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Financial Services Agency Newsletter

Access FSA



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Creation of PR Video Introducing Cash Flow Support in which Parliamentary Vice-Minister Kanda Appears

On April 30, 2020, the Cabinet approved and enacted the supplement budget for FY2020 to finance an emergency package aimed at aiding the economy and people hit hard by the novel coronavirus (COVID-19) pandemic.

This package includes expansion of the coverage of the system of effectively interest-free and unsecured loans with the period of deferment up to five years to include private financial institutions by the use of local governments' loan programs (detailed later) as a measure to further support SMEs and private enterprises facing funding difficulties due to the impact of the spread of COVID-19 infection.

The FSA created a video in order to broadly disseminate this new loan system, etc. to companies facing funding difficulties.

This video is available on the FSA's dedicated webpage, official Twitter, and YouTube "FSA Channel" and is also delivered as a video ad on YouTube.

The video starts with a message from Parliamentary Vice-Minister Kanda Kenji. He used to work as a certified tax accountant and had contact with many small and midsize business owners having cash-flow difficulties. His message based on such experience was very heartfelt.



The video is available on the following website.
FSA website:
[https://www.fsa.go.jp/ordinary/coronavirus202001/p
ress.html#02](https://www.fsa.go.jp/ordinary/coronavirus202001/p ress.html#02)

Opening message from Parliamentary Vice-Minister Kanda

"If you face funding difficulties due to the impact of COVID-19 infection, please do not hesitate to consult with financial institutions. They are offering cash flow support based on the needs of respective companies.

On April 30, the Cabinet enacted the supplementary budget for FY2020 to finance the "Novel Coronavirus Disease (COVID-19) Emergency Economic Package" aimed at protecting people's lives and employment. This supplementary budget enables companies to receive interest-free and unsecured loans from private financial institutions such as banks, and Shinkin banks and credit cooperatives.

The FSA has repeatedly issued requests to financial institutions to meticulously offer sufficient support to companies, including prompt provision of interest-free and unsecured loans.

Based on my experience as a certified tax accountant, I believe that it is extremely important for financial institutions and business owners to face each other sincerely to resolve problems especially in hard times.

I know that many people are now experiencing difficulties, but let us mutually exercise cooperation to overcome these difficult circumstances."



Right: Recording of message from
Parliamentary Vice-Minister Kanda



The video introduces the system of effectively interest-free and unsecured loans, one-stop procedures and other information by using animation.

Outline of the System of Effectively Interest-free and Unsecured Loans by Private Financial Institutions

[Effectively interest-free and unsecured loans with the period of deferment up to five years and the reduction and exemption of guarantee fees provided by private financial institutions]

Under the FY2020 supplementary budget, the government has been taking such measures as introducing effectively interest-free and unsecured loans provided via private financial institutions, utilizing local governments' loan programs, from the perspective of further promoting cash flow support for companies. Prefectures, etc. commenced this new system sequentially from May 1, 2020.

* Depending on the local governments' loan programs, interest will be reimbursed to borrowers afterwards.

Provision of loans under the new loan programs will be facilitated through efficient and swift one-stop loan application procedures by financial institutions. For details of the new loan program, consult financial institutions nearby.

[Eligibility]

- Businesses that satisfy the following criteria concerning drop in sales and have obtained approval for Safety-net Guarantee No.4 or No.5* or Crisis-related Guarantee.

	Sales: -5%	Sales: -15%
Small business owners (including freelancers)	Guarantee fees and interest: Zero	
Small and medium-sized enterprises (excluding the above)	Guarantee fees: ½	Guarantee fees and interest: Zero

*Regarding Safety-net Guarantee No.5, businesses of any categories are eligible as of May 1.

[Other conditions]

- Period of deferment, etc.: Up to five years; Unsecured (Business owners' personal guarantee is not required, in principle.)
- Upper limit for loans: 30 million yen
- Support period: Guarantee fees: Entirety of the loan period; Interest subsidy: For the initial three years

Interview with Commissioner Endo

"Why Is the FSA Carrying Out Organizational Reform?"

