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**Balancing Prudential Regulation and Competition Considerations in Banking – Note by
Chinese Taipei**

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1. This paper introduces the current developments and competitive landscape of the financial industry in Chinese Taipei, and draws on specific cases to illustrate the cooperation and policy coordination between the Chinese Taipei Fair Trade Commission (hereinafter referred to as the ‘CTFTC’) and the Financial Supervisory Commission (hereinafter referred to as the ‘FSC’).

1. Introduction

2. The financial sector plays a pivotal role as an intermediary in the economy by providing liquidity and facilitating credit creation. Given its importance and the need to mitigate systemic risk, the sector is typically subject to stringent regulation. As the capital supplied by financial institutions is a critical input for business activity, the level of competitiveness in the financial sector directly and indirectly affects the overall competitiveness of other industries.

3. In Chinese Taipei, the FSC is responsible for the development, supervision, and regulation of financial markets and services. Operating under a sectoral supervision model, the FSC comprises three specialized bureaus: the Banking Bureau, the Securities and Futures Bureau, and the Insurance Bureau, each supervising its respective sector. In response to rising concerns over financial risks associated with virtual assets (including cryptocurrencies), the FSC has officially become the competent authority for virtual asset service providers¹ since March 2023, thereby strengthening risk control and promoting market integrity. Apart from the FSC, the domestic financial regulatory system also includes other key institutions: the Central Bank, which formulates and implements monetary policy to ensure price, exchange rate, and financial stability, and the Central Deposit Insurance Corporation, which provides deposit insurance and monitors the financial status and operational risks of insured institutions, such as banks and credit cooperatives, to protect depositors’ interests.

2. Policies on Financial Supervision and Regulation

2.1. Market Entry Regulations

4. Licensing system: The financial regulatory framework in Chinese Taipei operates under a licensing system governing the establishment of financial institutions. The approval process involves a comprehensive review of various factors, including the qualifications of the applicant, the proposed business plan, financial structure, and minimum capital requirements, with a focus on whether the financial institution can maintain sound business operations. For example, Article 9, Paragraph 1 of the Financial Holding Company Act stipulates that the FSC, when reviewing applications to establish a financial holding company, must consider not only financial soundness, managerial competence and capital adequacy, but also the potential impact on market competition and the public interest. In

¹ FSC, Important Measure September 2023, 15 Nov 2023, https://www.fsc.gov.tw/en/home.jsp?id=74&parentpath=0&mcustomize=multimessage_view.jsp&dataserno=202311150001&dtable=Bulletin

practice, however, the FSC tends to evaluate the competitive and public interest implications from an industrial policy perspective. This typically involves examining whether the new institution would contribute to economies of scale, improve operational efficiency, and promote overall financial stability.

5. Restrictions on business operations and investments: The financial industry in Chinese Taipei is structurally segmented by business category, with regulations generally limiting institutions to activities explicitly approved by the competent authority.² However, the enactment of the Financial Holding Company Act introduced a cross-sectoral operational framework, enabling financial holding companies (hereinafter referred to as ‘FHCs’) to function as parent entities controlling subsidiaries across various sectors such as banking, insurance, and securities.³ FHCs may also have a substantial influence on both financial and non-financial industries through equity investments. To mitigate potential risks and preserve financial stability, these investments are subject to regulatory restrictions. Under the current system,⁴ an FHC must submit a prior report to the FSC before making an investment, which is deemed approved unless the FSC raises an objection within a specified period. In addition, regulations also stipulate that the total investment in non-financial enterprises is generally capped at 15% of the FHC’s net worth, and the combined shareholding of the FHC and its subsidiaries in any single investee may not exceed 15% of that company’s total outstanding voting shares.

2.2. Policy Responses to FinTech

6. Financial supervision policies in Chinese Taipei have traditionally prioritized financial stability, placing greater emphasis on prudential regulation and oversight than on market competition. However, the rapid evolution of financial markets and the dynamic growth of financial technology (FinTech) have necessitated a policy shift to accommodate both innovation and competitive development. In response, the FSC has introduced several strategic initiatives, including the regulatory sandbox, licensing of internet-only banks, and promotion of open banking services. These initiatives reflect a deliberate policy transition toward achieving a balanced regulatory framework that ensures sound business operations and market liberalization.

