

Keynote Speech at World FinTech Festival

I am honored to present this greeting today at World Fintech Festival Japan.

The expansion of the COVID-19 crisis has revealed various issues, such as business uncertainty on the premise of face-to-face communication and risks faced by our society of urban concentration. In Japan, even in the aftermath of the COVID-19 crisis, more than half of all companies are conducting remote work, and in financial services, the number of mobile banking users and the use of cashless payments have increased. Thus, even in day-to-day life, the ideal way of conducting financial services has dramatically transformed.

The FSA views the transition to the "new normal" triggered by COVID-19 as an opportunity to make the conventional social structure more efficient and rational, and intends to work to build a variety of financial systems that will support such reforms.

In the current situation, in which we face a major turning point, it is necessary not only to replace the conventional way of doing business with digital ways, but to face the actual needs of users head on, and to think about and practice how to solve social issues and create new added value through digital technology in response to those needs.

The provision of financial services based on this idea is expected to create new profit opportunities for businesses, including financial institutions, which in turn will lead to the creation of new financial services that are even more convenient for users.

The FSA shows a strong commitment to efforts to resolve issues through finance by providing integrated support for regulatory and technical issues so that businesses can provide more convenient services through digital innovation.

For example, in 2015, the FSA established a one-stop FinTech support desk to provide consultation services to FinTech companies, and in the five

years since then, we have handled more than 1,000 legal consultations. In addition, when conducting proving tests using FinTech, a team in charge formed across the agency provides ongoing support for resolving issues related to laws and regulations, compliance, etc.

In addition to establishing a framework for such assistance, Japan will lead global discussions on various issues in the decentralized financial system by contributing to Blockchain Governance Initiative Network, a multi-stakeholder platform, on blockchain technologies that can bring great potential to the financial system as a whole, with a view to the future.

We hope that this event will lead to the provision of financial services that solve social issues and create new added value. FSA wants to support innovation through the various initiatives described so far.

Now I would like to talk about Japan's financial hub function.

It is one of the top priorities of the Japanese government to expand Japan's role as an international financial hub. Prime Minister Suga stated at his inauguration speech last month that Japan will strive to be a financial center for Asia and the rest of the world by welcoming overseas financial professionals. He added that the government will immediately review relevant aspects of the tax system, provide broader administrative services and supervision in English, and relax the requirements for residential status.

In line with the Prime Minister's Speech, Japan FSA has been working hard on this issue in coordination with relevant ministries.

Let me briefly introduce our three priority policy measures.

1. First, administrative services and supervision in English

On November 6, JFSA announced a plan to establish the "Financial Market Entry Office" to handle administrative services in English, including pre-application consultation, registration, and supervision for newly entering asset management firms. The office will be fully operational around

January 2021, but pre-application consultation is already available in English.

2. Second, relaxation of residential status requirements and support with everyday life for foreign businesspersons

We are aware of some inconvenience in residential status requirements, which prevent new entrants from bringing domestic helpers and nannies who support the family lives of highly skilled finance professionals in many cases.

New entrants may also need to find a house, a good school for their children, and maybe clinics or hospitals if they consider entering the Japanese market.

The FSA is coordinating with relevant ministries so that immigration policies can be revisited and that relevant information on houses, schools, and hospitals could be efficiently provided to those who need it.

3. Last but not least, the tax burden.

To be frank, I would not say that our tax rate will ever be like that of city states such as Singapore and Hong Kong.

That said, we made a proposal to the tax authority to take measures related to corporate, income, and inheritance tax. We are currently engaged in deep discussion with them to realize preferential treatment for asset management firms and highly skilled finance professionals newly entering the Japanese market.

Along with the tax rate, we also want you to consider price levels and rent when you estimate disposable income in the case of moving to Japan. It is often misunderstood, but nowadays most Japanese price levels and rents are lower than those in Singapore and Hong Kong. This should be one of the key factors when considering the business location strategy.

That concludes my explanation of priority policy areas, but before finishing my speech, I want to emphasize that this is actually the first time for the Japanese Government to tackle this issue as a cross-ministerial initiative, unlike several similar attempts made in the past solely by the financial authority. Please keep an eye out for our full-fledged policy package to be announced soon.

I hope that this two-day discussion will be fruitful and contribute to progress in innovation and the efforts to become an international finance hub. Thank you for your attention.