

**Developments in the Law:
A Review of Financial Regulation: Global Perspective and
Local Reexamination**

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Abstract

During the first decade of the 21st century, Taiwan's financial development has been influenced by the trends of globalization and localization. From the perspective of globalization, the 2008 financial crisis set off the global financial reform; meanwhile, Taiwan and China have entered into the ECFA and Financial MOU in 2010. On the other hand, from the perspective of localization, the financial sector has long been subject to stringent supervision and the market is characterized by the over-banking phenomenon. In an effort to overhaul the financial system, Taiwan government had initiated the first and the second rounds of financial reforms. But public opinion differs as to whether such reforms were justified.

This paper aims to review the development of financial regulation in Taiwan over the last decade and offers suggestions for future reform. The second part describes the background of globalization and localization, including the international financial crisis, cross-strait economic cooperation framework agreement, Taiwan's financial industry consolidation, and the characteristics of local financial regulation. In addition, this paper explores the opportunities and threats of financial globalization and localization. The third part introduces the related party transactions controversy "Hung-Huo" and the structured debt incident. This paper also discusses the issues of financial consumer protection and the recently promulgated Financial Consumer Protection Law. In the

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conclusion section, this paper offers some observations and suggestions for Taiwan's financial reform.

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