



# **The Legal 500 Country Comparative Guides**

## **Taiwan FINTECH**

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This country-specific Q&A provides an overview of fintech laws and regulations applicable in Taiwan.

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## TAIWAN FINTECH



### 1. What are the sources of payments law in your jurisdiction?

In Taiwan, payment institutions, excluding banks, are categorized as either Third-Party Payment Institutions or Electronic Payment Institutions.

#### Third-Party Payment Institution

If a payment institution exclusively provides the service of “collecting and making payments for real transactions as an agent”, and does not offer other types of services as may be provided by an Electronic Payment Institution (see below), and the average daily balance of funds over a one-year period is no more than NT\$2 billion<sup>1</sup>, it falls under the classification of a “Third-Party Payment Institution.” Due to their limited operational scope and transaction balance, Third-Party Payment Institutions are exempted from the requirement to apply for a license, facing relatively few regulatory constraints. Pertinent regulations can be found in “Matters to be Included and not to be Included in Third-Party Payment Services Standard Form Contracts” and “Regulations Governing Anti-Money Laundering and Countering the Financing of Terrorism for Third-Party Payment Enterprises.” These regulations cover aspects such as providing a sufficient performance guarantee and conducting consumer identity verification.

#### Electronic Payment Institution

Subject to additional conditions outlined in question 2 below, a payment institution offering services of: 1) collecting and making payments for real transactions as an agent; 2) receiving stored funds; 3) engaging in domestic and foreign small-amount remittances business; and 4) participating in associated and derived businesses approved by the competent authority is classified as an “Electronic Payment Institution.” Given the broader business scope and larger transaction amounts compared to Third-Party Payment Institution, Electronic Payment Institution are subject to detailed regulations in the Act Governing Electronic Payment Institutions, supervised and regulated by the Financial Supervisory Commission (“FSC”). These regulations

cover various aspects, including capital requirements, establishment conditions, internal control and audit systems, protection of customer rights, and specifications for providing payment services.

Due to the regulations set by the Taiwanese government in the financial services industry, the services that Electronic Payment Institutions can offer remain restricted. Beyond the services explicitly defined by related acts and regulations, additional licenses are required for other payment services. This includes payment and settlement services between different Electronic Payment Institutions, which must be provided by licensed financial information service providers in accordance with the Banking Act.<sup>2</sup>

#### Footnotes:

<sup>1</sup>  
<https://db.lawbank.com.tw/FLAW/FLAWDAT0202.aspx?lsid=FL076764>

<sup>2</sup>  
<https://db.lawbank.com.tw/FLAW/FLAWDOC01.aspx?lsid=FL075942&lno=8>

### 2. Can payment services be provided by non-banks, and if so, on what conditions?

Given the capacity of Electronic Payment Institution to manage substantial funds or provide stored funds services, these institutions in Taiwan are required to seek licensing from the FSC for their operations. Such application for the license will be reviewed and approved by the FSC on a case-by-case basis. Furthermore, the Electronic Payment Institution must be a company limited by shares.

To ensure customer protection, a minimum paid-in capital is mandated for Electronic Payment Institutions. The required minimum paid-in capital for Electronic Payment Institutions varies depending on the scope of their business operations. For institutions that only engages in collecting and making payments for real

transactions as agents, the minimum paid-in capital is set at NT\$100 million. If an institution also handles stored funds alongside acting as an agent for collecting and making payments for real transactions, the minimum paid-in capital is increased to NT\$300 million. If an institution offers other services in addition to the aforementioned handling of funds as agents and stored funds, the minimum paid-in capital requirement is set at NT\$500 million.<sup>3</sup>

#### Footnotes:

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<https://db.lawbank.com.tw/FLAW/FLAWDOC01.aspx?lsid=FL075942&lno=9>

### 3. What are the most popular payment methods and payment instruments in your jurisdiction?

According to statistics from the Central Bank of Taiwan for the year 2022, in terms of transaction count, credit card payments account for 42.3% of the non-cash transactions in Taiwan; and the proportion of non-bank electronic payment transactions has also risen to 40.3%. In terms of transaction dollar amounts, however, the total dollar amount of credit card payments and non-bank electronic payment represent only 1.8% of the total non-cash transaction dollar amount in 2022. Based on these statistics, it is evident that people in Taiwan tend to choose credit cards or electronic payments for small transactions but not for larger transactions.<sup>4 5</sup>

