

9

2019

SEPTEMBER

Monthly
magazine

Financial Services Agency Newsletter

Access FSA

No. 194



Contents

Seminars & Conferences

FIN/SUM 2019: Fintech & Regtech Summit

—In search of new sources of growth—

(P. 1)

Explanations of Policies

JFSA Policy Agenda 2019

—User-Oriented Financial Services in a New Era—

(P. 3)

Takafumi Saito, Director of the Policy Evaluation Office, Strategy Development Division,
Strategy Development and Management Bureau

Progress Report on Financial Intermediation Functions

(P. 5)

Yoshichika Imaizumi, Deputy Commissioner for Regional Productivity Improvement Support,
Regional Financial Planning Office, Banking Business Division II, Supervision Bureau

Initiatives to Establish Customer-Oriented Business Conduct

(P. 7)

Toshio Nagasawa, Chief Financial Inspector, Customer-Oriented Business Conduct Team,
Risk Analysis Division, Strategy Development and Management Bureau

JFSA's Major Activities in September

(P. 9)



⇐ Access the online version here

<https://www.fsa.go.jp/en/newsletter/index.html>

FIN/SUM 2019: Fintech & Regtech Summit

—In search of new sources of growth—

FIN/SUM 2019 was held from September 3 to 6, 2019, under the joint sponsorship of the Financial Services Agency of Japan (JFSA) and Nikkei Inc.

As part of FIN/SUM 2019, a symposium sponsored by the JFSA was held on Thursday, September 5, where guests invited from fields including academia, the technology community and financial authorities gave speeches and had discussions on various topics concerning Fintech.

Finance Minister Aso's Speech

After thanking participants and guests, Finance Minister Taro Aso gave the following speech.



Finance Minister Taro Aso

■Collaboration among multiple stakeholders

Today's symposium encounters a wide range of stakeholders with a variety of valuable perspectives. It is not easy to promote dialogue with people who have different values and interests and define better *common languages* with each other. Communications with different kinds of stakeholders are the first important step. Otherwise, we may not be able to gain *common values* among them.

■Governance of decentralized financial systems

Technological innovation in decentralized financial technologies were identified as an important theme in G20. As autonomous, decentralized financial technology develops, we are likely to face unknown situations in the future regarding financial regulations and their enforceability. For this foreseeable situation, it is imperative to develop new approaches and consider an ideal form of governance, rather than adhering to conventional frameworks and approaches. Japan led the discussion, and the G20 agreed on the importance of assessing the potential impacts of distributed financial systems, and enhancing dialogues with a wider range of stakeholders.

■Response to new digital currencies (e.g. Libra)

New proposals of digital currencies are attracting attention, as typified by Facebook's arguments. There is



growing international interest in terms of competition and regulatory oversight. We need not only to check the newly proposed digital currency for compliance with existing rules, but also to holistically examine it as to whether there are any new issues that the existing rules do not anticipate. It is also important for financial authorities to respond in a timely manner to ensure that they do not fall behind.

■Toward a new financial system using Fintech

FinTech interactions with banks and start-ups have already changed the banking culture over the past several years when we here that more and more bankers are walking into the building wearing jeans and T-shirts. In the future, we will gain healthy innovations by discussing things through face-to-face and closer knee-to-knee communications, rather than keeping a distance from those who we cannot understand. The title of this year's JFSA symposium, "multi-Stakeholder Cooperation for a New Financial System", embodies this idea.

JFSA Commissioner Endo's speech

In his opening remarks, JFSA Commissioner Toshihide Endo announced the holding of the Governance Forum and gave a report on activities of the Fintech Innovation Hub.



FSA Commissioner Toshihide Endo

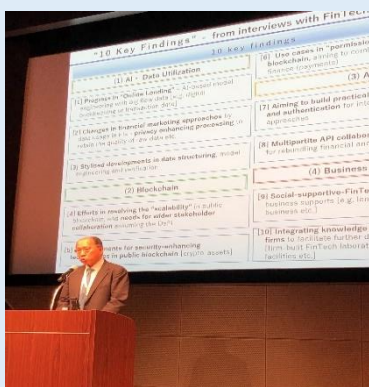
■Governance Forum

We plan to develop the Fintech Summit as a forum for a wider range of stakeholders to come together. We will also hold the Governance Forum in the spring of 2020 to discuss issues such as the challenges of decentralized financial systems based on blockchain technology and their potential further use in the future.

■Activity report on the Fintech Innovation Hub (Technological trends)

In today's conference, we will announce "10 Key Findings from Interviews with Diverse FinTech Stakeholders."* It

was compiled as an activity report of the Fintech Innovation Hub, which was established within the JFSA last year.



