

Crises Offer Opportunities

- Transition Experience in Taiwan

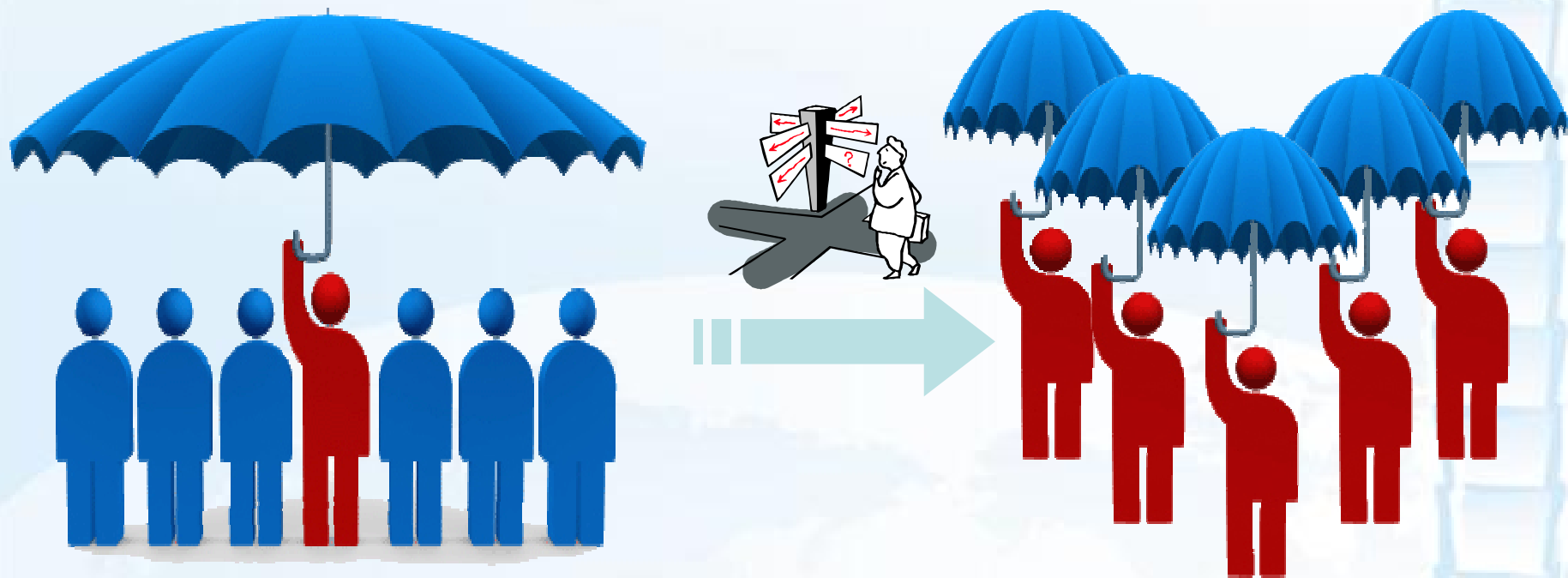
Yvonne Fan

Acting Director

Central Deposit Insurance Corp.

Preface

Preemptive & Overreacted?



Contents

The background of the slide features a light blue, semi-transparent image of a globe showing the continents. On the right side, there is a vertical, stylized illustration of the Taipei 101 skyscraper, rendered in a light blue color that matches the overall theme.

