. A digital-only bank is required to have at least one traditional bank or financial holding company as a key shareholder with a stake of 25% or more, while a non-financial company can attain a majority stake of up to 60%.

The new licences were awarded to three consortia, one led by Taiwan’s dominant telecom operator Chunghwa Telecom, another by Japanese e-commerce company Rakuten and the other by Japanese messaging app LINE (see Figure 11). They launched their digital-only banks in 2021-2022 but have struggled so far to turn a profit due to a saturated retail banking market and limitations on the services they may provide. Even so, they have the potential to generate efficiency-inducing disruptions that could force incumbents to raise their game.

Figure 11: Backgrounds of Taiwan’s digital-only banks

Digital-only bank	Financial shareholders	Non-financial shareholders
Next Bank	Mega International Commercial Bank	Chunghwa Telecom - largest telecommunications company in Taiwan
	Shin Kong Financial Group	PX Mart - largest supermarket chain in Taiwan
	KGI Bank	Trade Van Information Services - customs clearance service provider
Rakuten Bank	IBF Financial Holdings	Rakuten Group - leading e-commerce platform in Taiwan
LINE Bank	Taipei Fubon Commercial Bank	LINE Corp - leading social media platform in Taiwan
	CTBC Bank	Taiwan Mobile - second largest mobile operator in Taiwan
	Standard Chartered Bank	FarEasTone Communications - third largest mobile operator in Taiwan
	Union Bank of Taiwan	

Source: Publicly available news.

All three digital-only banks reported narrower losses in 2023 due to improving interest income from both lending and investment activities, with some raising more equity to replenish their capital to cover start-up losses and finance future growth. The new entrants have been focused on unsecured personal loans, but they plan to add corporate lending, foreign exchange and mutual fund sales operations following recent regulatory relaxation, which should help to evolve and diversify their business models as they vie to achieve sustainable profitability.

3. Capital markets sector

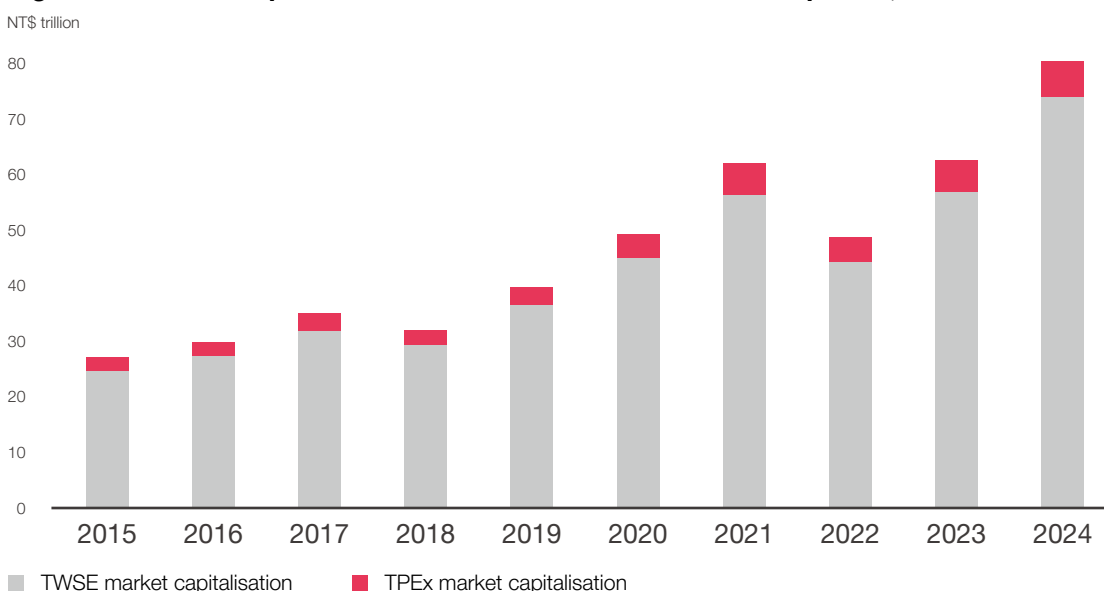
Well-functioning capital markets are a crucial part of any economy's financial system, as they allow businesses to access capital and help households to manage their savings. The two main types of capital markets are stock markets, for the trading of company shares, and bond markets, for trading the debt of companies and governments. Taiwan has a two-tier market for shares and bonds, comprising the Taiwan Stock Exchange (TWSE) and the Taipei Exchange (TPEX), which are among the most active bourses in the Asia-Pacific region.

3.1 Key securities exchanges

Taiwan Stock Exchange

The TWSE started operations in 1962 and it is the principal equity market in Taiwan for larger, more established public companies. TWSE-listed securities currently include shares, exchange-traded funds, exchange-traded notes, warrants, beneficiary securities, Taiwan Depository Receipts and government bonds. At the end of 2024, the TWSE had 1,031 listed companies (including 85 foreign primary) with an aggregate market capitalisation of NT\$73.9tn (US\$2.3tn, or 289% of GDP) (Figure 12), ranking 12th among the world's largest stock exchanges.

Figure 12: Market capitalisation of TWSE- and TPEX-listed companies, 2015-2024



Source: Securities and Futures Bureau, Financial Supervisory Commission.

The TWSE is a very active market, with the total trading value of all listed securities amounting to NT\$99.8tn (US\$3.1tn) in 2024, of which shares accounted for the vast majority at 92%. It is also a highly liquid market, with an average daily share trading value of NT\$381.4bn (US\$11.9bn) and a volume turnover rate of 126% in 2024. The TWSE has historically been dominated by domestic individual retail investors, which represented 54.1% of share trading value in 2024, followed by foreign institutions (33.7%) and domestic institutions (12.2%).

The TWSE also operates the Taiwan Innovation Board (TIB), which was launched in 2021 to shorten the lead time for innovative start-ups and early-stage biotech companies to enter the capital market for fundraising. The TIB follows relaxed guidelines, including a streamlined public offering process and lower minimum market capitalisation and revenue requirements for a listing. The TIB was initially limited to qualified investors, but these restrictions were fully removed in January 2025, which will help boost market liquidity and increase accessibility.

