



Minister Yamamoto received a report from Tetsuo Seki, Chairman of Subcommittee on Certified Public Accountant System of Financial System Council (December 22)



Minister Yamamoto made an address at conference on facilitating small- and medium-sized enterprises (SME) financing (December 11)

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## **【Topics】**

### **Establishment of a Study Group for the Revision of the Financial Inspection Manual**

The Inspection Bureau of the Financial Services Agency (FSA) has established a study group whose members include private sector professionals for the purpose of conducting in-depth discussions from a specialized and technical perspective on the revision of the inspection manual for deposit-taking financial institutions, etc. (hereinafter referred to as “Financial Inspection Manual”).

The study group was established to deal with areas that are not fully covered by the existing Financial Inspection Manual, including changes in the present circumstances as exemplified by the need to strictly enforce customer protection and to steer reforms to financial inspection through such means as the introduction of the Financial Inspection Rating System (FIRST) since the formulation of the Financial Inspection Manual in July 1999, in addition to adapting to Basel II, which is due to be applied from the year ending March 31, 2007.

The study group has been convened four times to date (as of November 15). The plan is to continue holding discussions in the study group in consideration of the actual state of deposit-taking financial institutions, etc. with the aim of revising the Financial Inspection Manual.

In regards to the section relating to Basel II, which is due to be applied from the year ending March 31, 2007, we have published a document titled “Financial Inspections after Commencement of Application of Basel II” (procedures launched in order to invite public comments) on November 16, taking into account the high level of interest and need for preparation among financial institutions, and in consideration of the discussions that have taken place in the study group. This section will form part of the revised Financial Inspection Manual in full, together with other revised sections.

(Note) The Financial Inspection Manual is regarded as the inspectors’ guidebook that summarizes the basic approach to financial inspection and the specific areas to which attention should be paid upon conducting inspection.

### **Financial Institutions’ Efforts to Improve Customer Satisfaction (FY2005)**

#### **1. Program for Further Financial Reform**

The Program for Further Financial Reform announced to the public on December 24, 2004 the “establishment of financial institution management with an emphasis on user satisfaction”, specified as one of the measures to develop a framework that enables customers to perform transactions after gaining an understanding and making an informed decision, in order to create a dynamic financial system and improve customer satisfaction.

#### **(Reference) “Conference for Improved User Satisfaction”**

Upon taking the aforementioned measures, the Conference for Improved User Satisfaction was convened in conjunction with the types of business affected (deposit-taking financial institutions, insurance companies, securities companies and moneylenders) with the participation of experts, customers and industry groups from May to July 2005, with the view of helping financial institutions’ efforts in gathering a broad swathe of customers viewpoints.

#### **2. Publication of Financial Institutions’ Efforts to Improve Customer Satisfaction**

In August 2005, the FSA requested that financial institutions make efforts to improve their operations in FY2005 in consideration of customers’ opinions, complaints, etc. that had been identified by the respective means chosen by financial institutions including questionnaire surveys on customer satisfaction, and to publicly announce the areas in which such efforts were being made and other relevant matters by the end of June 2006, in addition to reporting the nature of such efforts to the FSA.

Consequently, the FSA published a summary of the reports submitted by a total of 1,069 companies consisting of deposit-taking financial institutions, insurance companies, securities companies and moneylenders.

#### **3. Published Content**

##### **Financial Institutions’ Efforts to Improve Customer Satisfaction (FY2005)**

##### **\* Execution rate and publication rate of efforts to gather customers’ opinions and business improvement efforts in consideration of customers’ opinions**

An observation of the extent to which reports on financial institutions’ efforts to improve customer satisfaction in FY2005 have been submitted to the FSA reveals that the submission rate was generally high among all types of

business.

Approximately 87.1% of all financial institutions that submitted a report to the FSA made efforts to gather customers' opinions (questionnaire survey, complaints/inquiries data compilation, etc.). About 52.3% of all financial institutions that undertook such efforts published the questionnaire survey results, etc.

Furthermore, approximately 64.6% of all financial institutions that submitted a report to the FSA undertook business improvement efforts in consideration of customer opinions. About 70.8% of all financial institutions that made such efforts announced the nature of the efforts undertaken to the public.