#### Footnotes:

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<https://www.ctee.com.tw/news/20230427700090-430301>

<sup>5</sup><https://www.cbc.gov.tw/public/data/opendata/%E6%A5%AD%E5%8B%99%E5%B1%80/%E6%94%AF%E4%BB%98%E5%B7%A5%E5%85%B7%E5%88%A5.xlsx>

### 4. What is the status of open banking in your jurisdiction (i.e. access to banks' transaction data and push-payment functionality by third party service providers)? Is it mandated by law, if so, to which entities, and what is state of implementation in practice?

<sup>6</sup> The "Open Banking" has been implemented in three phases since 2019 in Taiwan.

The first phase, "Open Data Inquiry," involves APIs from Third-party Service Providers ("TSP") to integrate financial information from different financial institutions. Customers can conveniently compare financial services offered by various banks, such as deposit interest rates, loan rates, and credit card benefits.

Starting in 2021, the second phase, "Customer Data Inquiry," was initiated. Financial institutions can, with customer prior consent, collaborate on data sharing. It includes:

1) A comprehensive asset integration service promoted by Taiwan Depository & Clearing Corporation ("TDCC"). Through the "TDCC e-Passbook" app, investors can review account information, including stocks, funds, and deposits held across various banks; 2) Sharing account-opening information, eliminating the need for repetitive input by customers; 3) Sharing customer credit ratings; 4) Recommendations for suitable investment or insurance products and assisting insurance companies in risk assessment for underwriting after obtaining and reviewing the assets status of the customers; and 5) Assisting financial institutions in identifying potential money laundering or terrorism financing transactions.

For the first and second phases, related regulations are supervised by the FSC, and the Banking Association of the Republic of China ("BAROC") and Financial Information Service Co., Ltd. ("FISC") issued the following: 1) "Self-regulation Rules for Cooperation Between BAROC Member Banks and TSP"; 2) "Operational Security Control Standards for Financial Institutions and TSP Conducting Open API Business"; and 3) "Technical Standards for the Second Phase 'Consumer Information Inquiry' of Open API." Additionally, on December 23, 2021, the FSC established the "Data Sharing Guidelines Between Financial Institutions."

The third phase is anticipated to progress in 2024. In this phase, known as the "Transaction Information" phase, customers, with their prior consent, can conduct relevant transactions directly through TSPs, eliminating the need to access individual bank's online banking or download multiple bank apps.

#### Footnotes:

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<https://ppg.ly.gov.tw/ppg/SittingAttachment/download/2023120845/03200822081281200002.pdf>

### 5. How does the regulation of data in your jurisdiction impact on the provision of financial services to consumers and

## businesses?

According to Personal Data Protection Act, non-government agency is required to provide prior notification when using customer personal data, including the purpose of collection and the manner of use. Written consent from the customer must be obtained in advance. Regarding special personal data such as medical records, medical information, genetic data, sexual life, health examinations, and criminal records, in addition to obtaining prior consent, they should be used within the necessary scope.

Due to the regulatory policies on financial institutions in Taiwan pertaining to the protection of customer personal data, the FSC provides further guidance and guidelines-“Regulations Governing Security Measures of the Personal Information File for Non-government Agencies Designated by Financial Supervisory Commission.” Financial institutions have significant obligations and risks in complying with these regulations. Typically, financial institutions formulate a series of plans for the protection of customer personal data. This includes standardized prior written notifications, standardized written templates and procedures for obtaining customer consent to use personal data, control and retention of customer data, internal control and audit systems, and emergency handling in case of data breaches.