7. The FSC began accepting applications for internet-only banks in 2018. Under the regulatory framework, each internet-only bank is required to include at least one traditional bank or financial holding company as a primary shareholder, holding no less than 25% of total equity. Additionally, non-financial institutions can hold up to 60% of the shares. This policy has led to the licensing of three operators, including Next Bank, Rakuten Bank, and LINE Bank. Between 2020 and 2022, these three banks commenced operations, leveraging their fully digital services and lower operating costs to target younger, digitally active

² For example, Article 22 of the Banking Act, Articles 44 and 45 of the Securities and Exchange Act, and Articles 136 and 138 of the Insurance Act contain similar provisions.

³ Article 6, Paragraph 1 of the Financial Holding Company Act states: ‘The same person or the same related party who has a controlling interest in a bank, insurance company and/or securities firm shall apply to the competent authority for approval to establish a financial holding company. Such requirement shall not apply to shares owned by governments and for purposes of managing a troubled financial institution with the approval of the competent authority.’

⁴ Article 37 of the Financial Holding Company Act. Should the FSC not provide an objection within 30 business days from the day after an application has been received, the application shall be considered to be approved.

consumers. Despite successfully capturing early market attention, these banks remain subject to the same capital adequacy, liquidity, and risk management requirements as traditional banks. Combined with the already highly-saturated domestic banking market, these constraints have posed challenges to achieving profitability, which none of the three operators have realized to date. Nonetheless, the introduction of internet-only banks marks a significant step toward greater openness, competition, and technological innovation in the banking sector. Their long-term impact will hinge on their abilities to achieve sustainable operations and broaden market acceptance.

8. While continuing its FinTech promotion efforts, the FSC launched an application process for digital insurers in July 2025.⁵ In parallel, the FSC amended relevant regulations to lower entry barriers and increase regulatory flexibility. Key reforms include reducing minimum paid-in capital requirements, broadening eligibility criteria beyond traditional financial institutions and FinTech firms, and allowing digital insurers to establish limited physical service points. These policy adjustments aim to attract a diverse range of market participants and accelerate the digital transformation of the insurance industry. The future business models and market performance of these digital insurers will become a critical benchmark for evaluating the integration of FinTech within the traditional insurance sector.

9. Additionally, in line with global trends in anti-money laundering (AML), countering the financing of terrorism (CFT), and fraud prevention, the FSC has recently implemented a series of regulations aimed at strengthening internal controls, fraud prevention, and AML measures for financial institutions to enhance the overall security of the financial system. The FSC has also emphasized that these measures should be applied under a Risk-Based Approach (RBA), balancing the convenience and security of financial services. This approach requires institutions to tailor their countermeasures according to the level of risk, instead of adopting a one-size-fits-all de-risking approach, or blanket measures to fully remove all risks. This will not only improve the efficiency and precision of supervisory measures, but will also avoid any unnecessary financial exclusion of low-risk customers or marginalized groups, thereby promoting inclusive financial services while maintaining robust risk management across the sector.

3. Competitive Landscape of Financial Markets

3.1. High Sector Fragmentation and Intense Competition

10. The financial sector in Chinese Taipei is characterized by a high degree of fragmentation and intense competition. According to recent data, the market comprises 38 domestic banks, 28 foreign banks, 117 securities and futures brokers, 125 securities investment trusts and consulting firms, and 51 insurance providers. Many of these entities operate as subsidiaries of 14 FHCs. According to the recent *Guide to Taiwan's financial services industry* published by PwC,⁶ profitability in the banking sector has been generally constrained over the past 10 years, primarily due to intense market competition, stringent

⁵ FSC, FSC announces opening of applications for the establishment of digital insurers, 2025-07-31, https://www.ib.gov.tw/en/home.jsp?id=24&parentpath=0,2&mcustomize=multimessage_view.jsp&dataserno=202507310002&aplistdn=ou=news,ou=multisite,ou=english,ou=ap_root,o=fsc,c=tw&dtable=News

⁶ PwC, *Guide to Taiwan's financial services industry*, March 2025, p9 <https://www.pwc.tw/en/publications/assets/taiwan-financial-services-industry-guide-2025.pdf>

regulatory standards, and a prolonged low-interest-rate environment. To be specific, the average net interest margin for the banking industry was only approximately 1%, while the average return on assets (ROA) was approximately 0.7%.

