

FSC Chairperson Jin-Lung Peng Visits New Taipei District Prosecutors Office For The Interchange of Combating Fraud and Anti-Money Laundering

Chairperson of Financial Supervisory Commission (FSC) Jin-Lung Peng, accompanied by Deputy Chairperson of FSC Yen-Liang Chen, Deputy Commissioner of Banking Bureau Chen-Chang Tong, and Division Chief of Banking Bureau Xiu-Lian Lin, visited New Taipei District Prosecutors Office on June 3rd. Chief Prosecutor Li-Chen Yu, accompanied by Deputy Chief Prosecutor You-Cheng Jiang, Head Prosecutor Yan-Ming Huang, Head Prosecutor Kai-Yuan Zeng, Prosecutor Bing-Qi Lee, and Prosecutor Bing-Lin Wu, warmly welcomed the Chairperson Peng and his delegation on their visit. Both sides engaged in extensive discussions on combating fraud, anti-money laundering, and other related matters, enhancing the interaction and communication between the prosecutorial and financial regulatory agencies

Chief Prosecutor Yu pointed out that, in addition to punishing fraud, if financial institutions are able to proactively block suspected illegal or clearly abnormal transactions and monitor such deposit accounts early on, and take necessary measures, it would further reduce the financial damage to victims.

Therefore, on April 17 of this year, our office collaborated with China Trust Commercial Bank to use artificial intelligence technology and big data analysis. We analyzed suspicious characteristics of fraud-related accounts listed in indictments and requests for simplified judgments from the past three years (a total of 4,024 cases). This analysis identified risk indicators and other associated accounts, including potential linked accounts under 1,199 names with one or more layers of connections. The goal is to label and alert on risks, implement bank control measures, and effectively provide early warnings and control illegal financial flows, with the aim of reducing the number of fraud cases and protecting public financial security.

The analysis revealed the following findings: (1) Accounts beyond the second layer, which are not reported to the 165 platform due to the absence of victims, create a prevention gap. (2) Current account warning periods begin from the time of notification and automatically expire after two years. Consequently, in some cases where investigations exceed two years, defendants may be able to sell the accounts again or transfer the criminal proceeds after the warning period has lapsed. It is recommended to amend regulations to extend the warning period or implement other preventive measures. (3) In addition to watch-listed accounts or counterfeit accounts, regulations require banks to verify 'illegal' circumstances before taking control measures on

suspected abnormal transactions. However, banks are hesitant to take decisive control measures due to concerns about failing to verify 'illegality,' which results in a high threshold for blocking fraud. It is suggested to amend relevant management regulations to provide banks with greater flexibility to immediately block fraud.

Chairperson Peng responded that the FSC actively implements fraud prevention measures and is open to listening to practical suggestions from frontline law enforcement agencies. While the FSC is open to amending relevant regulations, it must consider various aspects of financial supervision. Combatting fraud is indeed a top priority, but issues such as financial inclusion, human rights protection, and the challenges faced by banks in the practical implementation of regulations are also factors that the FSC must take into account when revising regulations. Additionally, the FSC encourages banks to actively prevent fraud. In the past year, over 10,000 instances of fraud were successfully blocked at bank counters, reducing financial losses for victims by more than 7 billion.

During this meeting, the interaction between both parties was positive. Chief Prosecutor Yu and Chairperson Peng reiterated their commitment to continue implementing the various measures outlined in “Next-generation anti-fraud strategy guidelines, version 1.5”. They emphasized the importance of cross-departmental, cross-ministerial, and cross-sectoral cooperation in combating fraud, and the ongoing enhancement of anti-money laundering efforts through public-private collaboration. The aim is to reduce the occurrence of fraud and bring fraud syndicates to justice. In conclusion, the meeting ended on a warm note with both sides exchanging commemorative gifts, taking a group photo, and expressing their mutual appreciation, thereby concluding the visit on a positive and cordial note.