The FSA is currently carrying out organizational reform (FSA Reform)¹ in order to transform itself into an organization capable of constantly making self-changes for the sake of the people and national interests. We interviewed FSA Commissioner Endo to ask him about the purpose and the current of the reform and the future outlook.

Overview of the Interview

- ◆ Reform of the FSA intended to promote national welfare and economic development
- ◆ Encouraging knowledge creation by employees from diverse backgrounds, rather than imposing a top-down command and control approach
- ◆ Invigorating communication by securing "psychological safety" across the organization
- ◆ Open Policy Lab energizing FSA employees
- ◆ Young FSA employees should not be content with the status quo and should think with enthusiasm for themselves



Endo Toshihide, FSA Commissioner

Joined the Ministry of Finance in 1982.
Serving as FSA Commissioner since 2018.

——— *Please explain the purpose of and background to the FSA's ongoing organizational reform.*

The direct purpose of the FSA reform is making improvements for the FSA itself and its employees. However, ultimately, the reform aims to achieve the goal of financial services policy, namely promoting national welfare, sustainable corporate and economic growth, and stable asset building by the people, rather than merely making improvements for the FSA.

It is financial institutions and companies and, in a broader sense, the Japanese people and the economy, that receive administrative services provided by the FSA. The reform of the FSA is intended to achieve this ultimate goal by changing the FSA.

However, as "promoting national welfare and sustainable corporate and economic growth" is an abstract phrase, FSA employees may find it difficult in some cases to imagine how their own jobs are related to this goal. Therefore, it is very important to ensure that employees themselves fully understand and are satisfied with their own jobs. They must be satisfied that what they are doing benefits the Japanese people under the broad policy framework, and they must publicly explain that

and send a positive message. To that end, FSA employees should change themselves and reinvent the organization. That is the FSA reform.

To carry out the reform, it is important to create an environment that encourages FSA employees to first do what they would like to do instead of trying to achieve something difficult, such as benefiting the people and national interests under the ideal of altruism. Creating such an environment will enable FSA employees to set challenges for themselves with strong motivation and will create the trends of making self-changes and changing departments and sections and the entire organization of the FSA.

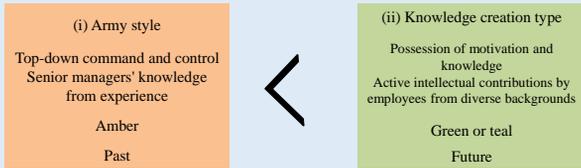
Performing jobs that they would like to do and achieving growth themselves will enable FSA employees to impress upon other people that they are proud of their jobs and are living a forward-looking, positive life. As a result, it will become clear to the public that at the FSA, each and every employee is participating in policy implementation by doing jobs with which they are satisfied, and I expect that the FSA will be able to win the people's sympathy.

¹ "Regarding the FSA Reform—Towards an Organization Capable of Constantly Changing Itself for the Sake of the People and National Interests," published July 4, 2018.

<https://www.fsa.go.jp/common/about/kaikaku.html>

Awareness of Challenges based on the Situation of the FSA

- As a result of changes in the surrounding environment (economic digitalization, demographic changes, and accurate reflection of global and local developments), the share of knowledge creation-type jobs in the FSA's workload has become larger than the share of jobs performed through an army-style top-down command and control.
- What kind of organization should be developed in order to adapt to this change?



- According to the results of a survey on employee satisfaction, the level of satisfaction among FSA employees is not necessarily high compared with the level among private-sector employees.
"A lack of sense of fulfillment with work," "an atmosphere that does not treat employees decently," "a lack of positive future prospects"
- Regarding questionnaire items of the survey on employee satisfaction, while the level of satisfaction was high (satisfied) among senior managers and directors of divisions and offices, it tended to be generally low (dissatisfied) among younger employees.