Moreover, such requirements have led to traditional financial institutions in Taiwan adopting a cautious approach. Taking the example of open banking, collaboration with TSPs raises concerns for financial institutions regarding the TSPs’ scale and information security capabilities. In the first phase of “Open Data Inquiry”, there were 27 financial institutions and 6 TSPs, while in the second phase of “Customer Data Inquiry”, only 17 financial institutions and 2 TSPs remained. In the future third phase, involving transaction in formation openness, there might be more entities proceeding cautiously. This may be due to the assessment of legal compliance risks related to data security when financial institutions collaborate with TSPs in open banking initiatives.<sup>7</sup>

### Footnotes:

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<https://ppg.ly.gov.tw/ppg/SittingAttachment/download/2023120845/03200822081281200002.pdf>

## 6. What are regulators in your jurisdiction

## doing to encourage innovation in the financial sector? Are there any initiatives such as sandboxes, or special regulatory conditions for fintechs?

In Taiwan, financial institutions are generally highly regulated and subject to licensing requirements. To align with the global trend of financial innovation, fintech businesses seeking to provide licensed financial services or those with a risk of non-compliance with local laws can apply for the financial experimentation sandbox through the FSC. The application process involves submitting a comprehensive business outline to the FSC, including details on the business model, operations, associated risks, and potential impacts on consumers due to financial innovation. Upon approval of the financial innovation sandbox experiment, the applicant can operate the business for a specified period. Based on the outcomes of the experimental phase, the FSC may consider modifying relevant regulations to allow the continued operation of such businesses.

## 7. Do you foresee any imminent risks to the growth of the fintech market in your jurisdiction?

Despite the launch of the regulatory sandbox system from 2018, only 9 applications have been approved, of which 4 successfully implemented, and there have been zero approvals in recent years.<sup>8</sup>

This outcome is closely tied to the traditional mindset of Taiwanese regulatory authorities, who continue to approach sandbox scrutiny with a focus on overseeing traditional financial service providers and institutions. Additionally, entities entering the sandbox not only have to undergo a trial period but also must possess sufficient funds to await regulatory amendments. As a result, stakeholders in the fintech industry remain relatively unenthusiastic about participating in the sandbox.<sup>9</sup>

As result, local financial startups often opt to collaborate with traditional financial institutions to mitigate risks. However, the infusion of traditional perspectives can stifle innovation, making it challenging for creative solutions to emerge.

### Footnotes:

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<https://www.fsc.gov.tw/ch/home.jsp?id=665&parentpath=0,7,478>

<sup>9</sup> <https://ec.ltn.com.tw/article/paper/1556332>

## 8. What tax incentives exist in your jurisdiction to encourage fintech investment?

In terms of the tax incentives for fintech investment (hereinafter referred to as “High-risk Startups”), according to Taiwan’s Statute for Industrial Innovation (the “Statute”), individuals can enjoy income tax reduction in Taiwan base on the “amount of investment” in a High-risk Startups. Specifically, if an individual invests at least NT\$1 million in cash in a company recognized as a High-risk Startup by the competent authority, and the company has been established for less than two years, 50% of the investment amount can be excluded from the gross consolidated taxable income within a limit of up to NT\$3 million. This exemption is applicable upon holding the issued shares for a period of two years.<sup>10</sup>

Aside from the tax reduction on the investment amount, individuals can also enjoy tax reduction on “profits gained from the transaction” under the Income Basic Tax Act of Taiwan (the “Basic Tax Act”). According to the Basic Tax Act, if an individual sells shares of a company that is considered a High-risk Startup by the competent authority, and that company has been established for less than five years at the time of the transaction, the profit from the sale is excluded from the net consolidated taxable income.<sup>11</sup>

### Footnotes:

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<https://db.lawbank.com.tw/FLAW/FLAWDOC01.aspx?lsid=FL088619&lno=4>

11

<https://law.moj.gov.tw/LawClass/LawSingle.aspx?pcode=G0340115&flno=12>

## 9. Which areas of fintech are attracting investment in your jurisdiction, and at what level (Series A, Series B etc)?

According to investment data compiled by the FINDIT research team at the Taiwan Institute of Economic Research for the period between 2015 and June 2023, Taiwanese fintech enterprises received a disclosed investment amount of US\$565 million. Furthermore, In Taiwan, fintechs that receive investments primarily focus on four main areas: blockchain, payments, enterprise services, and wealth management. These investments typically concentrate on the early stages, ranging from seed funding to Series A.<sup>12</sup>

### Footnotes:

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<https://findit.org.tw/researchPageV2.aspx?pagelid=2285>

## 10. If a fintech entrepreneur was looking for a jurisdiction in which to begin operations, why would it choose yours?

The availability of high-quality engineering talent in Taiwan may be an incentive for attracting Fintech entrepreneurs to establish research and development centers in Taiwan. Nevertheless, given the conservative stance of the regulatory authorities towards the financial services industry, any involvement in the provision of financial services in the local market would require obtaining relevant licenses or applying for the sandbox, as failure to do so could easily lead to inadvertent violations of relevant regulations.

