



# 2025 Taiwan Broker Sector Credit Trends

Strong Capitalization Underpins Stable Credit Outlook

中環信用評等  
**Taiwan Ratings**  
An S&P Global Company

**Josephine Ho**

Associate Director

**Eunice Fan**

Director

Financial Services Ratings

April 2025

*This report does not constitute a rating action*

# Key Takeaways

- Stable credit trends to sustain in 2025.
- Industry consolidation continues slowly and steadily.
- Brokerage remains a significant revenue contributor with a rising contribution from wealth management.
- Strong capitalization can absorb potential capital market volatility.
- Macroeconomic uncertainties could lower industry returns.
- Macroeconomic uncertainty, capital market volatility, changing revenue composition, and tech disruption all pose risks.

# Stable Credit Trend To Sustain In 2025



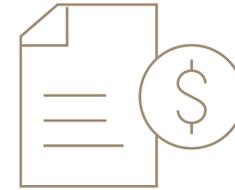
## Return on average assets (ROAA) of 2.4%-2.6%

- ROAA continued to improve in 2024 to 3.16% from 2.99% in 2023, coupled with a 47% year-on-year increase in average daily trading value.
- We forecast ROAA at 2.4%-2.6% in 2025, which is close to the historical average of 2.5%, amid uncertainties over the direction of U.S. trading policies and global geopolitical risks.



## Asset to equity ratio of 4.0x-4.5x

- Leverage increased to 4.7x at the end of 2024 from 4.0x in 2023 on the back of strong equity market performance. We expect leverage to be around 4.0x-4.5x over the next few quarters on a more conservative economic outlook.

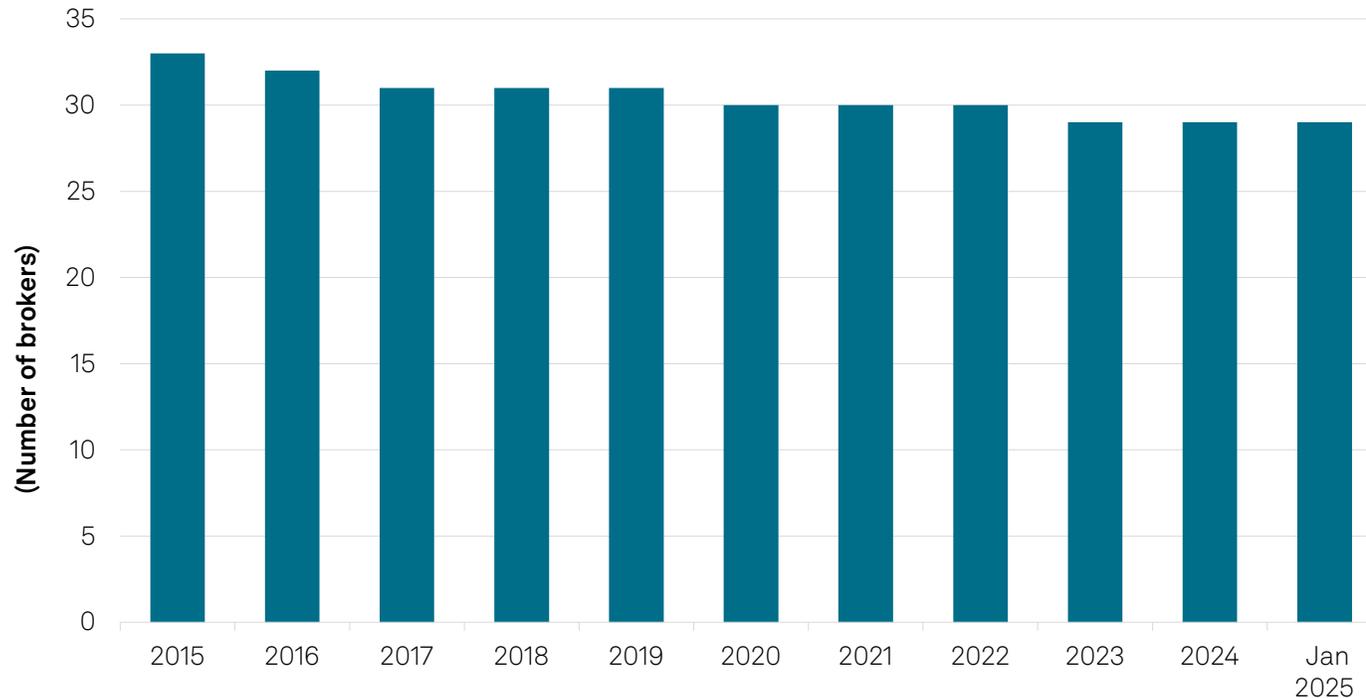


## Risk adjusted capital (RAC) ratio remains strong at 13%-14%

- We estimate average capital will remain strong for brokers that we rate, with a forecasted RAC ratio of 13%-14% in 2025, given brokers' prudent record of capital management.

