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Exploring the Development Trend of Virtual Assets and CBDC in Taiwan from the Perspective of International Supervision Development

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Abstract

The Financial Supervisory Commission of Taiwan positions virtual assets as “digital virtual commodities” and employ cautious supervision attitude, but other countries have clearly formulated system of supervision and rules. Although, virtual asset trading volume accounts for a small proportion of the world of Taiwan, and its connection lower with the real economy, it has nonsignificant effect on the payment system, financial stability, and the monetary policy of central bank, it is only by formulating anti-money laundering and investor protection rules, it still should be sorted out the development trend and subsequent impact of various types of virtual assets and stablecoin. If it is necessary to consider financial technology innovation and user protection, appropriate supervision methods should be established and norms, and established to establish positioning of virtual assets

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of Taiwan. After evaluating the feasibility of specific virtual assets as medium of exchange, that supervision system should be proposed according to the financial environment.

As for the CBDC, whether using centralized mechanism or distributed ledger technology, the priority should be given to consumer protection, ensuring investors are protected from fraudulent and misleading representations, and incorporating illicit financial supervision, national security considerations. Overall, the sources of financial stability have not changed significantly with the evolution of currency types. Although the use of material money, virtual assets or CBDC differs in the transmission speed of financial risks, the source of risks remains the same, it is around trust and asset prices. Especially, both virtual assets and CBDC are part of the development of financial technology, and their impact on the financial system depends on the supervisory attitude of the competent authority. Therefore, we should continue to design meticulous supervision system for virtual assets and CBDC, and then choose digital finance policy suitable for financial system of Taiwan.

Keywords: Financial Technology, Decentralization Ledger Technology, Virtual Asset, CBDC, Supervision Mechanism