



2024 FEIB Bankee Virtual Asset White Paper

INTRODUCTION

As the global digital economy rapidly rises, blockchain technology and virtual assets have become significant components of the modern financial market. The concept of Web3.0 has further accelerated this trend, with core ideas such as decentralization, digital democracy, and digital citizenship profoundly influencing financial service models. How Taiwan can seize opportunities in this global digital revolution to promote the sound development of the virtual asset market has become an urgent topic for discussion.

In September 2023, the Financial Supervisory Commission (FSC) announced the "Guiding Directions for the Administration of Virtual Asset Platform or Transaction Service Providers (VASP)." In June 2024, the industry established the VASP Association to promote self-regulatory development. These are significant milestones in Taiwan's virtual asset development. To further understand user persona and needs, FEIB's Bankee social Bank, on December 6, 2023, the "FEIB Bankee 2023 Virtual Asset Survey" press conference was held to publicly announce the survey results, revealing the understanding, investment preferences, profitability, information sources, and regulatory attitudes of various generations toward virtual assets.

In 2024, based on the survey results, FEIB further conducted industry and regulatory analyses and invited several key industry experts for interviews, including co-founder and TempoX Accelerator host Mike Lin,

editor-in-chief Jigglypuff and deputy editor-in-chief Luc of the world's most influential blockchain media BlockTempo, Chairman of the Taiwan VASP Association and BitoGroup founder Titan Cheng, founder and CEO of Modernity Financial Technologies, Ltd. (MaiCoin) Alex Liu, Honorary Chairwoman of the Taiwan FinTech Association Jaclyn Tsai, and Partner Attorney Yu-Hsun Li from PwC Legal. Their insights and suggestions provided valuable references and guidance.

The purpose of the 2024 FEIB Bankee Virtual Asset White Paper is to combine industry and regulatory analyses, quantitative survey results, and insights from expert interviews to help the public better understand the development trends of virtual assets; assist the industry in understanding the needs of virtual asset investors; and provide concrete policy recommendations to government agencies, pushing Taiwan towards becoming a Web3.0 asset management center.



Executive Vice President
Head of Digital Banking Group
FEIB

Simon Tai

A handwritten signature in purple ink, appearing to read "Simon Tai", written over a faint, larger purple outline of the same signature.



Regulatory and Industry Overview

As a new financial product, virtual assets have attracted significant attention and investment in both Taiwan and global markets. Taiwan, with its advanced technological foundation and enormous wealth of talent, is gradually becoming an important development hub for blockchain and virtual asset technology. As the digital economy rises, the application scenarios and investment value of virtual assets are increasingly apparent, and government regulatory policies are gradually adjusting with market development. This chapter will explore in detail the development history of Taiwan's virtual asset industry, current regulations, regulatory challenges, and international comparisons.

REGULATORY OVERVIEW

Since 2018, Taiwan has continuously introduced a series of policies and regulations for virtual asset regulation. Below is an overview of the major stages of evolution:

2018

Initial Regulation

In August 2018, the FSC renamed "virtual money" to "virtual currency" and required banks to ensure that VASPs adopt a real-name authentication for their platform users when handling VASP account openings, aiming to combat money laundering and financing of terrorism risks from the banking end.

2019-2021

Increasing Regulatory Requirements for VASP Providers

The FSC continued to strengthen compliance requirements for virtual asset service providers, promoting the implementation of Know Your Customer (KYC) and Anti-Money Laundering (AML) regulations. It required exchanges to submit regular reports and conduct on-site financial examination to ensure compliance and transparency of VASP operations. In July 2021, the FSC issued the "Regulations Governing Anti-Money Laundering and Countering the Financing of Terrorism for Enterprises Handling Virtual Currency Platform or Transaction," requiring Taiwanese businesses to submit statements, establish internal control and audit mechanisms, and conduct suspicious transaction reporting and real-name KYC procedures.

2022

Guiding Industry Compliance

By September 2022, 24 companies had completed AML compliance statements, indicating their obligation to comply with AML laws and implement required measures, including customer identification, record keeping, and reporting large and suspicious cash transactions, with penalties for violations. The FSC also gradually implemented special financial examination to encourage better compliance for the industry.

2023

Positioning the Industry

In 2023, the FSC issued the "Guiding Directions for the Administration of Virtual Asset Platform or Transaction Service Providers (VASP) " on September 26, covering aspects such as the separation of customer assets from company funds and the establishment of mechanisms for listing and delisting virtual assets, marking a significant milestone for Taiwan's virtual asset industry.

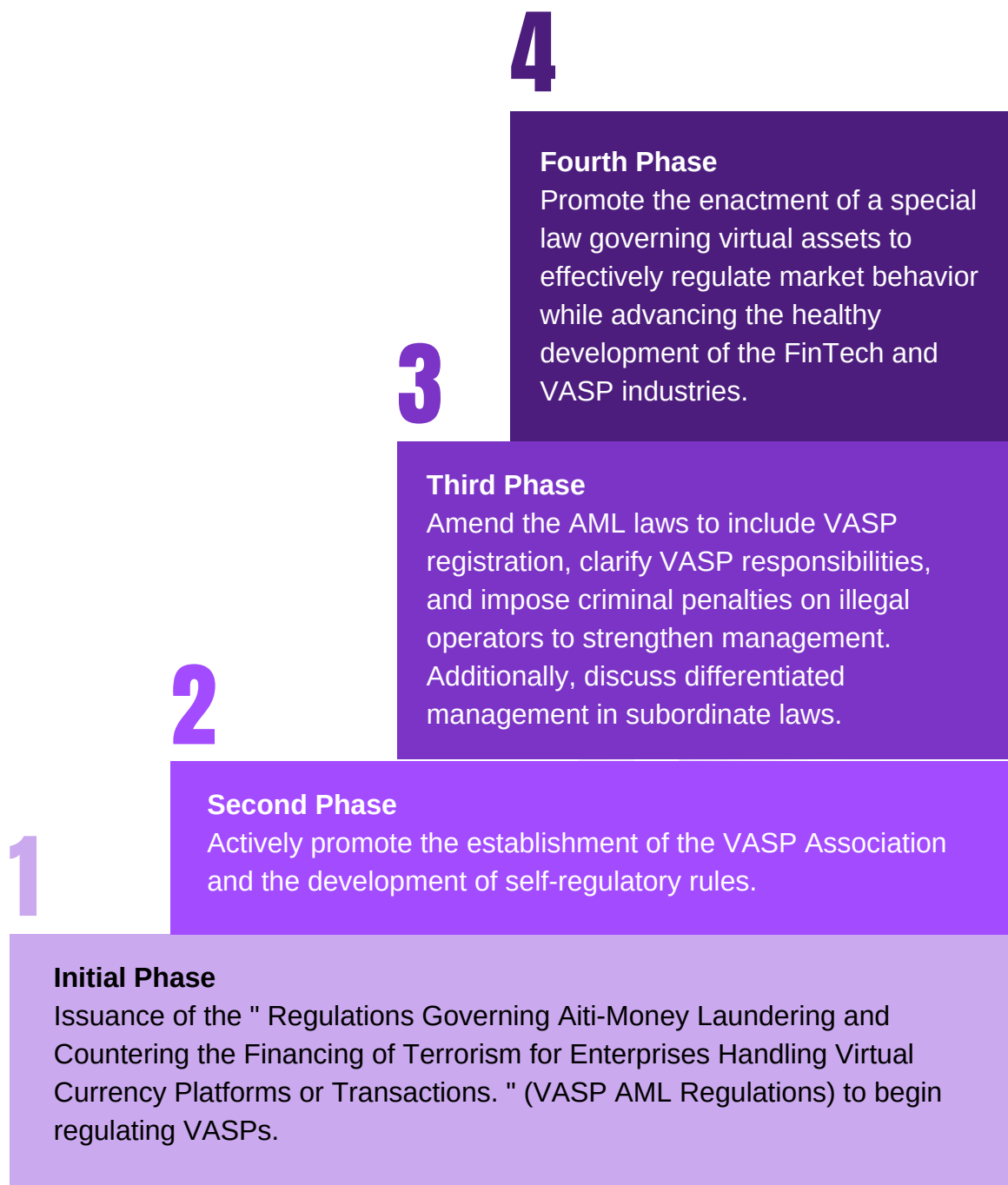
2024

Establishment of the VASP Association

To promote self-regulatory development in the virtual asset industry, Taiwan established the VASP Association on June 13, 2024, comprising 24 cryptocurrency companies. The association aims to develop self-regulatory rules and collaborate with government, judicial, and law enforcement agencies to combat fraud and other criminal activities within the industry. The establishment of the association signifies a step towards a more sound and regulated development of Taiwan's virtual asset industry.