## 11. Access to talent is often cited as a key issue for fintechs - are there any immigration rules in your jurisdiction which would help or hinder that access, whether in force now or imminently? For instance, are quotas systems/immigration caps in place in your jurisdiction and how are they determined?

The Taiwan Employment Gold Card was implemented in 2018. The gold card application process doesn’t operate under a quota system or immigration caps; instead, each application undergoes a case-by-case review. Functioning as a 4-in-1 card encompassing a work permit, resident visa, Alien Resident Certificate (ARC), and re-entry permit, the Gold Card is designed to attract individuals with specialized expertise.

The Gold Card offers various benefits and incentives. This card serves as an open work permit, enabling holders to change jobs freely and work for different employers under a single Gold Card. Moreover, individuals whose salary income exceeds 3 million in a particular tax year while engaged in professional work in Taiwan may enjoy certain tax benefits. Additionally, spouses and underage children of cardholders are eligible to apply for family reunion residence in Taiwan. Those employed, acting as employers, or operating their own businesses in Taiwan, along with their dependent relatives, can directly enroll in the National Health Insurance.

However, meeting the eligibility criteria is demanding, requiring expertise in specific fields identified by Taiwan.



Each competent governmental authority for these fields has announced its own qualifications to determine what qualifies as specialized expertise. While each field has its unique set of qualifications, a common requirement shared across many fields is holding an monthly salary of at least NT\$160,000 in the year preceding the application. Special cases, subject to consultation, may be recognized by the National Development Council.

## **12. If there are gaps in access to talent, are regulators looking to fill these and, if so, how? How much impact does the fintech industry have on influencing immigration policy in your jurisdiction?**

According to the Manpower Supply and Demand Information from the National Development Council, there is a potential shortage of fintech talent in the financial industry from 2023 to 2025, especially in the securities investment trust and consulting sectors, as well as the insurance sector<sup>13</sup>. However, the demand for fintech talent in domestic financial institutions primarily focuses on recruiting local professionals. That being said, foreign fintech talents exploring opportunities in Taiwan may consider applying for regular residence or entrepreneur visas with support from FinTechSpace (which is a government sponsored co-working focusing on fintech startups) or applying for a four-in-one Employment Gold Card with financial expertise. The Employment Gold Card route, while requiring higher qualifications, streamlines the procedures for applying for a resident visa, work permit, ARC, and re-entry permit, and offers more benefits to its holders.

### Footnotes:

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<https://theme.ndc.gov.tw/manpower/cp.aspx?n=8FDEB38F0F17B561>

## **13. What protections can a fintech use in your jurisdiction to protect its intellectual property?**

Patents, trade secrets, copyrights, and trademarks can be utilized to safeguard fintechs. There are three types of patents—invention, utility model, and design patents—all of which require application with the Taiwan Intellectual Property Office (“TIPO”) before being granted, provided they meet the statutory criteria. Trade secrets, on the other hand, receive legal protection as long as they meet statutory requirements and do not require registration. Similar to trade secrets, once a work is completed, copyright is protected by the Copyright Act

without registration, provided it meets statutory requirements. For fintech startups wishing to protect their trademarks, they can apply for trademark registration with the TIPO.

## **14. How are cryptocurrencies treated under the regulatory framework in your jurisdiction?**

Generally speaking, the FSC considers cryptocurrencies to be highly speculative virtual commodities, not currency, and not legal financial instruments<sup>14</sup>. However, on July 3, 2019, the FSC issued a ruling classifying security tokens as securities under the Securities and Exchange Act. The FSC’s definition of security tokens closely resembles the Howey Test<sup>15</sup>, necessitating a case-by-case determination of whether a specific cryptocurrency constitutes security token. For regulations concerning security tokens, please refer to the answer to the next question.

