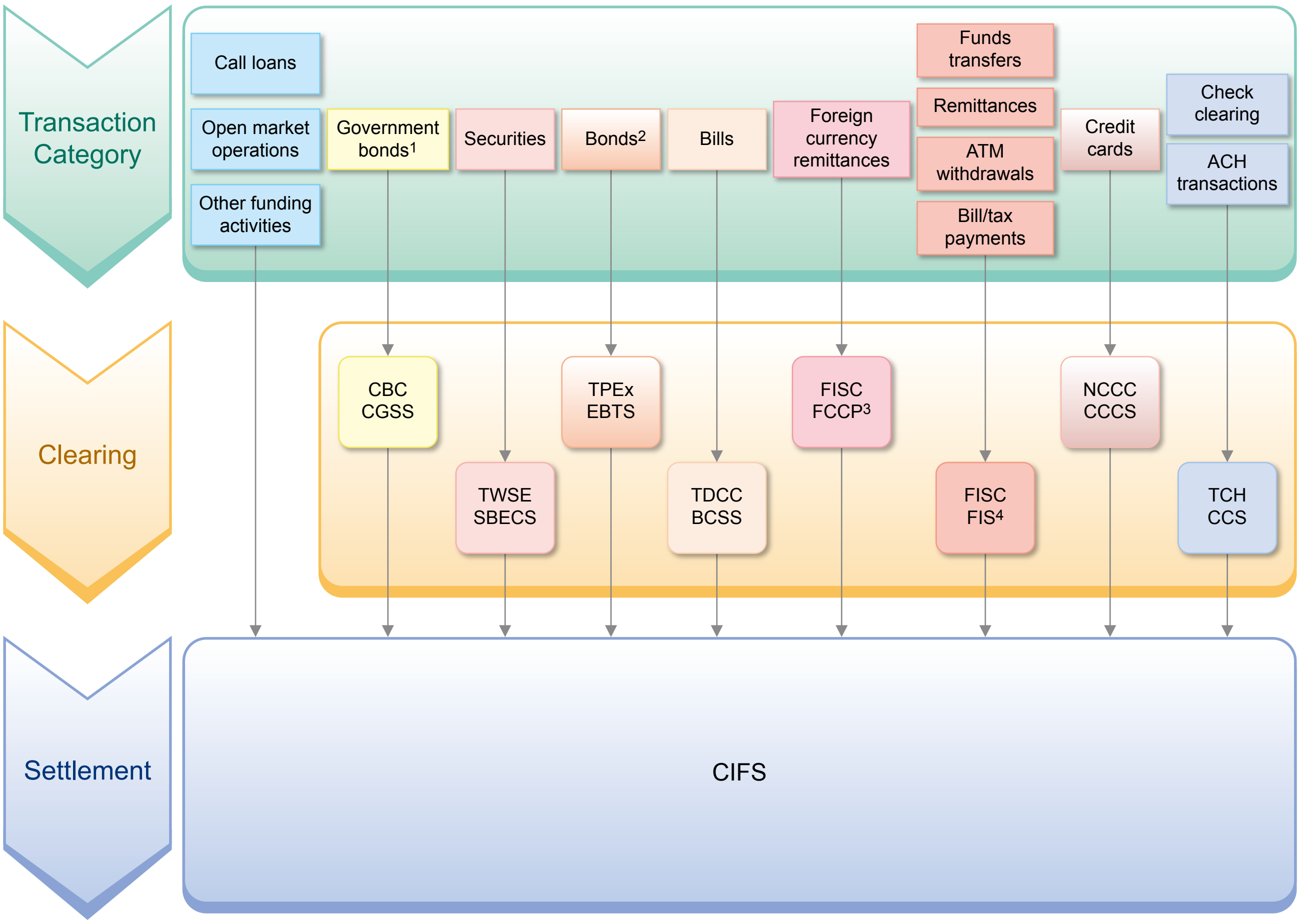
4. Payment and Settlement Systems

The Bank plays a crucial role in the functioning of Taiwan's payment and settlement systems, and operates the CBC Interbank Funds Transfer System (CIFS) and the Central Government Securities Settlement System (CGSS).

The CIFS serves as the hub of Taiwan's payment and settlement systems, linking the interbank clearing systems operated by the FISC, the Taiwan Clearing House (TCH), the National Credit Card Center of R.O.C. (NCCC), the Taiwan Depository and Clearing Corporation (TDCC), the TPEx, and the TWSE, as well as the CGSS, together to construct a comprehensive system.

