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Financial Services Agency

Annual Meeting of the National Association of Shinkin Banks

- Speech by Minister Suzuki -

The National Association of Shinkin Banks held its annual meeting on June 21, 2023, and Minister Suzuki delivered opening remarks as follows.

○ Introduction

I am SUZUKI Shunichi, Minister of State for Financial Services.

Thank you very much for inviting me to the annual meeting of the National Association of Shinkin Banks.

From the bottom of the heart, I would like to congratulate you on holding this meeting and say a few words on this occasion.

Amid progress in normalization of social and economic activities after the COVID-19 pandemic, the Japanese economy maintains a moderate recovery trend with some partial weakness being observed. On the other hand, the environment surrounding the Japanese economy remains severe due to global price hikes of energy and food products and concerns over possible global recession that may be caused by monetary tightening by western countries.

I understand that SMEs and micro businesses, which were significantly affected by COVID-19 and price increases, are suffering from difficulties in daily cash management and the burden of increased debt repayments.

We appreciate that Shinkin banks have made tremendous efforts for supporting companies under such circumstances.

In the process of restoring the Japanese economy and society, which were severely damaged due to COVID-19, not limited to cash flow support, the need for business improvement support will further increase.

We ask for your continued cash flow support for companies through means such as offering close-following support while actively proposing the utilization of the new Refinancing Guarantee System that was launched this January, and also for your positive efforts for offering the closest possible support to companies suffering from the burden of increased debt repayments, through means such as support for improving profitability, rehabilitating businesses, or taking on challenges again.

○ Doubling Asset-Based Income Plan

In order to achieve sustainable growth of the Japanese economy, it is urgently necessary to deal with social problems, including the transition of the industrial structure accompanying climate change countermeasures, widening disparities, and local depopulation.

The national government aims to transform countermeasures for these social problems into a growth engine under a new form of capitalism, thereby achieving a virtuous cycle of growth and distribution, wherein added value of the Japanese economy is enhanced and corporate revenues are distributed to workers, and this increases both consumption and corporate investments and creates further economic growth.

For promoting these initiatives, financial support is important, and the FSA will vigorously make related efforts.

Marking this year the first year of the Doubling Asset-based Income Plan, the national government will fundamentally promote a shift of household assets from savings to investment.

At the end of this March, fundamental enhancement and perpetuation of the NISA program from next January were decided. Additionally, the national government is considering formulating basic policies as national strategies in order to carry out measures for supporting people's stable wealth building as a nationwide initiative in a comprehensive and planned manner, and will promote the establishment of the Financial and Economic Education Promotion Agency for the purpose of providing financial and economic education broadly and efficiently in public-private collaboration.

In promoting households' stable wealth building, understanding and cooperation of financial institutions, which are close to customers and are playing a role to deliver financial products to customers, are indispensable in addition to these initiatives. The FSA has encouraged financial institutions to make efforts to maximize the financial interests of customers based on the principles on customer-oriented business conduct, but would like to further disseminate and

raise the level of such efforts by enshrining them into law. We expect that top management of Shinkin banks will demonstrate their initiative in backing up households' wealth building.

○ For achieving an asset management nation

The Basic Policy on Economic and Fiscal Management and Reform 2023, which was compiled recently, contains the policy to open up financial assets of households that amount to 2,000 trillion yen and aims to achieve an asset management nation that will contribute to sustainable growth. We understand that the asset management business is playing a significant role by providing high-quality financial instruments to households and carrying out stewardship activities toward enhancing mid- and long-term value of companies to invest in. We will formulate a policy plan for fundamental reform of the asset management business within this year.

Ensuring the quality of financial instruments must be indispensable for Shinkin banks in providing investment trusts and other financial instruments to customers. We expect your kind support for our initiative to achieve an asset management nation.

Since the beginning of this year, Japanese stock prices have been strong. It is considered that there are various factors for the strong demand for Japanese stocks, but as one of such factors, it is pointed out that improvements in Japanese companies' profitability are highly expected.

The FSA compiled the Action Program for Accelerating Corporate Governance Reform this April. We will promote a shift of household assets from savings to investment, enhance the asset management business, and increase the attractiveness of Japanese companies and Japanese capital markets as investment destinations, thereby achieving a virtuous cycle of growth and increase of asset-based income.



Photo: Minister Suzuki delivering opening remarks

○ Initiatives concerning Green Transformation (GX)

I would like to introduce our financial initiatives concerning Green Transformation (GX) as well.

In light of increasing awareness of the significance of sustainable finance, the FSA published its basic idea concerning financial instruments' climate change countermeasures last July, and has been promoting the utilization of new financial methods, including impact investments that aim to achieve both social and environmental effects and investment income.

In Japan, leading medium-sized companies and small and medium-sized companies account for 40% in terms of the GDP and 70% in terms of the number of employees, and they thus hold the key in achieving carbon neutrality. The FSA is considering offering support for local moves to establish bodies to promote GX investment and lending by local governments and companies and financial institutions in individual local communities.

We understand that expectations for regional financial institutions are very large in local initiatives for de-carbonization. We hope that you will make positive efforts for dialogues with and support for regional companies in light of the FSA's initiatives, with the aim of developing sustainable regional economies.