With respect to the use of AI and data, we have seen progress in online lending that uses daily corporate transaction data, and in financial institutions and other players working on creating data-based new financial marketing approaches. We are aware of the need to have more in-depth discussions with experts on the issues of AI, data ethics, privacy, and the potential of the verification of AI-based modeling.

Regarding blockchain, progress has been made in the new technological trend to solve the *problem of scalability* and in enhancing the security of crypto-asset transactions.

Regarding application program interfaces (APIs), there are practical challenges such as authentication and API connection security, while there are positive cases where API is used for cross-industry collaborations between financial and non-financial businesses.

In its applications to business, initiatives such as business support using an online platform for efficient business matching are expected to effectively solve social issues such as business succession problems.

These various discoveries are reflected in the agenda of today's JFSA symposium.

JFSA symposium special talk

We invited Professor Jun Murai, a professor and Faculty of Environment and Information Studies at Keio University, and Dr. David Farber, Co-Director of Cyber Civilization Research Center at Global Research Institute at Keio University, for a special talk moderated by Shin'ichiro Matsuo, a Research Professor at Georgetown University. The two leading experts on the Internet discussed the future of finance based on the history of the Internet's development since the 1980s.

Outline of the Talk

- The Internet was originally developed as a network connecting computers within a reasonably trustworthy small group. Due to the simplicity of encryption technologies initially used, a level of reliability and security sufficient for offering financial services through

the Internet did not exist in the early 1990s when digital money started appearing. Serious efforts to address these issues began following the Y2K problem and 9/11 terrorist attacks and advanced technologies such as the Public-key cryptography was incorporated, laying the foundation to offer financial services through the Internet.



- Computer systems frequently suffers problems including hacking attack and therefore we should take preventive measures to mitigate those risks. But many corporate executives claim that they could not have predicted such incident when it occurs, revealing their inadequate understanding about technology. Internet technologies are still in their infancy. The increasing level of connectedness of the world achieved by 5G and other technologies will have an especially significant impact on financial institutions. This means that education and enlightenment activities are essential.
- The issue of identity is also extremely important when providing financial services through the Internet. IDs that can be easily forged, such as a driver's license, are used for user authentication as of now. The level of authentication required when creating a social media account is significantly lower than when opening a bank account. Despite this, there is an emergence of financial services that use social media accounts as a basis for user authentication, such as Libra. Considering these situations, the level of authentication and assurance required on the Internet should be adjusted appropriately according to the feature of the service provided. In the context of financial inclusion, what is the appropriate level of authentication that should be required when offering online financial services to people who do not have a government ID?
- While technologies have made it possible to offer services globally beyond the boundaries of industries and national borders, what matters for the financial sector is discussing and determining the level of assurance required in providing financial services.

JFSA Policy Agenda 2019

—User-Oriented Financial Services in a New Era—

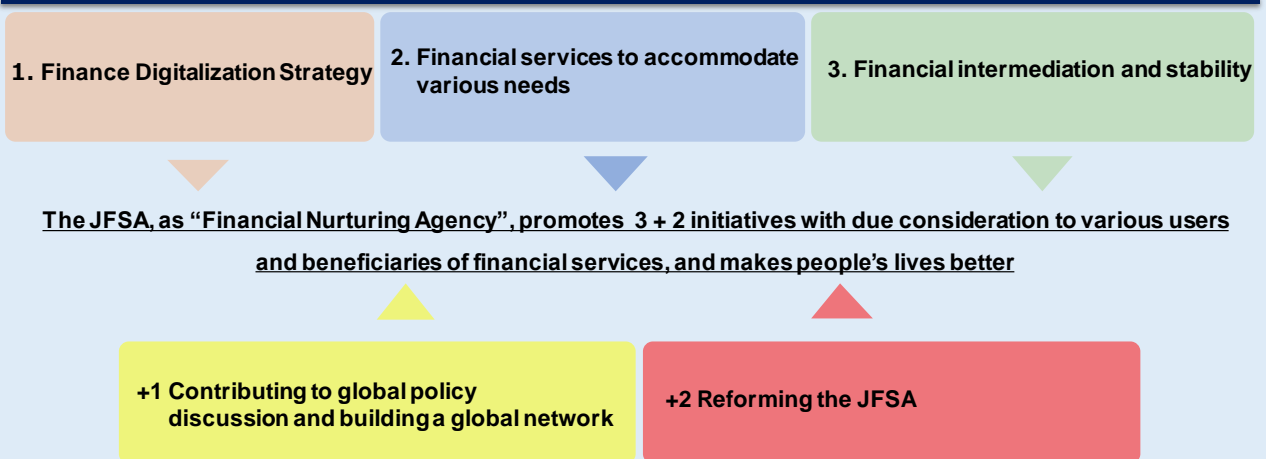
Takafumi Saito, Director of the Policy Evaluation Office, Strategy Development Division,
Strategy Development and Management Bureau

(Note: The opinions expressed in this article reflect the personal opinions of the writer, and do not reflect the opinions of the organization with which the writer is affiliated.)