THE FSC'S GRADUAL APPROACH TO REGULATING AND SUPPORTING THE VIRTUAL ASSET INDUSTRY



FOUNDING MEMBERS OF THE TAIWAN VASP ASSOCIATION

Type A - Tier 1

Company Name	Brand
Modernity Financial Technologies, Ltd.	MaiCoin & MAX
ACE Digital Innovations Co., Ltd.	ACE
HereWeBit Ltd.	Rybit
BAYLORD INTERNATIONAL TRADE CO., LTD.	XREX
BSTYLE TECHNOLOGY INC.	GoldBit
BitoPro Technology Co., Ltd.	BitoPro
HOYA BIT Digital Technology Co., Ltd.	HOYA BIT
BitstreetX Co., Ltd.	BitstreetX
British Virgin Islands WoHeng Technology Ltd. Taiwan Branch	WO HENG
GTECH INTERNATIONAL GROUP LTD	ZONE Wallet

Type A- Tier 2

Company Name	Brand
Chainss Ltd.	Chainss
Wootech Taiwan Limited	WOO Network
Bityacht Limited	Bityacht

Type B - Tier 1

Company Name	Brand
Hong Zhu Digital Limited	HzBit
Inworld International Management Consulting Ltd.,	CoinWorld

Type B - Tier 2

Company Name	Brand
Taiwan Zhijing Limited	Zhijing
ZomFast Limited*	ZomFast
AMPIRE RESEARCH CO., LTD.	BitShine
BitAsset Asia limited	BitAsset
TRAINS INTERNATIONAL LTD.	Trains
Hsiaho Co,Ltd	COINSHA
Young Family CO., LTD.	Buycoin
YiluFa Co., Ltd. *	YiluFa

Type C- Tier 1

Company Name	Brand
None	

Type C - Tier 2

Company Name	Brand
CYBAVO Inc.	CYBAVO

Founding Members: 24 Companies

- Type A-Tier 1: 10 companies
- Type A-Tier 2: 3 companies
- Type B-Tier 1: 2 companies
- Type B-Tier 2: 8 companies
- Type C-Tier 1: 0 companies
- Type C-Tier 2: 1 company

* Unofficially registered English company name, temporarily translated directly from the Chinese name.

GLOBAL CRYPTO REGULATION AT A GLANCE AND PERMISSIBLE BUSINESS ACTIVITIES

With the increasing global acceptance of virtual assets, governments around the world are developing relevant regulatory frameworks to oversee and promote this emerging market. Below is a comparison of the current regulatory status and permissible business activities for virtual assets in the United States, Europe, Singapore, Japan, South Korea, China, Hong Kong, and the United Arab Emirates. Compared to other countries, Taiwan does not have clear regulations for virtual asset businesses. This ambiguity makes Taiwan's current virtual currency industry regulations seem more flexible and promising from the perspective of foreign operators, especially when compared to other Asian countries. The government should adopt best practices from other countries and set clear rules. This will guide VASP operators and banks, helping Taiwan swiftly become a key global hub for virtual asset industry development.

 Permitted
  Not Permitted
  Not Yet Regulated

	Taiwan	United States	European Union	Singapore	Japan	South Korea	Hong-kong	United Arab Emirates
Recognize accounting fair value valuation/capital reserves								
Fiat money withdrawal/deposit services other than banks.								
Banks custody virtual assets								
Issuance of tokenized financial products								
Issuance of RWA (Real World Assets)								
Domestic investment and trading of virtual asset ETFs								
Cross-border remittances using virtual assets								
Issuance of Stablecoin								

Data Source: FEIB and BlockTempo

Data Update Time: June 30, 2024



2

Key Person Interviews: Summaries and Insights

This section features interviews with key figures in Taiwan's virtual asset ecosystem, including some of the most influential figures globally in the field of blockchain and virtual assets. Interviewees include co-founder and TempoX Accelerator host Mike Lin, editor-in-chief Jigglypuff and deputy editor-in-chief Luc of the world's most influential blockchain media BlockTempo, Chairman of the Taiwan VASP Association and founder of BitoGroup Titan Cheng, founder and CEO of Modernity Financial Technologies, Ltd. (MaiCoin) Alex Liu, Honorary Chairwoman of the Taiwan FinTech Association Jaclyn Tsai, and Partner Attorney Yu-Hsun Li from PwC Legal. Additionally, FEIB's Executive Vice President/Head of Digital Banking Group, Simon Tai, also shares his insights. These interviews provide deep insights into the development trends and future prospects of Taiwan's virtual asset industry from various industry leaders.

COMPLIANCE BRINGS TRUST, TRUST ENABLES ADOPTION: THE CRITICAL ROLE OF BANKS

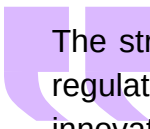
Risk Management and Trust: The Core Competitiveness of Banks

"Compliance brings trust, and trust enables widespread adoption," emphasized FEIB's Executive Vice President, Simon Tai. He believes that the banking industry, with over a century of experience, possesses the most mature and robust risk management in the market. This irreplaceable advantage can provide the virtual asset industry with the best know-how, building top-tier security mechanisms. FEIB's Bankee Social Bank has already collaborated with VASPs to develop anti-money laundering (AML) and fraud prevention mechanisms, focusing on four key areas: detection, notification, control, and improvement. This includes developing exclusive detectable patterns for AML and fraud specific to VASPs to monitor abnormal transactions in real-time. Additionally, they aim to establish a notification mechanism within the VASP ecosystem for immediate reporting and develop account management and customer management procedures for effective control. By implementing these joint AML and fraud prevention mechanisms with VASP, they aim to "open a new era of

virtual assets and create a new paradigm of safety and convenience." This will build a safer, compliant, and convenient trading environment for Taiwan's virtual asset users and establish a comprehensive ecosystem. The high level of government oversight on banks provides investors with profound "safety and trust," enabling them to engage in transactions with peace of mind, allowing VASP to focus more on their core business, with banks assuming the critical role of ensuring the security of money movement.



— Simon Tai, Executive Vice President
Head of Digital Banking Group, FEIB



The strengths of banks in risk management and asset custody, if leveraged by regulatory authorities through a negative list legal framework to promote innovation, can enable banks to lead market development in emerging fields.

— Simon Tai, Executive Vice President, Head of Digital Banking Group, FEIB

Encouraging Innovation through Negative List Regulation

As a nascent industry, everyone is still learning about virtual assets. Therefore, Simon Tai believes that a negative list regulation approach can effectively increase the potential for virtual asset development. In the past, positive list regulations tended to limit innovation, whereas a negative list approach, which sets boundaries upfront, allows banks to try new business innovations as long as they meet the basic requirements of AML, personal data protection and cybersecurity regulations. This approach can further promote innovation and development in the Web3 domain for banks.

Traditional finance has diverse development opportunities in Web 3.0

Simon Tai pointed out that banks, in addition to providing basic fiat money withdrawal/deposit service and trust services, have many other opportunities for innovative businesses. For example, banks can leverage their strengths in risk management and asset custody to offer safer and more reliable virtual asset custody services. They can also expand into areas such as quantitative trading, pledged loans, and derivative financial products. Moreover, with the establishment of a Real World Assets (RWA) task force by the FSC, Taiwan has

begun actively promoting RWA-related matters. Financial institutions with relevant backgrounds and experience will play a crucial role in providing investors with a more diverse range of financial products and services.

Support Financial Institutions Participation to Enhance Market Trust

FEIB is a pioneer in Taiwan's financial sector for virtual asset-related services, having laid multiple foundations years ago. Although there are now more participants in the market, this reflects the industry's vitality and diversity. The increase in participants signifies market progress and can foster more collaboration opportunities, particularly in risk management and technology development. Simon Tai believes that diverse cooperation can spark more innovation, further promoting the industry's healthy development.



Expert Insights

Aligning Taiwan with Global Standards - Recommended Directions for Efforts

- **Gradually Refine Regulatory Framework:** Taiwan should gradually refine the regulatory framework for virtual assets. This means continuously adjusting and enhancing based on market demands and international trends to ensure regulatory measures can effectively address market changes and risks. Additionally, clear legal frameworks and regulations should be established to provide explicit guidance, allowing virtual asset operators and investors to have legal references, promoting market stability and healthy development.
- **Encourage Innovation and Tolerate Errors:** Regulatory authorities need to have a tolerance for errors while encouraging innovation. This implies that while promoting new technologies and models, regulatory authorities should allow a certain degree of trial and error. This will enable operators to conduct innovative experiments in a safe environment, learn from mistakes, and ultimately develop mature and sustainable business models.

CHALLENGES AND OPPORTUNITIES IN TAIWAN'S VIRTUAL ASSET MARKET: SELF-REGULATORY RULES AND THE FUTURE OF RWA

As the digital economy rapidly evolves, the influence of virtual assets is growing globally. Taiwan, as a key technological hub in the Asia-Pacific region, is actively exploring the development of its virtual asset industry. The application of virtual assets spans various fields, such as collaboration with financial institutions and derivative trading. Titan Cheng, Chairman of the Taiwan VASP Association, focuses on the regulatory issues and trends that Taiwan currently faces and offers relevant views and suggestions.

