3. Money Market

In 2025, supported by marked growth in exports and private investment, financial institutions' demand for interbank call loans increased. As a result, the total turnover in the interbank call loan market increased by 11.35% over the previous year, while the outstanding amount of interbank call loans rose by 32.28% as of the end of 2025.

With regard to the short-term bills market, the total turnover registered an increase of 11.82% from a year before, and the total issuance of short-term bills grew by 6.25% in 2025 in response to strong corporate funding needs. At the end of the year, the outstanding amount of short-term bills went up by 11.90% compared to the previous year end.

In terms of money market rates, as market funding conditions remained broadly stable in 2025, short-term money market rates fluctuated within a narrow range. The weighted average interbank overnight call loan rate rose to 0.820%, up by 2.6 basis points from the previous year. The primary and secondary market rates on 1-30 day commercial paper decreased by 2 basis points and 1 basis point over the previous year to 1.65% and 1.39%, respectively.

Rise in Interbank Call Loans

Driven by sustained growth in AI demand and the robust expansion of related supply chains, Taiwan's exports surged and private investment continued to expand in 2025. Against this backdrop, financial institutions' demand for interbank call loans strengthened, leading total annual turnover of interbank call loans to reach NT$26,238.6 billion, an increase of NT$2,675.1 billion or 11.35% over the previous year.

With respect to borrowers, domestic banks still made the largest contribution to total borrowing value with a share of 76.70%, followed by bills finance companies, foreign and Mainland Chinese banks, and Chunghwa Post, with shares of 13.22%, 8.84%, and 1.25%, respectively.

The amount borrowed by domestic banks grew by NT$2,509.9 billion or 14.25% from a year earlier, primarily reflecting imbalances in interbank fund allocation. On the other hand, the amount borrowed by foreign and Mainland Chinese banks shrank by NT$62.3 billion or 2.62% over the previous year.

The amount borrowed by bills finance companies rose slightly by NT$122.7 billion or 3.67% compared with a year ago. The growth was mostly driven by the expansion of the bills finance business, resulting in greater funding needs. Meanwhile, the amount borrowed by Chunghwa Post increased significantly by NT$104.8 billion or 47.13% over the previous year.

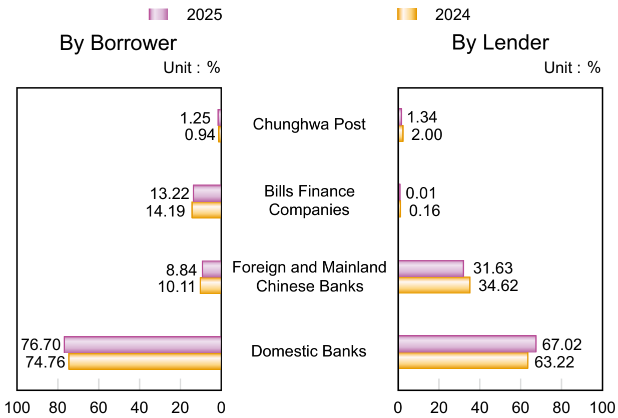
In terms of lenders, domestic banks remained the largest supplier of funds, making up 67.02% of total lending value in 2025. Foreign and Mainland Chinese banks came in second with a share of 31.63%, followed by Chunghwa Post and bills finance companies contributing 1.34% and 0.01% to total lending value, respectively.

The amount of call loans made by domestic banks went up by NT$2,688.3 billion or 18.04% compared with the previous year, mainly owing to liquidity imbalances among domestic banks and an increase in lending to bills finance companies as a result of their higher funding needs.

Foreign and Mainland Chinese banks increased their interbank lending by NT$143.0 billion or 1.75% over the previous year, largely owing to ample liquidity from their custodial business for foreign institutional investors, who enjoyed strong investment returns amid Taiwan's stock market rallies in 2025.