On August 28, 2019, the Financial Services Agency of Japan (JFSA) published “JFSA’s initiatives for User-Oriented Financial Services in a New Era – Financial Services Policy: Assessments and Strategic Priorities 2019.”* It outlines the JFSA’s policy progress and the challenges identified during the program year 2018, and indicates what goals the JFSA aims to attain and how it plans to attain them during the program year 2019. It aims to enhance the transparency of JFSA’s policy, share policy information with financial service users, financial institutions, market participants, and other stakeholders and achieve better financial services through constructive dialogues with them.

“3+2” initiatives by “Financial Nurturing Agency”

JFSA’s Initiatives for User-Oriented Financial Services in a New Era



Financial Digitalization Strategy

Regarding the financial digitalization strategy, the JFSA is building on its achievements in the previous year, including the “Fintech Innovation Hub” and “Fintech Support Desk” initiatives, the expansion of JFSA’s international networks, and the development of infrastructure for information utilization by financial institutions. The JFSA enhances its initiatives in the following five important areas:

- (1) Encouraging financial institutions’ data projects, such as “information bank,” in order to provide advanced services
- (2) Supporting various firms to create new financial services through support by “Fintech Innovation Hub“
- (3) Function-based, cross-sectional financial regulations
- (4) Developing efficient financial regulation (Regtech/Suptech Ecosystem) and infrastructure through digitalization
- (5) Expanding global networks, especially holding the “Governance Forum” to discuss distributed financial systems with a multi-stakeholder approach

Interaction with Fintech startups (from Meetup with JFSA)



(Source) GoodWay

Financial services to accommodate various needs

The initiative “financial services to accommodate various needs” is an attempt to restructure and enhance various relevant JFSA initiatives with consideration to the viewpoint of customers.

Specifically, the JFSA will promote initiatives which are fundamental in order to facilitate the firms’ provision of user-oriented financial products and services, such as the improvement of financial/digital literacy and other measures involving financial institutions, listed companies and the JFSA.

School visit by JFSA officials for improving financial literacy



In particular for individuals’ asset building, it is vital to ensure that each investment chain participant plays the required role in order for households, as the ultimate beneficiaries, to receive benefits from enhanced corporate value and profit. The JFSA will move each initiative forward from this point of view.

Financial intermediation and stability

With respect to “financial intermediation and stability,” the JFSA will engage in in-depth dialogues with each level of personnel and external directors regarding PDCA of business strategies and plans under clear corporate visions. In the dialogues, the JFSA will ensure Psychological Safety (situation and environment where everyone may speak out or take action without feeling anxious) and prompt liveliness by making use of the knowledge of the Special Team to Support Productivity (see pages 5 and 6).

Furthermore, the JFSA will implement a policy package for supporting regional financial institutions to develop their sustainable business models, including i) deregulations on their business scope (revising the 5% large shareholding limitation rule to revitalize regions), ii) development of “the Core Issues of the Management and Governance of Regional Financial Institutions” and iii) consideration in collaboration with stakeholders about the appropriate deposit insurance rates.

Contributing to global policy discussion and building a global network

With respect to the above mentioned policy agenda, Japan, which is presiding over the G20, identified financial innovation, aging and financial inclusion, and other topics as G20 priorities. The JFSA will continue taking the lead in order to move the agreement forward by the G20. Also, the JFSA will facilitate comprehensive discussions considering responses to a new concept related to crypto-assets in collaboration with the Ministry of Finance and the Bank of Japan, thereby contributing to international discussions.

G20 High-level Seminar on Financial Innovation



Reforming the JFSA

The JFSA will continuously reform itself in order to improve its performance from the perspective of financial service users. In order to vitalize the JFSA and improve operational efficiency, the JFSA will work on identifying issues in each bureau and division, setting a reform target and visualizing progress toward the target. Also, the JFSA promotes officials’ voluntary efforts to find and solve problems in the workplace.