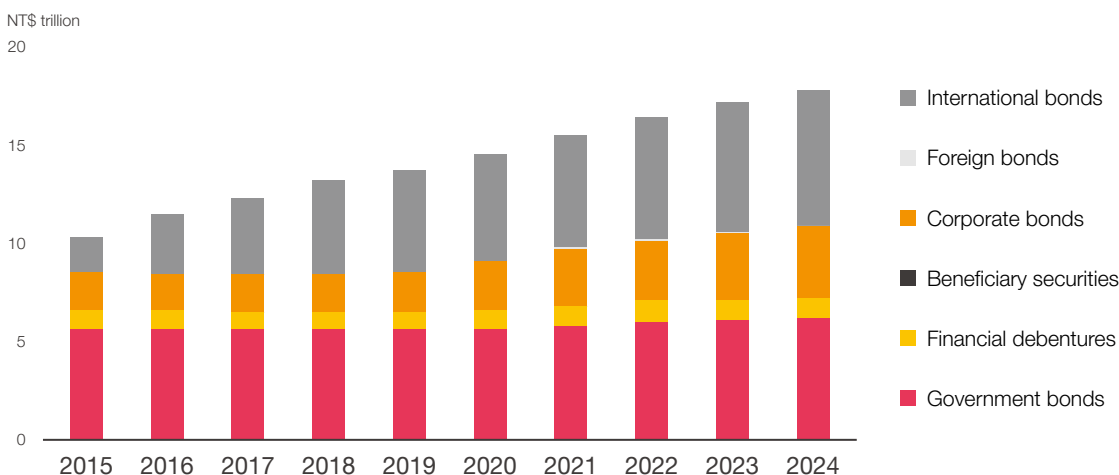
Taipei Exchange

The TPEX was formally established in 1994 as a second-tier securities exchange, which provides an over-the-counter market for trading in the shares of small- and mid-cap companies, exchange-traded funds, exchange-traded notes, warrants and bonds of all types. At the end of 2024, a total of 838 companies (including 28 overseas-based firms) were listed on the main board of the TPEX, having a combined market capitalisation of NT\$6.5tn (US\$204bn, or 26% of GDP) (Figure 12), ranking 31st among the world’s largest stock exchanges.

The TPEX also operates an Emerging Stock Market (ESM), which is a feeder platform for companies that go on to list on the main exchange. It previously comprised the Emerging Stock Board (ESB) and the Pioneer Stock Board (PSB), which launched in 2021 alongside the TIB (under the TWSE) to cater for innovative start-up firms. In January 2024, the PIB was merged into the ESB to make the ESM a single board again. At the end of 2024, 353 firms were registered on the ESM and had a total market capitalisation of NT\$1.4tn (US\$43bn).

In addition, under the TPEX, there is a Go Incubation Board for Start-up and Acceleration Firms (GISA), which is a platform for early-stage micro enterprises to obtain entrepreneurship counselling and raise capital, paving the way for going public and eventual market listing. It offers integrative counselling services on accounting, internal controls, marketing and regulatory compliance, as well as capital raising functions (but not trading functions). At the end of 2024, there were 108 firms registered on the GISA and also 68 in pre-GISA counselling.

Figure 13: Total outstanding bonds on the TPEX, 2015-2024



Source: Securities and Futures Bureau, Financial Supervisory Commission.

The TPEX is also the main trading platform for bonds, which represented 54% of the exchange’s total securities trading value of NT\$58.2tn (US\$1.8tn) in 2024. Almost all bonds publicly issued in Taiwan are listed on the TPEX and their total outstanding value was NT\$17.8tn (US\$554bn) at the end of 2024, including US\$214bn of foreign-currency-denominated bonds (Figure 13). The FSC has been aggressively promoting the issuance of international bonds in Taiwan since 2013, which has enhanced the breadth and depth of the TPEX bond market.

Taiwan Futures Exchange

The Taiwan Futures Exchange (TAIFEX) started operations in 1998 and it currently lists and trades around 300 products, including stock index futures and options, single stock futures, equity options, gold futures and options, and currency futures. The market is largely driven by domestic retail traders, who account for close to half of the 300-400 million contracts traded annually on TAIFEX, with an average daily trading volume of 1.4 million contracts, driven mainly by single stock futures, Mini-TAIFEX Futures, TAIFEX Options and TAIFEX Futures.

3.2 Investor and market participants

Unlike the more mature capital markets characterised by the predominance of institutional investors, Taiwan's stock markets are dominated by retail investors. In 2024, domestic individuals accounted for 56.5% of trading value on the TWSE and TPEX, followed by foreign institutions (31.4%) and domestic institutions (12.1%). The accumulated number of securities accounts opened was 23.9m at the end of 2024, while the number of investors with trading accounts and the number of investors with trading activities totalled 13.2m and 7.9m, respectively.

Taiwan welcomes foreign portfolio investment in its capital markets. The rules on investment quotas for offshore institutional investors were removed in 2003, and now foreign investors just need to register with the TWSE to obtain an "Investor ID" and a "Tax ID" before opening a trading account with a securities firm. Once registered, capital flows relating to foreign portfolio investment in Taiwan are completely liberalised. Also, foreign investors are not subject to an ownership ceiling, except for in certain restricted companies, or to any investment ceiling.

Licensed market participants comprised 118 securities firms (including 16 foreign brokers) and 15 futures companies at the end of 2024, which provide a wide range of securities and futures services such as brokerage, dealing and underwriting. All securities firms have to register with the Taiwan Securities Association, which is a self-regulatory organisation. Market concentration favours larger securities firms as well as those operating under financial holding groups, with the top ten having a combined brokerage share of 60% in 2024 (Figure 14).

Figure 14: Top securities brokers in Taiwan, 2024

Broker	Trading value (NT\$b)	
Yuanta Securities	25,725	12.9%
KGI Securities	20,113	10.1%
Fubon Securities	14,068	7.0%
UBS Securities, Taipei Branch	11,616	5.8%
SinoPac Securities	9,217	4.6%
JP Morgan Securities (Taiwan)	8,381	4.2%
Merrill Lynch Securities (Taiwan)	8,214	4.1%
Cathay Securities	8,110	4.1%
Morgan Stanley Taiwan	7,743	3.9%
Capital Securities	6,748	3.4%
National total	199,624	100.0%

Source: Taiwan Stock Exchange.

3.3 Oversight and legal framework

The Financial Supervisory Commission's Securities and Futures Bureau is responsible for the regulation and supervision of Taiwan's capital markets and public companies, including the offering, issuance, listing and over-the-counter trading of securities. Applications for listing on the TWSE and TPEX are subject to the exchanges' respective review and approval and reported to the FSC for recordation. A foreign issuer may apply for a primary listing in Taiwan if its stocks are not listed on any foreign securities exchange or securities market.