As shown above, some financial institutions refrained from announcing the nature of the efforts they undertook to the public. The FSA believes that if financial institutions publish their efforts to the general public and provide information to customers, improvements in customer satisfaction can be sought through customer evaluation.

It is hoped that in future financial institutions will publish the nature of their efforts more proactively.

#### **\* Method of gathering customers' opinions**

Many companies were found to have used questionnaire surveys and interviews as methods of gathering customers' opinions. While some companies were found to have undertaken analyses of complaints/inquiries as a method, they were fewer in number compared to those that used questionnaire surveys and interviews.

#### **\* Specific business improvement efforts in consideration of customers' opinions**

##### **<Deposit-taking Financial Institutions>**

Deposit-taking financial institutions made efforts to: improve the security of ATMs, online banking, etc. to deal with the problem of counterfeit and stolen cash cards; improve branch facilities including barrier-free access; review and develop loan-related products and deposit/investment-related products; reform transactions over the Internet and other such efforts.

##### **<Insurance Companies>**

Life insurance companies: Many life insurance companies were found to have made efforts to provide more thorough explanations upon entering into contracts and dealing with customers with regards to making payments.

Non-life insurance companies: Many non-life insurance companies were found to have made efforts to improve the provision of information, provide more thorough explanations upon entering into contracts and dealing with customers upon the signing of such contracts especially when dealing with initial responses in the event of accidents.

##### **<Securities Companies>**

Many securities companies were found to have made efforts to improve and enhance the content of information provided through various methods (lectures, seminars, etc.), as well as efforts to improve and enhance Internet-related services, reduce fees, enhance the advisory service framework by improving the staff's etiquette and knowledge, and so on.

##### **<Moneylenders>**

As voluntary efforts to tackle the multiple debt problem, the seven leading consumer credit companies provide assistance in sound family budget management and distribute information on the safe use of credit, etc.

Furthermore, credit card companies, etc. are making improvements in point-based rewards programs.

## **Amendment of Administrative Guidelines (Volume III: For Non-Bank Finance Companies)**

### **1. Introduction**

The Financial Services Agency (FSA) has amended the Administrative Guidelines for Moneylending Businesses (Volume III: For Non-Bank Finance Companies), considering that various suggestions have been made with respect to *consumer credit groups' life insurance* and that violations of laws and regulations stemming from moneylenders' poor understanding of the Law Concerning the Regulation of Receiving of Capital Subscription, Deposits and Interest on Deposits have been occasionally uncovered during inspections and supervision. This article explains the background to and the outline of the amendment of the Administrative Guidelines.

### **2. Background to Amendment of Administrative Guidelines**

*Consumer credit groups' life insurance* refers to life insurance taken out when a person uses consumer credit, whereby the consumer credit company becomes the policyholder and the debtor becomes the insured. While it

enables the bereaved family, etc. to secure a stable livelihood in the event of the death of the debtor through the elimination of debt with insurance money, it has been pointed out that it may promote harsh debt collection by moneylenders.

Furthermore, in recent years, although moneylenders have stipulated and received interest *per se* not exceeding the interest rate cap set forth in the Law Concerning the Regulation of Receiving of Capital Subscription, Deposits and Interest on Deposits, moneylenders are occasionally found to have requested and received interest exceeding the interest rate cap set forth in the said Law as a result of their poor understanding of those deemed as interest under paragraph 7, Article 5 of the said Law (so-called “deemed interest”).

In consideration of this situation, the FSA decided to further clarify the provisions of Article 21 of the Moneylending Control Law and paragraph 7, Article 5 of the Law Concerning the Regulation of Receiving of Capital Subscription, Deposits and Interest on Deposits in order to ensure appropriate operations by moneylenders.

### **3. Outline of Amendment**

#### **(1) Clarification of matters corresponding to “intimidation” referred to in paragraph 1, Article 21 of the Moneylending Control Law (relating to 3-2-6 (1) and 3-6)**

Paragraph 1 of Article 21 of the Moneylending Control Law prohibits moneylenders engaging in intimidation or causing trouble to people by way of words/deeds that are disruptive to their private lives or businesses when collecting debt. The Administrative Guidelines provide examples of cases with a high risk of being deemed as “intimidation”.