Challenges of Self-regulatory rules and Anti-Money Laundering Establishing VASP Self-regulatory rules

Titan Cheng emphasized that with the rapid development of the virtual asset market, industry self-regulatory rules has become a crucial foundation for ensuring market stability and security. The VASP Association is committed to balancing regulation and innovation in the industry by formulating Self-regulatory rules to enhance market transparency and trust, laying a solid foundation for the act governing VASP. Businesses should adopt a tiered system based on their operational

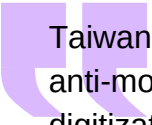
needs, but must reach consensus on several key points:

Real-Name Verification and AML Standards

Titan Cheng mentioned the importance of establishing unified real-name verification and anti-money laundering (AML) standards to help businesses integrate resources and build compliance infrastructure. Ensuring that all traders' identities are verified during

— Titan Cheng, Chairman of the Taiwan VASP Association and Founder & CEO of BitoGroup





Taiwan needs to find a balance between self-regulation and the challenges of anti-money laundering and fraud prevention while actively promoting the digitization of physical assets (RWA) to occupy a significant position in the international market. The combined efforts of the government, businesses, and associations will provide a solid foundation for the prosperity of Taiwan's digital economy.

— Titan Cheng, Chairman of the Taiwan VASP Association and Founder & CEO
of BitoGroup

transactions prevents anonymous trading. Implementing AML measures requires businesses to comply with AML standards, conduct customer identity verification (KYC), and monitor transactions to prevent money laundering and other illegal activities.

Industry Fraud Prevention Intelligence Platform

Titan Cheng proposed creating an industry-wide fraud prevention intelligence platform to enhance monitoring efficiency and preventive capabilities. This platform would use big data from business transaction records, risk control training models, and international currency flow analysis, and establish a joint reporting system with various departments. The aim is to facilitate smooth information exchange among virtual asset service providers, collaboratively develop currency and cash flow fraud models, and offer effective solutions for preventing fraud and money laundering, including mechanisms for prevention, detection, freezing, and recovery.

Development of RWA (Real-World Asset) Tokenization Significance and Potential of RWA

Titan Cheng explained that RWA refers to the trading and management of real world assets (such as real estate, art, and stocks) using blockchain technology. This trend is rapidly developing worldwide. Taiwan, with its robust technological foundation and blockchain technology development capabilities, can play a significant role in the RWA sector. With the growing demand from investors for diversified asset allocation, the RWA market in Taiwan holds vast development potential.

Conclusion

Titan Cheng believes that Taiwan has tremendous potential in the virtual asset industry, but also faces numerous challenges. By formulating and promoting self-regulatory rules, establishing an industry fraud prevention intelligence platform, and advancing the development of RWA, Taiwan is poised to occupy an important position in the global virtual asset market. The combined efforts of the government, businesses, and associations will provide a solid foundation for the healthy development of Taiwan's virtual asset industry, fostering the prosperity of the digital economy.

Expert Insights

Aligning Taiwan with Global Standards - Recommended Directions for Efforts

Titan Cheng suggests that the government should formulate relevant policies to encourage and support the development of RWA (Real-World Asset) and promote the digitization of real world assets. Specific strategies include:

- **Formulating Digitization Standards:** Ensure the security and reliability of the digitization process for real world assets.
- **Promoting Technological Innovation:** Support enterprises and research institutions in research and development related to blockchain technology and digital asset management.
- **Strengthening Market Regulation:** Establish a comprehensive regulatory framework to ensure the transparency and compliance of the RWA market.



CUSTODY OF FINANCIAL ASSETS BY INSTITUTIONS: PROMOTING MULTI-PARTY COOPERATION AND WIN-WIN SOLUTIONS

Self-Regulation to Provide Industry Flexibility

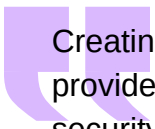
CEO Alex Liu emphasized that Taiwan's approach of prioritizing self-regulation before external regulation offers development space and flexibility for the industry. Although the current guidelines provide regulation, they also leave room for flexibility. Therefore, there should be a consensus with the Financial Supervisory Commission (FSC) on tiered management of businesses, categorizing trading platforms, custodial wallets, OTC desks, BTM, and C2C platforms according to their actual operational needs to ensure that different business scales/functions have corresponding operational costs. However, he also pointed out that the regulatory issue of foreign operators remains a challenge. He suggests that there should be a clear distinction between local and foreign operators, referring to the stringent regulatory policies of the United States, India, and the Philippines, to encourage transaction flows back to domestic exchanges.

Gradual Opening of Derivative Products

The attractiveness of diverse derivative product services provided by foreign operators to domestic investors is currently the biggest concern for Taiwanese operators. According to the guidelines, Taiwanese VASP operators are not allowed to offer derivative products or stablecoin-related services, while foreign operators continue to provide such services. The government has no specific regulations or penalties for foreign operators offering derivative products. Is this fair to domestic operators? To enhance the international competitiveness

– Alex Liu, Founder and CEO of Modernity Financial Technologies, Ltd (MaiCoin)





Creating a TWD stablecoin requires collaboration among exchanges, wallet providers, banks, and accounting firms to ensure transaction transparency and security.

– Alex Liu, Founder and CEO of Modernity Financial Technologies, Ltd.
(MaiCoin)

of local operators who comply with regulations, consideration should be given to opening up collaboration between domestic and foreign operators and gradually allowing Taiwanese VASP operators to offer derivative product trading services, such as ETFs, perpetual contracts, and dual-currency options. This would positively develop Taiwan's virtual currency industry and promote it on the international stage.

Custody of Virtual Assets by Financial Institutions

In the regulatory discussion of the virtual currency industry, "protecting user assets" is one of the key points. Custody of virtual assets is a significant concern for regulatory authorities. Alex Liu believes that most VASP's fiat currencies need to be entrusted to banks for custody. Banks, to a certain extent, are trusted by regulatory authorities and users. Therefore, financial institutions should be entrusted with the custody of virtual assets. Blockchain technology companies could provide financial institutions with solutions, allowing them to offer virtual asset wallet custody services. This would be a multi-party cooperative and win-win model that meets the regulatory authorities' expectations for "separating company and user assets" and enhances investor trust in virtual currency operators. It would also deepen the collaboration

between operators and banks and indirectly encourage financial institutions to provide broader financial services.

The Significance of Developing TWD Stablecoins

Alex Liu specifically mentioned that stablecoins should primarily be used for payments rather than investments. Given Taiwan's economic structure, which heavily relies on import and export trade, stablecoins could help Taiwanese enterprises improve transaction efficiency and reduce exchange costs. This would give Taiwan a chance to hold a significant position in the international financial market and promote the development of the local fintech ecosystem. However, creating a market environment trusted by investors is crucial. This requires collaboration among exchanges, wallet providers, banks, and accounting firms to ensure the transparency and security of transactions.

Expert Insights

Aligning Taiwan with Global Standards - Recommended Directions for Efforts

Taiwan's technological talent has always been one of the top choices for global enterprises. However, the market size and political climate of Taiwan in recent years have not made it the first choice for many international corporations. The market size of virtual currencies remains the biggest challenge for Taiwanese VASP operators. Opening up the market for virtual currency derivative products could attract more participation from both individuals and enterprises, potentially expanding the market.

Additionally, allowing deeper cooperation between VASP operators and traditional financial institutions is crucial. VASP operators, with their expertise in virtual currencies and blockchain technology, combined with the established services and customer base of financial institutions, could

drive more concrete results in Taiwan's financial innovation, enhancing its presence on the international stage.

While Taiwan's current virtual currency industry regulations are relatively flexible and friendly compared to other Asian countries, the regulatory mechanisms related to KYC (Know Your Customer) and AML (Anti-Money Laundering) must adhere to international standards or even exceed them to prevent financial crimes and protect investor interests. Many fraud and money laundering cases are conducted through platforms of foreign operators. If the government does not more actively regulate foreign operators, it will not only harm the image of the virtual currency industry but also hinder the development of financial innovation in Taiwan.

A NEW CHAPTER IN TAIWAN'S VIRTUAL ASSET REGULATION

ANALYSIS OF REGULATORY EVOLUTION AND MARKET OPPORTUNITIES

Regulatory Framework for Virtual Assets

In June 2024, the Financial Supervisory Commission (FSC) announced that it will actively supervise industry associations to develop self-regulatory rules based on guiding principles. The FSC will also participate in establishing these self-regulatory rules to enhance customer rights and protections. Through the healthy development of the industry, the FSC aims to address various risks and challenges faced by the virtual asset industry.

According to the FSC's plan, besides amending the Anti-Money Laundering Act, a draft of the "act governing VASP" is expected to be proposed by the end of 2024. This draft will be submitted to the Executive Yuan for review in June

2025 before it is sent to the Legislative Yuan for the legislative process. Until the Act passes the third reading in the Legislative Yuan, the industry will rely on self-regulation for over a year. Therefore, in addition to continuously monitoring the progress of the Act, it is necessary to consider the applicability and extension of existing regulations to virtual asset transactions and/or investor protection. This will provide a certain level of protection to virtual asset investors before the Act is officially enacted.

Accounting and Tax Issues Involving Virtual Assets

Due to the diverse nature of virtual assets and the unique characteristics of transactions, there are classification issues

Taiwan needs to establish a comprehensive legal framework and delve into issues such as accounting and taxation, stablecoins, and the tokenization of real world assets to ensure Taiwan's competitiveness and security in the global virtual asset market.

