JFSA’s Strategy for Consumer Protection

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JFSA’s mission

To contribute to national welfare by securing sustainable growth of national economy and wealth through achieving the three set of goals:

✓ Financial stability and effective financial intermediation
✓ Consumer protection and consumer benefit
✓ Market integrity and market vigor
JFSA’s strategy/action for financial consumer protection

✓ Fiduciary duties
   “Principles for Customer-Oriented Business Conduct” (March 2017)
   469 financial service providers have adopted the Principles

✓ Fintech (including Crypt currencies)
   - Balance between promotion of financial innovation and consumer protection
   - New legislation for crypt currencies (April 2017): registration requirement and oversight of broker dealers

✓ Conduct risk/culture
   Discussion Paper will be issued to promote dialogue with financial institutions

✓ Enhanced analysis of claims from consumers
   Horizontal analysis and identification of potential risks for consumers

✓ Cooperation with other Authorities
   ex. Consumer Affairs Agency, National Police Agency, overseas agencies
JFSA’s reform (1): Supervisory approaches

- More forward looking and preemptive
- More holistic; focus on business models (products), governance and their changes (1st line), in addition to 2nd and 3rd line of defense,
- More in-depth; root cause analysis (incentives, culture, tone-at the top...)
JFSA’s reform (2): Organization, HR and IT

- **Organization Structure**
  - Enhanced strategy development across financial services; early identification of issues/risks, timely measures and actions
  - Integration of off-site monitoring & on-site inspection for regulated entities

- **Upgraded professional expertise**
  - Subject matter expertise for industry / system-wide and horizontal issues and risks

- **RegTech in line with FinTech**
  - Upgrading FSA’s IT for oversight of financial services (digital forensic, data analytics, AI)
Thank you !