

7. Fiscal Agency Functions

The Bank acts as a banker to the central government as well as to other banks. As the fiscal agent of the government, the Bank provides various services for the Treasury, such as handling the treasury deposit account (TDA), managing central governmental agency deposit accounts, and undertaking the issuance, registration, redemption, and interest payment of central government bonds and treasury bills.

Managing the Treasury Deposit Account

The Bank manages the TDA on behalf of the Ministry of Finance (MOF), processing receipts and disbursements of the central government. For the convenience of government agencies and the general public, the Bank delegates the handling of treasury transactions to 13 financial institutions and their 358 branches, including three overseas branches located in New York, Los Angeles, and Paris. In addition, there are another 4,766 tax collection agencies set in financial institutions. In 2012, the Bank received a total of NT\$3,228.3 billion in treasury deposits, an increase of NT\$199.4 billion or 6.58 percent over the previous year. Payments made on behalf of the Treasury were NT\$3,211.1 billion, increasing by NT\$163.9 billion or 5.38 percent from 2011. At the end of 2012, the TDA balance was NT\$25.7 billion, significantly increasing by NT\$17.3 billion or 205.95 percent from the end of 2011, mainly owing to the funding operation considerations of the MOF.

Handling Central Government Agency Deposits

Central government agencies are required to make their deposits with the Bank or other delegated banks. However, the delegated banks are required by law to redeposit 60 percent of the deposits with the Bank, except those in interest-bearing accounts. At the end of 2012, the balance of central government agencies' deposits with the Bank amounted to NT\$141.7 billion, a decrease of NT\$31.6 billion or 18.23 percent over the previous year. Deposits with other delegated banks were NT\$446 billion at the end of 2012, a decrease of NT\$14.4 billion or 3.13 percent. Among them, redeposits with the Bank registered NT\$10.5 billion, merely decreasing by NT\$0.2 billion or 1.87 percent from the previous year end.

Managing Central Government Bonds

As a fiscal agent, the Bank provides services related to the issuance, registration, transfer, redemption, and interest payment of central government bonds. The Bank also conducts the auctions of central government bonds. There are 63 domestic dealers qualified to directly participate in the auctions, including 26 banks, 23 securities companies, eight bills finance companies, five

insurance companies, and Chunghwa Post Co.

In 2012, the Bank handled 19 issues of central government bonds in book-entry form worth NT\$665 billion and paid NT\$398.2 billion in principal and NT\$119.3 billion in interest for central government bonds. At the end of 2012, the outstanding amount of central government bonds was NT\$4,776.3 billion, an increase of NT\$266.7 billion or 5.91 percent from the previous year end.

Managing Treasury Bills

The Bank conducts the auctions of treasury bills, which are issued at a discount. Currently, direct bidders include banks, insurance companies, securities companies, bills finance companies, and Chunghwa Post Co.

In 2012, the Bank handled 10 issues of book-entry treasury bills with a total amount of NT\$265 billion. At the end of 2012, the outstanding amount of treasury bills was NT\$195 billion, an increase of NT\$14.7 billion or 8.15 percent from the previous year end.

Improving Operational Efficiency

To streamline treasury disbursements, the MOF and the Bank launched a mechanism of electronic transfer of treasury funds, which was effective from December 10, 2012. Thereafter, payments from the Treasury to the central government account and central government agencies' accounts were made online. Therefore, physical treasury check writing and deliveries have since become completely electronic, which has improved the operational efficiency of managing the TDA.