Payment System Infrastructure



Notes: 1. Including DVP settlements for interbank transactions of central government bonds and treasury bills.
2. Including netting settlements for outright trades of government bonds, corporate bonds, and bank debentures.
3. The CIFS is responsible for settlements involving NT dollars, while settlements involving foreign currencies are performed by designated commercial banks.
4. The FISC's Financial Information System (FIS) has successively provided fast payment services on a 24/7/365 basis since 1991.

Source: Department of Banking, CBC.

Among Taiwan's payment and settlement systems, the Financial Information System (FIS), operated by the FISC, serves as Taiwan's retail fast payment system. Through the CIFS, financial institutions may pre-allocate funds from their A reserve accounts held with the Bank to the Interbank Funds Transfer Guarantee Special Account,[7] providing a guarantee for the real-time, transaction-by-transaction clearing and settlement of interbank payment transactions processed via the FIS.

In addition, the Bank monitors major payment systems based on the *Principles for Financial Market Infrastructures* released by the Bank for International Settlements (BIS) to ensure sound operation of these systems and to promote stability of the financial system.

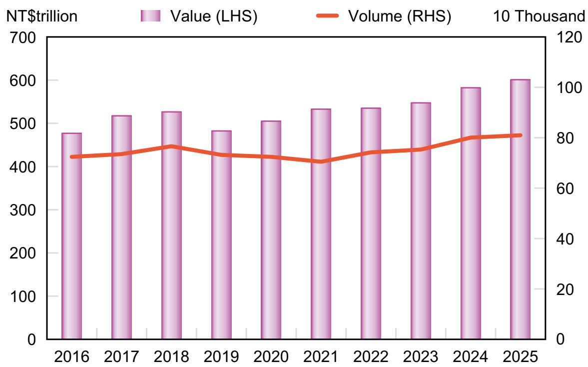
Operation of Payment and Settlement Systems

(1) Funds Transfers via the CIFS

As a large-value electronic funds transfer system, the CIFS not only deals with interbank funding, open market operations, and funds settlements in financial markets, but also provides interbank final settlement services for each clearing institution.

At the end of 2025, there were 85 participants of the CIFS, which included 70 banks, eight bills finance companies, Chunghwa Post, and six clearing institutions, namely the FISC, the TCH, the TDCC, the TWSE, the TPEx, and the NCCC. In 2025, the number of transactions via the CIFS was 814,809, and the amount of funds transferred totaled NT$600.6 trillion. Meanwhile, the daily average number of transactions via the CIFS was 3,312, increasing by 1.06% over the previous year, and the daily average amount of funds transferred was NT$2.4 trillion, rising by 2.78% from a year before.

Transaction Value and Volume of the CIFS



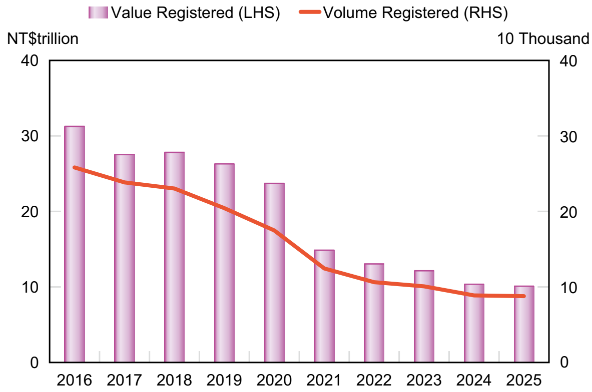
Source: Department of Banking, CBC.

(2) Transactions via the CGSS

Established in September 1997, the CGSS is a system for issuance, transfer, redemption, and interest payment of book-entry central government securities. Since its inception, central government bonds have been issued in book-entry form. Treasury bills were included in this system in October 2001 and have been issued in book-entry form ever since.

[7] To deal with the clearing and settlement of retail interbank payment transactions, the Bank agrees that all banks shall jointly open an Interbank Funds Transfer Guarantee Special Account at the Bank. It is a collective account consisting of individual sub-accounts designated for each participating bank.

Transaction Value and Volume of the CGSS



Source: Department of the Treasury, CBC.