Under no circumstances may moneylenders coerce or otherwise encourage a debtor, etc. to pay on insurance claim by threatening to harm his/her own body, life and/or assets, or to otherwise cause trouble to the debtor, etc. for the purpose of debt collection. Therefore, the Administrative Guidelines clarify that such acts correspond to “intimidation” referred to in Article 21 of the Moneylending Control Law and that such acts of debt collection are prohibited.

It is unacceptable to unduly resort to such acts for the purpose of debt collection not only for insurance money based on *consumer credit groups’ life insurance* taken out when using consumer credit but also for insurance money such as those of life insurance already taken out by the debtor.

#### **(2) Clarification of definition money regarded as interest under paragraph 7, Article 5 of the Law Concerning the Regulation of Receiving of Capital Subscription, Deposits and Interest on Deposit (relating to 3-2-10)**

Paragraph 7, Article 5 of the Law Concerning the Regulation of Receiving of Capital Subscription, Deposits and Interest on Deposits prescribes that any money—except the principal—received by a moneylender in relation to the loan regardless of what it is called will be regarded as interest under said law.

Therefore, guarantee charges payable to guarantee businesses and notary document preparation fees payable to judicial scriveners, etc. that are received temporarily on behalf of the payees have typically been regarded as interest. The latest amendment of the Administrative Guidelines affirms this interpretation.

The latest amendment is purely aimed at clarifying the interpretation and implementation of the existing Law Concerning the Regulation of Receiving of Capital Subscription, Deposits and Interest on Deposits. It should be noted that the bill for the amendment of the Moneylending Control Law currently being deliberated in the Diet dramatically revises the definition of interest itself under the Law Concerning the Regulation of Receiving of Capital Subscription, Deposits and Interest on Deposits.

### **4. Conclusion**

The amendment of the Administrative Guidelines for Moneylending Businesses is as explained above. Moneylenders’ compliance with the amended Administrative Guidelines is deemed to promote appropriate business operations of moneylenders and help protect customers. The FSA will continue making efforts in supervising moneylenders in a strict and appropriate manner in consideration of the latest amendment to the Administrative Guidelines.

## EDINET Advancement Council: Convocation of Working Group

### **Purpose of Convocation of Meetings**

The Service/System Optimization Plan for Operations relating to Securities Reports, etc. formulated by the Administrative Data Computerization Committee of the Financial Services Agency (FSA) on March 28, 2006 aims to enhance the secondary usability of disclosed information and to render disclosure documents, etc. more user-friendly through the introduction of XBRL, as well as developing a more user-friendly system environment for the general public. The FSA is currently restructuring EDINET based on the Optimization Plan, in which the introduction of XBRL, etc. will affect business routines in many relevant institutions. Accordingly, the FSA decided to convene a working group as part of the EDINET Advancement Council, as it is necessary for relevant institutions to make collaborative efforts and gather viewpoints from throughout the scope of affected institutions and for the FSA to make its approach common knowledge upon determining XBRL application policies, etc. in practice.

Views gathered by the working group will be used as reference material in conducting studies on the specific services and functions relating to EDINET, in pursuit of the advancement of disclosure information and improvement of system convenience.

\* **EDINET (Electronic Disclosure for Investors Network)**, an electronic disclosure system for disclosure documents such as securities reports, is a system in which parties that are required to submit disclosure documents such as securities reports submit information to be stated in disclosure documents to the Local Finance Bureau online (over the Internet) and make such disclosed information available for public review on the monitor screen installed in the viewing room of the Local Finance Bureau, in addition to making such information available to the general public over the Internet.

\* **XBRL (eXtensible Business Reporting Language)** is an internationally standardized computer language for preparing, distributing and using financial information in an efficient manner. There is a rapidly growing trend to introduce XBRL, especially in the United States and Europe.

## **【Featured】**

### **Bill for the Amendment of the Money-Lending Business Control and Regulation Law**

On October 31, 2006, the Bill for the Amendment of the Money-Lending Business Control and Regulation Law was submitted at the 165<sup>th</sup> Diet session.

The bill involves taking such measures as ensuring the appropriateness of moneylending businesses, regulating excessive lending and reducing the interest rate cap under the Law Concerning the Regulation of Receiving of Capital Subscription, Deposits and Interest on Deposits, in consideration of the fact that the multiple debt problem has now become a major social problem.