○ Investment in people

Lastly, Shinkin banks are also endeavoring to solve various local problems as the closest partners that regional companies can surely rely on.

In order to further enhance your abilities to solve problems, investment in people is indispensable. You are expected to positively invest in people and foster human resources respectively and further strengthen your management base while fully utilizing your nationwide network, with the aim of achieving mutual prosperity with regional economies.

I would like to conclude my speech by wishing everyone here much happiness and health and express my hopes for the Shinkin bank industry's further development.

**Special Feature:
Open Policy Lab**

Tech Forming Team: Development of a Speed Cross-Check Tool for Legal Texts – Enhancement of Operational Efficiency through Automated Reading –

HASEGAWA Masaki, KIRIYAMA Yuki, IWASAKI Yui,
Tech Forming Team, Open Policy Lab

The FSA has established the Open Policy Lab, a framework for voluntary submission of policy proposals by employees that is intended to train and better use employees, centered on young employees, and invigorate the organization and also promote the formulation of novel and original policies by actively accepting employees' new inspirations and ideas.

The Tech Forming Team in the Open Policy Lab is a volunteer team that intends to rebuild inefficient operational methods and practices to develop programs to enhance operational efficiency for young staff members and provide them with opportunities to obtain the latest IT skills and programming know-how that will contribute to enhancing operational efficiency, under the concept of making the FSA an environment that has abundant creative work and human resources. The team consists of 17 members, centered on young staff members with one to four years of experience at the FSA, and is developing various programs and tools to enhance operational efficiency for the purpose of

1. rebuilding inefficient operational methods and practices and enhancing operational efficiency for young staff members;
2. making the FSA an organization that lets young staff members take charge of important duties relating to the content of financial administration; and
3. providing young staff members with opportunities to obtain the latest IT skills and programming know-how that will contribute to enhancing operational efficiency.

A speed cross-check tool for legal texts, which was newly developed in this year's activities of the Tech Forming Team, is introduced below.

Background

Cross-check of legal texts is included in important confirmation work upon amending laws and regulations. In the case of amending an Act or Cabinet Order, one staff member reads out amended sentences and other staff members check the text while listening to confirm the correspondence between amended sentences and a comparative table of the prior and amended provisions and check the forms and literal errors.

This work is burdensome as two or more staff members (a reader and listeners) need to adjust their schedules and it takes up much time. Additionally, in order to accurately distinguish homonyms, etc., special ways of reading Chinese characters, etc. (such as reading "掲げる (kakageru)" as "keigeru") are employed and staff members need to learn and get used to such practices in order to serve as a reader.

Outline of the tool

In order to improve such situation, the team developed an application that automatically reads out legal texts to be cross-checked.

The tool has a mechanism to change an original legal text file into a manuscript for reading out and have it read out using various functions of a PC. By the use of this tool, a staff member can do cross-check by him/herself on his/her own timing. As the program reads out sentences, omissions or other human errors can be prevented. Furthermore, knowledge on cross-check can be accumulated as data.

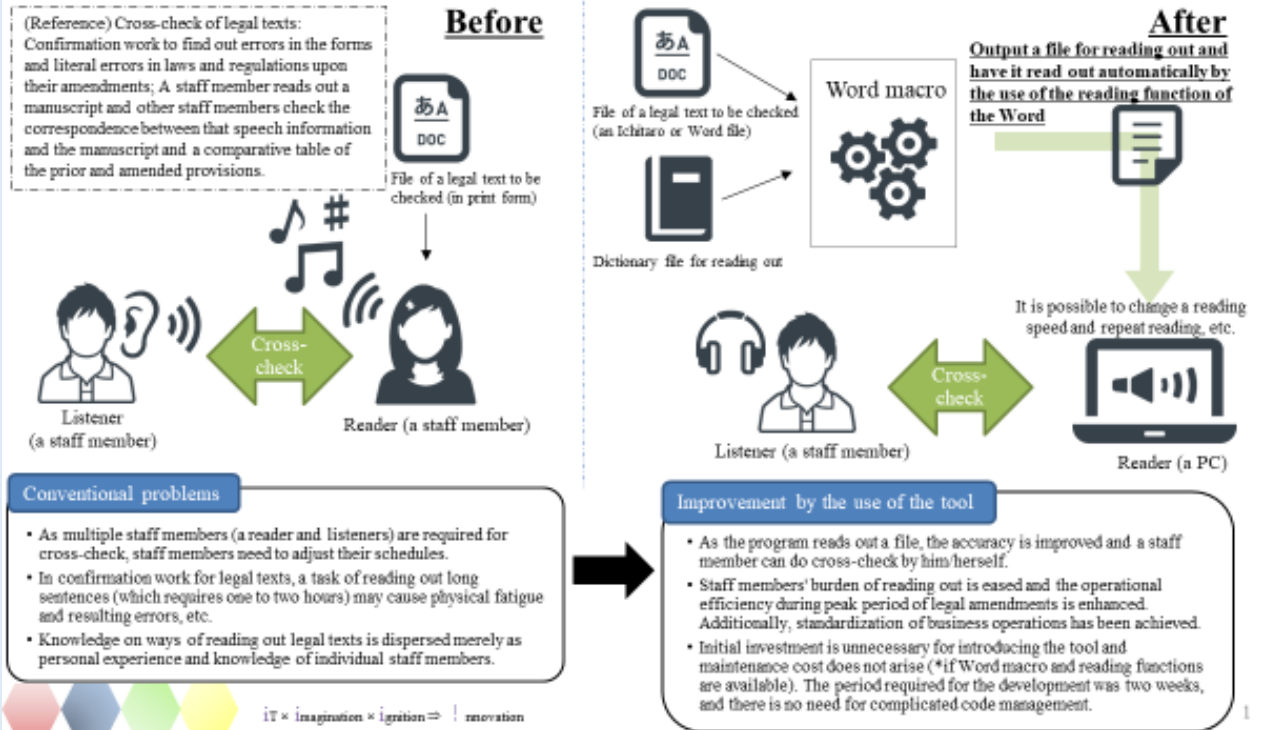
The team would like to exchange views and work cooperatively with people of other ministries and agencies and external organizations for enhancing the tool and is looking forward to being contacted by people interested in this tool.