Since April 2008, when the CGSS linked up with the CIFS, fund settlements, principal redemptions, and interest payments have been handled through the CIFS using a DVP mode. The DVP mode, promoted by the BIS, is an arrangement in a securities settlement system to ensure that securities delivery occurs at the same time as the funds transfer, effectively eliminating potential principal risk during the transaction process.

As of the end of 2025, there were 20 clearing banks with 1,648 branches that handled the registration of central government securities transfers. Transaction value and volume of the CGSS in 2025 were NT$10.1 trillion and 88 thousand transfers, respectively.

Oversight of Payment and Settlement Systems

To ensure sound operation of domestic payment and settlement systems, the Bank conducted the following oversight activities in 2025:

(1) Monitoring the Operation of the Large-Value Payment Systems

The Bank continued to monitor the operation of the large-value payment systems in 2025, and required improvement by those participating institutions which applied for the CIFS operation time extensions because of system malfunctions or other contingencies.

(2) Requiring Payment Institutions to Submit Information on Payment Business

Payment system operators and electronic payment institutions were required by the Bank to submit information about their operations and activities on a regular basis. The Bank also kept close watch on the progress of innovative services in the payment industry, and assisted in providing sound retail payment infrastructure.

(3) Supervising Contingency Drills Performed by Clearing Institutions

To ensure business continuity of payment and settlement systems, the Bank supervised clearing institutions enhancing measures for sustaining core business operations under disaster or extreme scenarios, including implementing manual backup mechanisms when system malfunctions occur. Furthermore, the Bank, together with participants of the CIFS, conducted drills for maintaining clearing and settlement operations in the event of network disruptions, ensuring that the backup systems would be activated promptly and that relevant personnel are familiar with contingency procedures.

(4) Performing Backup Drills with Clearing Banks

Since 2019, the Bank has supervised all clearing banks performing backup drills in the event of malfunction or line interruption of a CGSS participant's mainframe system. In October 2025, this drill was conducted successfully with all clearing banks.

(5) Urging Bills Finance Market Participants to Improve Contingency Mechanisms

The Bank continued to urge participating institutions in the bills finance market to strengthen contingency mechanisms for unscheduled holidays, such as typhoon days off. To this end, the Bank instructed the TDCC and the R.O.C. Bills Finance Association to examine and implement improvements from an institutional perspective, including revising operational guidelines for bills business on unscheduled holidays and optimizing related procedures.

(6) Organizing Conferences to Enhance Payment System Operation

The Bank invites the FSC and clearing institutions to jointly hold two conferences on "Promoting Sound Operation of the Payment Systems" every year. The conferences are convened separately by type of clearing institution. In 2025, the conference in May was held for securities clearing institutions such as the TDCC, the TPEx, and the TWSE, while the other one, held in November, was for payment clearing institutions including the FISC, the TCH, and the NCCC. During the conferences, the Bank urged clearing institutions to reinforce the resilience of payment systems and enhance manual clearing and settlement operations, so as to maintain business continuity of financial infrastructures and ensure that critical financial transactions can still be completed under extreme scenarios.

Urging FISC to Strengthen Retail Payment Infrastructure and Collaborate with Payment Service Providers in Promoting New Service Adoption

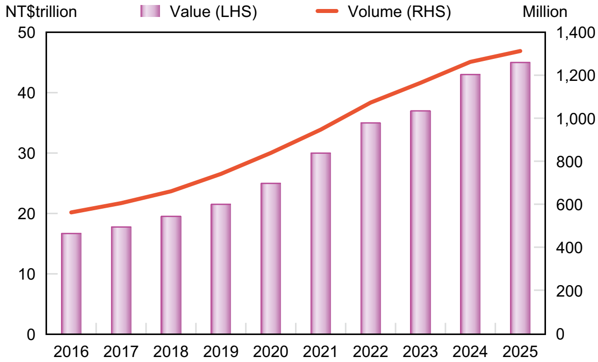
(1) Taiwan's retail payment system provides services such as interbank remittances, ATM withdrawals, funds transfers (including internet and mobile banking), shopping payments, and tax and bill payments. Except for the interbank remittance service, most of these services are available 24/7 through fast payment channels. In recent years, with the widespread use of mobile phones and the internet, demand for instant payments continued to rise, resulting in steady growth year by year in both the value and volume of retail fast payment transactions.