On the other hand, the amount of call loans made by Chunghwa Post fell by NT$119.9 billion or 25.45% from a year before, reflecting an increase in Chunghwa Post's subscriptions to the Bank's certificates of deposit, thereby reducing funds available for interbank lending. As for bills finance companies, the amount lent by this group registered a decrease of NT$36.3 billion or 96.02% year on year.

Composition of Interbank Call Loan Market by Participant



Source: *Financial Statistics Monthly* (February 2026), CBC.

In respect of maturity, interbank overnight call loans remained the most actively traded instrument in the market with a predominant share of 44.70%, rising by 0.70 percentage points from that of the previous year. The second were those with a maturity of one week, whose share increased by 1.93 percentage points to 41.00% over the previous year. The proportions of loans with longer maturities remained largely unchanged, collectively accounting for 14.30%.

Growth in Short-Term Bill Transactions

For the year 2025, newly issued short-term bills stood at NT$24,668.8 billion. Commercial paper made up a dominant 94.58% of the new issues, followed by negotiable certificates of deposit (NCDs) with a share of 4.45%.

Newly issued short-term bills posted a year-on-year increase of NT$1,450.1 billion or 6.25% in

2025. The rise was mainly attributable to an increased issuance of commercial paper, which grew by NT$1,510.8 billion. This reflected lower issuance costs and expectations of declining interest rates following the Fed's rate cuts, leading enterprises to prefer issuing short-term bills to meet their funding needs.

In contrast, the issuance of NCDs and Treasury bills slid by NT$40.4 billion and NT$20.0 billion, respectively, from a year before. The decrease was primarily because some domestic banks, prudently assessing their funding conditions, chose not to roll over maturing NCDs, while the Ministry of Finance reduced issuance of Treasury bills in view of ample tax revenues during the year.

Overall, the total amount of short-term bill issuance exceeded that of repayments. As a result, the outstanding of short-term bills stood at NT$4,155.2 billion as of the end of 2025, representing an increase of NT$441.9 billion or 11.90% 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
2025	24,668.8	4,155.2	230.0	70.0	-	-	23,333.0	3,724.1	9.1	1.5	1,096.7	359.5

Source: *Financial Statistics Monthly* (February 2026), CBC.

The total turnover of short-term bills in 2025 went up by NT$7,722.9 billion or 11.82% to NT$73,078.5 billion. Of the total transactions, commercial paper still made up the lion's share of 94.02%, while NCDs came in with the second largest share of 5.49%.

In terms of market participants, private enterprises were still the largest player in the market with a dominant share of 45.80%, followed by banks and bills finance companies with shares of 27.79% and 17.52%, respectively.

Mild Fluctuations in Money Market Rates

The weighted average interbank overnight call loan rate fluctuated within a narrow range in 2025. In January and February, the weighted average interbank overnight call loan rate remained unchanged from December of the previous year at 0.820%, reflecting stable market funding conditions. Later in March, net selling of TWSE stocks by foreign institutional investors and the resulting outward remittances drove the interbank overnight call loan rate up to 0.821%.

In April, frequent adjustments to U.S. tariff policies caused turbulence in global financial markets, leading safe-haven funds to temporarily park in the money market, thereby pushing the interbank overnight call loan rate down to 0.818%.

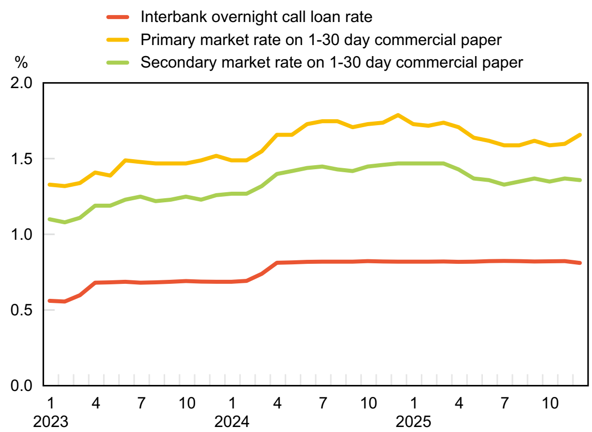
Between May and July, cash dividend payouts by enterprises triggered shifts in funding among banks, while individual income tax collections tightened market liquidity, causing the interbank overnight call loan rate to rise gradually to 0.824%.