As the first step toward changing the whole society, the FSA will change itself, and this change will lead to the transformation of financial institutions, with the result that positive benefits will be brought to their customers, such as small and medium-size enterprises and the people.

——— *Do you think that in order to ensure that FSA employees are satisfied with what they do and persuasively influence financial institutions and the people, it is necessary to change the traditional top-down command and control approach that is typical of bureaucracy?*

As the FSA is an administrative agency, its organization is a hierarchical pyramid with an element of top-down command and control. However, what matters is how strong the element of top-down command and control should be.

Recently, there has been much buzz about the "teal organization"² theory. In some situations, an administrative organization is required to ensure that subordinates conscientiously follow and execute orders from bosses without any deviation. I do not totally reject an organization that works in that way, known as an "amber organization."² However, the FSA is an administrative organization that is very close to the private sector. If its organization maintains only the amber element, the FSA would face a wide gap with the private sector. To enable private-sector people to fully

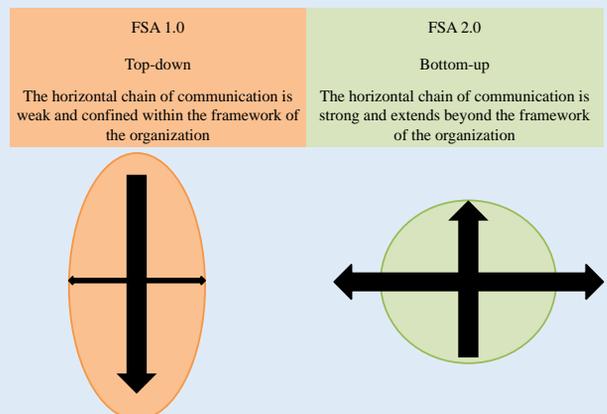
understand what the FSA intends to do, we must change the FSA from an amber organization into a "green"² or "teal" organization.

Teal and green organizations are, in other words, organizations where highly motivated, insightful employees from diverse backgrounds create knowledge. Within an organization with a command and control structure, many people cannot contribute to knowledge creation. Under a command and control structure, people creating knowledge are at the top of the hierarchical pyramid, which means that the number of people who come up with new ideas is very small. Moreover, people in upper layers of the organization are elderly people with old-fashioned ideas. Such people speak based on their past experiences. It is doubtful whether they have a vivid sense of what is now going on in the world.

I believe that the FSA's organization should include both the "amber" element and the green" and "teal" elements, which are more inclusive, rather than only either of those elements. In order to actively create knowledge on an extensive scale, the FSA must increase employees capable of knowledge creation.

Around 1,600 employees of the FSA, including young people, are all dedicated, diligent and competent people, so the important thing is to ensure that they can fully exercise their capabilities. That will change the nature of our organization and unlock its potentials. That is what we should aim for. It is the essence of the FSA reform.

Towards FSA 2.0



² A theory of organization proposed by Frederic Laloux.

- ▶ Amber organization: an army-like organization in which a clear top-down, rank-based chain of command exists.
- ▶ Green organization: a family-like organization in which the independence of employees is respected, although a rank-based hierarchy remains.
- ▶ Teal organization: A living organism-like organization in which the conventional employee management approach is abolished and in which individual employees think and act for themselves.

—— *What is your assessment of the progress of the FSA reform so far?*

According to the results of an intra-agency survey on employee satisfaction, the progress of the reform so far is praiseworthy in some respects, but I have the sense that we are still halfway through the reform. Compared with the situation in the private sector, the level of satisfaction is low due to such factors as "an atmosphere that does not treat people decently" and "a lack of sense of fulfillment with work."

However, I believe that we are on the right track by pursuing ongoing initiatives such as holding one-on-one meetings³ and working in small groups,⁴ so it is important to make sure to continue these initiatives.