– Yu-Hsun Li, Partner Attorney at PwC Legal



in accounting treatment and tax regulations for virtual assets. Different countries have significantly different approaches to these emerging assets. Currently, countries using IFRS do not have a unified standard for the accounting treatment of virtual assets, and discussions on how to classify and measure virtual assets under the IFRS framework are ongoing. In terms of tax issues, the United States, the European Union, and other regions introduced new tax information reporting requirements for crypto asset brokers and other intermediaries in 2023 to enhance the transparency of tax information for crypto asset transactions. Examples include the U.S. 6045 Act and the EU DAC8. In June 2023, the OECD also released the Crypto-Asset Reporting Framework (CARF). To address the rise of new financial products linked to crypto assets, the OECD simultaneously revised the Common Reporting Standard (CRS) to include these types of products. However, the large and diverse participation in the virtual asset market, the complexity of related products, and the significant price volatility present extensive and complex reporting information requirements for crypto asset brokers and intermediaries. Besides clarifying the reporting scope and establishing appropriate due diligence procedures, it is crucial to consider how to use digital tools and information systems effectively to confirm investor virtual asset account balances and transaction amounts, thereby determining the taxable amount for investors.

Issues Related to Stablecoins

Generally, stablecoins, with their value linked to specific fiat currencies, are more suitable as payment tools or collateral compared to other types of virtual currencies or assets. Stablecoins can be broadly divided into central bank-issued digital currencies and privately issued stablecoins (e.g., USDC or USDT). The former is strictly controlled by central banks, resulting in relatively limited value fluctuations and risks, while the latter relies on proper stabilization, collateral, and custody mechanisms to maintain stable links to their expected fiat currency. If an operator plans to issue stablecoins linked to the New Taiwan Dollar, the aforementioned mechanisms should also be regulated.

Tokenization of Real World Assets

Beyond the regulatory and consumer protection issues inherent to virtual assets, the FSC has recently focused on the tokenization of real world assets. Therefore, when considering the regulatory framework for virtual assets, it is also necessary to think about whether and how to regulate tokens generated from the tokenization of real world assets and the related trading and custody issues to ensure the completeness of relevant legal systems.

Expert Insights

Aligning Taiwan with Global Standards - Recommended Directions for Efforts

1. Virtual asset transactions are not limited by national borders or geographic constraints. Therefore, appropriate regulatory strategies should be sought from a cross-border perspective. Consider collaborating with regulatory authorities in neighboring countries on virtual asset oversight to ensure regulatory effectiveness.
2. Recently, the FATF has highlighted the risks associated with P2P virtual asset transactions, and some countries have begun requiring VASPs to monitor P2P transactions. Therefore, the regulation of VASPs should also consider the risks of P2P transactions.
3. The EU, UK, Japan, and Singapore have all revised relevant laws in 2023 to introduce regulatory guidelines for stablecoin issuance. In this context, our regulatory authorities should also reconsider the nature of stablecoins and their potential as financial instruments, and subsequently plan a stablecoin regulatory framework.



ESTABLISHMENT OF SELF-REGULATORY GUIDELINES BY THE ASSOCIATION: ATTORNEY TSAI DISCUSSES REGULATORY EFFECTIVENESS

Rapid Growth of the Global Virtual Asset Market

Leveraging the advantages of decentralization and transcending national borders and time zones, the virtual asset market has rapidly expanded, becoming an undeniable global trend. According to Coinbase's "2024 Crypto Market Overview Report," the global crypto market value doubled in 2023, indicating a market recovery. In this context, governments worldwide, including Taiwan, have strengthened their regulation of virtual asset businesses.


Initial Success of Self-Regulatory Rules

Taiwan's regulation of virtual assets began with anti-money laundering measures and gradually expanded to other financial regulatory areas. Attorney Jaclyn Tsai pointed out that the Financial Supervisory Commission (FSC) took a significant step in September 2023 by issuing the "Guidelines for Virtual Asset Platforms and Trading Businesses." These guidelines cover information disclosure, asset segregation management, cybersecurity, and market trading order maintenance, providing operators with fundamental business operation guidance.

Additionally, Jaclyn Tsai emphasized that promoting the establishment of associations and formulating self-regulatory guidelines are also part of the FSC's regulatory strategy. As operators become more familiar with relevant regulations, the FSC plans to implement a registration system for virtual asset operators and impose criminal penalties on entities engaging in regulated activities without permission. This gradual, self-regulatory approach not only helps stabilize the market but also effectively prevents financial crimes and protects investors' interests.

— Attorney Jaclyn Tsai, Honorary Chairwomen of the Taiwan FinTech Association





Taiwan's gradual regulatory strategy and collaboration between the public and private sectors promote the healthy development of the virtual asset market.

— Attorney Jaclyn Tsai, Honorary Chairwomen of the Taiwan FinTech Association

Achieving Consensus through Thorough Discussion among Industry Operators

Jaclyn Tsai stated that Taiwan's major virtual asset operators have consistently supported fair and reasonable regulatory measures. Following the issuance of guidelines by the Financial Supervisory Commission (FSC), operators actively organized the association, applying to the Ministry of the Interior on December 21, 2023, for the formation of the "Taiwan VASP Association," which was approved on March 25, 2024. The association was officially established and registered on June 13, 2024.

During the preparation period, due to the diverse business models and scale differences among virtual asset operators, there were not always consistent positions among the various operators. However, these differing stances and opinions led to more thorough discussion and communication, resulting in a consensus that positively motivated the entire industry. Jaclyn Tsai cited an example where the association categorized its members based on the number of employees and capital amount, encouraging operators to expand their scale and capital investment, thereby enhancing their compliance capabilities.

Actively Looking Forward to the Future of the Virtual Asset Market

Looking ahead, Jaclyn Tsai stated that the growth trend of the virtual asset market cannot be ignored. The FSC's gradual and self-regulatory approach to regulation demonstrates trust and support for the industry. After the association's establishment, it will follow the FSC's directives to promote self-regulatory rules and serve as a communication bridge between virtual asset operators and the government, facilitating policy transmission and business development. These developments are expected to have a positive impact on the entire industry and are worth anticipating.

In conclusion, Taiwan's efforts to promote compliant operations in the virtual asset sector, supported by cooperation between the public and private sectors and a gradual regulatory approach, showcase a balanced wisdom between innovation and risk. This positions Taiwan to potentially become a model for global Fintech regulation.



Expert Insights

Aligning Taiwan with Global Standards - Recommended Directions for Efforts

Currently, the Financial Supervisory Commission (FSC) may consider that regulatory measures are still in the developmental stages and not yet fully refined. From the perspective of risk control and consumer protection, the FSC maintains a relatively conservative attitude towards certain virtual asset businesses. For example, according to the guiding principles, businesses are prohibited from engaging in derivative financial product trading based on virtual assets and from issuing stablecoins. These business restrictions may affect the willingness of foreign operators to set up bases and conduct business in Taiwan.

However, as the regulatory framework gradually improves and compliance becomes a common practice within the industry, it is expected that the FSC will progressively open up virtual asset businesses, promoting the alignment of the Taiwanese market with international standards.



TAIWAN'S NEW VIRTUAL ASSET REGULATORY STRATEGY

Flexible Taxation and International Cooperation to Lead the Future

Mike Lin, co-founder of BlockTempo and host of TempoX Accelerator, mentioned that clear regulatory standards are crucial for attracting the international market to develop in Taiwan. Creating an attractive regulatory environment is essential.

Flexible Taxation Enhances International Appeal

Currently, several regulatory recommendations need adjustments: First, there needs to be a more open development environment with supportive measures, such as allowing more local financial institutions to cooperate with domestic and foreign VASPs to provide faster and more convenient deposit and withdrawal services, and offering a good KYC experience for foreign individuals.

Additionally, there should be a more defined regulatory framework and taxation mechanism. Clear rules can ensure industry compliance and provide better protection for users and consumers. Mike suggested that Taiwan should refer to the regulatory paths of Hong Kong or Singapore. By establishing a clear licensing system and virtual asset rules under limited openness and regulation, coupled with policies open to foreign investments, Taiwan can attract international capital, companies, and talent, fostering healthy competition among local businesses and promoting the growth of the virtual asset industry.

The design of cryptocurrency taxation is crucial for attracting international capital. Meanwhile, regulatory standards must understand the needs of different sectors to facilitate local businesses expanding abroad and foreign businesses establishing a presence in Taiwan.

— Jigglypuff, Chief Editor, BlockTempo
Editorial Department



Current Limitations of Self-Regulation

Editor Jigglypuff pointed out that the current VASP guidelines only regulate traditional virtual currency exchanges and individual traders but do not consider other blockchain industry roles, which might hinder the development of blockchain startups. For example, technology companies and Web3 DAO organizations may pay rewards in token form, a practice that is becoming more common. However, some tokens, like meme coins, do not have a clear reward value.

In Taiwan, for instance, a certain trendy brand once issued NFTs as employee rewards. These NFTs were not listed on exchanges but had functional or artistic value and gradually gained market value. Even if the issuing organization did not list these tokens on centralized exchanges (CEX), as long as they exist in token form, there may be liquidity providers, and some might offer liquidity and trading markets on decentralized exchanges (DEX). If these situations are not clearly regulated, local companies might be squeezed out, forcing them to turn abroad to avoid taxes and regulations or even relocate to other countries.