Automated reading by the development of a speed cross-check tool for legal texts



Outline

- Developed a program to load an original legal text file (an Ichitaro or Word file) and automatically create a manuscript for reading out
- Created and brushed up a translation dictionary concerning expressions unique to cross-check (such as reading “掲げる (kakageru)” as “keigeru” or “,” as “maru”)
- By having the created file read out by the use of the reading function of the Microsoft Word, a staff member can do cross-check by him/herself.



Received the Grand Prix for the Workstyle Reform Award and was commended by Minister Kono!

In June, 2023, this project received the Grand Prix in the Work Review and Digitalization Sector (the Ministry and Agency Part) for the Workstyle Reform Award,* and was commended by Mr. Kono, Minister for Digital Reform, and Ms. Kawamoto, President of the National Personnel Authority. At the award ceremony, award recipients delivered speeches for two minutes each, and a Q&A session was held. Award recipients received words of encouragement.

– Minister Kono's remarks (excerpt) –

This tool must be helpful not only for the FSA but also for all other government organizations. Certain work having been conducted by two staff members can be conducted by one staff member or each conducts the work individually, which means that the output nearly doubles. Therefore, operational efficiency will be considerably enhanced. (snip) This can be introduced broadly among all ministries and agencies soon. Thank you very much. I would like to disseminate this tool broadly.



Photo: At the award ceremony (Left: Minister Kono; Right: Team member Hasegawa)

* The Cabinet Bureau of Personnel Affairs, the National Personnel Authority, and the Digital Agency organize the award with the aim of further disseminating workstyle reform of administrative bodies through the efforts of individual staff members. Projects to be awarded are decided by vote by national public officers nationwide, and over 11,000 national public officers participated. Out of a total of 146 projects applied, a vote was held for 24 projects that passed the first round, and four projects were awarded the Grand Prix (one project each for the Digitalization Sector and the Human Resources Development Sector respectively for the Ministry and Agency Part and the Regional Bureau Part) and eight projects were awarded the Award of Excellence (two projects each) (this project obtained 2,663 votes).

Special Feature: Open Policy Lab

Initiatives by the Regional Solutions Support Team

KASAI Taiji, Regional Solutions Support Team, Open Policy Lab

Since October 2018, the Regional Solutions Support Team in the Open Policy Lab which has had talks with local governments, regional financial institutions, and other various regional entities that are working for vitalizing local communities, has functioned to connect and establish communications between local areas and the central government and between the public sector and the private sector in response to consultations from local communities, and has jointly considered measures to solve regional problems and supported the implementation of those measures.

Part of the team's activities during this program year is introduced below.

– Activities in Asahikawa City, Hokkaido –

Asahikawa City, Hokkaido, introduced the Subsidies for Supporting the Acquisition of Important Fans of Asahikawa City in August 2022. This aims to subsidize the costs for acquiring external human resources for companies in the City and communicate the attractions of the City to such external human resources to have them deepen exchanges with the City, thereby creating and expanding the population and increasing fans of Asahikawa City.

Asahikawa City and regional financial institutions in the City were seeking ways for collaboration between administrative organs and regional financial institutions in utilizing the subsidies and consulted with the Regional Solutions Support Team. Accordingly, Asahikawa City, regional financial institutions, the Asahikawa Local Finance Office of the Hokkaido Local Finance Bureau, and the team had discussions, and as a result, regional financial institutions extracted companies with problems and connected companies in the City and human resources working for IT companies in the Tokyo metropolitan area. These efforts led to support for

the introduction of digital technologies by utilizing the subsidies.

In June 2023, a Meeting for Acquiring Important Fans of Asahikawa City (hosted by Asahikawa City with cooperation of the Asahikawa Local Finance Office of the Hokkaido Local Finance Bureau, etc.) was held for the purpose of sharing case examples in local areas and creating new networks. During this event, panel discussions were held among companies in the City, regional financial institutions as support organizations, and external human resources, and a meeting to exchange business cards among participants and a private consultation meeting were also held. Based on connections among related parties made through this event, discussions are currently underway toward the creation of new businesses within the region.