To that end, we must ensure that employees feel firsthand that the reform is making concrete progress. It is essential that they feel the reform of the FSA is not just a matter of slogan but is producing actual results. At present, I am concerned that there may be some divide between people in personnel affairs-related divisions leading the reform and other employees, who tend to have a passive attitude. People in management positions, including directors of divisions and offices, deputy directors-general, and directors-general should

proactively commit themselves to making sure that change happens, at least with respect to small matters. Reform starts with making sure that change happens. That will significantly improve employee satisfaction.

The FSA reform is also a process of knowledge creation. Individual employees should involve themselves in achieving the reform. For example, under the Open Policy Lab⁵ framework, FSA employees are freely implementing policies that they favor themselves. It is ideal that an initiative like this will appear in field-level reforms. FSA employees should realize concrete field-level reforms suited to their own organizations.

Some small groups are functioning very successfully and making reform efforts regarding familiar matters as pilot projects.⁶ In the next administrative year, I hope that those efforts will spread from small groups to whole divisions, offices, and bureaus.

—— *Compared with other central government organizations, one distinctive feature of the FSA is that many employees have come over from the private sector. In this respect, do you feel difficulty carrying out the reform?*

A mechanism that drives a future-oriented organization

- How to develop an organization capable of producing sufficient results while enabling individuals to fully exercise their capabilities
- Bosses and subordinates fill the perception gap between each other and eagerly address their challenges as their own matters based on common understanding.

(i) Small groups	Employees are divided into small groups of seven to 10 members each. Intended to form teams in which members can hold frank discussions under group leaders' initiative.
(ii) One-on-one meetings	Group leaders carefully listen to what members have to say and think together with them.
(iii) Psychological safety	Are subordinates not waiting for instructions from bosses, unable to say what they want to say ("Is it OK to say this? Will he not scold me?")
(iv) Open Policy Lab	A framework for voluntary submission of policy proposals. An initiative to work with partners outside the FSA.

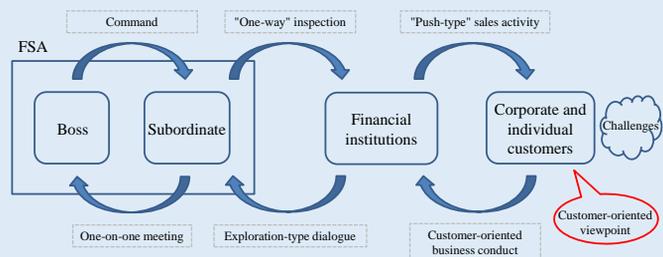
Within the organization of the FSA (dialogue between bosses and subordinates with psychological safety ensured → added value)

Relationship between the FSA and financial institutions ([the supervisor vs. the supervised])

Relationship between financial institutions and corporate and individual customers

For the purpose of creating shared value with customers

- To resolve challenges from a customer-oriented viewpoint, not only financial institutions but also the FSA must change.



From "Chain of Command" to "Chain of Dialogue"

³ A communication mechanism whereby members of small groups (other than leaders) proactively engage in one-on-one dialogue with their leaders (persons in charge of group management).

⁴ Employees within divisions and offices are divided into groups of 5 to 10 members each in order to develop an environment that facilitates active two-way communication while ensuring that employees do not feel that anybody is watching what they are doing and to establish a system that enables them to support each other (a shift from existing work units to small groups).

⁵ A framework for voluntary submission of policy proposals by employees that is intended to train and better use employees and invigorate the organization and also to promote the formulation of novel and original policies by actively accepting employees' new inspirations and ideas.

⁶ This activity is being conducted on a pilot basis in order to (i) create an environment that enables small groups to plan, formulate and implement better policies by using individual employees' insights to improve work processes and (ii) develop a system that enables employees to achieve growth together while supporting each other.