Additionally, legitimate companies applying for power mining and selling cryptocurrencies, like proof-of-work mining companies, are often invested in by green energy companies, combining intermittent power mining with environmental principles. However, the current VASP self-regulation ignores this part.

For example, mining companies like BitDeer providing virtual asset computing

power platforms and trading services in Taiwan—do they need to comply with VASP regulations? The FSC might think Taiwan has no such operators, thus not needing regulation. But since 2017, there have been underground mining operators in Taiwan who do not dare to operate publicly due to unclear regulations, even developing to a listed scale.

Challenges for Foreign Operators Establishing in Taiwan

Deputy Editor Luc praised the structure and system design of local VASP operators, particularly the concepts of "industry classification" and "tiered membership." Given the diverse nature of crypto-related businesses, some companies do not directly participate in trading businesses, such as mining companies wishing to join the association in the future. Currently, the association has a preset "industry classification" membership plan, which will certainly be effective in the future.

Industry classification may include: cryptocurrency mining, related basic technology research and development, related hardware manufacturers, trading investment advisors, registered DAO legal entities, etc.

Regarding whether domestic VASP operators will resist foreign operators "landing," Luc shared his observations from a media perspective: Domestic operators inevitably have this mindset. On the one hand, they worry that well-funded large foreign operators with reputations in the user community will take away customers once they legally operate on the ground. On the other hand, some

foreign operators have already allowed domestic users to register and operate before the domestic special law was introduced. If these operators officially land, it may change the discourse power within the industry. Additionally, foreign operators' shareholders and funds are mostly from abroad, differing from the domestic funding paths of local operators, with different goals.

These observations do not suggest that domestic operators reject foreign ones but highlight potential concerns. Overall, domestic crypto operators are open-minded. As a new field of fintech, they do not fear healthy competition, and a friendly cooperative atmosphere is prevalent.

In practice, whether there should be a certain window period for industry classification in the VASP association's planning after foreign operators land is something the association can try. Moreover, whether the FSC or future Fintech Bureau can fully communicate with foreign operators and conduct comprehensive background checks on funds will be a significant challenge ahead.

Expert Insights

Aligning Taiwan with Global Standards - Recommended Directions for Efforts

In the highly competitive global virtual asset market, Taiwan needs to create an attractive regulatory environment. Clear regulatory standards and a robust taxation mechanism, combined with the collaboration between local financial institutions and both domestic and international exchanges, will be key to attracting international capital and talent.

It is recommended that a future establishment of a Fintech Bureau should strengthen regulation and enhance the licensing system for the virtual asset industry. This would promote healthy competition and cooperation between local and foreign operators, driving the healthy development of the virtual asset industry.



3

Quantitative Survey Analysis

The purpose of this quantitative survey was to gain an in-depth understanding of Taiwanese people's awareness and investment in virtual assets. FEIB commissioned the National Chengchi University FinTech Research Center, in collaboration with co-organizer BitoGroup, to conduct a survey on the use of virtual assets among Taiwanese consumers. Through data analysis, the survey examined the behaviors and attitudes of different groups in virtual asset investments, providing valuable insights to help investors and policymakers better understand and engage with the virtual asset market.

2023 VIRTUAL ASSET SURVEY

Survey Methodology: The survey was conducted through online questionnaires, collecting a total of 3,434 valid samples. The survey period was from September 20, 2023, to October 6, 2023. The samples were drawn from diverse groups, including FEIB Bankee customers, Taiwan BitoExchange customers, social media users, and students, ensuring the diversity and representativeness of the data.

3,434

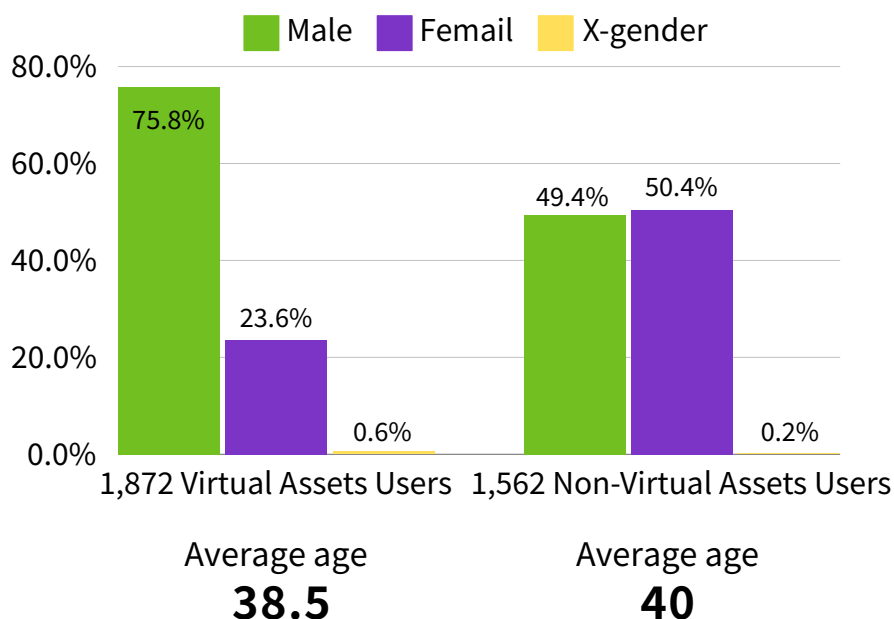
samples

2023/9/20 - 2023/10/6

Gender and Age Structure of Investors

The survey results indicate that among virtual asset holders, 75.8% are male, 23.6% are female, and 0.6% identify as X-gender, with an average age of 38.5 years. In contrast, among those who do not hold virtual assets, 49.4% are male, 50.4% are female, and 0.2% identify as X-gender, with an average age of 40 years.

These data show that virtual asset holders are predominantly male and relatively younger, while non-holders have a more balanced gender ratio and are slightly older.



Deeper Knowledge, Greater Enthusiasm

Investors who own virtual assets show significantly higher familiarity and investment willingness towards virtual assets compared to those who do not. Owners of virtual assets exhibit a more positive attitude towards the market and demonstrate higher investment willingness. Conversely, non-owners tend to have lower familiarity and investment enthusiasm.

	Virtual Assets Users	Non-Virtual Assets Users
Familiarity Index	6.49	3.56
Investment Willingness Index	7.56	5.22

1: completely unfamiliar/unwilling
10: completely familiar/willing

Profile Analysis of Virtual Asset Investors

Further analysis of investors reveals several key characteristics of Taiwanese virtual asset investors:

- **Investors with Assets Over NT\$3 Million:** 7% of investors have assets exceeding NT\$3 million, indicating the presence of high-net-worth individual investors in the market. These investors have a significant influence on the market.
- **Investment Concentration Ratio:** 13% of investors allocate more than 50% of their total assets to virtual assets, demonstrating their high confidence and strong commitment to the virtual asset market.
- **Winner Investors:** 63% of investors have made profits from their virtual asset investments, indicating that a majority of investors achieve positive returns, reflecting the market's robust growth potential.

High-Value
Clients Ratio

7%

Investment
Concentration
Ratio

13%

Winner
Ratio

63%

High value client Ratio: with virtual asset holdings of more than NT\$3M

Investment concentration Ratio: virtual assets account for more than 50% of total assets

Winner Ratio: people who make profits from holding virtual assets

GEN Z 1997~2012

Native of Virtual Assets

According to survey data, Generation Z's investment behavior and attitudes in the virtual asset market exhibit distinct characteristics.

■ Gen Z ■ ALL

1 High Investment Concentration

Virtual Assets up to 50%



According to the survey, 22.4% of Generation Z investors allocate more than 50% of their investment portfolio to virtual assets. In comparison, only 12.5% of overall investors do the same. This demonstrates Generation Z's significant emphasis and trust in virtual assets.

3 Preference for Futures Contract

Contract Trading Ratio



61.9% of Generation Z investors prefer contract trading, significantly higher than the 38.7% of overall investors. The high-risk, high-reward nature of contract trading appeals to Generation Z, who have a keen interest in leveraging to maximize investment returns.

2 Have a Soft Spot for Virtual Assets

Invest in Virtual Assets Only



13.8% of Generation Z investors exclusively invest in virtual assets, compared to just 5.2% of overall investors. This indicates a high level of interest and dedication among Generation Z, with a greater willingness to allocate all their funds to this emerging market.

4 Enthusiasm for Memecoin

Memecoin Ratio



54.8% of Generation Z investors show a high level of interest in memecoins (such as Dogecoin), significantly higher than the 38.2% of overall investors. The high volatility and social media-driven popularity of meme coins make them a favored choice among Generation Z investors.

GEN Z 1997~2012

Native of Virtual Assets

According to survey data, Generation Z's investment behavior and attitudes in the virtual asset market exhibit distinct characteristics.

■ Gen Z ■ ALL

5 Emphasis on Self-Research

Self-Research Ratio



57.5% of Generation Z investors place a high value on self-research, compared to 48.2% of overall investors. This shows that Generation Z is more inclined to acquire investment knowledge through self-learning and research. They utilize various online resources, such as social media, forums, and professional websites, to gain a deeper understanding of the virtual asset market and the latest trends.