The FSC now supervises domestic virtual asset service providers (VASPs), which refers to a business that engages in the following activities on behalf of others: (1) exchange between virtual currencies and fiat currencies, (2) exchange between one and more forms of virtual currencies, (3) transfer of virtual currencies, (4) safekeeping or managing virtual currencies or providing instruments enabling control over virtual currencies, or (5) participation in and provision of financial services related to an issuer’s offer or sale of virtual currencies<sup>16</sup>. Specifically, the FSC formulated the “Regulations Governing Anti-Money Laundering and Countering the Financing of Terrorism for Enterprises Handling Virtual Currency Platform or Transaction” (the “Regulations Governing AML-CFT”) by which VASPs are required to implement risk-based AML-CFT measures and provide a statement of compliance with applicable AML-CFT regulations<sup>17</sup>. The statement must not only align with anti-money laundering laws and the Regulations Governing AML-CFT, but also confirm that the VASP does not engage in unauthorized financial activities (such as securities trading, banking, financial asset securitization, etc.). In Additional, VASPs are obligated to establish internal controls and audit systems related to AML-CFT, subject to review by a Certified Public Accountant<sup>18</sup>.

In the “Guidelines for the Supervision of Virtual Currency Platform or Transaction Businesses” issued by the FSC on September 26, 2023, the FSC emphasizes the principle of protecting customer rights and interests. For instance, VASPs must segregate their own virtual assets from customer virtual assets and engage Certified Public Accountant to audit customer assets, and the audit report shall be made available to the public.

In terms of regulatory trends, the FSC is urging VASPs to establish self-regulatory standards within the industry. On December 19, 2023, the Financial Examination Bureau announced that VASPs would be a key focus in the upcoming year's financial inspections.<sup>19</sup>

#### Footnotes:

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[https://www.fsc.gov.tw/ch/home.jsp?id=96&parentpath=0&mcustomize=news\\_view.jsp&dataserno=202109300007&dtable=News](https://www.fsc.gov.tw/ch/home.jsp?id=96&parentpath=0&mcustomize=news_view.jsp&dataserno=202109300007&dtable=News)

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[https://drive.google.com/file/d/1Zwns4Mbo8DdBPVbCIN8FkMhtrCl\\_zu5f/view?usp=drive\\_link](https://drive.google.com/file/d/1Zwns4Mbo8DdBPVbCIN8FkMhtrCl_zu5f/view?usp=drive_link)

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[https://drive.google.com/file/d/1Mok3dK4WzVyQUV6nMaPHy6eGefk9QPsd/view?usp=drive\\_link](https://drive.google.com/file/d/1Mok3dK4WzVyQUV6nMaPHy6eGefk9QPsd/view?usp=drive_link)

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[https://drive.google.com/file/d/1pbDakQby0tjixVZMD7U3uSkoRht\\_IOUS/view?usp=drive\\_link](https://drive.google.com/file/d/1pbDakQby0tjixVZMD7U3uSkoRht_IOUS/view?usp=drive_link)

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[https://drive.google.com/drive/folders/1xxCY0RFSMTiNfqw2Uk5IQwslBSY\\_wM1U](https://drive.google.com/drive/folders/1xxCY0RFSMTiNfqw2Uk5IQwslBSY_wM1U)

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[https://www.feb.gov.tw/ch/home.jsp?id=53&parentpath=0.2&mcustomize=news\\_view.jsp&dataserno=202312190004&dtable=News](https://www.feb.gov.tw/ch/home.jsp?id=53&parentpath=0.2&mcustomize=news_view.jsp&dataserno=202312190004&dtable=News)

### 15. How are initial coin offerings treated in your jurisdiction? Do you foresee any change in this over the next 12-24 months?

If a virtual asset constitutes a security token, then it is securities governed by the Securities and Exchange Act. The FSC's definition of security tokens closely resembles the Howey Test, which is: (1) an investment of money, (2) investment of money is in a common enterprise or project, (3) investors have an expectation of profits, and (4) the profit primarily depends on the efforts of the issuer or third parties.