# Consolidation Continues Slowly And Steadily

## Number Of Integrated Securities Firms In Taiwan



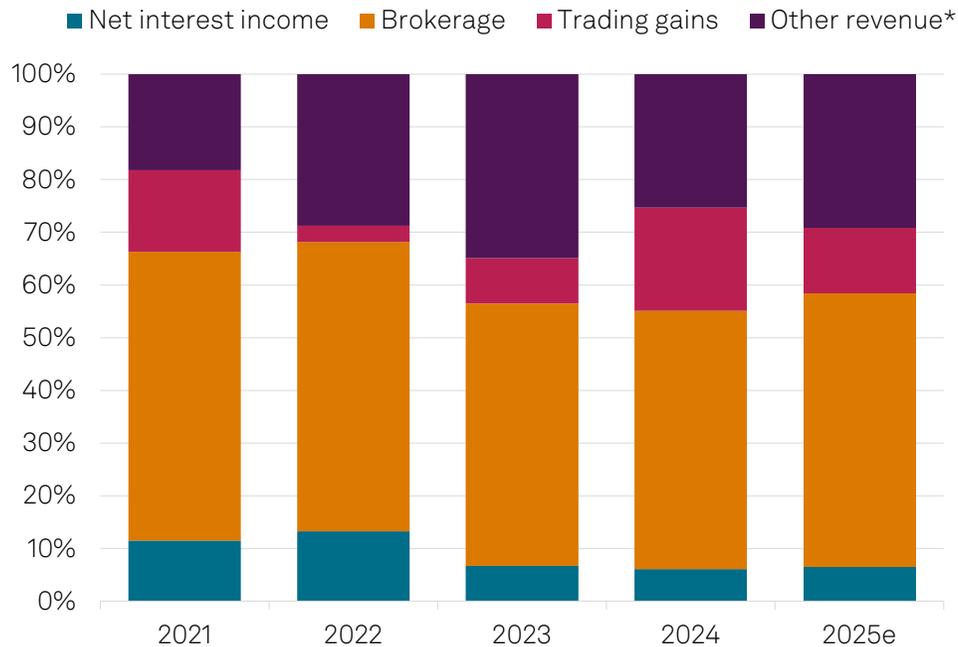
Source: Taiwan Securities Association

- More consolidation is likely and positive for the sector’s long-term business stability.
- Broker consolidation remains slow but steady. The implication for short-term competitive dynamics and market pricing discipline remain to be seen.
- The merger of Fubon Securities with Jih Sun Securities in 2023 solidified Fubon Securities’ position as the third largest broker by domestic market share.
- The proposed merger of Taishin Financial Holding and Shinkong Financial Holding groups will combine Taishin Securities and Masterlink Securities. The post-merger broker will rank fourth among local brokers, compared with seventh and eleventh, respectively, pre-merger (data as of February 28, 2025).

# Brokerage Business Remains Significant But Wealth Management Is Growing

- Brokerage fees to remain the key revenue source, providing a solid revenue base in 2025.
- Assets under wealth management are growing steadily and will slowly improve revenue diversification.

## Revenue Contribution Trend



\*Includes dividend income, transfer-agent services income, equity in earnings of unconsolidated subsidiaries, underwriting fees, other fees & commissions, and other non-interest income. Source: Taiwan Ratings estimate (e).