Figure 1. Number of financial service providers, June 2025

Banking		Capital markets		Insurance	
Domestic banks	38	Securities firms	102	Domestic life insurers	23
Foreign banks	28	Futures firms	15	Foreign life insurers	3
		Securities Investment Trust Enterprises	37	Domestic non-life insurers	17
		Securities Investment Consulting	88	Foreign non-life insurers	5
				Domestic and foreign reinsurers	3

Source: Financial Supervisory Commission

3.2. Trends in Market Consolidation

11. Chinese Taipei has long been regarded as one of Asia's most *overbanked* markets. To encourage consolidation within the financial sector, the FSC has progressively revised the Financial Institutions Merger Act, and relaxed restrictions on investments by FHCs, streamlining the merger procedures. Consequently, mergers among financial institutions, including integration between FHCs, have increased in recent years. Of particular note, in 2018, the FSC lowered the minimum investment ratio for FHCs from 25% to 10%, thereby reducing the acquisition requirements. The first major transaction following this amendment was the 2021 acquisition of Jih Sun Financial Holding by Fubon Financial Holding for NT\$44 billion (approximately US\$1.4 billion). This was the first successful hostile takeover and the inaugural merger between financial holding companies.

12. One of the most high-profile M&A events in recent years was the contested takeover bid for Shin Kong Financial Holding (SKFH) by CTBC Financial Holding (CTBC FHC) against Taishin Financial Holding (Taishin FHC) in 2024. The situation unraveled after Taishin FHC and SKFH jointly announced that the two holding companies had agreed to a merger. CTBC FHC then publicly announced that it would propose a public tender offer and share swap, aiming to acquire a 51% stake in SKFH. This move attracted much attention from both the market and financial regulatory agencies. The FSC later announced that it opposed CTBC FHC's acquisition plan, citing that the proposal was preliminary, lacked sufficient detail on funding sources, and failed to clearly outline risk control measures. The FSC also stated that the proposed share swap for the public tender offer was likely to cause market stock price volatility. In comparison, the merger between Taishin FHC and SKFH was considered to be more stable and feasible, given the backing of both companies' boards and clear procedural frameworks. Ultimately, CTBC FHC heeded the regulator's concerns, withdrew its investment plan, and abandoned its attempt to acquire SKFH.

13. The case highlights the FSC's strong emphasis on market stability and transparency in information disclosure during mergers and acquisitions involving financial institutions. In June 2025, the FSC amended the Regulations Governing the Investing Activities of a

Financial Holding Company to clearly stipulate that FHCs attempting an acquisition through a public tender offer must in principle provide consideration in cash. Additionally, the minimum initial investment threshold was increased from 10% back to the original 25%.⁷ Furthermore, the acquiring entity is now required to either obtain a board resolution of non-objection from the target company or provide reasonable evidence that it can secure control over a majority of shares or board seats, thereby ensuring the substantive feasibility of the transaction.

4. Between Cooperation and Conflict

14. The Chinese Taipei Fair Trade Act (hereinafter referred to as the ‘FTA’) regulates competitive conduct among enterprises, and, in principle, applies to business activities across all industries. However, potential tensions may arise between the competition law and sector-specific economic regulations, particularly where regulatory objectives and policy priorities diverge. To address such conflicts, Article 46 of the FTA explicitly states that competition conduct by enterprise is primarily governed by the FTA itself,⁸ and that other laws⁹ may only take precedence where they align with its legislative intent. In addition, Article 6, Paragraph 2 of the FTA provides that the CTFTC may consult with relevant ministries or commissions when regulatory overlaps occur.¹⁰ In practice, the CTFTC has coordinated with the competent authorities across various sectors, including the financial, medical care, interior affairs, and telecommunications industries, to reach a joint consensus and ensure a clear division of responsibilities between the CTFTC and other competent authorities.

4.1. Cooperation: Merger Review Procedures

15. The primary objective of merger control under the FTA is to prevent excessive market concentration or monopolistic structures resulting from business combinations, which could harm competition and consumer welfare. Should the integration of financial institutions meet the statutory notification thresholds, a merger filing must be submitted to the CTFTC. To facilitate coordination, the CTFTC and the FSC have jointly established the Regulations for the Examination of Financial Holding Company Merger Cases, which provide the framework for assessing mergers involving FHCs. During the review process, the CTFTC consults with the FSC to evaluate the potential impact of the merger on financial market competition, industry development and financial supervisory policies.

⁷ FSC, Announcement of the Draft Amendments to the ‘Regulations Governing the Investing Activities of a Financial Holding Company’ and ‘Regulations Governing Investments in Other Enterprises by Commercial Banks,’ 10 June 2025 https://www.fsc.gov.tw/en/home.jsp?id=54&parentpath=0,2&mcustomize=multimessage_view.jsp&dataserno=202507070001&dtable=News

⁸ Article 46 of the Fair Trade Act stipulates: ‘The Act (referring to the Fair Trade Act) has precedence over other laws with regard to the governance of any enterprise’s conduct in respect of competition. However, this stipulation shall not be applied to where other laws provide relevant provisions that do not conflict with the legislative purposes of this Act.’

