

**Examining Merger Control in the Financial Sector**  
— **Insights from Competition Law and Policy Analysis**

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**Abstract**

The application and enforcement of merger control in the financial sector serve as a typical domain that demonstrates the complex relationship between competition, market concentration, and financial stability. This article draws from the enforcement practices of merger control in the financial sector in the United States and the European Union, as well as a literature analysis and case studies from Taiwan in order to review and examine the application and enforcement of merger control in Taiwan's financial sector over the past two decades. In addition, it analyzes the relevant policies, delineation of powers, coordination, and cooperation between the Fair Trade Commission (referred to as the "FTC") and the Financial Supervisory Commission (referred to as the "FSC").

This article argues that prudential regulation in the financial sector and competition policy are both essential pillars in ensuring a competitive and stable financial market. In the future, the FTC may define relevant markets in a more precise manner based on the specific business operations of financial institutions operating within the existing financial regulations, by utilizing available data and considering general demand and substitutability. The policies of separating banking and commerce and the separation of financial institutions implemented by the FSC contribute to the strengthening of merger control in Taiwan's financial sector. However, when reviewing merger cases between financial institutions, the FTC should primarily consider the presence of anticompetitive effects and economic efficiency. Industrial policy should be an extremely exceptional consideration, and its evaluation should be entrusted to the FSC in accordance with the relevant financial

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regulations. The design of structural remedies and the data for defining relevant markets depend on joint consultations and negotiations between the FTC and the FSC as stipulated in Article 6, Paragraph 2 of the Fair Trade Act.

As for merger cases involving non-financial enterprises in the financial industry, in addition to invoking the theory of two-/multi-sided markets for analysis, the FTC should also consider the impact of data on the market competition for related products. If structural remedies are to be implemented, they may involve measures such as data silos, data access, and interoperability, replacing traditional divestitures.

**Keywords:** Competition Policy, Merger Control, Financial Industry, Cluster Markets, Financial Market, Separation of Banking and Finance, Separation of Financial Institutions, Digital Finance.