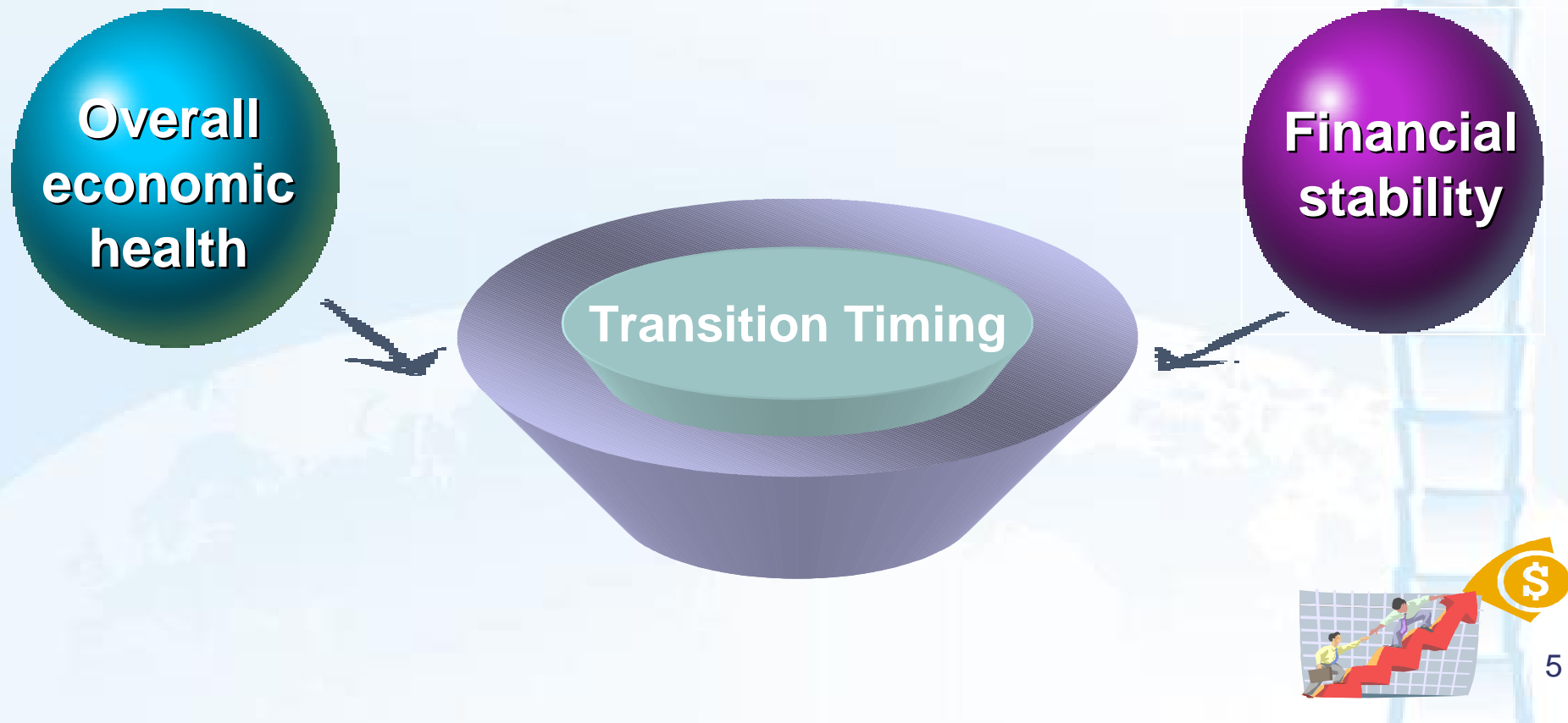
- **Prerequisites**
- **Transition approaches**
- **CDIC's experience**
- **Conclusion**

The background of the slide features a light blue, semi-transparent image of the Earth as seen from space, showing the outlines of continents. On the right side, the Taipei 101 skyscraper is depicted in a light blue, semi-transparent style, extending vertically from the bottom towards the top. The text is centered over this background.