The specific components of the bill can be broadly divided into:

- 1. Ensuring the appropriateness of moneylending business activities;**
- 2. Curbing excessive lending;**
- 3. Ensuring the appropriateness of the interest rate system;**
- 4. Enhancing measures against loan sharks; and**
- 5. Administrative efforts against the multiple debt problem.**

The following is a review of the amendment bill.

#### **1. Ensuring Appropriateness of Moneylending Business Activities**

##### **(1) Stricter Requirements for Entering the Moneylending Business**

- The latest amendment bill imposes stricter requirements for starting a moneylending business in order to ensure the appropriateness of moneylending business activities: the minimum amount of net assets required to run a moneylending business will be raised to ¥50 million from the existing ¥3 million for individuals and ¥5 million for companies. The minimum amount will be raised in two phases, to ¥20 million within one and a half years and ¥50 million within two and a half years of the enforcement of the law. (Article 6 of the Money-Lending Business Control and Regulation Law)

- Furthermore, a qualification test will be introduced for managers of moneylending operations who provide advice and guidance for compliance with laws and regulations. Appointment of a person who has passed this test at each sales office will become mandatory. (Article 4, Article 6, paragraph 3 of Article 12 and paragraphs 7 through 50 of Article 24 of the Money-Lending Business Control and Regulation Law)

##### **(2) Enhancement of Self-Regulatory Functions of the Moneylenders Associations**

- The Moneylenders associations will be defined as legal entities established for the purpose of approving and issuing membership to moneylenders. The Moneylenders associations will be obliged to establish a branch in each prefecture.

- The Moneylenders associations will be required to establish self-imposed rules regarding the content, method and frequency of advertising, the prevention of excessive lending, etc. and an FSA-approved framework will be introduced. Rules to prevent excessive lending include, for example, preventing the repayment period from becoming too long by ensuring that the sum to be paid back in each installment exceeds a certain percentage of the borrowed sum in the case of a revolving loan agreement. (Article 25 through paragraph 12 of Article 41 of the Money-Lending Business Control and Regulation Law)

##### **(3) Enhancement of Code of Practice**

###### **(a) Enhancement of Debt Collection Regulations**

Attempts to collect debt at night, in the early morning, etc. and threats against debtors, etc. are given as examples of prohibited acts under the existing law. The amendment bill adds persistent debt collection activities during the day, etc. to the list of prohibited acts in order to enhance the protection of debtors, etc. (Article 21 of the Money-Lending Business Control and Regulation Law)

###### **(b) Enhancement of Duty to Issue Documents**

When lending money, moneylenders will be obliged to issue a document explaining the total sum of the principal, etc. in advance and make clearer to borrowers their repayment plan. (paragraph 2, Article 16 of

the Money-Lending Business Control and Regulation Law (Cabinet Order))

**(c) Duty to Issue Documents for Signing Life Insurance Policies and Prohibition of Payment of Insurance Claims in the Event of Suicide**

In cases where a moneylender signs an insurance policy that specifies the borrower as the insured, the moneylender will be obliged to issue a document explaining the terms and conditions of the insurance policy. Furthermore, suicide by the borrower will be prohibited from inclusion among insured events under an insurance policy. (paragraph 7 of Article 12 and paragraph 3 of Article 16 of the Money-Lending Business Control and Regulation Law)

**(d) Enhancement of Regulations on Notary Documents**

Moneylenders will be prohibited from acquiring a letter from an attorney for the preparation of notary documents. In addition, entrustment of the preparation of notary documents to a notary will be prohibited with respect to agreements on loans with interest exceeding the interest rate set forth in the Interest Payment Restriction Law. (Article 20 of the Money-Lending Business Control and Regulation Law)

**(e) Enhancement of Duty to Provide an Explanation to Joint Guarantor System**

In order to ensure the protection of joint guarantors, moneylenders will be obliged to explain that anyone who intends to become a joint guarantor has no right of defense against formal demands and search. (paragraph 2 of Article 16 and Article 17 of the Money-Lending Business Control and Regulation Law)