(2) The Bank urged the FISC to continue promoting the participation of electronic payment institutions in the "Common Platform for Electronic Payment Institutions," which provides services in four areas including funds transfer, tax e-payment, bill e-payment, and shopping e-payment,

so as to enhance information transmission and to facilitate transfer of funds between electronic payment institutions, as well as between electronic payment institutions and financial institutions.

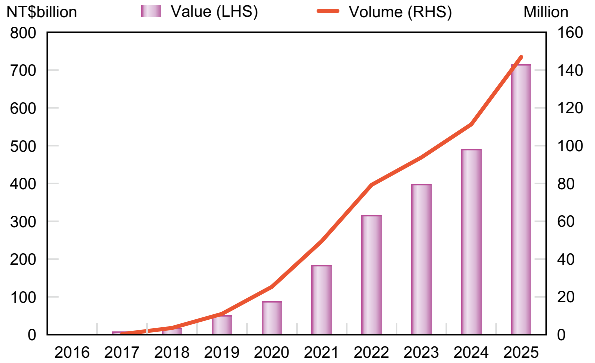
(3) To address the fragmentation of domestic retail payment systems and facilitate the use of a common QR code for payments, the Bank continued to instruct the FISC to collaborate with financial institutions and electronic payment institutions[8] to promote TWQR (a common QR code payment specification) and expand its application scenarios, so as to further foster the sound development of Taiwan's payment ecosystem. These efforts included encouraging retail merchants to adopt TWQR for shopping payments, developing and promoting a TWQR-based transit QR code, and advancing the TWQR-based cross- border shopping e-payment service in Japan and South Korea.

Transaction Value and Volume of Retail Fast Payments



Note: Retail fast payment transactions do not include interbank remittances which are not available on a 24/7 basis.
Source: FISC.

Transaction Value and Volume of TWQR



Note: TWQR was launched in October 2017.
Source: FISC.

Proceeding Steadily with the CBDC Research Project

CBDC includes both retail CBDC and wholesale CBDC. Globally, approximately 91% of central banks have engaged in CBDC-related work.[9] Major advanced economies, such as Japan and those in Europe, are currently at the research or experimentation stages. The Bank has also been advancing related initiatives in a prudent and steady manner, as outlined below:

(1) Retail CBDC: Given the wide range of convenient payment instruments currently available in Taiwan, there is no urgent need to issue a retail CBDC at this stage. Against this backdrop, in 2025, the Bank, building on the framework of the "retail CBDC prototype platform,"[10] established

[8] As of December 2025, a total of 44 financial institutions and 10 electronic payment institutions have adopted the TWQR standard.
[9] Illes, Anamaria, Anneke Kosse, and Peter Wierts (2025), "Advancing in Tandem – Results of the 2024 BIS Survey on Central Bank Digital Currencies and Crypto," BIS Papers No.159, August 22.
[10] The Bank completed the "retail CBDC technology experimentation" in 2022 and established the "retail CBDC prototype platform."

a "digital public infrastructure payment platform" and connected it with the Ministry of Digital Affairs' "common platform for government disbursements" to support various government disbursement operations. For example, in 2025, the Bank assisted the Hakka Affairs Council in issuing "Hakka Coin vouchers" and the Executive Yuan in implementing a one-off universal cash handout of NT$10,000, thereby effectively integrating resources across the financial system and relevant government agencies. Going forward, the "digital public infrastructure payment platform" can continue to facilitate government disbursements as needed.

(2) Wholesale CBDC: In response to the development of asset tokenization and to validate the BIS' "unified ledger" concept,[11] the Bank, together with the FISC and the TDCC, conducted experiments in 2025 on the use of wholesale CBDC to support the settlement of tokenized bond transactions. These experiments aim to explore the feasibility of jointly building a tokenized financial market infrastructure in the future.

(3) External communication activities: To better understand stakeholders' views on CBDC, the Bank held a total of nine face-to-face public hearings, forums, and briefing sessions in 2025.[12] These activities, which facilitated direct communication with stakeholders, provided valuable input for future CBDC-related policy formulation.

[11] A "unified ledger" integrates CBDC and tokenized assets (including tokenized bank deposits) into a single programmable platform, where CBDC serves as the core ledger of the platform and as the final settlement asset across systems, ledgers, and platforms.

[12] To facilitate stakeholders' understanding of the CBDC initiatives, animated videos were produced and presented at various events. For further details, please refer to the Bank's official YouTube channel: https://www.youtube.com/watch?v=pZwPwN_VtT8.