Through these above mentioned efforts, in the first year of the Reiwa Era, the JFSA aims to make people’s lives better through the sustainable growth of corporations and national economy and stable personal asset building, which are the objectives of financial sector policy.

Progress Report on Financial Intermediation Functions

Yoshichika Imaizumi, Deputy Commissioner for Regional Productivity Improvement Support,
Regional Financial Planning Office, Banking Business Division II, Supervision Bureau

(Note: The opinions expressed in this article reflect the personal opinions of the writer, and do not reflect the opinions of the organization with which the writer is affiliated.)

On August 28, 2019, the JFSA published “Progress Report on Activating Financial Intermediation Functions*” (hereinafter, the “Progress Report”) together with “User-Oriented Financial Services in a New Era—Financial Services Policy: Assessments and Strategic Priorities 2019.” This article explains the background to the release of the Progress Report and its outline.

Background to the release of the Progress Report

Regional banks have been expected to function as central players in relationship banking, which is a business model where financial services such as loans are provided based on client information that financial institutions have accumulated through the maintenance of long-term close relationships. Based on this view, efforts have been made to simultaneously revitalize companies and reinvigorate regional economies through the enhancement of relationship banking to solve the debt problems that occurred in the first half of the 2000s (“Action Program Concerning the Enhancement of Relationship Banking Functions” [March 28, 2003]).

Although it was pointed out that relationship banking had the welcome tendency of levelling out lending rates regardless of economic fluctuations because the rates were premised on long-term relationships (“For Enhancing Relationship Banking Functions” by the Second Subcommittee of the Sectional Committee on Financial System, Financial System Council [March 27, 2003]), the average contractual lending rates have almost consistently declined in the past 20 years against the backdrop of the prolonged low-interest rate environment (where deposits have grown much faster than lending) and some financial institutions’ move to pursue scale in their lending activities due to interest rate competition.

Under such circumstances, as shown below, the JFSA has requested regional banks to depart from lending practices that excessively rely on collateral and guarantees and to facilitate customer-oriented business conduct that focuses on the growth of corporate clients while pursuing a sustainable business model that would achieve both the soundness of business operations and the fulfillment of the financial intermediation function.

- “It is hoped that regional banks aim to achieve a virtuous circle of offering customer-oriented, good quality financial services and helping companies improve their productivity and citizens build their assets, whereby establishing a stable customer base and earnings foundation (“creation of shared value”) (Strategic Directions and Priorities 2016–2017 [October 2016]).
- Common Benchmark 1: Improvement of business management and enhancement of growth power of corporate clients, in “Benchmarks for Financial Intermediary Function of Banks” (September 2016).

In keeping with this trend, the financial services administration is also aiming to widen its perspective from the form, the past, and elements to the substance, the future, and the holistic analysis and to shift its focus to the balance of rules and principles. The administration has made it clear that it will engage in *in-depth* dialogues with financial institutions, which do not presuppose specific answers but instead explore diverse range of good practices in order to nudge firms away from the embedded culture of behaving as others do and of prioritizing firms’ internal peace which have been developed over a long time (“JFSA’s Supervisory Approaches—Replacing checklists with engagement” [June 2018]). The recently released Progress Report compiled the JFSA’s dialogues and the initiatives taken in 2018/2019 for the fulfilment of the financial intermediation function of regional financial institutions under this policy.

Overview of the Progress Report

The Progress Report comprises three parts: the basic concept, 2018/2019 initiatives, and future directions. This section focuses on 2018/2019 initiatives.

In practicing *in-depth* dialogues with regional financial institutions, we defined this approach as the “monitoring approach designed to raise a new awareness in both parties through dialogues based on objective facts.” In 2018/2019, both the JFSA and Local Finance Bureaus explored diverse range of good practices and conducted trial and error.

For instance, efforts were made to achieve the following outcomes:

- Share with financial institutions objective facts such as benchmarks for financial intermediation functions (self-evaluation) and survey results of corporate clients to comprehend the assessment of their loans and other services (third party evaluation), which can function as the barometer of financial institutions’ progress against management strategies and plans;
- Confirm with financial institutions the role of the financial intermediation function and its positioning in management strategies of each financial institution, actual operation status, its contribution to earnings, and so on; and
- Consider solutions and future directions for the challenges that were perceived by both sides through continued dialogues.

Aiming to achieve the process in this manner, each entity produced original ideas; for instance, a Local Finance Bureau focused on understanding the ideas of executives, while another focused on building hypotheses based on prior analyses and interviews with companies.