**(4) Introduction of Business Improvement Order**

Dispositions against moneylenders who violate regulations had previously been limited to deregistration and suspension of operations. The amendment bill introduces business improvement orders to deal with the violation of regulations in a more forceful manner. (paragraph 6-3 of Article 24 of the Money-Lending Business Control and Regulation Law)

**2. Curbing Excessive Lending**

**(1) Establishment of Specified Credit Information Agency System**

A system for specifying credit information agencies that meet requirements such as the appropriate management of credit information and the registration of all credit incidents will be introduced, and a framework that enables moneylenders to identify the borrower's total debt balance will be developed. This will enable moneylenders to identify the borrower's total debt balance and check whether any given loan is excessive or not. (paragraphs 13 through 38 of Article 41 of the Money-Lending Business Control and Regulation Law)

\* Specified credit information agency refers to an agency specified by the FSA as a credit information agency that collects credit-related information on the borrower from moneylenders, etc., provides such information to moneylenders and meets the bill's requirements such as the development of an information management/exchange framework above a certain level.

**(2) Introduction of Aggregate Debt Control**

Moneylenders will be obliged to investigate the borrower's repayment capacity (if the borrower is an individual, moneylenders will be obliged to conduct investigations by using credit information provided by a specified credit information agency), and will be prohibited from lending money exceeding the borrower's repayment capacity. In particular, as a general rule, moneylenders will be prohibited from lending money exceeding one third of the borrower's annual income including loans from other moneylenders, with the exception of home loans, etc. (Article 13 through paragraph 4 of Article 13 of the Money-Lending Business Control and Regulation Law)

**3. Ensuring Appropriateness of Interest Rate System**

**(1) Reduction of Interest Rate Cap**

The "deemed repayment" system under the existing law (gray-zone interest rate) will be abolished and the interest rate cap under the Law Concerning the Regulation of Receiving of Capital Subscription, Deposits and Interest on Deposits will be reduced to 20%. Moneylenders who conclude a contract based on an interest rate exceeding 20% after the enforcement of the amended Law will be subject to criminal punishment. (Article 43 of the Money-Lending Business Control and Regulation Law, Article 5 of the Law

**(2) Review of Concept of Interest**

- Interest on money lent includes contract signing fees and debt repayment charges. However, taxes, public charges, ATM fees and other such expenses are excluded from accruing interest. (Article 6 of the Interest Payment Restriction Law, paragraph 4 of Article 5 of the Law Concerning the Regulation of Receiving of Capital Subscription, Deposits and Interest on Deposits)
- If the sum of the loan interest and the guarantee charges payable to the guarantee business by the borrower exceeds the interest rate cap, as a general rule guarantee charges will be nullified for the excess portion and criminal punishment will be imposed on the guarantee business. (Articles 8 and 9 of the Interest Payment Restriction Law, paragraphs 2 and 3 of Article 5 of the Law Concerning the Regulation of Receiving of Capital Subscription, Deposits and Interest on Deposits)

**(3) Abolition of Exceptions for Daily Moneylenders and Telephone Secured Loans**

Daily moneylenders and telephone secured loans had been excepted from the interest rate cap of 29.2% under the Law Concerning the Regulation of Receiving of Capital Subscription, Deposits and Interest on Deposits. The exceptions will be abolished in conjunction with the latest amendment. (paragraphs 8 through 16 of the Supplementary Provisions of the Law for Amendment of the Law Concerning the Regulation of Receiving of Capital Subscription, Deposits and Interest on Deposits)

**4. Enhancement of Measures against Loan Sharks**

The amendment bill will enhance penal provisions against loan sharks: punishment for lending money at an extremely high interest rate (exceeding 109.5% per annum) and for operating an unregistered moneylending business will be increased to a maximum prison sentence of ten years from the existing five years. (Article 47 of the Money-Lending Business Control and Regulation Law, Article 5 of the Law Concerning the Regulation of Receiving of Capital Subscription, Deposits and Interest on Deposits)

**5. Government’s Efforts against Multiple Debt Problem**

In addition to the measures described above, the amendment bill will promote measures to resolve the multiple debt problem in a comprehensive and effective manner by enhancing collaboration between relevant ministries and agencies. (Article 66 of the Supplementary Provisions of the Money-Lending Business Control and Regulation Law)

**● Interim Measures**

**(1) Enforcement Schedule**

The provisions will be enforced after the enactment of the bill as follows.