Depending on the fundraising scale, those security token offering (STO) exceeding NT\$30 million need to apply for financial regulatory sandbox approval for issuance and trading. However, since the launch of the financial regulatory sandbox in April 2018, there has been no case relevant to issuance or trading of security token. For amounts no more than NT\$30 million, issuers (limited to Taiwanese-established private limited companies and non-listed companies on the Taiwan

Stock Exchange, Taipei Exchange, or the Taipei Exchange for Startups) are required to follow the rules set by the Taipei Exchange. Furthermore, issuers can only issue and trade through trading platforms operated by licensed securities firms. Securities firms are also bound by various regulations related to their operations imposed by the Taipei Exchange. The subscription and trading of security tokens are limited to "Professional Investors."

As the regulations of the Taipei Exchange were recently revised in March 2023<sup>20</sup>, we are not aware of any planned significant amendments within the next 12-24 months.

#### Footnotes:

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<https://www.selow.com.tw/LawContent.aspx?LawID=G0103999>

### 16. Are you aware of any live blockchain projects (beyond proof of concept) in your jurisdiction and if so in what areas?

In Taiwan, there is a vibrant blockchain community, which can be broadly categorized into communities related to crypto assets and those leveraging blockchain technology to address specific challenges. Crypto asset-related communities include entities such as MAX Exchange, MaiCoin, BitoPro, ACE, XREX, Kronos Research, Steaker, Lootex, CoolBitX, CYBAVO, and AMIS. Communities focused on applying blockchain technology to specific challenges include OwlChain, which assists in food production traceability and cold chain logistics. Additionally, the Insurance Claims Alliance Chain represents a collaborative initiative among multiple insurance companies, streamlining the claims process for beneficiaries who previously had to submit claims to multiple insurers<sup>21</sup>.

#### Footnotes:

<sup>21</sup> <https://www.ithome.com.tw/news/155211>

### 17. To what extent are you aware of artificial intelligence already being used in the financial sector in your jurisdiction, and do you think regulation will impede or encourage its further use?

According to the Market Intelligence & Consulting Institute's report in July 2023 on "Analysis of AI Investments in Taiwan's Financial Industry in 2023,"

among the 51 financial institutions surveyed, only 12 have implemented artificial intelligence (AI), while another 12 plan to adopt AI. The majority of investments in AI are focused on outsourcing development. The 24 financial institutions involved prioritize the adoption of technologies such as process automation/Robotic Process Automation, data processing and analysis, and natural language processing<sup>22</sup>.

As the financial industry is highly regulated and regulatory authorities place significant emphasis on protecting the rights of financial consumers, regulations and regulatory attitudes have always been a concern in financial innovation. That being said, in October 2023, the FSC referred to international regulations and perspectives on the use of AI and generative AI and issued the “Core Principles and Policies for the Application of Artificial Intelligence in the Financial Industry,” encouraging financial institutions to develop and apply AI under the premise of ensuring core principles. It was also mentioned that the FSC will ensure that supervisory policies align with international mainstream development trends and will timely adjust regulations accordingly<sup>23</sup>.

#### Footnotes:

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[https://drive.google.com/file/d/1PuhfdNnLunUVhErjP3MqBoaBWCiPginx/view?usp=drive\\_link](https://drive.google.com/file/d/1PuhfdNnLunUVhErjP3MqBoaBWCiPginx/view?usp=drive_link)

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[https://www.fsc.gov.tw/ch/home.jsp?id=96&parentpath=0.2&mcustomize=news\\_view.jsp&dataserno=202308150001&dtable=News](https://www.fsc.gov.tw/ch/home.jsp?id=96&parentpath=0.2&mcustomize=news_view.jsp&dataserno=202308150001&dtable=News)

### **18. Insurtech is generally thought to be developing but some way behind other areas of fintech such as payments. Is there much insurtech business in your jurisdiction and if so what form does it generally take?**

Insurtech focuses on accelerating specific data sharing through blockchain technology and usage-based insurance (UBI). The former, such as the Insurance Claims Alliance Chain, is a collaborative effort among several insurance companies aimed at streamlining the claims process for beneficiaries who previously had to submit claims to multiple insurers<sup>24</sup>. As for the latter, there have been efforts by insurance companies partnering with electric vehicle or IoT companies to track drivers' vehicle usage and automatically adjust drivers' premiums<sup>25</sup>.