The key capital market legislation includes the Company Act and the Securities and Exchange Act, as well as the rules and regulations set by the relevant regulatory authorities and the TWSE and TPEX. The Company Act applies to all companies incorporated in Taiwan and foreign companies operating within Taiwan, while the Securities and Exchange Act only applies to public companies and provides the rules for the issuing and trading of securities and the responsibilities of issuers, market discipline and securities firms' operations, among others.

3.4 Corporate governance developments

The FSC has taken active steps since 2013 to improve Taiwan’s corporate governance (CG) system, which is currently ranked the third best out of 12 Asia-Pacific regional markets by the [Asia Corporate Governance Association](#). Its latest CG plan, the [Corporate Governance 3.0: Sustainable Development Roadmap](#), which was released in 2020, aims to deepen corporate governance, promote sustainable corporate development, build a comprehensive ESG ecosystem, and strengthen the international competitiveness of Taiwan’s capital markets.

In view of the growing importance of non-financial information, a key focus is on enhancing sustainability reporting. Since 2015, certain TWSE- and TPEX- listed firms have been required to annually issue sustainability reports—which are based on the guidelines set out by the Global Reporting Initiative, the Sustainability Accounting Standards Board and the Task Force on Climate-related Financial Disclosures—and the scope of the companies subject to mandatory sustainability reporting has been progressively expanded in recent years.

Also, in response to the impact of climate change and greater international attention to sustainable issues, the FSC issued a “Sustainable Development Roadmap for TWSE/TPEX-Listed Companies” in 2022 followed by a related [action plan](#) a year later, which require listed companies to start disclosing climate-related information, including greenhouse gas (GHG) emissions data, in a phased implementation starting from 2023. All listed companies will be required to disclose GHG inventories by 2027 and to obtain third-party verification by 2029.

Furthermore, in 2023, the FSC released a [roadmap](#) for listed companies to align with the new IFRS Sustainability Disclosure Standards issued by the International Sustainability Standards Board (ISSB), starting from 2026. The FSC has established an ISSB taskforce to promote standard alignment and build up the capacities of local firms. It will adopt a phased-in approach, with the first stage requiring listed companies with paid-in capital of NT\$10 billion or more to compile sustainability information starting from 2026 and to report it from 2027 onward.

4. Asset management sector

Taiwan's asset management sector is one of the most dynamic in Asia, benefitting from a growing mass affluent population with high savings (40.7% of GNI in 2024) and long-term pension needs. Retail mutual funds, which are structured as securities investment trusts in Taiwan, account for the largest share of total fund assets under management (AUM), with investors increasingly preferring onshore to offshore funds. A new government plan aims to develop Taiwan as an Asian asset management centre to attract domestic and foreign investment.

4.1 Structure and participants

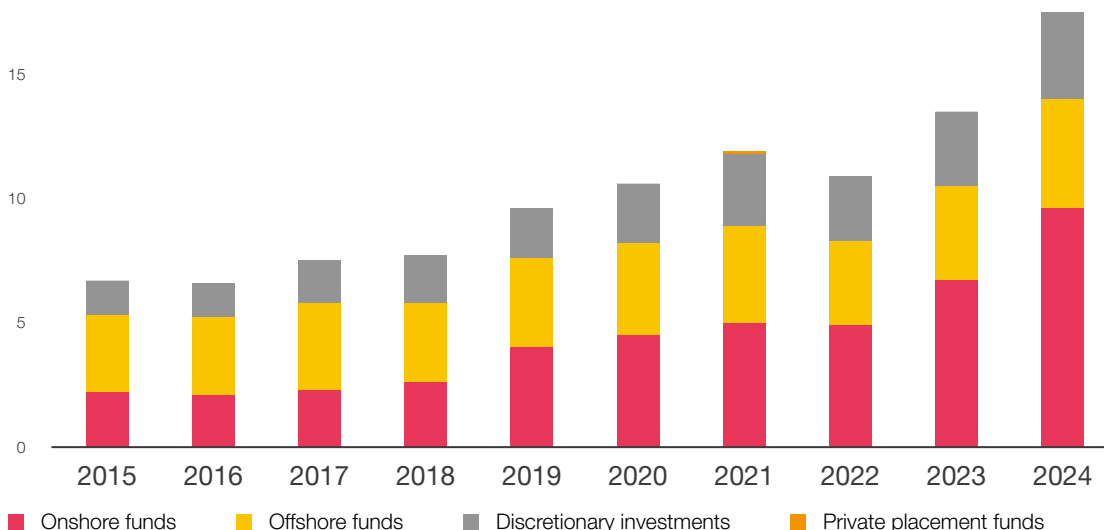
Taiwan's asset management sector had total fund AUM of NT\$17.5tn (US\$546bn) at the end of 2024 (Figure 15), according to the [Securities Investment Trust and Consulting Association](#). This comprised NT\$9.6tn in domestic onshore fund assets (representing 54.8% of the total sector AUM), NT\$4.4tn in offshore funds (25.4%), NT\$3.5tn in discretionary investment mandates (19.7%) and NT\$29bn in private funds (0.2%). These funds also compete with life insurance offerings, which traditionally have been an important savings tool in Taiwan.

Taiwan has a well-developed domestic asset management segment which operates alongside offshore funds. Local asset managers offer funds that invest in Taiwan's stock, bond and money markets, as well as in international assets. In recent years, they've rapidly expanded their exchange-traded fund (ETFs) offerings, which have become very popular with retail investors as cost-effective investment vehicles. The resulting boom in Taiwan's ETF market has underpinned fast growth in onshore funds, outpacing that of offshore counterparts.