Generation Z's investment behavior and attitude show a high level of interest and focus on virtual assets. They are willing to take on higher risks, pursuing high returns through contract trading and meme coin investments. Additionally, Generation Z places significant importance on self-research, relying on their learning and exploration to make investment decisions. These characteristics make Generation Z a crucial driving force in the virtual asset market, providing a solid foundation for the market's future development.

GEN Y / Millennials 1981~1996

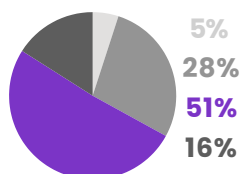
The Mainstream Investors in Virtual Assets

According to the latest survey data, Generation Y exhibits the following behaviors and attitudes in the virtual asset market:

1 Over Half of Crypto Users Comprises Gen Y

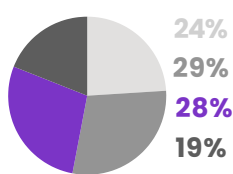
51% of Generation Y hold virtual assets, which is significantly higher than their representation in Taiwan's overall population structure. This highlights the important role Millennials play in the virtual asset market.

Holder of Virtual Assets



■ Baby Boomer
■ Gen Y

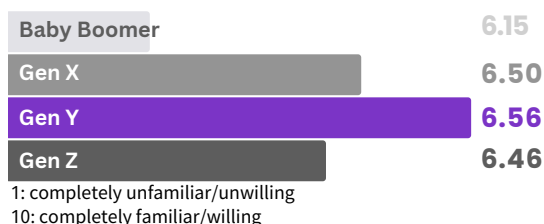
Population in Taiwan



■ Gen X
■ Gen Z

2 High Investment Willingness

Investment Willingness Index



Survey results indicate that Generation Y have a relatively high willingness to invest in virtual assets, with an Investment Willingness Index of 6.56 (out of 10). In comparison, Generation X has an index of 6.50, and Generation Z has an index of 6.46. This shows that Generation Y have a strong interest in virtual asset investment and perceive it as a promising investment tool.

GEN Y / Millennials 1981~1996

The Main Force in Virtual Assets

According to the latest survey data, Generation Y exhibits the following behaviors and attitudes in the virtual asset market:

3 More Familiar with Virtual Assets

Familiarity Index



1: completely unfamiliar/unwilling
10: completely familiar/willing

Generation Y have the highest Familiarity Index with virtual assets, scoring 5.23 out of 10. This indicates that Millennials have a significant understanding and knowledge of virtual assets, showing their willingness to spend time and effort learning about this emerging market.

Generation Y, also known as Millennials, are the mainstay of the virtual asset market. Growing up during a time of rapid internet development, their first jobs were closely tied to the web. Millennials trust decentralized digital assets. Statistics show that the proportion of Millennials holding virtual assets far exceeds that of other generations. To them, virtual assets are not just investment tools but also symbolize the new future of finance intertwined with technology. They believe in the enormous potential of virtual assets, which can not only provide financial returns but also drive future financial innovation.

GEN X 1965~1980

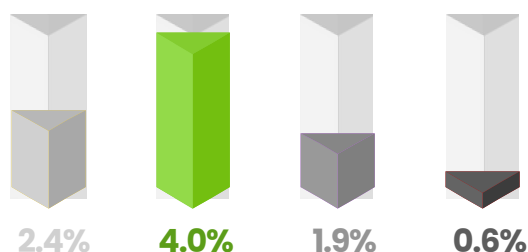
Wealthy Investors in Virtual Assets

Generation X exhibits the following characteristics in their investment behavior and attitudes towards virtual assets.

■ Baby Boomer ■ GEN X ■ GEN Y ■ GEN Z

1 Highest Annual Income

Annual Income above NT\$300M

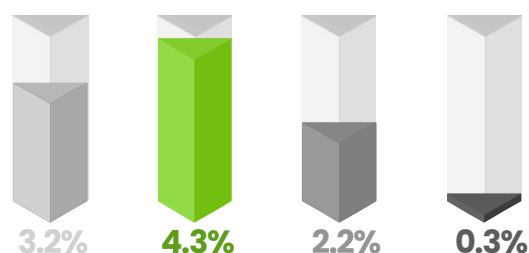


1: completely unfamiliar/unwilling
10: completely familiar/willing

Survey results indicate that Generation X has relatively higher annual incomes. Among investors with an annual income exceeding 3 million TWD, Generation X accounts for 4.0%, higher than other generations. This shows that Generation X possesses strong economic power, enabling them to take on higher investment risks and larger-scale investments.

2 Longest Experience in Virtual Assets

Over 10 Years Experience



1: completely unfamiliar/unwilling
10: completely familiar/willing

Generation X has the longest exposure to virtual assets, with 4.3% of Gen X investors having more than 10 years of experience in the field. In comparison, Baby Boomers stand at 3.2%, Generation Y at 2.2%, and Generation Z at 0.3%. This indicates that Generation X has accumulated extensive experience and knowledge in the virtual asset market, leading to a deeper understanding and familiarity with the market dynamics.

GEN X 1965~1980

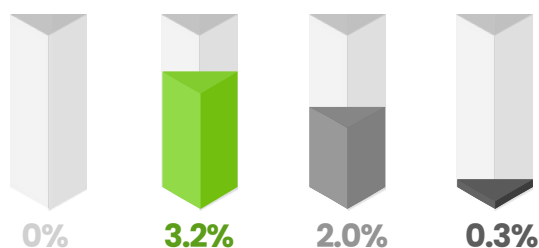
Wealthy Virtual Asset Investors

Generation X exhibits the following characteristics in their investment behavior and attitudes towards virtual assets.

■ Baby Boomer ■ GEN X ■ GEN Y ■ GEN Z

3 Highest Proportion of Investors with NT\$10M Investments

Invest more than NT\$10M



1: completely unfamiliar/unwilling
10: completely familiar/willing

Generation X has the highest proportion of high-net-worth investors in the virtual asset market, with 3.2% of Gen X investors having investments exceeding 10 million TWD in virtual assets. This percentage is significantly higher than that of other generations, indicating Generation X's strong trust and emphasis on virtual assets, as well as their willingness to make large-scale investments.

Generation X has higher incomes, longer exposure to the virtual asset market, and focuses on long-term investments. Their investment behavior and attitudes make them significant players in the virtual asset market, providing essential support for its future development.

Statistics show that Generation Y has a much higher proportion of high-net-worth individuals holding virtual assets than other generations, indicating their financial strength and belief in the investment potential of virtual assets.

Baby Boomer 1946~1964

Most Concerned about Virtual Assets Security

According to the latest survey data, Baby Boomers' investment behavior and attitudes in the virtual asset market are characterized by the following:

■ Baby Boomer ■ ALL

1 Emphasize on Trading Safety

Choose platform according to trading safety



Survey results show that 92.6% of Baby Boomer investors prioritize transaction security, significantly higher than the overall investors' 80.9%. This indicates that for the Baby Boomer generation, choosing platforms with high security is their primary concern. They prefer to use exchanges with high levels of security and transparency to protect their assets.

2 More Trust in Traditional Finance

Willingness will increase if virtual assets are provided by a financial institution



Among Baby Boomer investors, 68.5% stated that they would be more willing to invest in virtual assets if they were offered by traditional financial institutions. In contrast, only 50.8% of overall investors expressed this inclination. This indicates that Baby Boomers have a higher level of trust in traditional financial institutions and prefer to invest in virtual assets within a familiar and trusted financial environment.

Baby Boomer 1946~1964

Prioritize Virtual Asset Security

According to the latest survey data, Baby Boomers' investment behavior and attitudes in the virtual asset market are characterized by the following:

■ Baby Boomer ■ ALL

3 Expecting Tight Regulation

Expect regulation to be the same as that of financial institutions

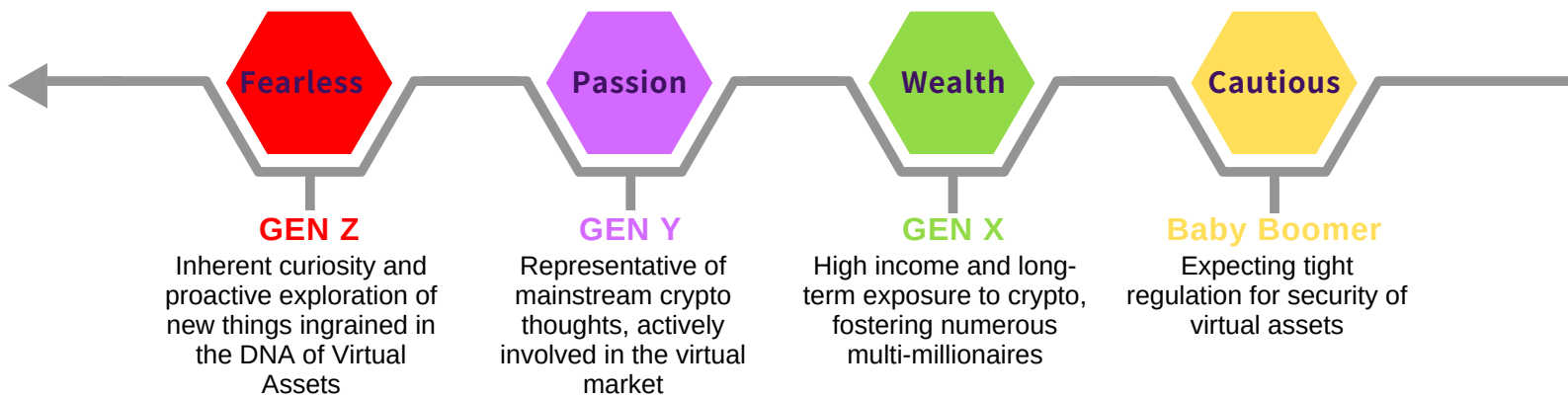


82.9% of Baby Boomer investors expect the regulation of virtual assets to be on par with that of financial institutions, which is higher than the 71.0% of overall investors who share this expectation. This indicates that Baby Boomers have higher demands for regulation; they hope for clear regulatory standards and strict enforcement to ensure market stability and security.