Yes, I do. The FSA is a distinctive administrative organization in that its workforce includes people with different career backgrounds and different mindsets and people from different working cultures. Some people have served as civil servants all along, but many people have switched from private companies or from professional occupations. Precisely for that reason, it is very important to ensure fair and equal personnel management across the entire organization of the FSA. Our mixed organization would collapse if we were to maintain the personnel management practice of continuing to give preferential treatment to employees for decades based exclusively on the record of having passed the civil servant examination for an elite government career.

Now, a private sector-like approach has been incorporated into the personnel management of administrative organizations. In the United States and Europe, it is a well-established practice for people who have experience working in the private sector to switch to the government sector and for civil servants to move to the private sector under a revolving door system. Japan is moving closer to that system. In that sense, how to organize and operate the FSA, an administrative organization in the process of moving closer to the global standard, is a new challenge.

—— *The FSA has renewed its LAN system and created an intra-agency SNS called "Minna No Hiroba"(Forum for Everyone),⁷ whereby FSA employees share their experiences online. What is your vision of how to use new technologies for the FSA reform?*

I had a feeling of strong commitment to creating "Minna No Hiroba."

This enables various employees to disseminate information, eliciting comments from colleagues and bosses, and this facilitates online communication across the entire organization. I am looking forward to the development of this online forum. It does not matter even if the topics of communication are small matters. If employees reveal a small episode concerning their activities and colleagues and bosses make comments, those activities will come to the attention of other people

within the FSA. Continuous flows of exchanges like this will enhance communication and cultivate an atmosphere of frank discussion.

There is still room for further developing the use of LAN. Although the COVID-19 (novel coronavirus) outbreak has had some impact, it is important to consider how to use new technologies like Skype to increase work efficiency.



[Commissioner Endo speaking during the interview]

—— *Employees of local finance bureaus are also participating in the administration of regional finance. How do you think employees of local finance bureaus and the FSA should cooperate in order to improve work performance?*

I have had many opportunities to visit local finance bureaus and talk with employees. Although some people say that employees of local finance bureaus are failing to keep up with the FSA's policy for administration of regional finance and organizational reform, I am doubtful whether that is true. When I talk to employees of local finance bureaus about the FSA's awareness of challenges related to regional finance and the FSA's approach to reorganization, they respond with very vivid comments expressing agreement or pointing out problems faced by their local finance bureaus. Very often, I feel that they have strong awareness of the challenges.

Ultimately, continuing to promote communication with local finance bureaus by creating opportunities for discussion with them is the shortcut to realizing better financial services policy.

⁷ An intra-agency online bulletin board whereby activities of individual FSA employees and groups of like-minded FSA employees are widely shared.

That is the same as facilitating communication between various divisions and sections within the FSA. To ensure smooth communication with employees of local finance bureaus across organizational boundaries and work together as like-minded partners, "psychological safety"⁸ is essential. It is very important to be able to speak one's mind frankly. If we talk honestly about our own awareness of challenges, they will also speak their mind. At that point, true communication starts. If we speak our minds frankly, we can engage in closer communication.

Open Policy Lab

- ✓ Established a framework for voluntary submission of policy proposals by employees (Open Policy Lab) in order to train and better use employees, mainly younger ones, and invigorate the organization and also to promote the formulation of novel and original policies by actively accepting employees' new inspirations and ideas
- ✓ Project participants are allowed to spend around 10 to 20% of their working hours on activities related to the Open Policy Lab, with expenses necessary for the activities (e.g., expenses for holding interviews with experts) covered by the FSA. Senior managers are assigned to project teams as mentors responsible for managing project implementation.
- ✓ In the last program year, 15 project teams were launched, with a total of around 80 employees participating, and the teams held briefings for senior managers.