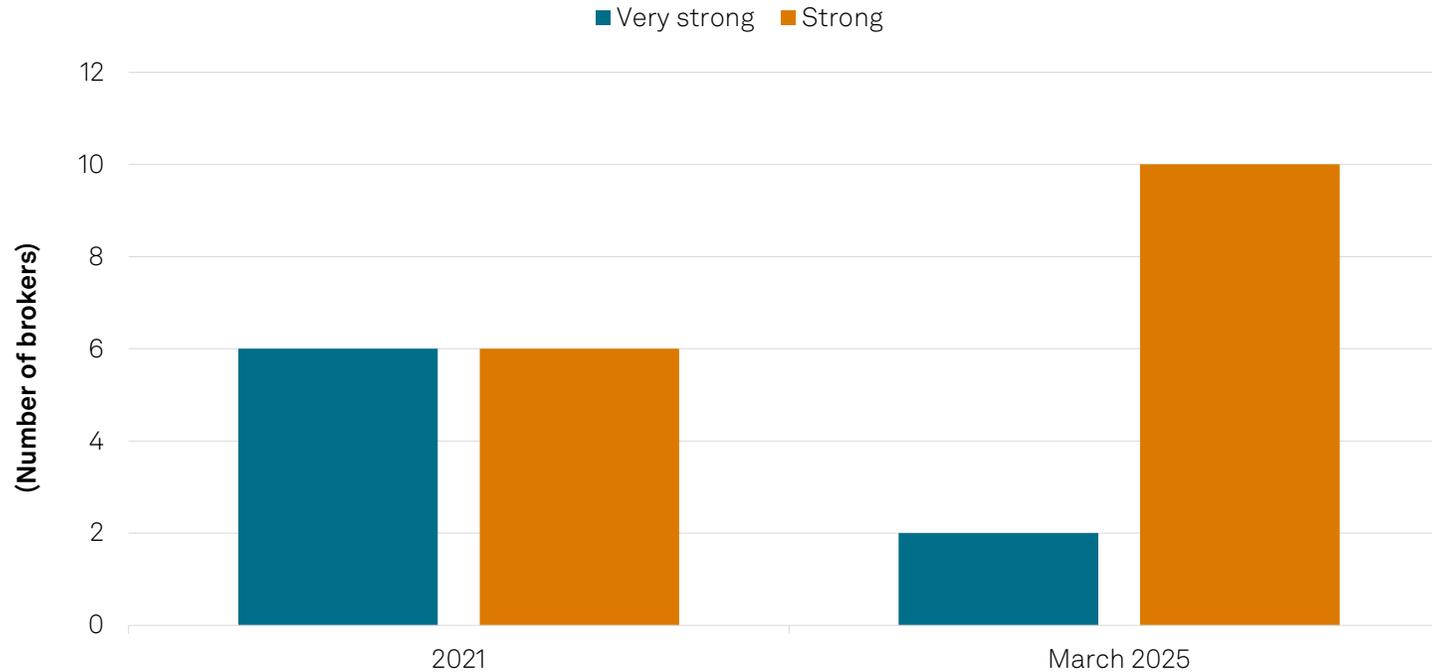
## Assets Under Wealth Management



Sources: Taiwan Securities Association, Taiwan Ratings Corp.'s estimates (e).

