



The JFSA Strategic Priorities

July 2021-June 2022

**Overcoming COVID-19 and Building the Financial
System for Greater Vibrancy**

**Financial Services Agency
The Government of Japan**





Objectives

JFSA sets out its annual strategic priorities (July 2021-June 2022) for the objectives below.

- 1 Maintaining both financial stability and the functioning of the financial intermediation function
- 2 Strengthening user protection/user convenience
- 3 Enhancing market integrity, market transparency and market functions

Through pursuing these objectives, JFSA envisions making progress toward the sustainable growth of both corporations and the economy, as well as enhancing national welfare through stable asset formation.





I. Overcoming the challenges of the COVID-19 and bringing about a robust economic recovery

Firstly, JFSA will ensure that the financial intermediation functions of financial institutions can support the economy, which has been significantly damaged by the COVID-19.

In addition, JFSA will promote business improvement, business turnaround and business transformations led by financial institutions so that a vibrant post-COVID-19 economy will be envisaged.

The priorities in this section include the following.





I. Overcoming the challenges of the COVID-19 and bringing about a robust economic recovery (continued)

1. Request financial institutions to provide cash flow support

2. Revitalise regional economies

- (1) Accelerating business improvement, business turnaround and business transformation
- (2) Setting up a favorable ecosystem for business improvement, business turnaround and business transformation
- (3) Encouraging revitalisation of regional economies
- (4) Considering a legal system which contributes to sustainable regional businesses and economies

3. Monitoring Priorities

- (1) Taking due care with the issues under the current financial economy and cross-sectorial issues
- (2) Sector-specific monitoring priorities





II. Development of the financial system that achieves a vibrant economy and society

Secondly, JFSA acknowledges the international and domestic changes in the economy and society as an opportunity. From this perspective, JFSA will promote transformation of the economy and society for greater vibrancy through the realisation of a virtuous cycle of both international and domestic funds, and through building a financial system which enables active creation of financial services.

The priorities in this section are as follows.





II. Development of the financial system that achieves a vibrant economy and society(continued)

1. Promotion of digital innovation

- (1) Consideration of policy frameworks which support the digitalisation of means of remittance transfers and securities products
- (2) Advancement of functionality and efficiency of payment infrastructure, and fostering new financial services
- (3) Digitalisation of operations and procedures in the financial sector
- (4) Improving IT governance at financial institutions

2. Expanding Japan's role as an international financial center

- (1) Advancement of Japanese government-wide efforts
- (2) Further steps for smooth entry

3. Promotion of sustainable finance

- (1) Enhancement of corporate disclosure, both in quality and quantity
- (2) Demonstration of market functions
- (3) Financial Institutions' support for the borrowers and investees, and climate change risk management
- (4) Active participation in international discussions





II. Development of the financial system that achieves a vibrant economy and society(continued)

4. Stimulating capital markets and smooth capital provision to growing businesses

- (1) Check/review the policy measures and conventional market practices for better market function
- (2) Promotion of corporate governance reform
- (3) Enhancing the asset management business

5. Disseminating user-oriented financial services

- (1) Promoting customer-oriented business conduct
- (2) Enhancing stable asset formation of households and raising financial literacy level
- (3) Cordial engagements with every user
- (4) Addressing problems related to multiple-debt borrowers





II. Development of the financial system that achieves a vibrant economy and society(continued)

6. Preparing for potential risks

- (1) Reinforcing the measures for anti-money-laundering and counter financing of terrorism and counter proliferation financing (AML/CFT/CPF)
- (2) Ensuring cybersecurity and operational resilience
- (3) Enhancing the system risk management
- (4) Preparation for the cessation of LIBOR
- (5) The approach to economic security





III. Further develop JFSA's financial policy

Thirdly, JFSA will strengthen its following efforts so that it can be the agency supporting financial services.

- Sophisticating monitoring operations
- Improving the organisational capability as the financial authority

The priorities in this section are as follows.