Baby Boomers' investment behavior and attitudes towards virtual assets highlight their strong emphasis on transaction security and traditional finance. Their investment strategy tends to be conservative, relying more on professional advice and expecting strict regulatory standards for the virtual asset market. These characteristics make Baby Boomers a stabilizing force in the virtual asset market, supporting its healthy development.

Generational Characteristics Create " Segmentation Players"

Based on the analysis of the investment behavior and attitudes of different generations towards virtual assets, the following four words can describe the characteristics of each generation:



Fearless (GEN Z)

Active participation, adventurous spirit, high risk tolerance

Generation Z's investment behavior is characterized by boldness and a spirit of adventure. Growing up in the digital age, they are passionate about emerging technologies and virtual assets, willing to take risks to pursue high returns. They prefer contract trading and meme coins, frequently engaging in short-term trades.

Wealth (GEN X)

Financial strength, rich experience, long-term investment

Generation X has extensive experience and significant financial strength in the virtual asset market. With higher income levels, they have been engaged with virtual assets for the longest time and make large-scale investments in the market. They focus on risk management and long-term holding, relying on professional advice to make investment decisions.

Passion (GEN Y)

Passion, confidence in technology, financial growth

Generation Y is enthusiastic about virtual assets and views them as an important tool for financial growth. They possess a certain level of financial strength and influence, have a high interest in blockchain technology, and believe that virtual assets can lead future financial innovations. Their willingness to invest is high, and they are quite familiar with virtual assets.

Cautious (Baby Boomer)

Conservative, safety awareness, professional reliance

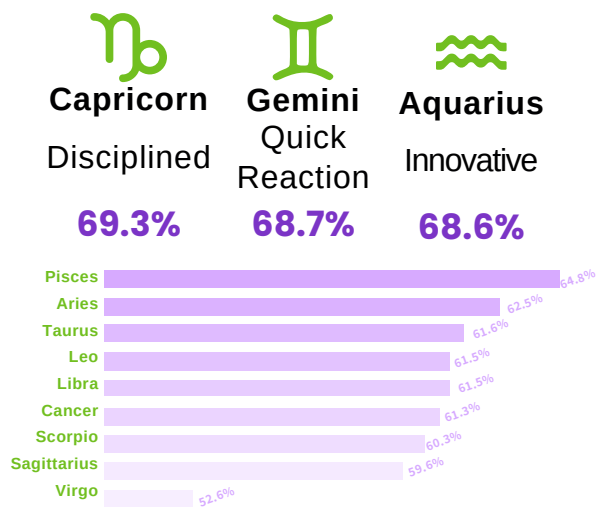
The Baby Boomer generation approaches virtual asset investment with caution, prioritizing transaction security. They have greater trust in traditional financial institutions and expect virtual assets to adhere to the same regulatory standards as these institutions. Their investment strategy is conservative, focusing on professional advice and long-term stable returns.

Want to Profit? Patterns to Follow

In this section, we will explore how zodiac signs, professions, and trading methods impact the success rates of respondents investing in virtual assets. These factors may influence investors' decision-making processes and investment outcomes to some extent, providing interesting data.

1 Zodiac Determines Personality; Personality Influences Profitability

Winner Rate



Based on survey data, we analyzed the success rates of investors in the virtual asset market according to their zodiac signs. Here are some key findings:

- **Capricorn:** Known for their discipline and clear strategies, Capricorns have the highest success rate at 69.3%.
- **Gemini:** Quick to react and adaptable, Geminis have a success rate of 68.7%.
- **Aquarius:** Innovative and open to new experiences, Aquarians show a success rate of 68.6%.

These zodiac characteristics seem to influence their performance in virtual asset investments, with disciplined Capricorns, quick-reacting Geminis, and innovative Aquarians achieving higher success rates in the market.

2 Occupation and Investment Success Rate

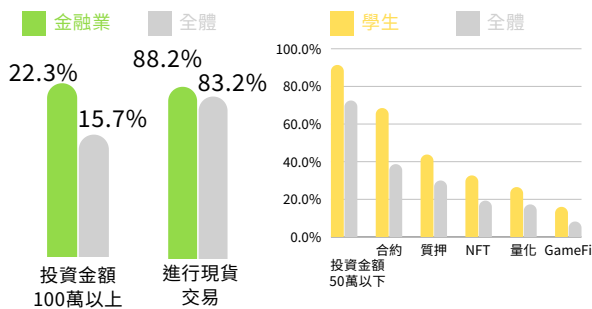
Top1 Financial Industry

Large investments
& Concentration in
Spot Trading



Top2 Student

Small
investments &
diverse
strategies



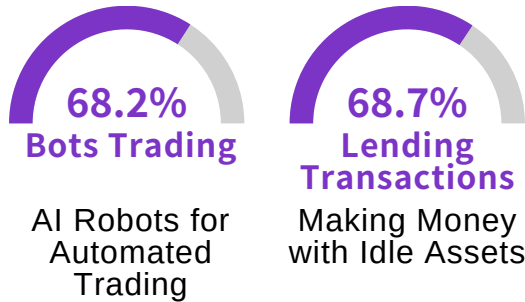
Both professionals in the financial industry and students are top performers in terms of profitability, but their trading patterns differ significantly. Financial industry professionals tend to engage in transactions over 1 million NTD, primarily focusing on spot trading. In contrast, students usually engage in transactions below 500,000 NTD and are more inclined towards derivative trading:

- **Financial Industry:** With professional knowledge and resources, they achieve the highest investment success rate at 71.9%. Financial professionals make large investments and concentrate on spot trading, significantly outperforming other occupations.
- **Students:** They engage in small investments and diverse trading strategies, achieving a success rate of 66.7%. The student group is adept at exploring various investment methods, including NFTs, staking, and GameFi.

These occupational characteristics influence their performance in virtual asset investments. The financially knowledgeable professionals and the flexible, innovative student group both achieve high success rates in the market.

3 Trading Methods and Investment Success Rate

Most Profitable - Laid-Back Approach



The significant fluctuations in virtual assets create more profit opportunities compared to traditional markets. As a result, both stable quantitative trading and laid-back lending transactions have high success rates.

- **Bots Trading:** Using AI robots to automate trades, this method achieves a success rate of 68.2%. It relies on algorithms and data analysis to make quick trading decisions based on market changes.
- **Lending Transactions:** Generating profits through asset lending, this approach boasts a success rate of 68.7%. It allows investors to earn steady income by lending out their virtual assets.

These trading methods influence their performance in virtual asset investments to some extent. Leveraging technology for quantitative trading and earning stable returns through lending transactions both achieve high success rates in the market.

By analyzing factors such as zodiac signs, professions, and trading methods, we can see that different factors significantly impact the success rate of virtual asset investments. This data helps investors understand their characteristics and choose suitable investment strategies, thus improving their chances of success. These trends show that in the virtual asset market, both personality traits and professional backgrounds, as well as the choice of trading strategies, can significantly influence investment outcomes.

Security and Efficiency in Virtual Asset Transactions

In this section, we will explore the key factors that concern the public when investing in virtual assets, including transaction security, ease of deposit and withdrawal, and regulatory compliance. These factors directly influence investor decisions and confidence.

1 The Utmost Priority For Virtual Assets Users

80.9%

Trading Safety



70.9%

Convenient Deposits and Withdrawals



65.8%

Compliance with Regulations



- **Trading Safety:** 81% of investors prioritize security when choosing a trading platform.
- **Convenient Deposits and Withdrawals:** 71% of investors focus on the convenience of transferring funds quickly.
- **Compliance with Regulations:** 66% of investors prefer platforms that adhere to relevant regulations and compliance requirements to ensure the legality and safety of their investments.

These data points highlight that investors are most concerned with the platform's security, the ease of fund movement, and adherence to regulatory standards when trading virtual assets.