- Stricter penal provisions: One month after promulgation
  - Enforcement of main text: Within one year of promulgation  
(Enhancement of debt collection regulations, introduction of business improvement order, establishment of new Moneylenders Associations, etc.)
  - Commencement of test for managers of moneylending operations
  - Specified credit information agency system (commencement of specification)
  - Increase in asset base (¥20 million)
- } Within one year and six months of enforcement

- Enforcement of main text (reprinted):
  - Abolition of “deemed repayment”, reduction of interest rate cap under the Law Concerning the Regulation of Receiving of Capital Subscription, Deposits and Interest on Deposits, etc.
  - Introduction of aggregate debt control:
  - Increase in asset base (¥50 million)
  - Introduction of duty to issue documents in advance
- Within one year of promulgation
- Within two and a half years of enforcement
- About three years after promulgation

**(2) Provisions to be Reviewed**

The following will be reviewed according to the supplementary provisions of the amendment bill. (Article 67 of the Supplementary Provisions of the Money-Lending Business Control and Regulation Law)

- With respect to the state of the moneylending business, the need for measures to facilitate the implementation of provisions such as those of aggregate debt control will be studied within two and a half years of enforcement, and the necessary revisions will be performed according to the study findings.
- With respect to the state of interest rate regulations based on the Law Concerning the Regulation of Receiving of Capital Subscription, Deposits and Interest on Deposits and the Interest Payment Restriction Law, the need for measures to be taken for the purpose of facilitating the implementation of the provisions of the Law Concerning the Regulation on Receiving Capital Subscription, Deposits and Interest on Deposits as well as the Interest Payment Restriction Law will be studied within two and a half years of enforcement, and necessary review will be performed according to the study findings.

## **【Hot Picks from the Financial World】**

\* We deliver the hottest information of the times in this section, selected from among questions and answers given at the Minister's press conferences, etc.

If you wish to find out more, we invite you to visit the "[Press Conferences](#)" section of Financial Services Agency's website.

### **[Money-Lending Business Control and Regulation Law]**

**Q. What aspects of the bill is the government going to emphasize to gain support during the discussion in the Diet?**

A. The problem we face now is that some lenders knowingly provide loans to borrowers with no or insufficient repayment ability and that borrowers also borrow at an interest rate so high that it is virtually impossible for them to pay, and what is of particular note is that they cannot help borrowing an unnecessary amount out of the fear of having no money, only to find themselves in the misery of being unable to repay. Currently, both sides, lenders and borrowers, lack prudence. With this in mind, I intend to approach the multiple debt problem from a perspective of clearing up such an aspect by placing the focus of discussion on encouraging prudence, naturally with a view to having the problem solved through joint efforts of the ruling and opposition parties.

(from [the press conference following a cabinet meeting on Tuesday, October 31, 2006](#))

**Q. Please give us your opinion about what effect the new requirement for a money-lending business to notify, when closing down its business, to which party its credits will be assigned and what collection policy applies is going to have, or is expected to have, in cracking down on illegal moneylenders and other related steps in the future.**

A. The proposed Money-Lending Business Control and Regulation Law amendments, if actually enacted, will likely result in a considerable number of business closedowns. In the light of business closedown procedures, this will come with credit and debt adjustments, which will then necessitate collection procedures for the debts that have become due or accelerated. Any ensuing collection procedures carried out all at once or in such a fashion as would be called oppressive debt collection will likely bring about anxiety to and security concerns in society. It was specifically in this sense that we have taken steps to add to and strengthen the requirements for items subject to notification upon business closedown; we also intend to work further on keeping dishonest businesses out and preventing acts of illegal collection by such means as credit and debt transfer, and also on ensuring user protection through and through by, among other things, finding out facts and sharing information, as well as enhancing cooperation with police and other relevant authorities.

(from [the press conference following a cabinet meeting on Friday, November 10, 2006](#))

**Q. What do you think about the prospect of the reorganization of the industry that would result in the fewer number of businesses?**

A. As a reflexive effect of the reduced number of businesses, I'm hoping to see low-interest micro credit practices resembling those at Grameen Bank emerge and eventually grow as a new industry or a new type of business.