Photo (both): Meeting for Acquiring Important Fans of Asahikawa City

– Kasumigaseki Dialog –

The Regional Solutions Support Team and the Regional Finance Support Office have periodically held an event, "Kasumigaseki Dialog," online to disseminate measures of the Cabinet Office and ministries and agencies to people nationwide who are working for vitalizing local communities and to create a place for direct dialog between participants and responsible personnel of ministries and agencies.

The 15th Kasumigaseki Dialog (number of applicants: approx. 180) was held in collaboration among the Cabinet Office, the Ministry of the Environment, the Ministry of Economy, Trade and Industry, the Ministry of Agriculture, Forestry and Fisheries, and the Financial Services Agency. Participants deepened understanding of policy measures through talks with responsible personnel of ministries and agencies as well as among themselves, and introduced efforts and challenges in their localities and shared them. Interactive discussions were thus developed actively. Participants made comments reflecting their willingness to utilize introduced cases in their local efforts, such as "We would like to utilize policy measures for considering regional initiatives and offering support therefor." We will continue holding Kasumigaseki Dialog periodically with the aim of disseminating policy measures and facilitating the utilization thereof, while ascertaining needs of local areas.

continue offering support for activities under the initiatives of local communities based on past performance and through utilizing its networks with the Cabinet Office and the relevant ministries and agencies in response to consultations from local communities. Please feel free to make inquiries with the team.

Regional Solutions Support Team:
<https://www.fsa.go.jp/policy/chiikikadaikaiketsushien-team/chiiki-kadai-top.html> (Available in Japanese)

Kasumigaseki Dialog The 15th

Prohibition of presentations in a monotone
 Free session ensuring psychological safety
 Mutual understanding and making connection through dialog

Hosted by the Regional Solutions Support Team and the Regional Finance Support Office, FSA

Kasumigaseki Dialog: A place for direct dialog between personnel of ministries and agencies in charge of policy measures and financial institutions, local governments, support organizations, companies, students, etc. that are interested in policy measures and local problems

GUEST SPEAKER

Regional Revitalization SDGs Finance Award
 – Creation of a self-sustaining virtuous cycle –



KINOSHITA Koichi
 Head, Regional Revitalization Promotion Office, Cabinet Office

With the aim of facilitating the creation of a self-sustaining virtuous cycle to revitalize and reinvestment of funds in local areas for developing sustainable communities, we have launched the Regional Revitalization SDGs Finance Award and the Regional Revitalization SDGs Registration and Certification System on the premise of collaboration between local governments and regional financial institutions. I will introduce the purposes of the award and case examples, centered on the Regional Revitalization SDGs Finance Minister's Award.

Regional Finance for Enhancing Sustainability of Local Communities
 – Centered on Efforts for Decarbonization through Support for Client Companies –



INAMURA Koki
 Assistant Head, Environmental Finance Promotion Office, Environment and Economy Division, Minister's Secretariat, Ministry of the Environment

Regional financial institutions have conducted various initiatives for solving regional problems and strengthening regional economies. Recently, some banks and Shinkin banks started to offer support to client companies on a trial basis in order to enhance sustainability of regional economies, while considering recent moves for decarbonization as one of the regional issues. I will mainly introduce case examples from the Ministry of the Environment's ESG Regional Finance Promotion Project.

Personnel Affairs Department for Local Communities



OMORI Yuichi
 Assistant Head, Regional Economy Vitalization Strategy Office, Regional Economic and Industrial Policy Group, Ministry of Economy, Trade and Industry

METI is promoting an initiative "Personnel Affairs Department for Local Communities" to offer support integrally to regional companies so that they can secure human resources who will play a central role in achieving business strategies in the future and can achieve career steps within respective regions, in collaboration with local governments, financial institutions, educational institutions, organizations offering business support, and other relevant organizations, even amid population decline and labor shortage. I will introduce the outline of the initiative and case examples in some regions.

For Creating a Sustainable Food System
 – Green Food System Strategy –



HYOTANI Takuro
 Assistant Head, Green Food System Strategy Group, Minister's Secretariat, Ministry of Agriculture, Forestry and Fisheries

Amid climate change and other changes in an environment surrounding the agriculture, forestry and fisheries industry, which is the key industry in local communities, it becomes increasingly important to achieve the sustainability of the entirety of the food system, from procurement to production, distribution and consumption. I will introduce goals to be achieved in the Green Food System Strategy, which the MAFF formulated in May 2021, and the status of efforts being made under a new legal system.