The JFSA also conducted *in-depth* dialogues on business models as a trial in cooperation with specific regional banks using the resources of the JFSA's Special Team to Support Regional Productivity Enhancement, which was established in September 2018 to gain a detailed understanding of the realities of regional companies and economies through the network and dialogues with regional companies and other stakeholders. In this exercise, the JFSA focused on an in-depth understanding of the corporate vision of the participating banks. However, because the authorities were in the position of supervising the banks, it was difficult to have a dialogue on an equal footing. Therefore, the JFSA worked on developing a common understanding of the purpose of the dialogues themselves before conducting the dialogues. It also created opportunities where the banks would feel comfortable talking with the JFSA.

As explained above, *in-depth* dialogues are expected to create an awareness on both sides through their conversation. To reach this awareness, it is important that the authorities accumulate certain information and knowledge about regional companies and economies.

From this viewpoint, the Special Team to Support Regional Productivity Enhancement attempted to comprehend the realities in regional communities by visiting 53 companies, tax accountants, and so on, as well as 18 local governments and industry and commerce organizations mainly in the Tohoku region. In addition to this, it also studied ongoing corporate survey results and an analysis of benchmarks for financial intermediation functions, as explained above. Some interviewees spoke critically about the support regional financial institutions provided to businesses, saying that corporate support activities were driven by the push to achieve sales quotas. Others state that Companies view financial institutions as negotiation counterparties and not as someone they could consult with regarding their problems.

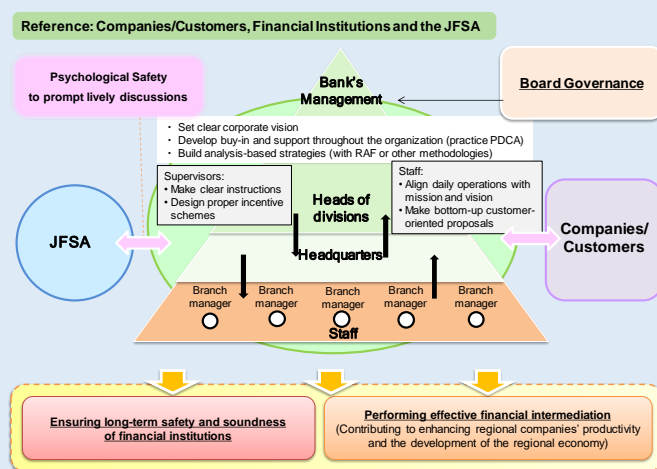
The Progress Report also touched on the results of the FY2018 corporate survey. About half of the respondents praised regional financial institutions for conducting convincing analyses and taking satisfying actions for their management challenges. However, only 30% of the surveyed companies had received the support of management improvement and similar services, other than loans, from financial institutions, despite many of them expecting financial institutions to provide such services.

In 2018/2019, we held dialogues and implemented actions mainly to activate the financial intermediation function of regional financial institutions. However, in order for regional financial institutions to create a sustainable business model in the future, they need to go beyond lending operations and consider how they can accurately respond to the needs of corporate clients and regional economies. With this awareness, the final chapter of the Progress Report refers to the expansion of new businesses based on deregulation, citing specific examples and casting its perspective beyond activating the financial intermediation function.

For regional financial institutions to achieve sustainable business management, they need to appropriately take advantage of the environment arranged by the authorities, such as the deregulation of the scope of their operations, which has been facilitated in the past. They must consider a broad range of business models outside the existing concept and the intermediation of finance, including the intermediation function of management resources (people and knowledge) and information of corporate clients, given the changes in the environment that need to be addressed (e.g., digitalization) and the existing needs such as management improvement support, which are not necessarily being satisfied, amid concerns about the anticipated decline in the demand for funding.

With the awareness of these issues, we will hold dialogues with financial institutions in 2019/2020 based on the stated directions and priorities (“User-Oriented Financial Services in a New Era—Financial Services Policy: Assessments and Strategic Priorities 2019”) with emphasis on the following:

- Engage in open-minded dialogues with each level of bank personnel (CEO, executives, branch managers, sales staff members) and external directors ;
- Endeavor to ensure Psychological Safety when engaging in dialogues (situation or atmosphere where anyone may speak out or take action without feeling anxious) ; and
- The JFSA and Local Finance Bureaus will work as one to have in-depth dialogues with regional financial institutions through their enhanced communication.



Initiatives to Establish Customer-Oriented Business Conduct

Toshio Nagasawa, Chief Financial Inspector, Customer-Oriented Business Conduct Team, Risk Analysis Division,
Strategy Development and Management Bureau

(Note: The opinions expressed in this article reflect the personal opinions of the writer, and do not reflect the opinions of the organization with which the writer is affiliated.)