There are also many websites that focus on offering online services for comparing and accessing different insurance policies offered by multiple insurers, for example, insur.square<sup>24</sup>, Inskeeper, Finfo, etc.

#### Footnotes:

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<https://www.cathay-ins.com.tw/cathayins/personal/union-claim-change/>

<sup>25</sup> <https://www.bnext.com.tw/article/60572/gogoro-ubi>

### **19. Are there any areas of fintech that are particularly strong in your jurisdiction?**

In the payment sector, the social media platform LINE collaborates with electronic payment institutions iCash, facilitating seamless remittances and mobile payments. JKOPay, on the other hand, has independently obtained an electronic payment institution license to provide similar services. In the realm of internet-only banks, there are three operators—LINE Bank, Next Bank, and Rakuten Bank—enabling users to complete account opening, deposits, loans, and remittances without the need to visit any physical bank.

For identity verification, Financial Fast IDentity Online (FFIDO) launched by incumbent financial institutions has begun integration into financial services, enhancing the efficiency of identity authentication processes for faster account opening and financial transactions<sup>26</sup>.

In the virtual asset domain, notable brands in Taiwan include cryptocurrency exchange such as MAX Exchange; cold wallet merchant CoolWallet; asset custody firm CYBAVO (acquired by Circle); and quantitative trading company Kronos Research.

#### Footnotes:

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<https://www.fisc.com.tw/TC/News/Content?CAID=d30b5b5d-e8c4-416b-a192-6628e103dc50&CTID=b91596b5-69b9-466e-ba70-d0d482ae48fc>

### **20. What is the status of collaboration vs disruption in your jurisdiction as between fintechns and incumbent financial institutions?**

There are many cases of business cooperation between incumbent financial institutions and fintechns, covering various areas such as information security, legal



compliance solutions, payments, artificial intelligence, and information integration. Additionally, financial institutions have engaged in strategic investments in fintech companies. According to a 2022 survey, incumbent financial institutions collectively invested in 34 fintech companies<sup>27</sup>.

The FSC is moving towards fostering collaboration between incumbent financial institutions and fintech companies. For instance, in October 2023, the FSC amended laws and regulations, allowing insurance companies to collaborate with other industries. In the press release, the FSC explicitly stated that this move aimed to “provide the insurance industry with more opportunities for collaboration and development of innovative insurance products with fintech companies<sup>28</sup>.”

#### Footnotes:

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[https://www.fintechspace.com.tw/zh-hant/industrial\\_research/%E9%87%91%E8%9E%8D%E6%A5%AD%E9%87%91%E8%9E%8D%E7%A7%91%E6%8A%80%E6%8A%95%E8%B3%87%E8%AA%BF%E6%9F%A5/](https://www.fintechspace.com.tw/zh-hant/industrial_research/%E9%87%91%E8%9E%8D%E6%A5%AD%E9%87%91%E8%9E%8D%E7%A7%91%E6%8A%80%E6%8A%95%E8%B3%87%E8%AA%BF%E6%9F%A5/)

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[https://www.ib.gov.tw/ch/home.jsp?id=239&parentpath=0,2,238&mcustomize=news\\_view.jsp&dataserno=202310030001&dtable=News](https://www.ib.gov.tw/ch/home.jsp?id=239&parentpath=0,2,238&mcustomize=news_view.jsp&dataserno=202310030001&dtable=News)

## 21. To what extent are the banks and other incumbent financial institutions in your jurisdiction carrying out their own fintech development / innovation programmes?

Banks, securities firms, and insurance companies not only invest in fintech companies or purchase products and services from fintech companies but also actively establish their own fintech research and development departments and apply for fintech-related patents. As of 2022, statistics indicated that 75 financial institutions have established fintech R&D departments, with over a thousand patent applications filed in 2022 alone.