TIME SCHEDULE

- ▶ 18:30 - 18:35 Opening remarks
- ▶ 18:35 - 19:15 Explanations by guest speakers
- ▶ Announcement pitch
 (The following policy measures are introduced prior to group sessions.)
- (I) FSA
Regional Banking Summit
- (II) Office for Promotion of Regional Revitalization, Cabinet Office
Taxation for Strengthening Regional Core Areas
- ▶ 19:20 - 19:35 Group session 1
- ▶ 19:40 - 19:55 Group session 2
- ▶ 19:55 - 20:00 Closing remarks

Group session ...
 Interactive dialog between panelists and participants as well as among participants

Date

May 24, 2023



18:30→20:00
 (OPEN18:20)

Online (Zoom)

Free

Targets

Anyone can participate, such as financial institutions, local governments, support organizations, companies, and students, etc.; people who are eager to solve regional problems; and people who are interested in policy measures

Application method

Deadline: by 17:00 on Tuesday, May 23

- ▶ Access to an application form from the QR code to the right <https://forms.office.com/t/zGC7fupdst>
- ▶ The URL for participation will be introduced separately later.



Mr. Kasai or Mr. Ueki, Regional Solutions Support Team, Regional Finance Support Office, FSA ☎ 03-3506-6000(extension 2542)

FSA's Data Analysis Project: Analysis Report Session

ITO Hitomi, Deputy Director
KIDO Hiroya, Assistant Director
KAKUSHICHI Ryota, Staff member
AOYAMA Subaru, Staff member

Data Analysis Management Office, Risk Analysis Division, Strategy Development and Management Bureau

1. Introduction

In PY2020, the FSA launched the Data Analysis Project by integrating various data analysis projects within the agency and has offered support as part of its efforts for updating data utilization in financial administration. The FSA not only endeavors to sophisticate staff members' data analysis activities conducted as part of their duties but also backs up their voluntary data analysis for the purpose of formulating policies and conducting monitoring. Every year, analysis results of individual projects are presented at an analysis report session, to which academic experts, etc. are invited as commentators. In addition to that, from this program year, the FSA started to select and award excellent analyses the Commissioner's Award and other awards. The analyses in the awarded projects are outlined and interviews with project team members in charge of those analyses are introduced below.

2. The Commissioner's Award

"Verification of the Market Making Scheme and the Status of Orders by high frequency traders in the ETF Market" and "Analysis Using Big Data of high frequency traders' Profits and Losses"

Market Surveillance Division Securities Examiner Ohyama,
Securities Examiner Fukuyama,
Senior Securities Examiner Honma,
Securities Examiner Hara, Securities Examiner Saito
Market Surveillance Division, Executive Bureau, Securities
and Exchange Surveillance Commission

Q1. Please tell us the outline of the analysis.

< Verification of the Market Making Scheme and the status of orders by high frequency traders in the ETF market >

Based on the characteristics of transactions by high frequency traders in the exchange traded fund (ETF)

market, which were ascertained in a personal article*¹ published in this program year, we examined in detail the status of orders placed by high frequency traders that participated in the TSE's Market Making (MM) Scheme.*² In the analysis, we classified approx. 1.75 million orders by trader by the use of a new liquidity index and verified whether high frequency traders are true liquidity providers or not. From now, we will further review and consider new liquidity indices and will conduct in-depth examinations on the particularities of the ETF market and the interrelation with other markets and other issues (futures and individual shares constituting ETF shares, etc.).

< Analysis using big data of high frequency traders' profits and losses >

It is difficult to interview high frequency traders concerning their profits and losses in Japanese markets, but based on the knowledge obtained through the latest academic workshop, we assessed daily excess positions by the closing price by the use of detailed transaction data and calculated daily profits and losses for three years and ten months (number of calculations: approx. 135.72 million). We readjusted our analysis results based on biases in individual businesses' positions (the number of shares actually sold and purchased by business day and by issue), while taking into consideration their sources of profits, thereby developed indices that will contribute to monitoring, such as individual businesses' levels of ascertaining transaction strategies and timing of changing strategies. We would like to use these indices as clues for detecting market misconduct and for searching for factors that cause a market distortion or an instantaneous lack of liquidity.

Q2. What was difficult and what did you keep in mind when conducting the analysis?

As we handled massive transaction data, it took time for our team to devise program manipulation

*¹ "Impact of Speed Competition in High Frequency Trading (HFT)" published on October 25, 2022: https://www.fsa.go.jp/frtc/english/seika/srhonbun/20221025_SR_Speed_Competition_in_HFT.pdf

*² The MM Scheme is a mechanism wherein high frequency traders, etc. serve as market makers for increasing the liquidity of the TSE's ETF market and quote for sales or purchases in sufficient amounts at appropriate prices regularly, and they are given incentives if they fulfil such obligations to a certain level.

methods and repeat trials again and again. However, new members well-versed in IT who joined us last September implemented codes so promptly and accurately that we almost forgot that the data we were handling were big data. It is no exaggeration to say that this new members' contribution enabled us to report our project outcome in this manner.

What we kept in mind in the process of conducting the analysis was not to pass over a feeling of strangeness regarding analysis results and to think flexibly by widely collecting information without being influenced by preconceived ideas. Based on the particularities of the ETF market, which were observed in the aforementioned article, we closely examined transaction statuses in the analysis of the MM Scheme and found individual businesses' transaction strategies that may have been overlooked if based on the conventional definition of liquidity provision. In the analysis of profits and losses, we put aside a preconceived idea that accurate calculation of profits and losses is impossible, and rather considered that biases in individual businesses' positions, which had been perceived as problematic in calculation, show part of those high frequency traders' strategies that we had failed to ascertain. As a result, we could obtain indices for understanding individual businesses' strategies, etc.