⁹ This includes laws or regulatory orders expressly authorized by law.

¹⁰ Article 6, Paragraph 2 of the Fair Trade Act stipulates: ‘For any matter provided for in this Act that involves the authorities of any other ministries or commissions, the central competent authority (referring to the CTFTC) may consult with such other ministries or commissions to deal therewith.’

4.1.1. Establishment of Internet-Only Banks through Joint Ventures

16. The three internet-only banks approved by the FSC in 2018 were all established through joint ventures between financial institutions and non-financial entities, such as telecommunication operators, e-commerce platforms, and messaging app providers. To properly assess these cases, the CTFTC engaged in consultations and exchanges with the FSC to gain a deeper understanding of market entry strategies, supervisory policies, and the broader regulatory context surrounding internet-only banking. During the review process, the two regulators prioritized different concerns. The CTFTC primarily focused on the potential competitive impact of the combined enterprises' existing user bases and ecosystems, while the FSC concentrated on whether the internet-only banks maintained robust internal controls and compliance mechanisms. In particular, the FSC assessed the ability of these internet-only banks to ensure that any future cross-industry collaborations with affiliated group entities or other businesses would remain compliant with specialized financial regulations, especially those related to information security and customer data protection.

4.1.2. Mergers between Financial Holding Companies

17. The CTFTC has reviewed two major merger cases involving FHCs in recent years, namely, the acquisition of Jih Sun Financial Holding by Fubon Financial Holding (2021), and the merger between Taishin FHC and SKFH (2025). Given the scale and wide-reaching market impact of such integration, the CTFTC not only sought input from the FSC, but also held public consultations with various market participants to incorporate both industry perspectives and market realities in its assessment.

18. Although the two mergers differed in how they were implemented—Fubon Financial Holding acquired Jih Sun Financial Holding through a public tender offer, while Taishin FHC merged with SKFH by absorption—the competition analysis in both cases identified multiple horizontal overlaps across the banking, securities, insurance, and investment trust industries, as well as the vertical integration of upstream insurance product providers and downstream sales channels. Despite the broad scope of relevant markets involved, the CTFTC found that each merging entity held relatively low market shares in their respective markets. The post-merger increase in market concentration was limited, and given the intense competition and numerous participants in the domestic financial sector, the mergers were unlikely to result in market foreclosure or the exclusion of competitors. Based on this thorough review, the CTFTC concluded that neither merger raised significant competition concerns and therefore approved both transactions.

4.2. Conflict: Competition Enforcement

19. Financial regulation, grounded in the principles of prudential supervision and financial market stability, often includes provisions that may restrict fee rates or otherwise impact market competition. Additionally, self-regulatory codes established by trade associations, whether operating under the guidance of the financial supervisory authorities or the resolutions adopted by these associations pursuant to financial laws and regulations, can also influence pricing competition for financial products and services. The question of whether to exclude or limit the application of competition law, particularly in regard to concerted practices, in these contexts has been a longstanding issue in financial industry competition policy. This debate, which is especially pronounced in the insurance sector, centers on the interpretation of Article 46 of the FTA and its application to the financial industry.

4.2.1. The Non-Life Insurance Association's Resolution on Minimum Commercial Fire Insurance Surcharges

20. In 2018, the CTFTC received a complaint alleging that the Non-Life Insurance Association (hereinafter referred to as the 'NLIA') engaged in concerted practices by jointly adjusting premium rates for commercial fire insurance, which may potentially violate the FTA. The CTFTC's investigation found that the NLIA's board of directors had discussed and adopted a resolution setting a minimum surcharge amount for commercial fire insurance premiums. Upon consulting the FSC, the regulator confirmed that the NLIA's calculation of surcharge levels on behalf of its members was intended to reflect reasonable operating costs, in line with the regulatory requirement for insurance product rates to be adequate, reasonable and fair. Moreover, the FSC noted that under Article 165-2 of the Insurance Law, the NLIA is authorized to establish self-regulatory codes to promote sound operations among its members, thereby supporting the FSC's regulatory role and strengthening market order. The NLIA therefore argued that its resolution to set a floor for commercial fire insurance surcharges was a self-regulatory measure taken in accordance with the FSC's supervisory framework and was explicitly authorized under Article 165-2, Paragraph 1 of the Insurance Law.