2 The “Speed” and “Amount” of Fiat Currency Transfer Are Both Critical

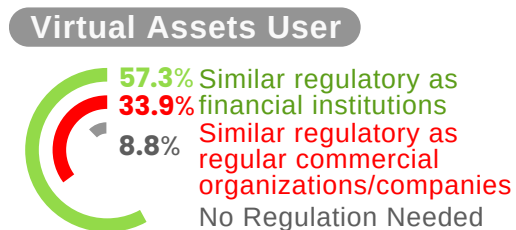
	All	Invest more than NT\$10M
Speed	8.28	9.08
Amount	7.16	8.76

1: have little concern about
10: have significant concern about

- **Speed Index:** High-net-worth investors rate their concern for transaction speed at 9.08 out of 10, compared to the overall investors' rating of 8.28. This indicates that large-scale investors have a more urgent need for fast transactions.
- **Limit Index:** High-net-worth investors rate their concern for transaction limits at 8.76, while the overall rating is 7.16. This shows that large-scale investors prefer higher transaction limits to enhance capital efficiency.

Large-scale investors prioritize transaction speed and limits to ensure flexibility and efficiency in their investment operations.

3 Virtual Assets Users Expect Moderate Regulation



Virtual assets users desire moderate regulation to ensure market stability and security.

- **Regulation Intensity:** 57% of virtual asset users believe that the regulation of virtual assets should match the intensity applied to financial institutions, indicating a preference for stringent regulatory standards.
- **Moderate Regulation:** 34% of holders wish for regulations similar to those of general financial institutions, showing a high expectation for regulatory oversight.
- **No Regulation Needed:** Only 9% of investors think that no regulation is necessary, highlighting that the majority of investors prefer some level of regulatory protection for their investments.

These figures demonstrate that investors place a high importance on regulation, hoping for a strict and transparent regulatory system to ensure the healthy development of the virtual asset market.



4

Conclusion and Recommendations

Based on the industry overview, regulatory environment, key person interviews, and quantitative survey results, we propose the following recommendations:

Firstly, support the participation of financial institutions in the virtual assets market, leveraging their strengths in risk management and asset custody. Secondly, gradually refine the regulatory framework to provide clear legal guidelines and ensure stable market development. Thirdly, strengthen market education and talent cultivation to promote long-term growth. Lastly, promote international cooperation to enhance Taiwan's competitiveness in the global virtual assets market.

Taiwan's virtual asset market should demonstrate strong development potential and resilience amid global economic uncertainty. Through joint efforts from the government, industry participants, and investors, the government has started to recognize the importance of the virtual asset market and is beginning to work on act governing VASP.

Based on a comparison of virtual asset regulations and permissible business activities across different jurisdictions, including the United States, the European Union, Singapore, Japan, and South Korea, Taiwan should establish clearer rules. This will provide VASP operators and financial institution with explicit directions to follow.

In interviews with key industry leaders, the importance of a regulatory framework was emphasized, along with a series of constructive suggestions. The government should provide a more open development environment and clear regulatory standards to attract international capital and technology, foster healthy competition among local businesses, and enhance the overall quality of the market.

Quantitative survey results indicate that Taiwanese people's awareness and acceptance of virtual assets are gradually increasing. Generation Z and Generation Y are the primary driving forces of the virtual asset market, showing high interest and enthusiasm for emerging technologies. Meanwhile, the stable investment behavior of Generation X and baby boomers provides solid support for the market.

1 Support Financial Institutions' Participation and Enhance Market Trust

The government should encourage traditional financial institutions to participate in the virtual asset market, leveraging their strengths in risk management and asset custody to provide safe and reliable services. Specific measures include:

- **Providing Virtual Asset Custody Services:** Quantitative surveys reveal that over 80% of virtual asset users value transaction security. Banks have inherent advantages in risk management and asset custody and should actively offer virtual asset custody services to enhance market safety and trust.
- **Anti-Fraud Collaboration:** Cooperation between VASPs and banks is crucial for preventing fraud. They can establish joint anti-fraud mechanisms in various ways. First, by sharing and analyzing data. Virtual asset exchanges can share their transaction data with banks, which can use advanced data analysis techniques to identify suspicious transaction patterns. Second, both parties can establish a joint risk assessment system to monitor and evaluate user behavior continuously, promptly detecting and stopping potential fraud. Additionally, they can jointly promote user education activities to increase public awareness of fraud patterns, fundamentally reducing the chances of

being scammed. This collaboration not only enhances the effectiveness of risk management but also strengthens users' trust in the virtual asset and banking systems.

- **Promote the Tokenization of Real-World Asset (RWA):** Support financial institutions in expanding tokenized RWA businesses to enhance market diversity and competitiveness. Based on the study of virtual asset regulations and business scopes in various countries, Taiwan still has room for development in many areas and should actively promote policies related to real-world asset tokenization. RWA can drive capital market innovation and attract more domestic and foreign investors.
- **Drive Financial Innovation:** Promote financial innovation by allowing financial institutions to develop and offer financial products related to virtual assets, such as ETFs, pledge loans, and derivative financial products. Banks should expand their business in the Web3 domain, including quantitative trading, pledge loans, and derivative financial products, as these are familiar and proficient areas for them. Innovative financial products can attract more investors to participate in the virtual assets market. Additionally, if regulatory authorities support financial institutions in conducting innovative experiments in a controlled environment, learning and improving from them, this error-tolerant regulatory mindset will be crucial in encouraging financial innovation.
-

2 Gradually Improving the Regulatory Framework

The government should adapt and enhance virtual asset regulations in accordance with market development, providing a clear regulatory framework. Specific measures include:

- **Gradually Promoting the Act Governing VASP:** According to the Financial Supervisory Commission's (FSC) plan, the legislative work for the act governing VASPs should be completed according to a step-by-step timetable to ensure the market has a clear legal basis. The FSC has already stated in June 2024 that it will actively supervise business associations to develop self-regulatory rules based on guiding directions and participate in the establishment of these rules. A clear regulatory framework will enhance market confidence and promote healthy market development.
- **Establishing Clear Tax and Accounting Standards:** Due to the diverse nature of virtual assets and the unique characteristics of transactions, there are significant classification issues in accounting procedures and tax regulations. By referencing international best practices, such as the U.S. 6045 Act and the EU DAC8, along with the Crypto-Asset Reporting Framework (CARF), Taiwan can establish accounting and tax standards for virtual assets. This will enhance market transparency and compliance, ensuring that Taiwan remains competitive and aligned with global standards.

3 Strengthening Market Education and Talent Development to Promote Long-Term Growth

Industry players should enhance education and promotion related to virtual assets to improve public awareness and understanding, and collaborate with schools to cultivate more professional talent. Specific measures include:

- **Promoting Relevant Education and Research in Universities and Research Institutions:** Taiwan's high-quality human resources have always been a soft power that attracts international capital investment. It is recommended that industry players collaborate with universities and research institutions to establish - courses and research projects related to virtual assets. Cultivating professional talent is key to driving market development.
- **Organizing Educational and Promotional Campaigns:** Industry players can use various forms of promotional activities to increase public understanding and acceptance of virtual assets. Quantitative survey results show that Taiwanese people's understanding and acceptance of virtual assets are gradually improving, and education and promotion should be further strengthened. Especially to prevent fraud through virtual assets, spreading virtual asset knowledge is essential for enhancing investor protection.



4 Strengthening International Cooperation to Enhance Global Competitiveness

Taiwan should actively participate in activities of international virtual asset regulatory organizations and promote cooperation with major countries and regions. Specific measures include:

- **Participating in International Standard Setting:** Actively engage in the formulation of international regulatory standards to ensure Taiwan's voice in the global virtual asset market. International cooperation can facilitate technology exchange and invigorate capital market, enhancing Taiwan's competitiveness. Taiwan should refer to international best practices to establish its regulatory and tax standards for virtual assets.
- **Attracting International Capital and Technology:** Develop policies to attract foreign capital and technology, promoting diversity and vitality in Taiwan's market. Taiwan should create an attractive regulatory environment to encourage the international market players to develop locally.

In this Web3 revolution, Taiwan should proactively engage, leveraging the advantages of its democratic society and robust corporate resilience. These align closely with the ideals of decentralized society and digital democratic ethics pursued in the Web3 world. This approach can enable Taiwan to achieve a leapfrog development, becoming a pivotal hub for virtual asset development.



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Acknowledgements

We extend our heartfelt thanks to all the team members and partners who contributed to the 2024 FEIB Bankee Virtual Assets White Paper. Special thanks to Mike Lin, co-founder of BlockTempo and host of TempoX Accelerator, editor-in-chief Jigglypuff, and deputy editor Luc; Titan Cheng, chairman of the Taiwan VASP Association and founder of BitoGroup; Alex Liu, founder and CEO of Modernity Financial Technologies, Ltd. (MaiCoin); Jaclyn Tsai, honorary chairwomen of the Taiwan FinTech Association; and Yu-Hsun Li, Partner Attorney at PwC Legal, for their valuable insights. We also express our gratitude to Distinguished Professor & Chairman Jennifer L. Wang and her research team at the Fintech Research Center of National Chengchi University for their professional quantitative surveys and guidance.

Lastly, we thank all the respondents of the quantitative survey for their valuable time, which allowed us to gain deeper insights into market demands and trends. We appreciate the collaboration and support from all contributors.