Q3. Your team was awarded the Commissioner's Award. How do you feel about it?

We are very pleased that we received the Commissioner's Award as a result of individual team members' daily efforts and deliberations while leveraging their strengths, with kind support from all of you. We will continuously endeavor to contribute to protecting fair markets, which is the mission of the Securities and Exchange Surveillance Commission.

3. Jury's Special Awards

"More Efficient and Effective Screening Process to facilitate the implementation of Basel III standards in Japan"

Deputy Director Kozawa, Section Chief Hirata, Official Aoi
Prudential Standards Office, Risk Analysis Division,
Strategy Development and Management Bureau

Q1. Please tell us the outline of the analysis.

Our office is in charge of the implementation of internationally-agreed prudential standards by introducing capital regulations and examining and approving the use of risk measurement methods of each

financial institution.

In Japan, the phased implementation of the finalized Basel III standards started from March 2023, and it became necessary for us to examine a large number of financial institutions in a relatively short period of time, for their use of certain risk measurement methods that require supervisory approval. To enhance the efficiency and effectiveness of our screening process, we made data analysis to understand overall trend and issues that may require careful examination.

Q2. What did you keep in mind when conducting the analysis and what outcome did you obtain?

We kept in mind interpreting the outcome of data analysis straightforwardly and at the same time from different perspectives. When the outcome of data analysis implied the areas that require careful attention, we had deeper dialogues with the financial institutions to make sure that they satisfied regulatory requirements. It was useful to identify issues to be resolved for some financial institutions.

Q3. Your team was awarded the Jury's Special Award. How do you feel about it?

Data analysis provided us with new viewpoints in our screening process. We will further enhance our process so that we can communicate with financial institutions more efficiently and effectively.

"Analysis of the Effects of Financial Institutions' Exercise of Relationships on Borrowers' Finance"

Assistant Director Yuki
Macroanalysis Office, Risk Analysis Division, Strategy
Development and Management Bureau

Q1. Please tell us the outline of the analysis.

I combined the data of the Corporate Questionnaire Survey to confirm the client assessment of regional financial institutions' efforts pertaining to such issues as financial mediation functions, which the FSA conducts every year, and companies' financial information, and conducted an analysis using a statistical method as to whether financial institutions' communications and business improvement support activities targeting borrowers surely improve their business finance.

Q2. What was difficult and what did you keep in mind when conducting the analysis?

Support for client companies' business improvement through financial institutions' efforts to build relationships has long been a challenge in financial

administration and I understand that many of the personnel of financial institutions are endeavoring to support client companies with passion. However, it is not easy to numerically describe the outcomes and I have been aware of the fact that the effects of financial institutions' relationship building have not necessarily been verified sufficiently. I wanted to prove the effects of their efforts.

Q3. You were awarded the Jury's Special Award. How do you feel about it?

I understand that aspects of my analysis design, such as the setting of a challenge and the selection of data, were highly evaluated, and I feel grateful. I would like to continue surveys and analyses to have the outcomes reflected in the financial administration and business activities of financial institutions.

4. Chief Data Officer Award

"Analysis Concerning the Relationship, etc. between Financial Knowledge and Ratio of Holding Securities Mainly in the Tohoku Region"

Inspector Kurihara

Financial Supervision Division 3, Local Financial Department, Tohoku Local Finance Bureau

Q1. Please tell us the outline of the analysis.

Based on published data on financial literacy and household economy, I analyzed the influence of individuals' financial knowledge on households' holding of securities mainly in the Tohoku region. As far as the data and analysis methods I employed suggest, it seemed that the higher one's financial literacy is, the higher the ratio of holding securities is. However, I could not find significant differences when taking individuals' saving levels into consideration. While the hypothesized results were not sufficiently found, I think that those data reveal that it would be effective to raise saving levels in order to raise the ratio of households' holding of securities at least under current circumstances.

Q2. What made you participate in the project, and what was difficult when conducting the analysis?

I attended a basic training session on data analysis held by the FSA. I thought it a waste only to attend the training and decided to do an analysis myself while fulfilling my duties. Therefore, I participated in the project, but it was difficult to find enough time and I had

to advance my analysis step by step.

Q3. You were awarded the Chief Data Officer Award.

How do you feel about it?

It is more than I deserve. I was not at all perfect but could somehow present my analysis results at the analysis report session thanks to advice and support from the Counselor and staff of the Data Analysis Management Office of the FSA and my superior and coworkers of the Financial Supervision Division 3 of the Tohoku Local Finance Bureau. Here I express my sincere gratitude.

5. Conclusion

It is three years since the launch of the Data Analysis Project. We feel that the quality of individual projects is being enhanced year by year through repeated trials and errors by participating staff members and feedback by experts concerning analysis results.

This year, the Data Analysis Project was participated in by people with further diverse backgrounds in terms of team composition (a team consisting of analysis specialists from the private sector and proper staff of the FSA, a team solely consisting of proper staff of the FSA, etc.) and in terms of the experience concerning analyses (participants included analysis specialists, a person who started a project after attending a training session, etc.).