Figure 15: Total fund assets under management in Taiwan, 2015-2024

NT\$ trillion

20

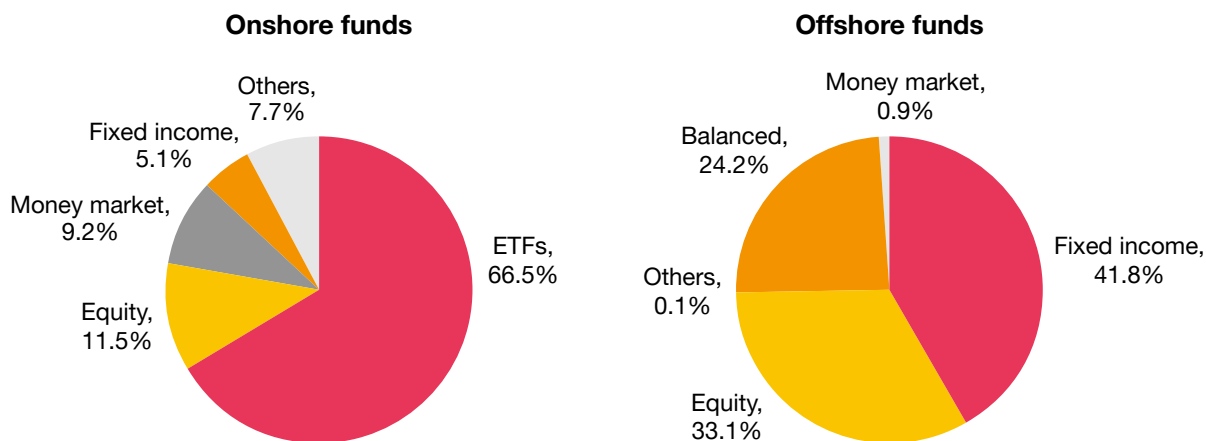


Source: Securities Investment Trust & Consulting Association.

ETFs are the most popular type of onshore fund (Figure 16), with 260 Taiwan-listed ETFs worth NT\$6.4tn (US\$199bn) at the end of 2024, accounting for 66.5% of onshore funds AUM, up from 9.2% in 2015. Local investors, particularly young adults, have been drawn to ETFs due to their relatively low cost, risk diversification and the convenience of investing. In 2024, the FSC [amended rules](#) to allow for the introduction of active ETFs and passive multi-asset ETFs, which is expected to enhance the depth and breadth of Taiwan's ETF market.

Offshore funds (i.e., investment funds domiciled overseas) are registered for sale in Taiwan by domestic fund houses and foreign asset managers with onshore subsidiaries. The vast majority of these are either Dublin or Luxembourg UCITS products. Fixed-income funds and equity funds dominate the offshore market, with AuM of NT\$1.9tn (41.8% of total offshore AuM) and NT\$1.5tn (33.1%), respectively, at the end of 2024 (Figure 16). Offshore investors primarily invest in hybrid market funds and the US is their preferred investment destination.

Figure 16: Asset allocation of onshore and offshore funds, December 2024



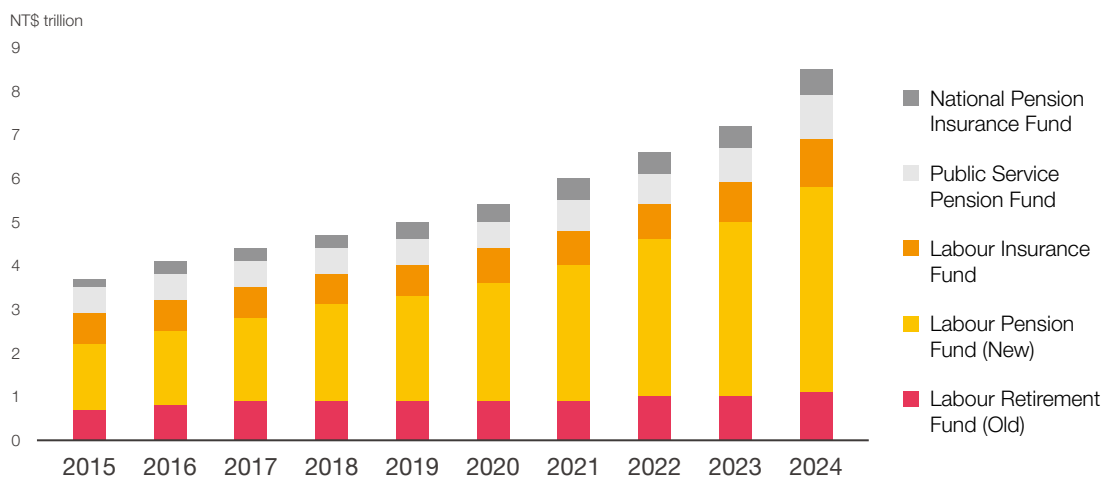
Source: Securities Investment Trust & Consulting Association.

Public pension fund system

While Taiwan’s retail mutual funds market has grown rapidly in recent years, its public pension sector remains underdeveloped. Despite being one of the first jurisdictions in Asia to achieve nearly 100% pension coverage for all citizens, the terms are modest and many plans are underfunded. The government initiated reforms in 2017 to put the pension system on a sustainable track, yet concerns remain about inadequate retirement savings. Consequently, many Taiwanese actively create their own pool of accumulated savings, usually via mutual funds.

Taiwan has five major obligatory pension schemes: Labour Retirement Fund (old defined-benefit programme); Labour Pension Fund (successor defined-contribution plan that requires employers to pay 6% of workers’ wages into portable individual pension accounts); Labour Insurance Fund (old-age benefits programme for private-sector workers); Public Service Pension Fund (defined-benefit scheme for civil servants, teachers and military personnel); and the National Pension Insurance Fund (for citizens not covered by other public pension plans).

Figure 17: Taiwan’s five major pension funds by AUM, 2015-2024



Sources: Bureau of Labour Funds; Bureau of Public Service Pension Fund.

The five pension funds, which are managed by the Bureau of Labour Funds (BLF) and Bureau of Public Service Pension Fund (BPSPF), had a combined AUM of NT\$8.4tn (US\$263bn) at the end of 2024 (Figure 17). The BLF is largest pension body and oversees eight pension and annuity funds, which had a total AUM of NT\$7.1tn (US\$220bn) at the end of 2024. The BPSPF is responsible for managing retirement funds for civil servants, education workers and military personnel, which had a total AUM of NT\$1.0tn (US\$32bn) at the end of 2024.

Market participants

The licenced participants in Taiwan’s asset management sector comprised 38 securities investment-trust enterprises (SITEs) and 86 securities investment consulting enterprises (SICEs) at the end of 2024. SITEs are allowed to organise, sell and manage mutual funds in Taiwan, while SICEs are permitted to sell and manage overseas mutual funds. Offshore funds that seek to market into Taiwan are required to engage a local SITE or SICE to act as their ‘master agent’ (i.e., an official local representative) for fund distribution and sale in Taiwan.

Taiwan’s asset management sector is dominated by domestic fund managers, most of which are subsidiaries of financial holding groups (Figure 19). Yuanta SITE leads the market with a 22.7% share of total onshore fund assets at the end of 2024, followed by Cathay SITE (14.2%), Capital SITE (12.7%), Fubon SITE (7.9%) and Fuh Hwa SITE (6.9%). Germany’s Allianz Global Investors is the largest foreign fund manager in Taiwan with a 3.6% market share; Taiwan’s public pension funds outsource part of their assets to international fund managers.

