

### 3. Money Market

In 2024, supported by growth in exports and private investment, as well as the expanded operations of bills finance companies, financial institutions' demand for interbank call loans rebounded. As a result, the total turnover in the interbank call loan market increased by 2.11% compared to the previous year. However, as the exact timing of the Lunar New Year holidays shifted (e.g., the holidays occurred on February 10 in 2024, yet on January 29 in 2025), the number of days for interbank call loans with maturities beyond the year-end 2024 and before the 2025 Lunar New Year holidays decreased compared to the same period of the previous year. Consequently, the outstanding amount of interbank call loans at the end of 2024 fell by 14.41%.

In terms of the short-term bills market, the total turnover registered an increase of 17.94% from a year before, while the total issuance of short-term bills grew by 13.38% in 2024 in response to corporate funding needs. At the end of the year, the outstanding amount of short-term bills went up by 10.91% compared to the previous year end.

With regard to money market rates, as the Bank implemented a policy rate hike in late March 2024 and increased the reserve requirement ratios on NT dollar demand deposits and time (savings) deposits in July and October, short-term money market rates broadly displayed an uptrend during the year.

#### Rise in Interbank Call Loans

In 2024, the global economy experienced a gradual recovery, pushing up Taiwan's export growth. Private investment showed steady expansion, and the year-on-year growth in bank loans and investments accelerated. Meanwhile, bills finance companies expanded their operations. Against this backdrop, financial institutions' demand for interbank call loans strengthened, leading total annual turnover of interbank call loans to reach NT\$23,563.5 billion, an increase of NT\$486.3 billion or 2.11% over the previous year.

With respect to borrowers, domestic banks still made the largest contribution to total transactions with a share of 74.76%, followed by bills finance companies, foreign and Mainland Chinese banks, and Chunghwa Post, with shares of 14.19%, 10.11%, and 0.94%, respectively.

The amount borrowed by domestic banks grew by NT\$94.1 billion or 0.54% from a year earlier, primarily owing to a lower base effect. On the other hand, with a contraction in their asset and liability positions, foreign and Mainland Chinese banks witnessed a year-on-year decline in both interbank borrowing and lending. The amount borrowed by foreign and Mainland Chinese banks shrank by NT\$213.2 billion or 8.85% over the previous year.

The amount borrowed by bills finance companies rose significantly by NT\$713.0 billion or 27.09% compared with a year ago. The growth was mostly driven by the expansion of the bills finance business, resulting in greater funding needs. In addition, multiple typhoon-related holidays in 2024 prompted bills finance companies to increase interbank borrowing to manage short-term liquidity needs. Meanwhile, the amount borrowed by Chunghwa Post dropped by NT\$89.6 billion or 28.72% over the previous year.

In terms of lenders, domestic banks remained the largest supplier of funds, making up 63.22% of total transactions in 2024. Foreign and Mainland Chinese banks came in second with a share of 34.62%, followed by Chunghwa Post and bills finance companies contributing 2.00% and 0.16% of total transactions, respectively.

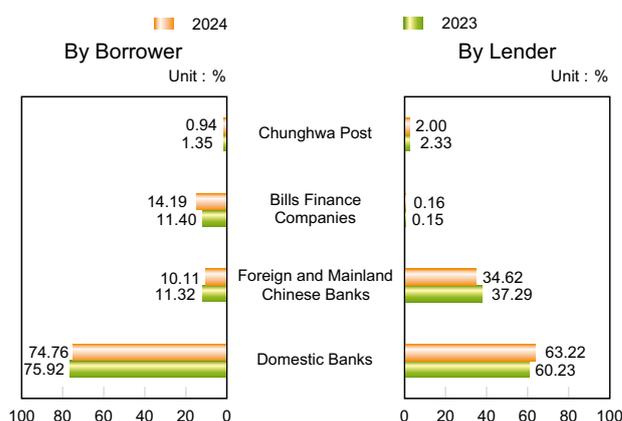
The amount of call loans made by domestic banks went up by NT\$998.6 billion or 7.18% compared with the previous year, mainly owing to an increase in lending to bills finance companies as a result of their higher funding needs.

Foreign and Mainland Chinese banks decreased their interbank lending by NT\$449.9 billion or 2.68% over the previous year. The reduction was attributable to net foreign capital outflows in 2024 and a contraction in lending as elevated money market rates, weakened counterparty demand for interbank borrowing.

On the other hand, the amount of call loans made by Chunghwa Post fell by NT\$65.5 billion or 12.20% from a year before, reflecting its reallocation of funds toward overseas asset investments, which in turn limited the funds available for interbank lending. As for bills finance companies, the amount lent by this group registered an increase of NT\$3.1 billion or 8.83% year on year.