Through the Data Analysis Project and other initiatives, the FSA will back up its staff members who are endeavoring to utilize data analyses in identifying and solving problems in financial administration and will further update data utilization in financial administration.



Group photo of the former FSA Commissioner Nakajima (center in the front line) and award winners

Conclusion of Basic Agreement on Collaboration with the University of Tokyo

On May 31, 2023, the FSA and the University of Tokyo concluded a basic agreement on research collaboration. Through collaboration, advanced and innovative research will be promoted by integrating academic and practical knowledge related to financial markets and financial administration and by utilizing the knowledge and expertise of both institutions, and also by sharing research outcome and giving feed back on actual financial administration, which would lead to further sophistication of Japan's financial administration.



Photo: President Fujii of the University of Tokyo (left) and then FSA Commissioner Nakajima (right) having concluded the agreement

The items of cooperation and collaboration under the Agreement are as follows:

- 1) Research on financial markets and financial administration using data-driven techniques;
- 2) Education on data analysis methods for FSA staff and financial literacy education for undergraduate students and graduate students of the University of Tokyo;
- 3) Development of new financing methods for research, education, and public relations through collaboration between industry, government, and academia; and
- 4) any other matters necessary to achieve the purposes of this Agreement.

This is the first time for the FSA to conclude a partnership agreement with a university or other academic institution in research field.

The FSA has raised “sophisticating data utilization in financial administration” as one of its Strategic Priorities for July 2022-June 2023, with the aim of further evolving its financial administration. Through the recent conclusion of the basic agreement, it is expected that the FSA will be able to foster personnel by fully utilizing research assets held by the University of Tokyo.

Furthermore, it is also expected that the analysis of data held by the FSA will be promoted in the form of a joint research with the University of Tokyo, and this will deepen FSA staff's understanding of financial markets and enable them to utilize their knowledge in actual financial administration. In addition, financial and economic education, an area the FSA has been working on together with the national government, will be promoted more effectively through the collaboration with the University of Tokyo. But first of all, we will advance firmly the joint research that we commenced this April, and will examine the theme of the next joint research as we coordinate research needs of both institutions.



Photo: Press conference held after the conclusion of the agreement at the Yasuda Auditorium

Through building such partnerships, the FSA aims to launch high-quality research projects with leading researchers, expand its academic network, and improve the analytical capabilities of its staff.

– Explanation of Recommendations for Administrative Monetary Penalty Payment Orders –

The Securities and Exchange Surveillance Commission ("SESC") posts explanation of recommendations that it has issued on its website as an article titled "Message to the Market."

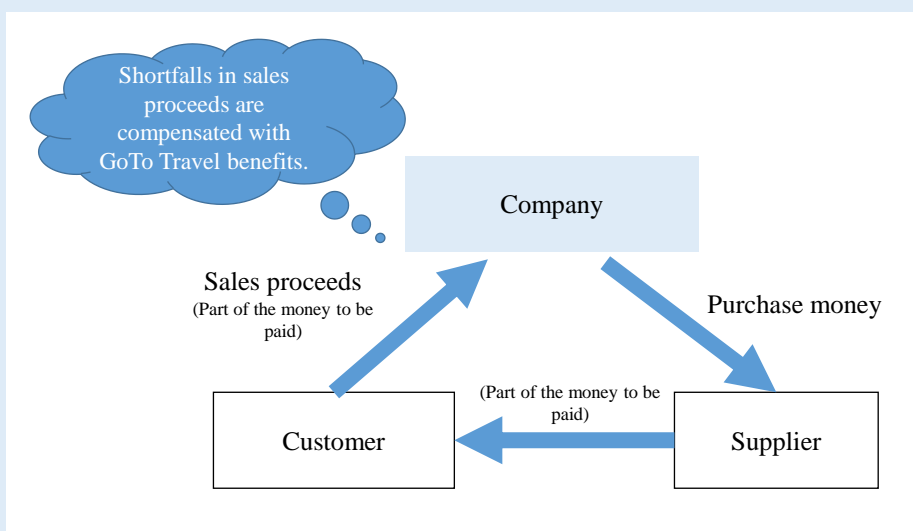
The content of "Message to the Market" posted on June 26, 2023, is as below.

* For the full text of "Message to the Market," please access the SESC's website at <https://www.fsa.go.jp/sesc/message/20230626.html> (Available in Japanese).



Recommendation for an administrative monetary penalty payment order against TABIKOBO Co. Ltd. for making false statements in its disclosure documents

As a result of an inspection of TABIKOBO Co. Ltd. (the "Company") from a disclosure-regulation perspective under the Financial Instruments and Exchange Act, the SESC found a legal violation as follows. Accordingly, the SESC made a recommendation that the Prime Minister and the Commissioner of the Financial Services Agency impose an administrative monetary penalty payment order against the Company on June 6, 2023.*



Reference: Conceptual drawing of a flow of funds transaction

[Summary] The Company made inappropriate accounting treatment by stating an excessive amount of sales and cost of sales according to flow of funds transactions and submitted the following disclosure documents containing false statements on material matters to the Director-General of the Kanto Finance Bureau.