Prerequisites to Transition Back to a Limited DIS

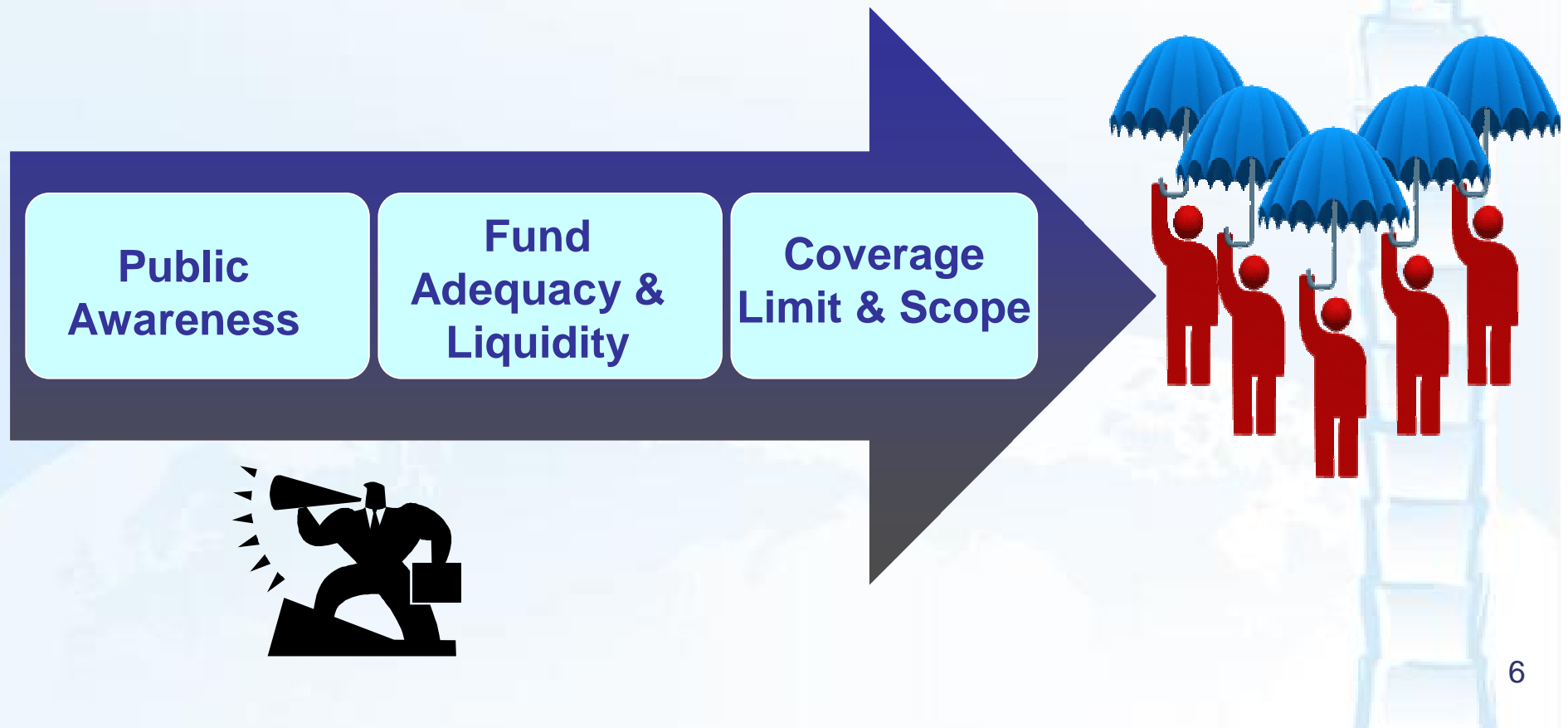
Are We Ready ?

- From the macro view



Are We Ready ?

- From the micro/DI perspective



Are We Ready ?

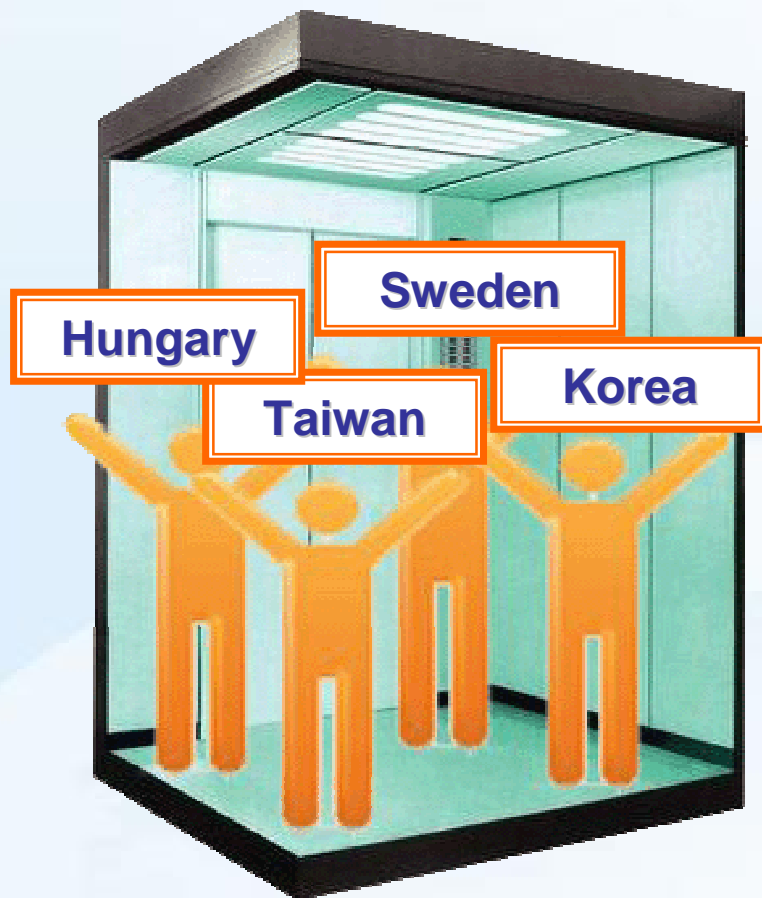
- Strengthened supervisory framework?