Figure 18: Top ten investment trust managers in Taiwan, December 2024

Manager	Fund size (NT\$bn)		No. of individual beneficiaries	No. of institutional beneficiaries
Yuanta Securities Investment Trust	2,179.5	22.7%	4,577,339	9,684
Cathay Securities Investment Trust	1,363.4	14.2%	3,002,793	6,056
Capital Investment Trust	1,218.9	12.7%	1,910,748	5,804
Fubon Asset Management	757.3	7.9%	1,465,177	4,746
Fuh Hwa Securities Investment Trust	665.5	6.9%	1,312,543	2,816
CTBC Investments	618.2	6.4%	877,324	4,574
KGI Securities Investment Trust	297.8	3.1%	290,255	2,929
Uni-President Asset Management	290.3	3.0%	526,313	1,123
Allianz Global Investors Taiwan	274.6	2.9%	51,295	1,351
Taishin Securities Investment Trust	203.9	2.1%	170,102	1,866
National total	9,599.3	100.0%	15,466,793	87,871

Source: Securities Investment Trust & Consulting Association.

Fund distributors and sub-distributors in Taiwan include domestic and foreign banks, SITEs, SICEs, securities firms, insurance companies and online fund distribution platforms. The latter have grown rapidly in recent years, spurred in part by the establishment of the government-backed platform FundRich Securities in 2015. Banks with their large branch networks account for the large majority (55%) of the volume of funds sold. Insurers represent around 30% of fund sales when combining sales of mutual funds and unit-linked insurance policies.

Incentive programme for foreign fund managers

Neither SITEs nor SICEs are subject to any foreign ownership limits. In practice, however, the FSC has adopted several administrative measures over the past decade to slow the rapid growth of offshore funds in Taiwan. In 2013, it introduced a “Deep Cultivation Plan” to encourage foreign fund houses to increase their investment in Taiwan and support the development of the domestic asset management sector. In return for their adhering to and delivering on a number of ‘local commitments,’ the FSC will provide various preferential incentives to them.

The programme is reviewed annually by the FSC to assess the results achieved by foreign asset managers. It is based on eight criteria and covers three broad categories: onshore presence in Taiwan; local assets under management; and cultivation of local talent. Those meeting a certain number of criteria may receive benefits for their on-the-ground businesses, such as introducing new types of funds, faster approval of funds, the ability to submit more products for approval at one time and a higher allowance for taking exposure to Chinese securities.

4.2 Oversight and legal framework

The Financial Supervisory Commission is the main regulator for the financial services industry in Taiwan, and the Securities Investment Trust and Consulting Division of its Securities and Futures Bureau is responsible for licensing and supervising asset management companies. In addition, the Securities Investment Trust and Consulting Association (SITCA), which was originally established in 1990, is the self-regulating body for SITES and SICEs in Taiwan and supports the administrative operations entrusted by in-charge government agencies.

Taiwan's asset management sector is primarily governed by the Securities Investment Trust and Consulting Act, the Regulations Governing Securities Investment Trust Funds and the Regulations Governing Offshore Funds. There are also a large number of additional regulations, rulings and interpretations issued under those three key laws. Essentially, no onshore fund or offshore fund can be offered or sold to the public in Taiwan unless it is effectively registered with or approved by, as the case may be, the FSC or its designated agency.

Asset management hub initiative

In July 2024, the Executive Yuan's Economic Development Committee approved a policy proposal to promote Taiwan as an Asian asset management centre with unique characteristics, such as the island's strong semiconductor and manufacturing industries and its ample household financial assets. The initiative primarily seeks to retain local wealth onshore, and also targets to bring home financial assets parked abroad (Taiwan's net overseas financial assets totalled US\$1.7tn in 2023) and to attract more foreign funds to invest in Taiwan.

The FSC put forward five specific plans in September 2024 to achieve these goals:

1. Establish a special financial zone in Kaohsiung for asset management;
2. Establish a Taiwan Individual Savings Account (TISA) scheme to encourage saving for retirement;
3. Promote wealth management, including family offices;
4. Promote capital investment in public construction; and
5. Guide capital investment into national strategic industries.

The FSC aims to turn the asset management hub plan into a reality in phases over six years, at the end of which Taiwan's AUM from all financial sectors is projected to have doubled by NT\$30tn (around US\$1tn) to NT\$60tn. The initial focus is on removing regulatory hurdles related to the operations of asset and wealth managers, which is seen as being conducive to diverting more capital into the onshore financial market, attracting investment talent and bolstering domestic fund houses' investment capabilities and business scale.

Key measures taken so far include the establishment in December 2024 of a special financial zone in the southern city of Kaohsiung, which is expected to start operations around mid-2025, as a starting point for moving toward the larger initiative goal. Also, the FSC has stepped up efforts to relax regulations and enhance product diversity, including new rules in December 2024 to allow the issuance of active and multi-asset ETFs (expected in 2025), which represents an opportunity for global asset managers to enter Taiwan's ETF market.

4.3 Wealth management developments

Taiwan has a fast-growing wealth market, which is attracting increasing attention from wealth managers. It had net financial assets per capita of €148,750 (US\$162,559) in 2023, the second highest in Asia and fifth worldwide, according to the [Allianz Global Wealth Report 2024](#). Its high-net-worth individual (HNWI) population (those with a net worth of US\$1m or more) numbered 788,799 persons in 2023, the 15th largest in the world, which will grow by 47% over the next five years to reach 1,1587,239 in 2028, per the [UBS Global Wealth Report 2024](#).

Most Taiwanese HNWI are self-made entrepreneurs aged between 55 and 64 years, typically first- or second-generation business owners, making retirement and inheritance planning an increasing preoccupation for them. Also, increasing GDP per capita (from US\$22,780 in 2015 to US\$33,983 in 2024, indicating the growing wealth of the average Taiwanese citizen) and a low Gini coefficient (0.339 in 2023, signifying low wealth inequality) is leading to a growing mass affluent segment that is similarly looking for investment opportunities and advice.

The government actively supports the development of wealth management business for high-asset customers in Taiwan, as seen in the liberalisation of local offshore banking unit operations in recent years. Also, in 2019, the FSC launched a “[New Wealth Management Scheme](#)” that has broadened the scope of permissible activities for financial institutions to attract more HWNI clients (defined by the FSC as individuals with assets worth more than NT\$1bn [US\$33m]). Banks in particular have aggressively expanded their wealth management operations.