Recognizing the importance of establishing customer-oriented business conduct in all financial institutions and other entities engaging in sales, advisory services, product development, asset management, investment, and other aspects concerning financial instruments (hereinafter, “Financial Institutions”) to facilitate the stable asset building of households, the JFSA has continued monitoring Financial Businesses’ efforts concerning customer-oriented business conduct. This article introduces the monitoring results of the distributors of investment trusts and other instruments¹ and an overview of our strategic directions in 2019/2020.

1. Promote the visualization of Financial Institutions’ initiatives to establish customer-oriented business conduct

The JFSA developed and announced the Principles for Customer-Oriented Business Conduct (hereinafter, the “Principles”) in March 2017, urging Financial Institutions to disclose their *policies on customer-oriented business conduct* as well as *respective KPIs* and comparable *common KPIs* that are used to objectively evaluate the progress of their efforts in order to make the efforts of Financial Businesses visible (Figure 1).

As of June 2019, 281 companies have released their status against common KPIs, which can be used to compare investment trust distributors. Of those KPIs, looking at a ratio of customers by gain/loss on investment performance as of March 31, 2019² for each business category, the ratio of customers who have not suffered an investment loss tends to be higher among investment management companies (direct sales) and cooperative financial institutions such as *shinkin* banks and JA Banks (Figure 2).

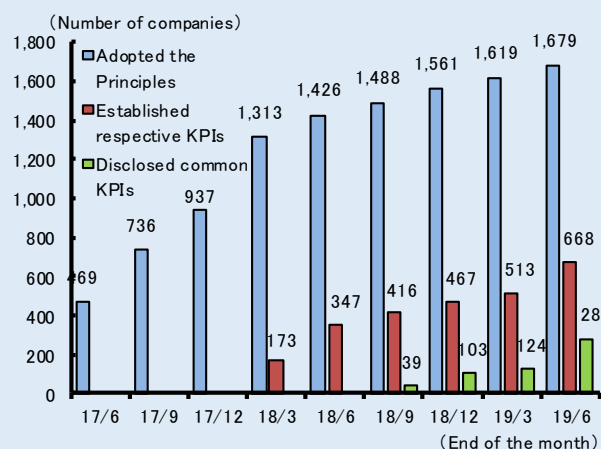
The number of businesses that have disclosed their policies on customer-oriented business conduct has been steadily increasing. However, a review of individual situations has found that while some Financial Businesses disclose, in addition to their *policy*, specific measures and KPIs chronologically and review them regularly, there are others who are not showing willingness to interpret and turn into specific actions the objectives of the Principles. For instance, some Financial Institutions have presented a *policy* which is a slightly revised version of the wording of the Principles.

2. Customer Awareness Survey on Sales of Financial Instrument, such as Investment Trust

As two years have elapsed since the publication of the Principles, the JFSA has come to recognize the need to check if the initiatives of the JFSA and financial institutions to instill and sustain customer-oriented business conduct have appropriately reached customers. Based on this recognition, the JFSA conducted a customer awareness survey³ from January to March 2019 to check customers’ awareness of these efforts and hear their assessment of the actual sales conduct of Financial Institutions.

The survey results showed that a reasonable number of customers, around 30% of those surveyed, knew (or heard) about financial institutions’ policies on customer-oriented business conduct and KPIs. Of these people, however, only 20% referred to the policy and KPIs when investing in financial instruments. Nonetheless, 40% of all respondents said that the disclosure of the policy and KPIs would make it easier for them to choose financial institutions which are

Fig. 1 Number of Financial Institutions that have adopted the Principles and number of Financial Institutions disclosing respective KPIs and common KPIs

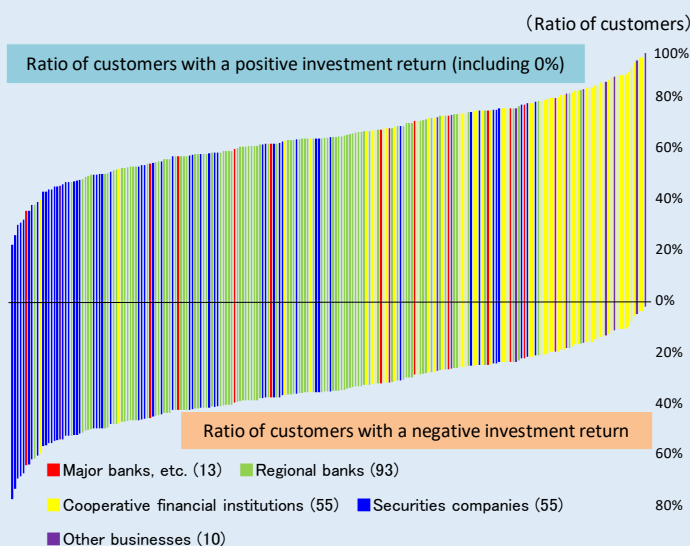


(Note1) The number of Financial Institutions that have established respective KPIs includes Financial Institutions that have disclosed KPIs in their policy and status of engagement.