Measures for Enhancement	Korea	Japan	Taiwan	Mexico	Indonesia	Hungary
Corporate Governance						
Information Disclosure						
Enterprise Reconstruction						
PCA						

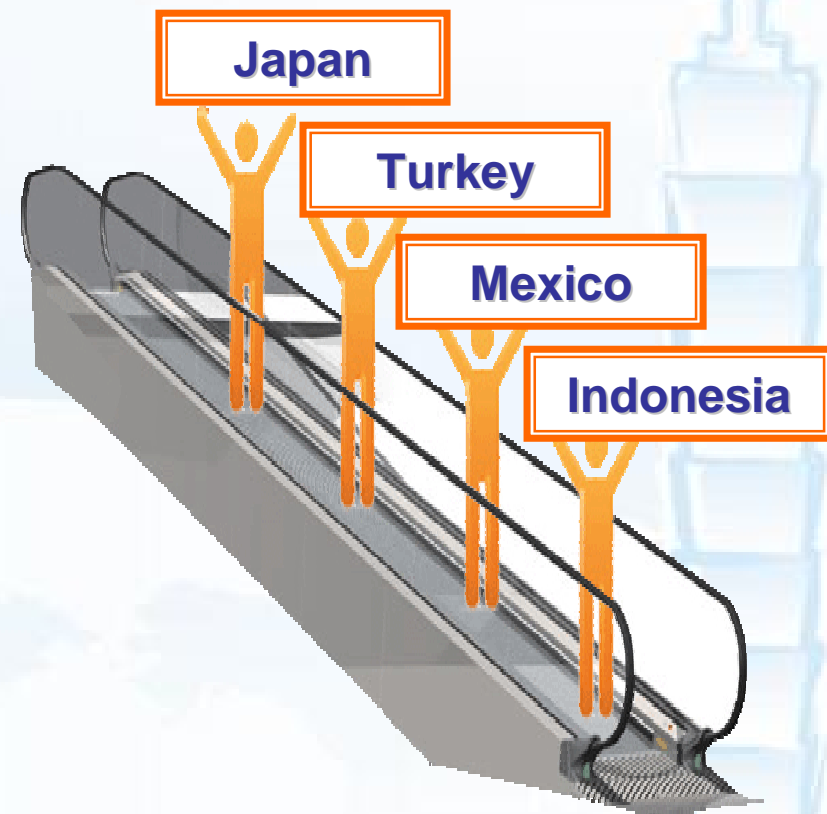
Source: 2005 IADI/ARC Survey

Transition Approaches

- Fast approach



- Gradual approach





CDIC's Experience in Transitioning

Under Financial Restructuring Fund (2001-2005)

- **Macro conditions?**

Prerequisites	Conditions
<ul style="list-style-type: none">• Overall economic condition• Stability of financial system• Reform & refinement of supervisory system	

Under Financial Restructuring Fund (Cont'd) (2001-2005)

- More effective DIS?

Prerequisites	Conditions
<ul style="list-style-type: none">• Risk management• On site inspection• Target fund ratio• Bank resolution mechanism• Electronic data files• Systemic crisis handling mechanism• Public awareness	

Under Financial Restructuring Fund (Cont'd)

(2001-2005)



- Deposit movement during transitioning

Unit: Billion US \$

Types of FIs (annual change)	June 04	Sept. 04	Dec. 04	Mar. 05	June 05
Domestic banks (6.87%)	500.5	506.7	519.3	521.5	534.9
Branches of foreign banks (0%)	17.8	17.7	18.4	18.2	17.8
Credit cooperatives (-5.91%)	20.3	20.4	19.6	19.4	19.1
Agricultural FIs (3.69%)	40.7	41.1	41.6	41.9	42.2
Postal Bank (1.09%)	100.6	102.4	103.9	109.1	110.1
Total (6.50%)	679.9	688.2	702.8	710.1	724.1
(Quarterly Change)		(1.22%)	(2.12%)	(1.04%)	(1.97%)

Under Current Crisis

(Oct. 2008 – Dec. 2009)

Prerequisites	Conditions
Overall economic condition	
Stability of financial system	?
DI's toolbox	

Conclusion





Thank You!

CDIC

cdic@cdic.gov.tw