Growth of robo-advisory services

The wealth management market is also undergoing a digital-driven transformation, with the traditional methods of providing financial advice being disrupted by new and innovative forms of technology. Robo-advisers are the name given to a relatively new type of fintech (increasingly used by millennials in place of traditional financial advice) which has opened up potential new avenues for cooperation with mass affluent customers. They provide automated and algorithm-driven financial planning and investment services with little to no human intervention.

Retail investors in Taiwan have tended to rely on bank consultants to help them make investment decisions, so robo-advisers represent a new, cheaper channel for investment advice. Taiwan’s robo-advisory market has grown rapidly since the FSC started in 2017 to allow the provision of securities investment consulting services using automated tools. By the end of December 2023, 17 financial firms were offering automated portfolio advisory services, managing funds totaling NT\$7.8bn (US\$250m). with 175,000 investors using the services.



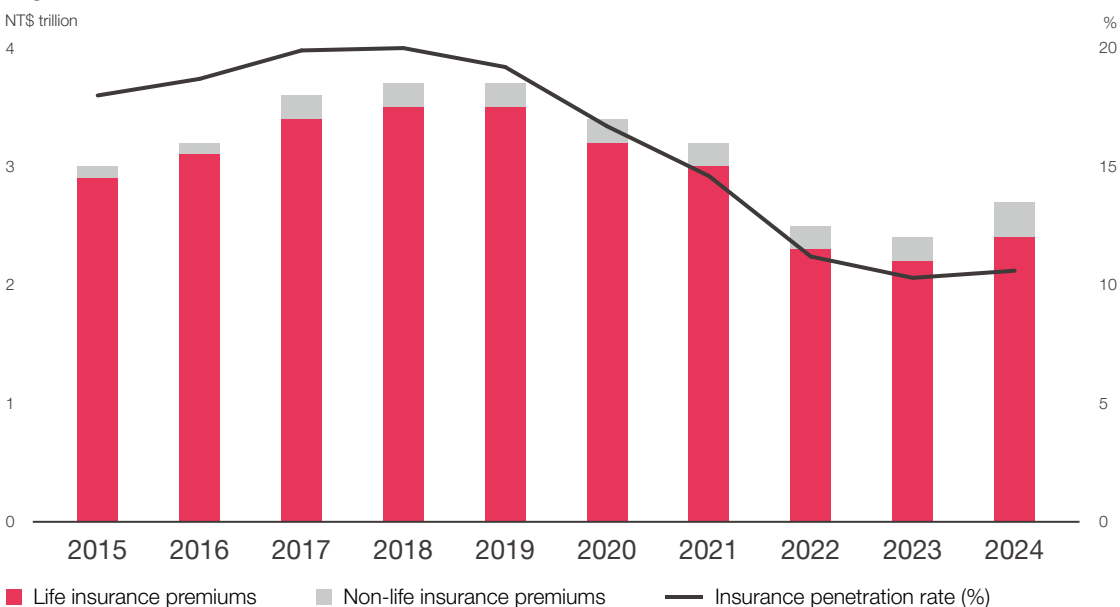
5. Insurance sector

Taiwan is one of the most heavily insured markets in the world, with an overall penetration rate (premiums as a percentage of GDP) of around 11% in 2024, reflecting its highly mature state. Market growth momentum has been subdued in recent years, particularly in the life segment, but opportunities still remain for growth, as Taiwanese are risk conscious and like to buy insurance for both protection and savings purposes. Taiwan's super-ageing population is a focus area for insurers, with more products being launched targeting this age group.

5.1 Structure and participants

In 2024, Taiwan's insurance sector had aggregate assets of NT\$37.4tn (US\$1.2tn), which represented 33.3% of the total assets of the nation's financial institutions. Annual premium income was NT\$2.7tn (US\$84bn), with the life segment having a 90% share and non-life 10%. At the global level, based on 2023 harmonised data from the [Swiss Re Institute](#), Taiwan ranks the 14th biggest insurance market (by total premium volume), 16th largest in terms of insurance density (by premiums paid per capita) and sixth highest by insurance penetration.

Figure 19: Taiwan insurance sector's premium income, 2015-2024



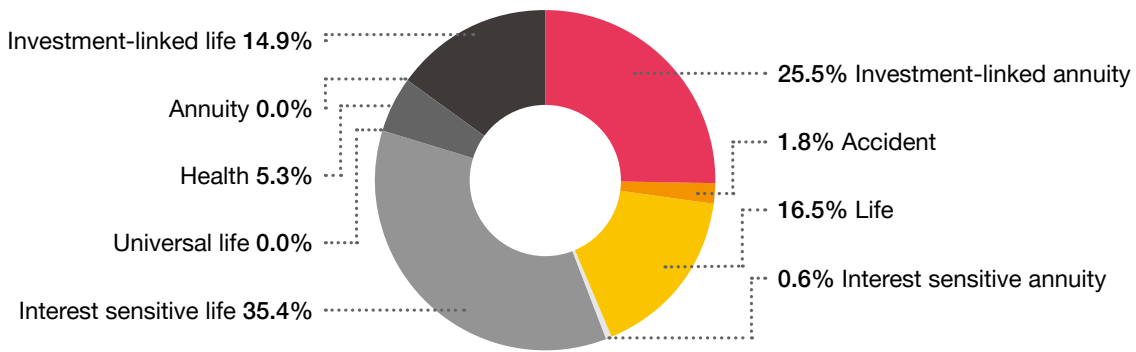
Source: Insurance Bureau, Financial Supervisory Commission.

Life insurance segment

Taiwan's life insurance segment is large and well developed, with a broad range of products on offer. These include traditional life and investment-linked products, as well as retirement and various later-in-life savings and annuity products. By line of business, life policies accounted for 68% of total premium income in 2024, followed by health (19%), annuity (10%) and accident (3%) policies. By product type, interest-sensitive policies took the largest share at 35%, followed by investment-linked annuity (26%) and traditional life (17%) (Figure 20).

The life insurance market has underperformed since 2018, with annual premium income contracting at a six-year CAGR of -5.9% to NT\$2.4tn (US\$76bn) in 2024, impacted by turbulent economic and financial market conditions and lower sales of insurance savings policies amid tighter regulation of such products. Life insurers are therefore shifting their focus towards selling protection-type policies like accident and health insurance with higher and sustainable contractual service margins, moving away from traditional savings-oriented products.