(Note2) The number of companies that have disclosed common KPIs includes Financial Institutions that have disclosed at least one indicator out of three common KPIs.

(Source) The JFSA

Fig. 2 Customer distribution based on investment performance (the ratio of customers who did not suffer an investment loss is largest at the furthest right)



(Note 1) The base date is March 31, 2019.

(Note2) Compiled data of Financial Institutions that gave a report to the JFSA by June 30, 2019 (226 Financial Institutions).

(Note3) Other Businesses include investment management companies, IFAs, insurance companies, etc.
(Source) The JFSA

working on customer-oriented business conduct, confirming that there is a reasonable significance for such initiatives (Figure 3).

Meanwhile, only around 20% of investors felt that financial institutions' services had improved in the last two to three years, showing that many investors were dissatisfied with the sales staff. They were often dissatisfied with the attitude of the sales staff. Comments included: "Proposals are often made with a focus on their performance instead of focusing on customers," and "The sales staff did not have adequate product knowledge and the ability to provide explanations."

3. Monitoring customer-oriented business conduct of investment trust distributors

To comprehend the actual situation of business conduct concerning sales of financial instruments (e.g., investment trusts and savings-type insurance), the JFSA conducted the monitoring senior management, headquarters, and sales staff of Financial Institutions. While senior management and headquarters were generally stepping up their efforts to establish customer-oriented business conduct, there were differences in the levels of commitment among sales companies. Situations also varied among sales branches and individuals.

While there were cases indicating that Financial Institutions had achieved positive outcomes, such as the lengthening of the average holding period of investment trusts and an increase in the ratio of customers investing in savings-type investment trusts, there were also cases that showed poor outcomes, such as weak growth in the balance of investment trusts under management or the number of customers investing in investment trusts. The challenge, therefore, is to further enhance efforts to practice customer-oriented business conduct.

One of the trends in FY2018 was weak growth in the sales amount and balance of investment trusts and a considerable increase in both the sales amount and balance of single premium insurance products denominated in foreign currencies (Figure 4). Concerning the rapidly growing sales for these products, it is necessary to comprehend suitability—that is, to check if the products are sold to customers with matching needs, and to improve information provision including easy-to-understand product descriptions at the time of sales and information provision on investment performance after sales.

Fig. 3 Responses on customer awareness and evaluation of efforts by the JFSA and financial institutions

(Source) The JFSA

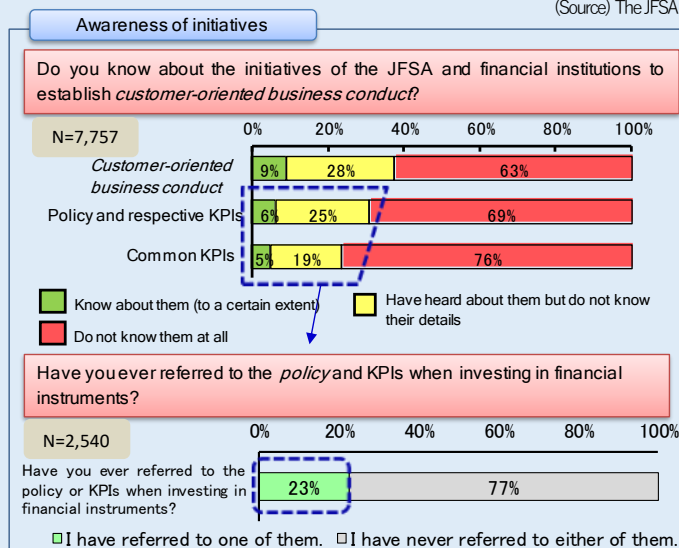
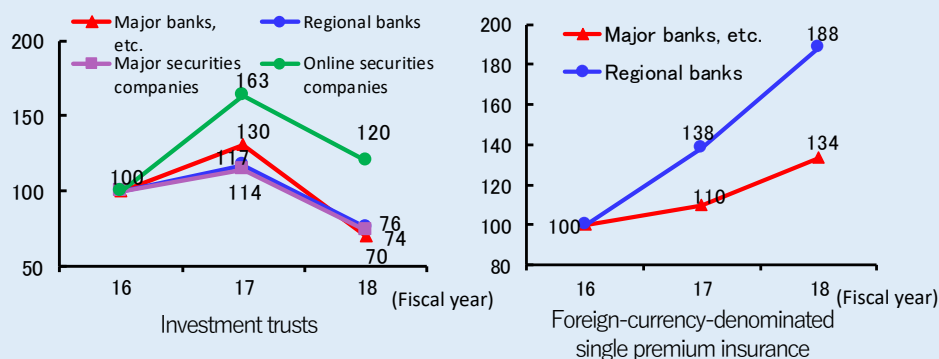