Given the global trend in fintech development, the FSC continues to relax and adjust relevant financial regulations. Initiatives include the introduction of financial regulatory sandboxes, formulation of guidelines for the use of artificial intelligence in the financial industry, promotion of data-sharing pilot projects between financial and non-financial institutions<sup>29</sup>, and amendments to regulations allowing financial institutions to use certain cloud services from overseas cloud service providers<sup>30</sup>. These efforts are expected to accelerate the digital transformation of financial institutions.

#### Footnotes:

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<https://www.fsc.gov.tw/websitedowndoc?file=chfsc/202308161026170.pdf&filedisplay=2.0%E5%85%B7%E9%AB%94%E6%8E%A8%E5%8B%95%E4%BA%8B%E9%A0%85%E5%88%97%E8%A1%A8%282.0%29.pdf>

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[https://www.fsc.gov.tw/ch/home.jsp?id=96&parentpath=0,2&mcustomize=news\\_view.jsp&dataserno=202308040001&toolsflag=Y&dtable=News](https://www.fsc.gov.tw/ch/home.jsp?id=96&parentpath=0,2&mcustomize=news_view.jsp&dataserno=202308040001&toolsflag=Y&dtable=News)

## 22. Are there any strong examples of disruption through fintech in your jurisdiction?

Given the conservative stance of the Taiwanese regulator FSC, financial technology developments in Taiwan lean towards incremental digital transformation and services to incumbent financial institutions.

While virtual assets are gradually capturing some public attention, providing related services in Taiwan can entail legal risks if operators are not mindful of the current financial regulations. For instance, in 2023, a Taiwanese asset management platform faced investigation by prosecutors for allegedly violating banking laws due to the introduction of investment schemes that offer yields for virtual assets<sup>31</sup>.

Despite the challenges, there are still instances of breakthroughs by certain fintech companies, particularly in terms of market access. Two examples are provided below:

**How Securities:** Originally a fintech company, How Securities entered the financial regulatory sandbox in 2019 to experiment with its mutual fund trading platform. In 2021, it successfully transformed into an online securities broker. In September 2023, How Securities collaborated with the second-largest electronic payment institution, marking the first instance in Taiwan where funds could be purchased through electronic payment accounts<sup>32</sup>. Because the collaborating electronic payment service provider's parent company is a major Taiwanese supermarket chain, the focus of this collaboration is to embed the experience of making small amount mutual fund purchases within the retail industry scenario.

**QuickPay:** The demand for small amount cross-border remittances by foreign migrant workers has long been overlooked by incumbent financial institutions, leading many workers to resort to black-market transactions. Welldone Co., Ltd, operating under the QuickPay brand,

initially specialized in prepaid phone cards, bringing it into contact with foreign migrant workers. In 2019, Welldone recognized the need for small amount cross-border remittances and entered the financial regulatory sandbox to experiment with cross-border remittance services. In October 2021, the company received approval to provide small amount cross-border remittance services for foreign migrant workers<sup>33</sup>.

#### Footnotes:

<sup>31</sup>  
<https://tw.news.yahoo.com/%E5%8A%A0%E5%AF%86%E8%B2%A8%E5%B9%A3%E5%B9%B3%E5%8F%B0%E6%B6%89%E4%B8%8D%E6%B3%95%E5%90%B8%E9%87%91%E6%95%B8%E5%84%84-steaker%E5%89%B5%E8%BE%A6%E4%BA%BA300%E8%90%AC%E4%BA%A4%E4%BF%9D%E5%81%9C%E6%A%BC-025744715.html>

<https://finance.technews.tw/2023/09/26/telephone-fund-purchase-and-transfer/>

<sup>32</sup>  
<https://finance.technews.tw/2023/09/26/telephone-fund-purchase-and-transfer/>

<sup>33</sup>  
[https://www.fsc.gov.tw/ch/home.jsp?id=487&parentpath=0&mcustomize=onemessages\\_view.jsp&dataserno=202112130001&dttable=020160223020901](https://www.fsc.gov.tw/ch/home.jsp?id=487&parentpath=0&mcustomize=onemessages_view.jsp&dataserno=202112130001&dttable=020160223020901)

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