(from [the press conference following a cabinet meeting on Friday, November 17, 2006](#))

[Securities tax regime]

**Q. Please tell us your idea, if any, about having some form of interim measure to address the impact in the event of its elimination.**

A. We have, thankfully, seen progress in the shift from savings to investment, and are now about to embark on a shift from indirect finance to direct finance. When, however, those who are eager to make a business endeavor, which might come in various forms including, in particular, "challenge again" attempts, actually intend to make a move, especially those who do so in the form of an entrepreneurial start-up or in the setting of a regional economy, the current situation is still such that it is quite difficult to raise capital only by indirect finance. Being so situated, we need to have a direct-finance-friendly perspective, which cannot be had without understanding stocks, which understanding is generated as an extension of real securities trading that, to that end, must be flourishing. One view that corresponds to this standpoint is: the policy of tax rate reduction to 10%, though it is supposed to be a temporary measure, still has a long way to go until the goal expected of it is achieved. It is based on such a view that I intend to keep it and feel strongly about doing so.

(from [the press conference following a cabinet meeting on Friday, November 14, 2006](#))

[Non-payments by non-life insurers]

**Q. I believe, the FSA has made efforts in the form of administrative guidance etc., which it has undertaken for the furtherance of user protection, I would like to hear what you think about this succession of incidents**

A. They occurred in the third-sector product area covering, above all, healthcare and caregiving, which can be said to constitute a institutionalized security blanket in the society in which we live. In this sense, the impact of non-payments is indeed quite significant. I intend to strongly demand that the impact of such non-payments should be rectified.

(from [the press conference following a cabinet meeting on Friday, November 2, 2006](#))

**Q. The FSA, as part of addressing the matter of non-payments by non-life insurance companies, issued an order under the Insurance Business Law against 26 non-life insurance companies with respect to non-payments of car insurance etc. I would like to hear what you have to say about the intention behind it.**

A. I find it regretful that they failed to do what we wanted them to do, which is to adequately examine their non-payment cases in the past so that the FSA could get a clear picture of all of the incidents. I'm hoping that executives of those non-life insurance companies will reflect on this matter sincerely and present solid action plans, such as an appropriate allocation of their management resources to deal with it.

(from [the press conference following a cabinet meeting on Tuesday, November 21, 2006](#))

[Others]

**Q. On the subject of Ashikaga Bank, could you please give us your thought, if any, about applications from foreign affiliates or funds, or others equivalent to them?**

A. I have no intention of arguing for its appropriateness or suitability. Rather I would like to consider each of them individually, in an even-handed fashion, as a prospective acquiring party that is committed to meeting the three requirements previously mentioned. I, for one, believe that the main point should be placed on whether, and how surely, a candidate can meet the three requirements, as judged from the sincerity of its attitude towards fulfilling them, regardless of whether it is foreign-affiliated or Japanese-run.

(from [the press conference following a cabinet meeting on Friday, November 2, 2006](#))

**Q. Some bank has decided to eliminate ATM use fees. I would like to know how you see these actions, please.**

A. For the plan on removing fees for the use of ATMs located in convenience stores, I find that's very good. I have a good feeling about the prospect that such a topic making news will prompt other banks to get better profits back to their users and serve their stakeholders more appropriately in the future.

(from [the press conference following a cabinet meeting on Tuesday, November 21, 2006](#))

**Q. On the subject of interim financial results of major banks, in which record-high profits are posted, please tell us whether or not you now consider them to be in a full-fledged state.**

A. It does make me feel that they are finally entering into times of offense from those of defense. That said, examining them case by case, I get a bit suspicious if they are doing as well as I wanted them to in their core business, and I also think that the special factor concerning reversal to the reserve is contributing to their results overall. Is everything going well and could they, in a state similar to being fresh out of hospital, go straight to the National Stadium and compete in the 100 meters? - I doubt it. Considering how they are now, they are still at the stage of recuperating at home after leaving the hospital; even though they can do as much as taking a walk, I still cannot feel free of worries about whether they are fit enough to participate in a competition.

(from [the press conference following a cabinet meeting on Friday, November 24, 2006](#))