Fig. 4 Sales amount of investment trusts and foreign-currency-denominated single premium insurance



Left: investment trusts

(Note1) Compiled data on 9 major banks, 20 regional banks, 7 major securities companies, and 4 online securities companies.

(Note2) Figures for banks are the total of sales made by banks themselves, as intermediaries, and by client referral.

(Note3) Figures are indexed with FY2016 as 100. (Source) The JFSA

Right: foreign-currency-denominated single premium insurance

(Note1) Compiled data on 9 major banks and 20 regional banks.

(Note2) Figures are indexed with FY2016 as 100. (Source) The JFSA

4. 2019/2020 Strategic Directions

To promote customer-oriented business conduct, it is important that senior management incorporates the Principles in their management philosophy, develop strategies to implement them, and take specific actions. We will have dialogues with senior management and others to check whether such philosophies, strategies, and actions are shared and practiced in the frontline of sales activities.

More specifically, we will monitor the way proposals on foreign currency insurance and other financial instruments are made to customers in the frontline of sales activities of Financial Institutions, how their headquarters manage such activities, and the firms' human resources development/evaluation structures or the like to develop people who can provide customers with good-quality advice centered on long-term, diversified investments. We will urge Financial Institutions to disclose their policies, KPIs and so on in a more easily understandable manner based on the results of the customer awareness survey, thereby promoting the *visualization* of Financial Institutions' initiatives.

¹ "Results of the monitoring of customer-oriented business conduct of investment trust distributors" published on September 13, 2019 (<https://www.fsa.go.jp/en/news/2019/201909fd/201909fd.html>)

² "A ratio of customers by gain/loss on investment performance" shows the ratio of customers based on investment performance by calculating the cumulative investment gain/loss (after deducting fees) since their purchase on the investment trusts which customers were holding as of the base date.

³ "Customer awareness survey on sales of financial instruments (final and entire report)" published on August 9, 2019 (<https://www.fsa.go.jp/news/r1/sonota/20190809fd/002.pdf>) (Available in Japanese)

JFSA's Major Activities in September

(September 1 to September 30, 2019)



- [THE SECOND ROUNDTABLE ON SUPERVISORY OVERSIGHT OF CRYPTO-ASSETS -TOWARD A NEW STAGE OF INTERNATIONAL COOPERATION- \(September 9, 2019\)](#)
- [The second Roundtable on Supervisory Oversight of Crypto - Asset - Toward a New Stage of International Cooperation - Opening remarks by Ryozo Himino \(September 9, 2019\)](#)
- [The results of monitoring customer-oriented business conduct of investment trust distributors \(September 13, 2019\)](#)
- [Joint session of the 42nd general meeting of Financial System Council and the 30th meeting of Sectional Committee on Financial System \(September 18, 2019\)](#)
- [The Council of Experts on the Stewardship Code \(2019\):The First Council \(September 25, 2019\)](#)
- [Update on Progress toward Further Efficiency and Transparency in the Screening Procedures for Licensing and Registration of Financial Businesses \(September 27, 2019\)](#)
- [Updated statistics of money lending business \(September 27, 2019\)](#)
- [Publication of the summary of “JFSA’s Approach to Compliance Risk Management” and “Trends and Issues in Compliance Risk Management” \(September 30, 2019\)](#)

- FSA Weekly Review
<https://www.fsa.go.jp/en/newsletter/index.html>



- JFSA's official English Twitter account
https://twitter.com/JFSA_en



We are promoting
information
dissemination using
Twitter!

Editor's comment

We have renewed JFSA's "Access FSA" newsletter so as to make our policies, which can be rather technical, as easy to understand as possible. We hope that you will have the opportunity to read the newsletter.

Yoshitaka Wada, Director of the Public Relations Office, JFSA
Edited and issued by: Public Relations Office, JFSA