Figure 20: Life insurance premiums by product type, 2024



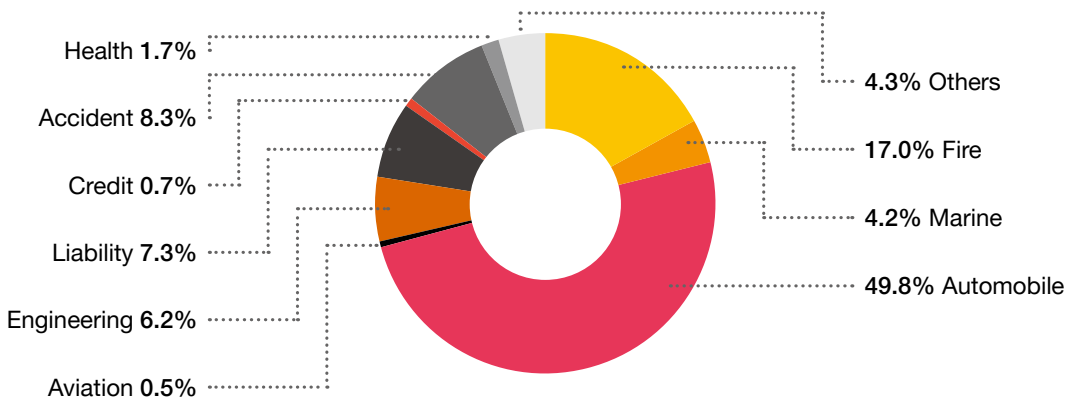
Source: Taiwan Insurance Institute.

Taiwan’s life insurers also face significant forex risks. Persistently low yields in the domestic market have pushed them to seek higher returns abroad, with their foreign exposure accounting for 60-70% of total investable assets, mainly in US bonds. Consequently, the sharp uptrend in the US dollar and US interest rates in 2022-2023 raised their FX losses and hedging costs, weakening insurer profitability. In August 2024, the FSC announced new rules on foreign-currency volatility reserves to allow life insurers more flexibility to manage hedging costs.

Non-life insurance segment

By contrast, the non-life segment is relatively underdeveloped, as indicated by a low penetration rate of just 1%. Even so, it has seen steady growth in recent years, with annual premium income increasing at a six-year CAGR of 8.6% to NT\$271bn (US\$8.5bn) in 2024 on sustained growth in motor insurance and rising demand for health insurance policies, in particular during the period of Covid-19. The largest lines of non-life business by premiums in 2024 were motor (50%), fire (17%) and personal accident and health insurance (10%) (Figure 21).

Figure 21: Non-life insurance premiums by business line, 2024



Source: Insurance Bureau, Financial Supervisory Commission.

Taiwan’s non-life insurers leveraged the pandemic as an opportunity to expand their health insurance lines, but many ended up paying out significant claims on Covid-related insurance policies due to generous policy terms and underestimating the extent of the disease—claims losses totalled around NT\$270 billion (US\$8.7bn) in 2022-2023, or around 49 times the premium income received on the policies. Non-life operating profitability has since recovered, supported by capital injections, better underwriting discipline and organic premium growth.

Taiwan's insurance distribution channels are well evolved, with extensive use of agents, brokers, bancassurance (via bank branches and other alliance channels) and direct sales. Bancassurance and agencies are the dominant channels for life insurance, accounting for over 80% of total premium income, while the vast majority (90%) of non-life business is generated by insurance agents, brokers and solicitors. Online insurance sales continue to grow and this channel could expand further with the market entry of digital insurers in the near future.

Saturated insurance market

Taiwan's mature and highly saturated insurance market had 52 licensed insurance companies as of the end of 2024, including 26 life insurers (23 domestic, 3 foreign), 23 non-life insurers (17 domestic, 6 foreign) and three domestic and foreign reinsurers. The leading domestic insurers are the arms of financial holding groups, which have the advantages of scale, branding, multi-channel distribution and access to low-cost capital. The Cathay and Fubon groups together controlled over a third of the life and non-life markets in 2023 (Figure 22).

Figure 22: Taiwan's major insurers by premium income, 2023

Top ten life insurers			Total premiums (NT\$bn)			Top ten non-life insurers			Total premiums (NT\$bn)		
Cathay Life Insurance	465.6	21.3%	Fubon Insurance	58.0	23.7%						
Fubon Life Insurance	323.7	14.8%	Cathay Century Insurance	32.4	13.2%						
Nan Shan Life	270.1	12.3%	Shin Kong Insurance	24.1	9.8%						
Shin Kong Life Insurance	167.5	7.7%	Tokio Marine Newa Insurance	18.5	7.6%						
China Life Insurance	159.6	7.3%	Mingtai Fire & Marine Insurance	17.6	7.2%						
Taiwan Life Insurance	135.8	6.2%	Hotai Insurance	13.2	5.4%						
Mercuries Life Insurance	113.6	5.2%	South China Insurance	13.2	5.4%						
TransGlobe Life Insurance	90.0	4.1%	Union Insurance	12.3	5.0%						
Chunghwa Post	80.2	3.7%	Taian Insurance	11.1	4.6%						
Allianz Taiwan Life Insurance	71.6	3.3%	Chung Kuo Insurance	9.8	4.0%						
Total life premiums	2,187.9	100.0%	Total non-life premiums	244.8	100.0%						

Source: Taiwan Insurance Institute. (The 2024 data was not available at the time of writing.)

Foreign insurers operating in Taiwan have historically faced difficult challenges due to the stricter standards imposed on them by regulators in their home countries, and further exacerbated locally by legacy negative spread issues, asset-liability mismatch problems and ongoing regulatory changes. As a consequence, a number of foreign life insurers have exited Taiwan's competitive market over the past decade or so. Most recently, in 2021, US insurer Prudential sold its local life business to Taishin Financial Holdings for NT\$5.5bn (US\$199m).

Other notable M&As deals in Taiwan's insurance sector include the 2021 takeover of China Life Insurance by China Development Financial Holdings, and US insurer Chubb's acquisition in 2022 of the local life insurance operations of US health service provider Cigna, being the first consolidation of two insurers in Taiwan in the past few years. Also, in October 2024, insurance-focused Shin Kong FHC agreed to merge with bank-focused Taishin FHC, which, if approved, would become Taiwan's fourth-largest financial conglomerate based on assets.