Later in August, some enterprises continued to distribute cash dividends, resulting in slightly uneven funding conditions among banks. Short-term interest rates therefore remained relatively high, with the interbank overnight call loan rate standing at 0.823%.

In September, as market participants digested the outcomes of the monetary policy meetings of the Fed and the Bank, short-term interest rates fluctuated slightly, while the interbank overnight call loan rate edged down to 0.821%. Thereafter, factors such as two long holiday periods in October and typhoon-related disruptions in November led banks to adopt a generally conservative stance toward funding management, causing short-term interest rates to trend upward and the interbank overnight call loan rate to rise to 0.823% in November.

In December, as the end of the year approached, banks became more cautious in fund allocation amid seasonal liquidity pressures. However, through the Bank's open market operations, the interbank overnight call loan rate dropped modestly to 0.811%.

Money Market Interest Rates



Source: *Financial Statistics Monthly* (February 2026), CBC.

In respect of bills market rates, interest rate movements across all maturities were broadly consistent. Among them, the primary market rate on commercial paper with a maturity of 1-30 days slid from 1.73% in January to 1.59% in July. Thereafter, from August to November, the rate fluctuated within a narrow range of 1.59% to 1.62%. In December, the rate rose to 1.66% amid increased year-end funding needs.

Substantial Increase in Money Market Funds

Following several rounds of policy rate hikes by the Bank that began in March 2022, 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, supported by continued growth in AI demand, Taiwanese firms in the AI-related supply chain posted substantial revenue gains in 2025. In addition, uncertainty surrounding U.S. tariff policies affected technology firms' factory expansion plans, increasing their demand for highly liquid assets such as money market funds. This uncertainty also heightened volatility in financial markets, leading investors to show a stronger willingness to temporarily park capital in domestic money market funds.

At the end of 2025, there were a total of 35 money market funds in Taiwan, and the total assets stood at NT$1,235.7 billion with a marked increase of NT$356.3 billion or 40.52% from the previous year end.

With regard to portfolio composition, the largest use of funds was bank deposits with a share of 55.43% at the end of the year. Following bank deposits were short-term bills and repurchase agreements, accounting for 36.58% and 7.63% 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 (%)
2023	863.5	344.5	39.89	427.1	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
2025	1,235.7	684.9	55.43	452.0	36.58	94.3	7.63	4.5	0.36
2025/ 1	932.9	380.3	40.77	479.8	51.43	69.8	7.48	3.0	0.32
2	942.6	392.1	41.60	479.2	50.84	67.9	7.20	3.4	0.36
3	943.4	409.7	43.43	460.4	48.80	69.7	7.39	3.6	0.38
4	1,017.8	447.3	43.95	470.9	46.27	96.2	9.45	3.4	0.33
5	1,100.8	495.3	44.99	487.1	44.25	114.7	10.42	3.7	0.34
6	1,082.5	524.2	48.43	448.5	41.43	105.4	9.74	4.4	0.40
7	1,130.1	576.4	51.01	444.5	39.33	105.1	9.30	4.1	0.36
8	1,168.1	603.3	51.65	453.4	38.82	107.3	9.19	4.1	0.34
9	1,157.9	615.2	53.13	440.2	38.02	99.0	8.55	3.5	0.30
10	1,215.0	680.2	55.98	436.1	35.89	94.9	7.81	3.8	0.32
11	1,218.0	693.1	56.91	429.3	35.25	91.2	7.49	4.4	0.35
12	1,235.7	684.9	55.43	452.0	36.58	94.3	7.63	4.5	0.36

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