Specific examples of activity

Considered how to conduct financial education	Conducted a study on capital requirements under Pillar 2 and related macro-prudential tools
Conducted a study on how to use AI for the examination of securities reports and other documents.	Support for resolution of regional challenges using the FSA's network
Formulate a future vision of the FSA.	Use of information technology for routine work
Oral history of financial services policy	Future vision of finance in 2040
Conducted a survey and a study on various policies intended to contribute to the enhancement of asset investment business.	Investigation of communication among employees
Aiming for dynamic supervision in the derivatives market	Actual state of U.S. commercial banks and inspection and supervision by the authorities
Sorted out historical data and proposed an analysis model in order to support policy formulation based on data and quantitative analysis.	Household finance diagnosis (an approach to asset formation by individuals and households)
A support project for employees who are child-caring parents	

——— *The Open Policy Lab framework, which is led by young FSA employees, has achieved some results, including the progress made in various thematic activities. How do you intend to further develop this framework in the future?*

The Open Policy Lab is really evolving.

To tell the truth, when the Open Policy Lab was started, I had strong concerns. One concern was that although FSA employees might have something that they want to do in mind, none of them would apply to participate in this framework because of the sense that they were too busy to do so.

However, actually, many employees applied. Precisely because we launched this framework, it became clear that FSA employees had in mind something that they wanted to do and were looking for an opportunity to give it a try. In particular, the project to improve work efficiency using information technology attracted high praise and was held in high regard in the Kasumigaseki district, as evidenced

by the fact that it was commended by the Minister in charge of Civil Service Reform. We have now come to know that highly-motivated employees can exercise their capabilities if they are given an opportunity to do so.

Now, we are at a stage where we should consider how to develop individuals' abilities into an institutional strength. Although this is still my personal idea, the results should be actively disclosed to the public.

As for the method of disclosure, there are options such as publishing the results in the form of a working paper written in the FSA's name or making the Open Policy Lab a permanent organization under the FSA. There is already an example of such an organization, namely the Regional Solutions Support Team.⁹ I expect that by publicly announcing the results of discussions through one of those methods and inviting reactions, the FSA will be able to develop into an organization in which employees from more diverse backgrounds contribute to knowledge creation.

——— *To make progress in the organizational reform, what matters is not only the Commissioner's mindset but also other senior managers' mindsets. Are senior managers' mindsets changing?*

Changing senior managers' mindsets is easier said than done. Senior managers, including me, have established personalities and ways of thinking that have been formed through their past experiences. Even if we insist that they should change their old-fashioned ways, they cannot easily do that.

I believe that it is important to institutionalize full information sharing and disclosure of the contents of discussions among senior managers. Senior managers should make public what important challenges they have set. By using the disclosure, employees should check on achievements in a constructive manner. If no progress is made, employees may push senior managers to do their part. If we senior managers come under criticism from employees, we should respond by communicating what we have in mind once again. A tool like the intra-agency SNS "Minna No Hiroba" is important for enhancing such two-way communication.

⁸ A situation or atmosphere in which individual persons can speak and act safely without worries.

⁹ A team under the Open Policy Lab framework that is comprised of like-minded members who are eager to invigorate regional economies. In order to support this team's efforts, the FSA established the Regional Solutions Support Office in July 2019. (Reference)

"FSA Employees Think Together With You Out in the Field— Regional Solutions Support Team," published on May 8, 2020. <https://www.fsa.go.jp/policy/chiikikadaikaiketsushien-team/chiiki-kadai-top.html> (Available in Japanese).

By making clear as much as possible what we have in mind and ensuring that many people share information and participate in discussion, we will continue the FSA reform. It is important to constantly keep senior managers under pressure in a positive sense by maintaining and enhancing this mechanism.

——— *Finally, please give a message of encouragement to young employees.*

The important thing to do is to think for oneself, set challenges for oneself, and pursue self-development. Because they are working adults, young employees should put these activities into practice through the process of performing the jobs in front of them.

They should also consider how they can better perform the jobs in front of them. If they cannot do that on their own, they should think hard about how they can cooperate with colleagues, what logic they should develop in order to make themselves understood, and how to convince their bosses. In short, they should devote themselves wholeheartedly to the jobs in front of them while reflecting on various matters.