In respect of maturity, interbank overnight call loans remained the most actively traded instrument in the market with a predominant share of 44.00%, though slipping by 1.55 percentage points from that of the previous year. The second were those with a maturity of one week, rising by 1.52 percentage points to 39.07% over the previous year, while the share of loans with a two-week maturity climbed by 1.09 percentage points to 11.22%.

**Composition of Interbank Call Loan Market by Participant**



Source: *Financial Statistics Monthly* (February 2025), CBC.

## Growth in Short-Term Bill Transactions

For the year 2024, newly issued short-term bills stood at NT\$23,218.8 billion. Commercial paper made up a dominant 93.99% of the new issues, followed by negotiable certificates of deposit (NCDs) with a share of 4.90%.

Newly issued short-term bills posted a year-on-year increase of NT\$2,740.2 billion or 13.38% in 2024. The rise was mainly attributable to commercial paper with an increased issuance of NT\$2,431.6 billion. This reflected that sustained corporate funding needs caused the amount of issuance to exceed that of repayments despite an upswing in short-term bills market rates.

The second-largest contributor to the overall increase was NCDs, with issuance rising by NT\$320.2 billion compared to the previous year. The growth was because financial institutions such as banks and bills finance companies boosted their NCD holdings as part of their fund allocation strategies. In contrast, the issuance of treasury bills slid by NT\$10.0 billion from a year before as the Ministry of Finance reduced issuance of treasury bills in view of ample tax revenues.

Overall, with the total amount of short-term bill issuance exceeding that of repayments, the outstanding of short-term bills stood at NT\$3,713.3 billion as of the end of 2024, representing an increase of NT\$365.3 billion or 10.91% from that of the previous year end.

## Short-Term Bills Market

Unit: NT\$billion

Year	Total		Treasury Bills		City Treasury Bills		Commercial Paper		Banker's Acceptances		Negotiable Certificates of Deposit	
	Issues	Year-End Outstanding	Issues	Year-End Outstanding	Issues	Year-End Outstanding	Issues	Year-End Outstanding	Issues	Year-End Outstanding	Issues	Year-End Outstanding
2015	11,512.8	1,677.7	233.7	90.0	-	-	10,426.0	1,346.6	20.8	3.5	832.3	237.6
2016	12,778.5	1,873.5	217.3	90.0	-	-	11,371.3	1,480.1	18.3	4.1	1,171.6	299.4
2017	14,878.5	2,154.5	220.0	25.0	-	-	13,077.8	1,709.0	19.4	4.2	1,561.3	416.4
2018	14,971.9	2,223.1	160.0	30.0	-	-	12,965.0	1,760.6	18.5	4.0	1,828.5	428.5
2019	14,927.3	2,353.2	314.0	65.0	-	-	13,613.6	2,034.1	14.0	2.6	985.7	251.5
2020	16,005.2	2,747.2	336.6	125.0	-	-	14,824.7	2,344.3	13.0	2.8	830.9	275.1
2021	17,254.0	2,911.2	320.0	115.0	-	-	16,107.5	2,560.1	17.8	4.5	808.7	231.6
2022	18,674.8	2,891.0	230.0	30.0	-	-	17,296.9	2,584.8	15.9	2.7	1,131.9	273.5
2023	20,478.6	3,348.0	260.0	30.0	-	-	19,390.6	3,000.9	11.1	2.3	816.9	314.8
2024	23,218.8	3,713.3	250.0	30.0	-	-	21,822.2	3,272.5	9.5	1.9	1,137.0	408.9

Source: *Financial Statistics Monthly* (February 2025), CBC.

The total turnover of short-term bills in 2024 went up by NT\$9,939.3 billion or 17.94% to NT\$65,355.5 billion. Of the total transactions, commercial paper still made up the lion's share of

94.48%, while NCDs came in with the second largest share of 5.09%.

In terms of market participants, private enterprises were still the largest player in the market with a dominant share of 47.32%, followed by banks and bills finance companies with shares of 26.90% and 15.68%, respectively.

### Broad Uptrend in Money Market Rates

The weighted average interbank overnight call loan rate in 2024 displayed a broad uptrend. Funding needs increased in January 2024 in the lead-up to the Lunar New Year and remained elevated in February amid the holiday period. Thereafter, the Bank raised the policy rates in late March. In April, the lagged effect of the policy rate hike, along with net selling of TWSE stocks by foreign investors and the resulting outward remittances of principal and earnings, contributed to a continued rise in short-term market rates.