# Strong Capitalization Can Absorb Capital Market Volatility

## Capital Score Trend For Rated Taiwan Brokers

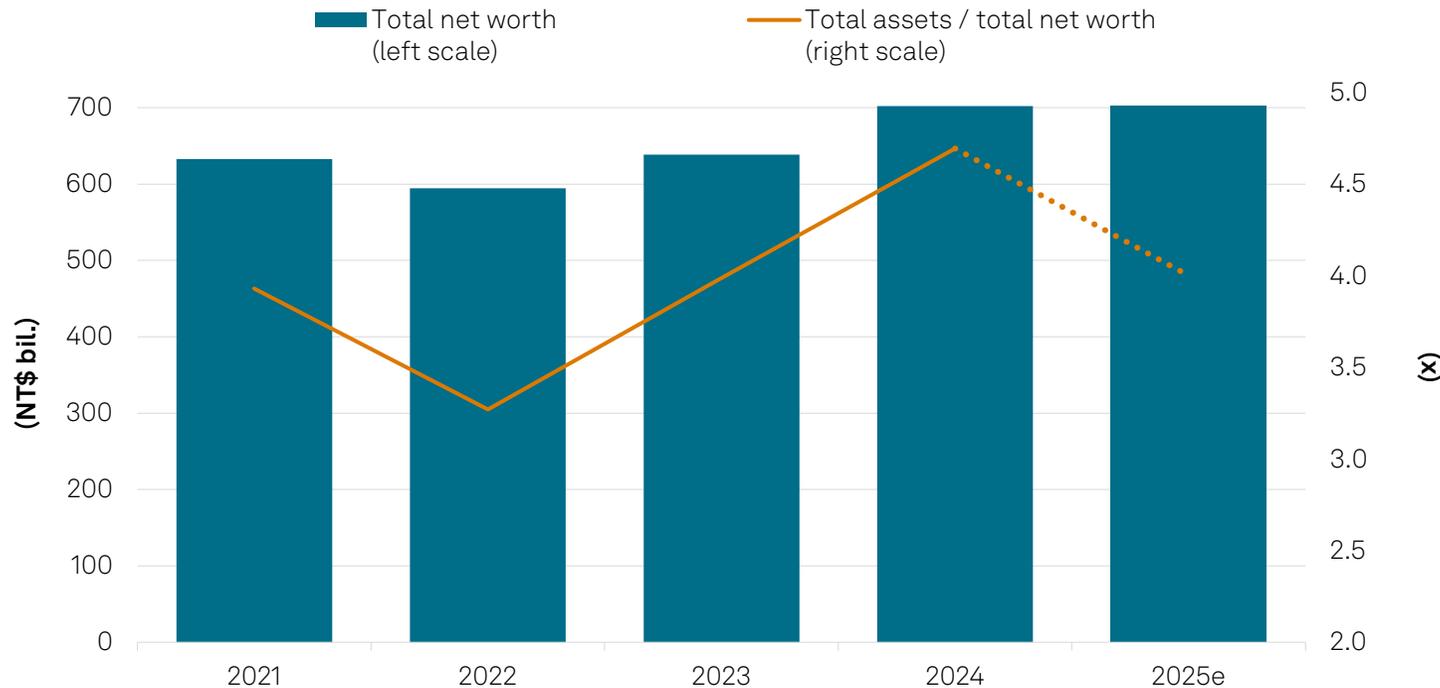


Source: Taiwan Ratings Corp.

- Average capitalization to remain strong in 2025
- We forecast for the sector's RAC ratio will range between 13%-14%.
- Equity market performance will affect brokers' exposure to risky assets; however, we expect brokers' prudent risk management to underpin generally strong capitalization over the coming year.