By continuously making such efforts, they are certain to achieve self-growth. That will drive the FSA's organizational reform. If the FSA changes, financial institutions will change, and that will have no little impact on the economy and society.

If I am to give advice to young employees, they should not be overly content with the status quo. If something strikes them as wrong, they should think hard about what is wrong. They must not resign themselves to the status quo. It is necessary to be somewhat persistent in thinking things through. I would like young employees to have lofty ambitions, such as an ambition to lead Japan themselves. To that end, they should understand Japan's position in the global community.

As the FSA is an administrative agency that is in a really fortunate position, we can do very interesting jobs extending across global and local contexts. That is certain to contribute to employees' growth as people. Young employees should have global and local perspectives and think about pursuing further self-development, reforming the organization, and contributing to society. Doing a job for the sake of self-development contributes to society. That means pursuing the national interests. Young employees should use the FSA as a foothold and fully



〔 Commissioner Endo speaking during the interview 〕

devote themselves to performing their routine jobs with ingenuity while being conscious of challenges.

Curiously, the sight of our working hard to achieve something makes other people open their hearts. This somehow creates opportunities for us to encounter like-minded people, opening the way forward. Young employees should be ready to try various things if they consider them to be the right things to do, and they should also create a network of associates outside their organization. One good example is “Regional Finance Meeting (Chiikinkai),” which is a network of people involved in regional finance. This network was joined by many like-minded people exactly because FSA employees took the initiative with aspirations of their own and publicly communicated what they had in mind. The same applies to everything. Young employees should work hard to achieve something in which they believe.

Interviewer: Wada Yoshitaka, Director of the Public Relations Office

Beware of Illegal Underground Financing Activity Promoting Salary Factoring! ～FSA's Responses against Salary Factoring～

Section in charge of controlling underground finance, Nonbank Financial Companies Office, Planning and Management Division, Supervision Bureau

(*The opinions expressed in this piece are the personal views of the authors and do not necessarily reflect the views of the organizations with which they are affiliated.)

It has been pointed out that cases of financial damage and various other forms of harm in relation to the "salary factoring" scheme have recently occurred. Under the salary factoring scheme, the factoring company purchases wage claims (salaries) held by individual persons against their employers and delivers cash to them and later recovers funds against the claims through those individuals.

As salary factoring has an economic function similar to the function of lending, engaging in this activity as a business is equivalent to conducting the money lending business as defined under the Money Lending Business Act. Therefore, engaging in salary factoring without obtaining registration under this act is equivalent to unregistered business operation regarding the money lending business (so-called underground finance).

Described below are an overview of salary factoring, the relationship between salary factoring and the Money Lending Business Act, and the FSA's responses.

Overview of Salary Factoring

Factoring in general refers to the service of purchasing at a discount (fee) accounts receivable held by companies before the maturity date (a fund-raising means for companies), and legally, it is a transaction contract concerning a debt claim (transfer of a claim).

Salary factoring has been devised by applying this scheme to claims held by individuals. A factoring company purchases at a discount wage claims held by individuals against their employers before the salary payment date and recovers funds against the claims through those individuals on the salary payment date. In relation to salary factoring, there have been reported cases of financial damage and various other forms of harm, including the levy of a fee equivalent to an annualized interest rate of several hundred percent and the use of malicious debt collection methods that disturb the peace of private life, such as verbally intimidating people who fail to make repayments in time and notifying their employers. In some cases, individuals who repeatedly used factoring service were forced into personal bankruptcy, according to media reports.

In March this year, the FSA announced that persons engaging in salary factoring as a business are equivalent to money lending business operators.¹

Equivalence of Salary Factoring to Money Lending Business

(1) Transfer of wage claims

According to a Supreme Court precedent and a Diet question-and-answer session,² although Article 24 of the Labor Standards Act stipulates that "Wages shall be paid in currency and in full directly to workers," the prevailing legal interpretation holds that when wage claims have been transferred, there is no basis for invalidating the transfer because there is no provision for prohibition of the transfer of wage claims per se. On the other hand, in light of that article's intent to ensure secure payment of wages, the source of workers' livelihood, to workers themselves, it is interpreted that even when workers have transferred wage claims to other persons before receiving wages, the article is applicable to the payment of wages, which means that employers must pay wages directly to workers and that the transferees of wage claims themselves are not permitted to demand payment from employers.