III. Further develop JFSA's financial policy (continued)

1. Sophisticating monitoring operations

- (1) Sophisticating data analysis
- (2) Improving the monitoring capability

2. Improving the organisational capability as the financial authority

- (1) Fostering professional human resources
- (2) Placing priority on self-motivated initiatives
- (3) Making progress in cooperation with local financial bureaus
- (4) Preparing an environment where every personnel can perform
- (5) Strengthening the management capability of executives



The JFSA Strategic Priorities July 2021-June 2022

Overcoming COVID-19 and Building the Financial System for Greater Vibrancy

August 2021

I. Overcoming the challenges of the COVID-19 and bringing about a robust economic recovery

First, JFSA will take all necessary actions to ensure that financial institutions continue to perform their financial intermediary function and firmly support the economy and society, which have been seriously affected by the COVID-19. In addition, with the aim of achieving a vibrant post-COVID economy, JFSA will encourage businesses and individuals to support management improvement, revitalisation, and conversion of businesses. JFSA will:

- **Request that financial institutions make all possible efforts to provide cash flow support for business operators** and monitor their responses.
- **Encourage financial institutions to provide fine-tuned support for victims of disaster and enhance support for individuals/sole proprietors to rebuild their lives and businesses**, who face difficulty in repaying debt due to the effects of natural disasters, such as heavy rain and the COVID-19, through measures such as utilising the “Guidelines for Debt Consolidation after a Natural Disaster.”
- **Encourage initiatives by financial institutions to assist clients in business improvement, revitalisation, and transformation** by promoting the “Project to Establish Support Systems for Businesses,” which shares challenges and experiences in building countermeasures, and by developing new guidelines on private liquidation for business revitalisation giving proper consideration to realities of small and medium-size.
- **Towards revitalisation of regional economies**, promote matching of corporate management personnel and sharing of business-support know-how across regional/institutional boundaries.
- Assist initiatives to improve business management through dialogue with regional financial institutions, so that **regional financial institutions will develop a sustainable business model** fitting each region’s situation.

II. Development of the financial system that achieves a vibrant economy and society

Second, viewing changes in economy, society, and industry in and outside Japan as opportunities for growth, JFSA will promote a shift to vibrant economic and social structures by achieving a smooth circulation of funds and developing a financial system that enables vigorous and creative financial services. JFSA will:

- **Promote digital innovation in the financial sector** through consideration of policy frameworks which support the digitalisation of remittance transfers and securities products and through enhancing the advancement and efficiency of payment infrastructures, while ensuring user protection.
- **Expand Japan’s role as an international financial center**, further accelerate registration processes in English for foreign businesses and create a network for financial start-up support. Pursue efforts to widely inform these efforts.
- **Promote sustainable finance** and play a leading role in relevant international discussions. Enhance climate-related corporate disclosures and develop a “green international financial center” in Japan, by setting up a platform for practical information related to ESG bonds and a certification mechanism for the bonds.
- **Enhance the function of the whole investment chain**, check/review the policy measures and conventional, customary market practices for better market functioning, including smooth capital provision to growing businesses while ensuring investor protection. In addition, promote corporate governance reform and comprehensively consider issues involved in auditing.
- **Promote dissemination of user-oriented financial services**, enhance visualisation of progress in customer-oriented business conduct by each financial institution.
- **Reinforce AML/CFT/CPF measures, ensure cybersecurity, and enhance the system risk management.**

III. Further develop JFSA’s financial policy

Third, JFSA will enhance its capability as a financial authority by (i) enhancing monitoring capability through sophisticated data analysis, and by (ii) fostering professional human resources to contribute to the economy and society in and outside Japan as the agency supporting financial services.

- **Enhance sophistication of data analysis**, including through combining firm-level financial data and data collected from financial institutions.
- (i) **Foster professional human resources** in each field of financial policy, (ii) further **support staff members’ initiatives**, (iii) pursue further **collaboration with local finance bureaus**, (iv) **develop an environment where staff members can fully demonstrate their capabilities**, and (v) **enhance organisational management.**