

## 7. Fiscal Agency Functions

The CBC fulfills its responsibilities as a banker to the central government as well as to other banks. As the fiscal agent of the government, the CBC offers services for the national treasury, such as handling the treasury deposit account (TDA), managing central government 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 CBC manages the TDA on behalf of the Ministry of Finance (MOF), processing receipts and disbursements of the central government. In order to provide convenient services for government agencies and taxpayers, the CBC delegates the handling of treasury business to 14 financial institutions and their 357 branches, including three overseas branches located in New York, Los Angeles, and Paris. In addition, there are another 4,796 tax collection agencies set in financial institutions. In 2015, the CBC received a total of NT\$3,264.3 billion in treasury deposits, an increase of NT\$107.6 billion or 3.41% over the previous year. Payments made on behalf of the national treasury were NT\$3,252.7 billion, increasing by NT\$82.7 billion or 2.61% from 2014. At the end of 2015, the TDA balance was NT\$21.7 billion, an increase of NT\$11.7 billion or 117% from a year earlier, 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 CBC or other delegated banks. However, the delegated banks are required by law to redeposit 60% of the deposits with the CBC, except those in interest-bearing accounts. At the end of 2015, the balance of central government agencies' deposits with the CBC amounted to NT\$169.5 billion, an increase of NT\$53.4 billion or 45.99% over the previous year. Deposits with other delegated banks were NT\$457.7 billion at the end of 2015, slightly increasing by NT\$2.1 billion or 0.46%. Among them, redeposits with the CBC registered NT\$11.4 billion, increasing by NT\$1.3 billion or 12.87% from the end of 2014.

### Managing Central Government Bonds

As a fiscal agent, the CBC provides services related to the issuance, registration, transfer, redemption, and interest payment of central government bonds. The CBC also conducts the auctions of central government bonds. There are 60 domestic dealers qualified to directly participate in the auctions, including 26 banks, 20 securities companies, eight bills finance companies, five insurance

companies, and Chunghwa Post.

In 2015, the CBC handled 19 issues of central government bonds in book-entry form worth NT\$605.3 billion and paid NT\$465.0 billion in principal and NT\$115.6 billion in interest for central government bonds. At the end of 2015, the outstanding amount of central government bonds was NT\$5,478.8 billion, an increase of NT\$140.3 billion or 2.63% from the previous year end.

### **Managing Treasury Bills**

The CBC also 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.

In 2015, the CBC handled eight issues of book-entry treasury bills with a total amount of NT\$233.7 billion. At the end of 2015, the outstanding amount of treasury bills was NT\$90 billion, a decrease of NT\$40 billion or 30.77% from the previous year end, mainly attributable to the lower borrowing needs of the government resulting from increased tax revenue.

### **Improving Operational Efficiency**

To enhance operational efficiency and the effectiveness of the treasury securities auction, the CBC upgraded the functions of the Electronic Bidding System for Central Government Bonds and Treasury Bills, and the updated system went online from August 3, 2015.