21. The CTFTC, however, stated that the NLIA's actions could not be justified under Article 46 of the FTA. It concluded that the FSC's regulatory guidance was merely administrative guidance and did not satisfy the requirements for exemption under Article 46 of the FTA. Moreover, while insurance regulations require that premium rates be 'adequate, reasonable and fair,' they do not authorize industry associations to set uniform premium rates or restrict member institutions from competing on price. Therefore, the CTFTC ruled that the NLIA's resolution to set a minimum amount for commercial fire insurance surcharges had no legal basis, and that it was not authorized to do so by any regulatory order, thereby rendering the exemption clause under Article 46 inapplicable. The CTFTC thus determined that the NLIA's resolution restricted price competition among its members and constituted a concerted action as defined by Article 14, Paragraph 4 of the FTA.

22. Despite finding a violation, the CTFTC took into consideration the specific circumstances surrounding the case. Of particular note, the NLIA's action was motivated by the objective of assisting its member companies in complying with premium adequacy requirements set by the FSC. The association had also communicated with the FSC prior to adopting the resolution, and the FSC did not consider the measure to have exceeded relevant supervisory boundaries. Ultimately, while the CTFTC determined that the NLIA violated Article 15, Paragraph 1 of the FTA, which prohibits concerted actions, it did not impose an administrative fine.

4.2.2. Surveyors Associations and Their Insurance Surveyor Fee Schedules

23. In 2023, the CTFTC received a complaint alleging that the Surveyors Association of Taipei (hereinafter referred to as the 'SAOT') and the Surveyors Association of Kaohsiung (hereinafter referred to as the 'SAOK') published an insurance surveyor fee schedule on their respective websites, suggesting a potential concerted action. The CTFTC's investigation found that the SAOT had since 2018 discussed adjusting standard surveyor fees for fire insurance, marine insurance, engineering insurance and liability insurance at several board meetings. These discussions also involved coordination meetings with the NLIA, convened by the FSC. Following these discussions, the SAOT's board passed a resolution to establish an insurance surveyor fee schedule, which was later approved by the general meeting of members in January 2020. The resolution further required members to refrain from engaging in price competition. Subsequently, in March

2020, the SAOT sent a letter to the SAOK requesting the adoption of the same fee schedule. The SAOK promptly submitted this matter to its joint board of directors and supervisors meeting, passed a resolution to adopt an identical fee schedule, and mandated compliance among its members.

24. During the investigation, the CTFTC also consulted with the FSC for its perspective. The FSC expressed that while there had previously been explicit legal authorization allowing the regulatory authority to approve insurance surveyor fee schedules set by insurance surveyor trade associations, this provision was abolished with the repeal of the relevant regulations in 2008. Currently, no such mandate exists. The FSC clarified that its role in convening coordination meetings arose solely from the SAOT's request for assistance, citing that prevailing fees were insufficient to cover operating costs. As a result, the FSC invited the NLIA and the surveyors' associations to negotiate, but did not intervene in or influence the outcome of their coordination.

25. After review, the CTFTC concluded that the resolutions adopted by both the SAOT and the SAOK to set a fee schedule and to require members' adherence to it constituted a concerted action under the FTA. The CTFTC determined that this conduct was neither authorized by law nor justified by the competent authority for the industry's facilitation of negotiations. Consequently, the CTFTC ordered both associations to immediately cease the unlawful practice and imposed administrative fines on each organization.

5. Reconciling Competition and Regulation

26. The enforcement objective of a competition authority is to maintain trading order and safeguard consumer welfare by ensuring conditions for free and fair competition. Conversely, the financial regulatory goal centers on ensuring the sound operation of financial institutions, upholding financial stability, and fostering the sustainable development of the financial market, all of which ultimately serve to protect consumer interests. However, competition policy cannot be substituted by financial regulation alone. Competition is vital for the financial industry to improve service quality, reduce borrowing costs, spur innovation and facilitate the efficient allocation of capital across diverse markets. Therefore, the financial sector must carefully strike a balance between stability and efficiency. Excessive regulation risks stifling competitiveness and innovation, while insufficient regulation can increase operational risks that threaten financial stability.