- A total of four sets of documents, including the annual securities report for the term that ended in March 2021 (submitted on June 24, 2021)

[Inappropriate accounting treatment]

The Company engaged in the business of purchasing and selling custom-made planned tours, which were covered by the national government's

GoTo Travel Campaign. In transactions, with the intention to receive GoTo Travel benefits, the Company arranged that part of the purchase money it paid to suppliers be transferred to customers and that the relevant money be appropriated as part of the sales proceeds it would receive from customers.

The Company recorded such sales and sales costs in disclosure documents, although those should not have been recorded.

The SESC will continue taking rigorous actions against violations of disclosure regulations, such as false statements in annual securities reports like this case.

* For "Recommendation for an administrative monetary penalty payment order against TABIKOBO Co. Ltd. for making false statements in its disclosure documents," which was released on June 6, 2023, see https://www.fsa.go.jp/sesc/news/c_2023/2023/20230606-1.html (Available in Japanese).

– We Appreciate Your Cooperation in Fighting Money Laundering and Terrorist Financing –

信用組合とお取引をいただいているお客さまへ
「お客さまの情報」の定期的な確認について
ご理解とご協力をお願いいたします

—マネー・ローンダリング及びテロ資金供与対策にご協力ください—

近年、国際社会においてマネー・ローンダリング及びテロ資金供与対策の重要性が高まっております。また、国内においても預金口座を悪用した特殊詐欺などの金融犯罪が発生しています。

各金融機関では、これらの犯罪行為を防止し、お客さまが安心・安全にお取引できるよう、犯罪収益移転防止法および、金融庁「マネー・ローンダリング及びテロ資金供与対策に関するガイドライン」に基づいて様々な対策を進めています。

この対策の一環として、信用組合を含む各金融機関では、お客さまの現在の情報を定期的に確認する取組み（※）について、それぞれ所定の方法により順次行っております。

（※）既にお取引をいただいているお客さまに対し、お取引の内容や状況等に応じて、お客さまに関する情報やお取引の目的などを定期的に確認させていただく取組みです。

このようにお客さまお一人おひとりの情報を定期的に確認させていただくことは、犯罪組織やテロ組織が善良なお客さまに紛れて気づかれないように金融機関を利用したり、お客さまになりすまして預金口座を不正利用したりすることを防止し、金融機関をご利用いただく皆さま方の安全・安心にも繋がる取組みとして行っております。

お客さまにおかれましては、こうした取組みにご理解いただき、信用組合からの「お客さまの情報」に関する定期的な確認の依頼に対して、ご協力くださいますようお願い申し上げます。

最近では色々な方法でお客さまの情報を取得しようとする詐欺の手口が発生していますので、もしも不審な点がある場合には、お取引のある信用組合の本支店にご照会いただきますよう、よろしくようお願い申し上げます。



一般社団法人

全国信用組合中央協会



JFSA's Major Activities in June (June 1 to June 30, 2023)



- [Comprehensive Guidelines for Supervision of Financial Service Intermediaries \(June 30, 2023\)](#)
- [Publication of the summary from "Annual Report on Insurance Supervision 2023" \(June 30, 2023\)](#)
- [Results of the G7 Cybersecurity Seminar 2023 \(June 28, 2023\)](#)
- [FSA's Participation in MAS's "Project Guardian" initiative on Digital Assets \(June 26, 2023\)](#)
- [Discussion Paper on Ensuring Operational Resilience \(June 23, 2023\)](#)
- [Publication of "Progress Report 2023 for Enhancing Asset Management Business in Japan" \(June 20, 2023\)](#)
- [Overview of financial results of major insurance companies as of March 31, 2023 \(June 16, 2023\)](#)
- [Conclusion of a Basic Agreement between FSA and the University of Tokyo on Research Collaboration \(June 13, 2023\)](#)
- [Overview of the Japanese regional banks' financial results for six months ended March 31, 2023 \(June 2, 2023\)](#)
- [Overview of major banks' financial results as of March 31, 2023 \(June 2, 2023\)](#)

JFSA's official English X(formerly Twitter) account
https://twitter.com/JFSA_en



**We are promoting
information
dissemination using
X (formerly Twitter)!**

Editorial Postscript

This issue introduces voluntary initiatives mainly by FSA personnel wherein they independently set policy themes and achieved outcomes. Each initiative shows individuality and must have been interesting to read.

Every year, from late June to early July, personnel are reshuffled in the FSA. The personnel of the Public Relations Office, which issues Access FSA, have also been renewed, but we, new staff members, will continue making efforts to enhance the content of the FSA's PR activities to disseminate the advancement in financial administration to a broader range of people.

Excuse me for not introducing myself sooner. My name is YANO Shohei, and I have newly assumed the office of Director of the Public Relations Office this July. I am looking forward to having a chance to talk about financial administration with many people through the publication of Access FSA.

YANO Shohei, Director of the Public Relations Office, FSA
Edited and issued by the Public Relations Office, FSA