

As prepared for delivery

Opening Address by Satsuki Katayama

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Good morning, everyone. I am Satsuki Katayama, Minister of Finance and Minister of State for Financial Services.

Thank you very much for inviting me to this distinguished CEO gathering from leading financial institutions around the world.

Today, I will outline the efforts of the Takaichi Cabinet to build a strong economy and the latest status of our discussions on a new financial services strategy.

Responsible and proactive public finances

First, let me begin with responsible and proactive public finances and Japan's growth strategy. Japan's economy has improved significantly.

Japan's nominal GDP has surpassed 600 trillion yen and continues to expand, with around 1,000 trillion yen in sight by 2040. Corporate profits and capital investment are at record highs, and wage growth has remained strong, with increases of over 5 percent for three consecutive years. Moreover, the Nikkei Stock Average has hit an all-time high.

Going forward, we will advance well-targeted growth investments based on the concept of responsible and proactive public finances. We will raise the growth rate and steadily reduce the government debt-to-GDP ratio. While closely monitoring market developments,

we will ensure fiscal sustainability and maintain trust from the markets.

Strategic investment in priority areas

Japan is shifting from a deflationary, cost-cutting economy to a dynamic, growth-oriented one driven by investment and productivity gains. At the same time, Japan is facing a declining population and the most severe and complex security environment since the post-war period.

Under these circumstances, potential growth has been sluggish, and private consumption has lacked momentum. To achieve a strong economy in the face of continued population decline, we will take strategic fiscal action. It aims to strengthen supply-side structure and boost economic growth. By doing so, we will increase incomes, improve consumer sentiment, and create a virtuous cycle that leads to stronger corporate profitability.

From this viewpoint, the Takaichi Cabinet is advancing bold and strategic investments to enhance supply capacity. We have identified 17 strategic sectors including AI, semiconductors, and shipbuilding and will pursue proactive investment through public-private collaboration.

In this way, even as Japan's population continues to decline, we will address Japan's challenges, foster cutting-edge industries, and drive robust economic growth by promoting proactive public and private sector investment—particularly in strategic sectors that also contribute to strengthening economic security, such as AI and semiconductors.

New financial services strategy

Now, let me turn to the status of our discussions on a new financial services strategy. This stands as one of the key pillars of the Takaichi Cabinet's agenda for building a strong Japanese economy. To capture the positive momentum and unleash Japan's economic potential, as well as accelerate our growth strategy, the power of finance is essential.

To this end, we established a subcommittee under the Council for Japan's Growth Strategy, and we presented the outline of our new financial services strategy this April.

The strategy builds on our initiative to promote Japan as a leading asset management center. It will aim to create a virtuous cycle of capital by:

- encouraging companies to undertake growth investment that enhances medium- to long-term corporate value;
- ensuring that beneficiaries of asset owners and households can fully share the gain of growth; and
- enabling financial institutions and markets to effectively provide funding and growth support that connect these elements.

It is also important to ensure that the financial infrastructure can adapt to new technologies.

The new financial services strategy is structured around four key pillars.

The first pillar is strengthening the functioning of financial institutions and markets.

To support large-scale projects and business transformation, we will enhance banks' ability to provide flexible financing, including

through regulatory changes. This will strengthen their functions in providing finance and supporting corporate growth.

At the same time, we will promote the development of deep and diverse markets by revitalizing the corporate bond market, developing the loan secondary market, and fostering the sound development of private funds, including private equity and venture capital. We will also strengthen the capability of Japan's regional financial institutions to enhance the value of local businesses and address regional challenges.

The second pillar is corporate governance reform.

We will advance corporate governance reform to ensure that both companies and institutional investors focus on sustainable growth and medium- to long-term corporate value, and that necessary growth investments are undertaken. To this end, we plan to revise the Corporate Governance Code this summer and also work on formulating the "Guidance for Promoting Growth Investment."

These efforts will encourage companies to take into account their stage of development and allocate profits generated through growth in an appropriate manner to growth investments in human capital, capital expenditure, and R&D, as well as to shareholder returns.

The third pillar is implementing measures to maximize the benefits of economic growth.

We will promote asset management that serves the best interests of beneficiaries among public asset owners such as GPIF, as well as corporate pension funds and university endowments. For example, we will further promote the acceptance of the Asset Owner Principles and encourage more sophisticated asset management through regular reviews of investment practices.

In addition, we will support household asset building by raising awareness of expanded NISA and improved DC and iDeCo systems and promoting financial education that is tailored to different generations and regional needs.

The fourth pillar is investment in the infrastructure that supports the financial system.

As efforts continue to enhance overall economic efficiency through the integration of logistics, commercial flows, and payments using blockchain, we will promote the implementation and broader adoption of blockchain-based solutions.

For example, through the Payment Innovation Project (PIP), we support pilot initiatives aimed at advancing payment systems using blockchain technology.

Moreover, it is essential to ensure robust cybersecurity for the payment infrastructure that underpins the financial system. As frontier AI continues to advance rapidly, there is a growing threat that it may be exploited for cyberattacks, dramatically accelerating and amplifying both the speed and scale of such attacks. As a result, cyber risks are becoming increasingly severe.

As Minister of State for Financial Services, I have been urging financial institutions to treat frontier AI as a key management priority and to strengthen their preparedness for large-scale vulnerability remediation, while leading close public-private coordination to strengthen cyber resilience across the financial sector.

Conclusion

In closing, I have outlined the current state of our growth strategy to realize a strong Japanese economy under the Takaichi Cabinet, as well as the new financial services strategy that will support it.

Through the formulation and implementation of our new financial services strategy, we will strengthen Japan's economic structure and build an economy trusted by global investors, thereby creating a virtuous cycle that attracts capital from around the world. In this regard, I would like to ask for your continued support in further expanding investment in Japan.

Thank you very much for your kind attention.