27. When conflicts arise between regulatory law and competition law, the CTFTC typically adopts a pragmatic approach by consulting with the competent authority. This collaborative process is essential for identifying solutions that successfully achieve both regulatory objectives and the preservation of market competition, thereby preventing financial institutions from encountering a regulatory dilemma. The CTFTC has previously collaborated with the FSC in cases where regulatory measures had imposed restrictions on competition, particularly those involving financial industry associations. For example, in 2004, the CTFTC consulted with the FSC regarding the Bankers Association's self-regulatory code, which included a cap on the value of promotional gifts for credit card services. Through collaborative deliberation, a consensus was reached to remove the provision limiting the maximum gift value from the association's self-regulatory guidelines.

28. In recent years, the CTFTC has handled numerous cases involving concerted actions taken by insurance-related associations in violation of the FTA, with some cases resulting in penalties against the associations. Investigations have consistently revealed that such infringements often stem from associations' attempts to comply with the FSC's

directions or to follow discussions convened by the FSC on issues concerning critical competitive factors, such as pricing and output. To prevent associations and related enterprises from unintentionally breaching the FTA while implementing regulatory directives, the CTFTC and the FSC convened a consultation meeting in 2024 to strengthen inter-agency coordination.

29. During this consultation, the FSC emphasized that its past actions, including the convening of meetings or issuance of administrative rulings, were consistently grounded in its legally mandated duties and authority. These measures, which are supervisory and managerial in nature, target financial institutions to address market failures, resolve specific market issues, mitigate systemic risk, and protect financial consumers' rights. In response, the CTFTC acknowledges the unique characteristics of the financial industry and the role that the FSC plays in supervising the industry. However, the CTFTC stressed that competition within financial markets, when aligned with appropriate regulation, is paramount for fostering innovation, improving efficiency and ultimately benefiting consumers. The CTFTC advocated that the FSC, in formulating regulatory policies, should carefully consider their potential impact on competition and adopt the least restrictive means necessary to achieve regulatory objectives. To enhance inter-agency coordination and preempt competition-related disputes, both agencies reached a consensus that the FSC is committed to consulting with or inviting the CTFTC to participate whenever proposed rules or supervisory requirements may raise concerns regarding concerted actions among financial operators.

30. Competition advocacy remains a central pillar of the CTFTC's proactive policy agenda, which is designed to eliminate potential barriers to competition ex ante. A salient case illustrating this approach occurred in 2022 during the surge of the COVID-19 pandemic. The CTFTC learned that the Life Insurance Association (hereinafter referred to as the 'LIA') intended, under the guidance of the FSC, to convene a meeting to discuss whether to establish uniform claim settlement guidelines for epidemic prevention insurance products. Prior to the meeting, the CTFTC proactively contacted the FSC and the LIA to understand the situation and explicitly stated that claim settlement terms are an important element of competition among insurance companies. Any restriction imposed by the association on individual insurers' discretion regarding contract interpretation or claim conditions could hinder their ability to offer more favorable terms to policyholders and might constitute a concerted action in violation of the FTA. Ultimately, the FSC and the LIA accepted the CTFTC's perspective, resolving that each life insurance company should retain full autonomy to determine its own claim conditions based on its contractual terms.

31. Beyond the banking and insurance sectors, other financial institutions such as those in the securities industry also face challenges related to prudential supervision and systemic risk. However, due to their relatively smaller capital scale, competition law in these sectors tends to focus more on addressing information asymmetry between financial consumers and service providers. Enhancing transparency in financial product information is therefore key, as it enables consumers to make informed decisions, thereby protecting consumer rights and strengthening the overall resilience of the financial system. Historically, the CTFTC relied on Article 25 of the FTA (concerning deceptive or manifestly unfair conduct) to intervene in disputes involving standardized contracts within the financial industry; today, such matters are primarily addressed under the Financial Consumer Protection Act, reflecting an evolution in the legislative framework for consumer protection in the financial sector.

6. Conclusion

32. Competition is not inherently detrimental to financial stability; rather, a combination of robust prudential supervision and sound competition policy is essential for maintaining a resilient and stable financial market. Excessively encouraging financial institutions to grow in scale and increasing financial market concentration can lead to financial institutions taking on greater risks by virtue of becoming too big to fail, which ultimately threatens financial stability. Amid the ongoing trend toward financial sector consolidation, the CTFTC is placing more emphasis on assessing the competitive implications of future mergers. Furthermore, competition advocacy remains a key priority, with the CTFTC encouraging regulators to recognize the benefits of competition, foster a competition-friendly supervisory framework, and minimize unnecessary restrictions. These efforts aim to ensure that the market remains under appropriate supervision while enabling the competitive mechanism to fulfil its intended role more effectively.