

## 7. Fiscal Agency Functions

The Bank serves as the fiscal agent of the government. It manages the Treasury Deposit Account (TDA), and central governmental agencies deposit accounts. It also undertakes the issuance and redemption of central government bonds and treasury bills.

### Managing the Treasury Deposit Account

The Bank acts as the government's bank and manages the TDA on behalf of the MOF. All receipts and disbursements of the central government are made through this account. The Bank delegates the handling of treasury transactions to 14 financial institutions and their 349 branches, including 5 overseas branches. There are another 4,474 revenue agent banks over the country, offering services to government entities and the general public. In 2006, the Bank received a total of NT\$2,494.4 billion worth of treasury deposits, a decrease of NT\$195.4 billion or 7.26 percent over the previous year. Payments made for the Treasury were NT\$2,526.5 billion, a decrease of NT\$141.2 billion or 5.29 percent. The outstanding balance in the TDA was NT\$40.9 billion, a decrease of NT\$32.3 billion or 44.13 percent from a year earlier.

### Handling Central Government Agencies Deposits

Central government agencies are required to deposit their money with the Bank or other delegated banks subject to the approval of the MOF. However, the delegated banks are required by law to redeposit a certain percentage of the deposits with the Bank, except those in interest-bearing accounts. At the end of 2006, the balances of central government agencies' deposits with the Bank amounted to NT\$144.3 billion, an increase of NT\$15.5 billion or 12.03 percent over the previous year. Deposits with delegated banks were NT\$425.9 billion, declining by NT\$2.7 billion or 0.63 percent. Re-deposits registered only NT\$19.4 billion, decreasing by NT\$1.4 billion or 6.73 percent from a year earlier.

### Managing Central Government Bonds

As a fiscal agent, the Bank, on behalf of the MOF, provides services related to the issuance, buyback, registration, redemption, and interest payment of central government bonds. The Bank also arranges auctions of central government bonds. There were 71 domestic dealers qualified to submit tenders to the Bank in the auctions. In 2006, the Bank arranged 12 issues of book-entry central government bonds with a total amount of NT\$440 billion. The weighted

average yields of successful bids for these 12 issues ranged from 1.720 percent to 2.131 percent per annum. In addition, the Bank paid a total of NT\$213.8 billion in principal and NT\$119.4 billion in interest payments for central government bonds during the year 2006. At the end of 2006, the outstanding amount of central government bonds was NT\$3,239.3 billion, an increase of NT\$226.3 billion or 7.51 percent from the previous year-end, and of which 99.76 percent were in book-entry form.

### **Managing Treasury Bills**

Treasury bills are sold at discounts through auctions. Participants are limited to institutions such as banks, investment trusts, insurance companies, bills finance companies, and the Taiwan Post Co. In 2006, the Bank arranged 2 issues of book-entry treasury bills with a total amount of NT\$45 billion. The weighted average yields of successful bids for these 2 issues were 1.517 percent and 1.715 percent, respectively. The outstanding amount of treasury bills at year-end 2006 was NT\$25 billion, representing a decrease of NT\$20 billion or 44.44 percent from the previous year-end.