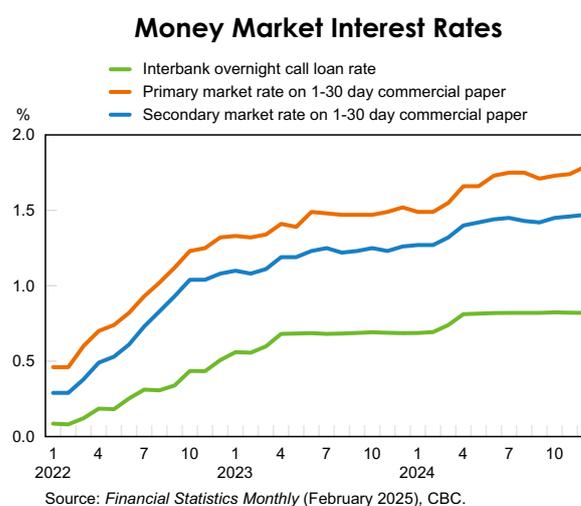
Later in the year, several factors led to a steady uptrend in the interbank overnight call loan rate. These included liquidity tightening resulting from profit-seeking enterprise income tax collections in May, three consecutive months of net foreign capital outflows beginning in June, and the Bank's policy hike on reserve requirement ratios taking effect in October, which increased the required reserves held by banks. Consequently, the interbank overnight call loan rate rose steadily from 0.686% in December 2023 to 0.823% in October 2024.

In November and December, frequent trading of TWSE stocks by foreign investors, accompanied by capital outflows, resulted in slight imbalances in interbank fund allocation. As a result, short-term market rates experienced mild fluctuations, with the interbank overnight call loan rate recording 0.821% in November and 0.820% in December.

The primary market rate on commercial paper with a maturity of 1-30 days moved upwards from 1.49% in January to 1.79% in December. Meanwhile, the secondary market rate on commercial paper with a maturity of 1-30 days also rose from 1.27% in January to 1.47% in December.

### Increase in Money Market Funds

Following several policy rate hikes by the Bank in recent years, fund yields gradually increased, attracting investor subscriptions.



Moreover, as most banks reduced their acceptance of long-term deposits, funds shifted into money market mutual funds.

Meanwhile, uncertainties related to geopolitical risks, global economic growth momentum, and inflation trends remained in international markets. Furthermore, with the re-elected US President Donald Trump set to take office in January 2025, markets anticipated that potential shifts in trade and economic policies could trigger heightened volatility in stock and bond markets. Against this backdrop, investors showed a stronger tendency to temporarily park capital in domestic money market funds.

At the end of 2024, there were a total of 36 money market funds in Taiwan, and the total assets stood at NT\$879.4 billion with an increase of NT\$15.9 billion or 1.84% from the previous year end.

With regard to portfolio composition, the largest use of funds was short-term bills with a share of 52.73% at the end of the year. Following short-term bills were bank deposits and repurchase agreements, accounting for 39.83% and 7.12% of the total money market funds, respectively.

### Portfolio Composition of Money Market Funds

Unit: NT\$billion

Year/Month End	Total	Bank Deposits		Short-Term Bills		Repurchase Agreements		Bonds	
		Amount	Share (%)	Amount	Share (%)	Amount	Share (%)	Amount	Share (%)
2022	781.4	208.4	26.67	474.4	60.71	95.0	12.16	3.6	0.46
2023	863.5	344.5	39.89	427.2	49.47	86.5	10.02	5.4	0.62
2024	879.4	350.3	39.83	463.7	52.73	62.6	7.12	2.8	0.32
2024/ 1	902.6	379.5	42.05	425.0	47.09	92.8	10.28	5.3	0.58
2	911.2	394.3	43.27	427.5	46.92	84.3	9.25	5.2	0.56
3	889.9	394.7	44.35	428.3	48.13	61.2	6.88	5.7	0.64
4	928.6	396.9	42.74	445.9	48.02	80.1	8.63	5.6	0.61
5	883.6	380.7	43.09	433.5	49.06	64.1	7.25	5.4	0.60
6	884.0	350.8	39.68	458.4	51.86	70.1	7.93	4.7	0.53
7	894.6	332.7	37.19	475.5	53.15	80.6	9.01	5.7	0.65
8	906.2	330.1	36.43	487.4	53.79	84.0	9.27	4.8	0.51
9	904.1	350.1	38.72	481.5	53.26	67.7	7.49	4.8	0.53
10	921.6	357.2	38.76	487.6	52.91	73.4	7.96	3.4	0.37
11	916.3	359.1	39.19	481.1	52.50	72.9	7.96	3.2	0.35
12	879.4	350.3	39.83	463.7	52.73	62.6	7.12	2.8	0.32

Source: Securities Investment Trust & Consulting Association of the R.O.C.