

ADBI-JFSA Joint Conference

**“Strengthening the Asian Financial Sector toward
Sustainable and Inclusive Growth”**

Session 2 Challenges to Reform of Asia’s Financial Sector

Post-crisis Regulation of Financial Institutions in Japan

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Abstract

I would like to explain the measures taken in Japan in response to the global financial crisis, and also discuss the importance of enhancing cooperation between Japan and Asia through finance.

The global financial crisis that unfolded after the Lehman-shock is described as a “once in a hundred years” event; however, Japan had experienced another serious financial crisis in the 1990s. In the 1990s crisis, we implemented the following measures to deal with the situation: (i) full protection of bank deposits; (ii) banks’ capital enhancement with public fund injection; (iii) off-balance sheet treatment of bad debts; and (iv) temporary nationalization of banks.

After the Lehman-shock, the FSA made efforts to promote smooth funding by financial institutions. Measures included enactment of the “Act on Special Measures for Strengthening Financial Functions (Amended),” which addressed lenders, and of the “Act on Temporary Measures to Facilitate Financing for Small and Medium-Sized Enterprise, etc.,” which addressed borrowers.

We believe it is important to enhance cooperation in the finance area for Japan to contribute to further development of Asian economy. As Japanese financial institutions have been actively entering the Asian market in recent years, we believe that providing stable funding through building long-term relationship with Asian clients will be essential.