# Leverage To Remain Above The 10-Year Average

## Leverage Trend For Taiwan's Securities Sector

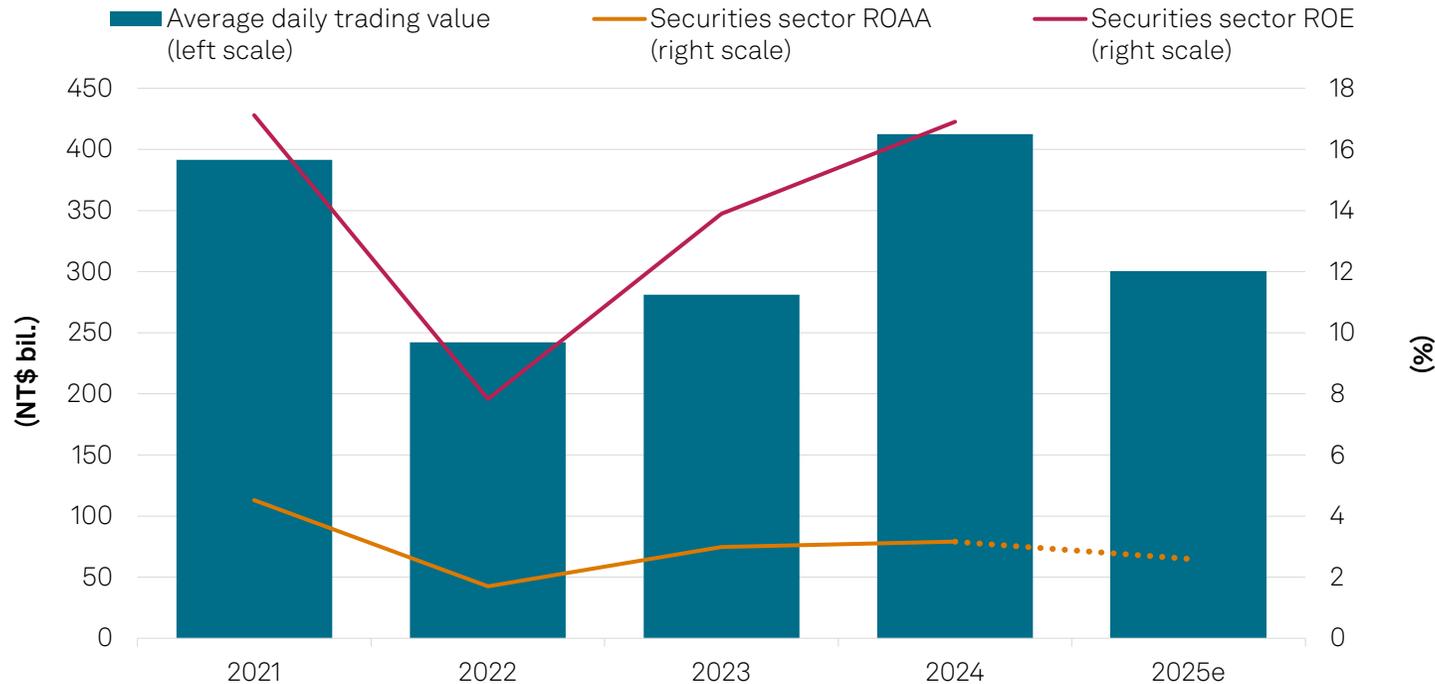


- Taiwan brokers tend to increase their leverage during a bullish equity market.
- We expect leverage to range from 4.0x-4.5x over the next few quarters. This is close to the level of 4.7x recorded by the sector in 2024 but higher than the 10-year average of 3.5x.

NT\$--New Taiwan dollar. Sources: Taiwan's Securities and Futures Bureau, Taiwan Ratings estimates (e).

# Macro Uncertainties Could Lower Industry Returns

## Key Indicators For Taiwan's Stock Exchange And Brokers



NT\$--New Taiwan Dollar; ROAA--Return on average assets; ROE--Return on equity.  
Sources: Taiwan's Securities and Futures Bureau, Taiwan Ratings estimates (e).

- We forecast the sector's ROAA at 2.4%-2.6% in 2025, which is lower than the level in 2023-2024 but similar to the recent 10-year average of 2.5%.
- Taiwan Stock Exchange forecasts average daily turnover for the Taiwan Stock Market at NT\$300 billion in 2025. Uncertainties surrounding U.S. trade policies, geopolitical unrest, and the elevated valuation of Taiwan equities are the reasons underpinning this somewhat conservatively forecast.
- Increasing global capital expenditure on AI related products and infrastructure somewhat offsets these risks. This growing expenditure will likely benefit Taiwan's exports. Active exchange-traded fund (EFT) and multi-asset ETF trading, likely to begin in 2025, could support higher market turnover.

# Key Macroeconomic Indicators

(%)	2024	2025e	2026e
Asia Pacific GDP growth (real)	4.5	4.1	4.0
Taiwan real GDP	4.6	2.1	2.1
Taiwan inflation	2.2	1.3	0.8
Taiwan unemployment rate	3.4	3.5	3.5
Exchange rate (US\$)	32.8	33.0	32.7
Policy rate	2.00	1.63	1.38

Sources: S&P Global Ratings and Taiwan Ratings Corp. "Economic Outlook Asia-Pacific Q1 2025: U.S. Trade Shift Blurs The Horizon", on Nov. 24, 2024.

# Key Risks For The Brokerage Sector



## Economic risk

Potential deviation from our economic forecasts and outlook.



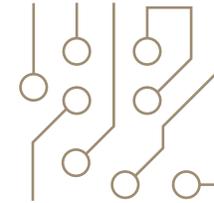
## Capital market volatility

Capital market performance encounters unexpected turbulence.



## Revenue diversification

Decline in wealth management revenue.



## Tech disruption

Potential tech disruption and rising cyber risk under the growth in online trading.



## Josephine Ho

Associate Director

+886-2-2175-6822

[josephine.ho@spglobal.com](mailto:josephine.ho@spglobal.com)

[josephine.ho@taiwanratings.com.tw](mailto:josephine.ho@taiwanratings.com.tw)



## Eunice Fan

Director

+886-2-2175-6818

[eunice.fan@spglobal.com](mailto:eunice.fan@spglobal.com)

[eunice.fan@taiwanratings.com.tw](mailto:eunice.fan@taiwanratings.com.tw)



Copyright © 2025 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED, OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Some of the Content may have been created with the assistance of an artificial intelligence (AI) tool. Published Content created or processed using AI is composed, reviewed, edited, and approved by S&P personnel.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses, and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw, or suspend such acknowledgement at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal, or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain nonpublic information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, [www.spglobal.com/ratings](http://www.spglobal.com/ratings) (free of charge) and [www.ratingsdirect.com](http://www.ratingsdirect.com) (subscription) and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at [www.spglobal.com/ratings/usratingsfees](http://www.spglobal.com/ratings/usratingsfees).

Australia: S&P Global Ratings Australia Pty Ltd holds Australian financial services license number 337565 under the Corporations Act 2001. S&P Global Ratings' credit ratings and related research are not intended for and must not be distributed to any person in Australia other than a wholesale client (as defined in Chapter 7 of the Corporations Act).

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.

## spglobal.com/ratings