

## **Establishment and Development of Taiwan Savings Bank (1899-1912) : First Merger and Acquisition Deal in Banking Sector of Taiwan**

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### **ABSTRACT**

This study traced the establishment and development of the first private bank in Taiwan, Taiwan Savings Bank (TSB), and examined the first merger and acquisition (M&A) deal in the banking sector of Taiwan.

First, TSB was founded on November 12 1899, not November 26, 1899 as recorded in the history of First Commercial Bank, which saw its root in TSB.

Second, upon its founding, TSB already had some Taiwanese shareholders. By 1912, two Taiwanese, Lin Peng-Shou from Panchiao and Lee Chun-Sheng, a tea merchant of Dadaocheng became larger shareholders though with no decision-making power.

Third, in face of new banks emerging and the growing need for capital, Taiwan Savings Bank joined forces with Japanese capitalists and Taiwanese landlords to establish Taiwan Commercial & Industrial Bank, which merged with TBS in 1912, marking the first M&A deal in the banking sector of Taiwan.

Finally, this M&A deal clearly demonstrated the autonomy of Taiwan Savings Bank. As a private bank, TSB accepted this deal out of its eagerness to expand its business and to increase its capital. Not only was this M&A deal different from those of the present day that served mainly to write off non-performing-loans, it also had nothing to do with what was recorded in *Seventy years of The First Commercial Bank of Taiwan*, according to which the Japanese government amended the Savings Bank Law making it impossible for savings banks to operate independently.

**Keywords:** First Private Bank, Taiwan Savings Bank, Bank Merger