5.2 Oversight and legal framework

Insurance is one of the most heavily regulated sectors in Taiwan and subject to frequent changes in laws and regulations. The Financial Supervisory Commission's [Insurance Bureau](#) is responsible for the regulatory oversight and supervision of the insurance market and insurance enterprises. The Insurance Act is the main framework law for both insurance and reinsurance activities, which is supplemented by various sets of other insurance-related regulations. Life insurers and non-life insurers are generally regulated in the same manner.

The FSC has in the past few years implemented several regulatory measures covering products, investments, and capital rules to enhance insurers' financial resilience. It has also tightened regulations to prepare insurers for the upcoming adoption of International Financial Reporting Standards (IFRS) 17 on insurance contracts and migration to a new insurance solvency framework—both scheduled to take effect in 2026—which will help them to further build capital strength and improve the associated management of insurance and investment risks.

IFRS 17 and new TW-ICS regime

Adoption of IFRS became applicable for all Taiwanese insurers in 2013. Five years later, IFRS 9 on financial instruments became compulsory, ushering in the measurement of assets at fair value. Local implementation of IFRS 17, which requires insurers to measure insurance contract liabilities at fair value, will take effect at the start of 2026. The new accounting standard is expected to bring more comparability and transparency to insurers' financial metrics and valuations, and lead them to refine their investment and asset-management strategies.

Also in 2026, Taiwan will replace its current risk-based capital regime with the more stringent Taiwan-localised Insurance Capital Standard (TW-ICS), which is a tailored version of the global Insurance Capital Standard 2.0, to ensure insurers maintain greater financial stability and resilience. Local insurers have been actively preparing through various ways to improve their capital strength and operating strategies, while the FSC has granted a series of adjustments and measures to support the insurance sector's transition to the new solvency regime.

5.3 Digital insurance developments

Taiwan is making steady advances in insurtech (short for insurance technology) to improve and automate the traditional insurance sector. For example, the Life Insurance Association and insurers have been working to expand digital services since the launch in 2020 of a blockchain-based sharing platform to provide one-stop insurance claims and applications. The scope of the platform continues to be expanded, with a digital insurance passbook established in 2022 to provide authentication and certification services for various insurance policies.

To further promote digital innovation in insurance, in October 2023, the FSC relaxed rules for e-commerce and cross-industry collaboration by insurance companies with fintech businesses. To this end, the FSC approved in January 2024 the first trial between an insurance company and a telecoms operator to co-develop innovative products. Fubon General Insurance and Taiwan Mobile are engaged in a pilot project that allows the latter's users to purchase three types of insurance covering travel, mountaineering and maritime activity via an app.

Additionally, in late 2021, the FSC introduced a legal framework for the licensing of digital-only life and non-life insurance companies, with the objective of encouraging digital transformation in the insurance sector and stimulating inclusive product innovation. However, there was lukewarm interest from existing insurers to apply, with just two applications submitted before an October 2022 deadline. Neither of these were approved by the FSC, which cited weak innovation and low feasibility. The regulator has since decided to revise its approach.

The FSC announced a shift in its policy on digital insurer licensing at the end of 2024. It will stop using the term "pure online insurance company" and instead use the internationally-recognised term "digital insurer," which is defined as an insurance company that uses fintech or digital technology to provide a certain proportion of innovative insurance products and services. Digital insurers will be allowed to operate physical branches, and the paid-in capital requirements will be halved. Also, foreign digital insurers can apply to open Taiwan branches.

6. Key industry links

Financial regulators

- Central Bank of the Republic of China: www.cbc.gov.tw
- Financial Supervisory Commission: www.fsc.gov.tw
 - Banking Bureau: www.banking.gov.tw
 - Securities and Futures Bureau: www.sfb.gov.tw
 - Insurance Bureau: www.ib.gov.tw
 - Financial Examination Bureau: www.feb.gov.tw

Banking sector

- Bankers Association of the Republic of China: www.ba.org.tw
- Central Deposit Insurance Corporation: www.cdic.gov.tw
- Joint Credit Information Centre: www.jcic.org.tw
- National Credit Card Centre of R.O.C.: www.nccc.com.tw
- Taiwan Academy of Banking and Finance: www.tabf.org.tw

Capital markets sector

- Taiwan Stock Exchange: www.tse.com.tw
- Taipei Exchange: www.tpex.org.tw
- Taiwan Futures Exchange: www.taifex.com.tw
- Taiwan Depository & Clearing Corporation: www.tdcc.com.tw
- Taiwan Securities Association: www.csa.org.tw

Asset management sector

- Bureau of Labour Funds: www.blf.gov.tw
- Bureau of Public Service Pension Fund: www.fund.gov.tw
- Pension Fund Association, R.O.C.: www.pension.org.tw
- Securities Investment Trust & Consulting Association: www.sitca.org.tw
- Taiwan Private Equity Association: www.taipea.org

Insurance sector

- Life Insurance Association of the Republic of China: www.lia-roc.org.tw
- Non-Life Insurance Association of the Republic of China: www.nlia.org.tw
- Taiwan Insurance Guaranty Fund: www.tigf.org.tw
- Taiwan Insurance Institute: www.tii.org.tw

Other

- FinTechSpace: www.fintechspace.com.tw
- Taiwan Financial Services Roundtable: www.tfsr.org.tw
- Taiwan Ratings Corporation: www.taiwanratings.com



7. How PwC can help

At PwC, we focus on the future of financial services, effectively working with clients as they re-evaluate their strategies in light of market changes, while advising on key issues such as the impact of risk and regulation, cyber and financial crime, new financial technologies and innovation, and the changing face of the customer.

In Taiwan, our multi-disciplinary financial services practice provides assurance, tax, legal and advisory services to both domestic and multinational organisations across the banking, capital markets, asset management and insurance sectors, helping them to navigate and keep pace with the ever-changing local financial landscape.

Banking & capital markets

To stay resilient, relevant and maintain a competitive advantage, banks and securities firms need to seize the opportunity to transform their operating and business models whilst enhancing customer experience. We assist organisations with their most challenging issues in every segment of Taiwan's banking and capital markets sector.

Asset & wealth management

The asset and wealth management sector faces an increasingly complex business environment, creating both challenges and opportunities for market players. Our knowledge and experience of working with asset and wealth managers in Taiwan can help you deal with the market issues that you may face today and tomorrow.

Insurance

The insurance sector is facing wholesale transformation driven by digitisation, changing customer expectations and the rise of insurtech. We work with insurance businesses in Taiwan to navigate an increasingly complex and uncertain market landscape, helping insurers to solve challenges, build trust, unlock value and transform.

Contact us



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