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貸金業登録を受けずにこうした業務を営む者は、**違法なヤミ金融業者**です。

<貸金業登録の有無は、金融庁ウェブサイト(登録貸金業者情報検索サービス)から検索できます。>

～「給与ファクタリング」に関する被害事例～

- 年利換算で数百%にもなる利息の支払
- 家族や勤務先へのしつこい電話や大声での恫喝
- 高額な遅延損害金の請求

**あなたの生活が破綻するおそれがあります!
ヤミ金融業者を絶対に利用しないでください!**

*貸金業該当性に関する考え方の概要
労働者が賃金債権を譲渡した場合でも、労働基準法の規定により、使用者は直接労働者に対し賃金を支払わなければならない。賃金債権の譲受人は、自ら使用者(労働者の勤務先等)に対してその支払を求めることは許されないと解されているため、上記の業務においては、賃金債権の譲受人は、常に労働者に対してその支払を求めることとなります。
そのため、上記の業務は、譲受人から労働者への金銭の交付だけでなく、譲受人による労働者からの賃金の回収を含めた資金移転のシステムが構築されているということができ、経済的に貸付けと同様の機能を有しているため、貸金業に該当すると考えられます。(詳細は金融庁ウェブサイト「一般的な法令解釈に係る書面照会手続」に係る「照会」及び「回答」をご参照願います。)

悪質な業者の被害や債務に関する相談窓口

金融庁 金融サービス利用者相談室 (受付時間:平日 10:00～17:00) ■ 0570-013531 03-5251-5311 (IP電話からの場合)	日本貸金業協会 貸金業相談・紛争解決センター ■ 0370-051051 03-5729-3261 (IP電話からの場合)
多重債務相談窓口連絡先 財形貯蓄、郵便貯蓄等の相談機関の連絡先(200円/1000円)のリンク先から確認できます。	警察 ■ 110 (各都道府県警察相談ダイヤル) 消費生活センター等の消費生活相談窓口 ■ 188 (消費者ホットライン)

An alert leaflet
(published on April 9, 2020)

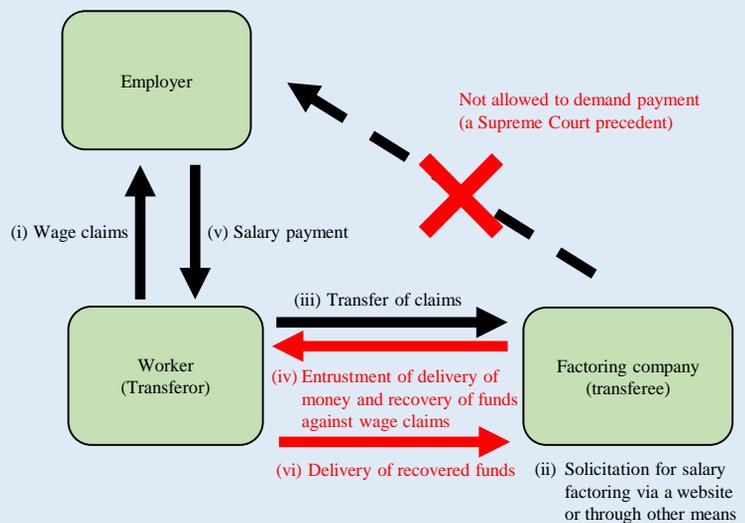
(2) Equivalence to the money lending business

The money lending business as defined under Article 2 of the Money Lending Business Act includes not only the business of loaning money (based on the promises of delivery and return of money) but also the business of acting as an intermediary for delivering money through discounts of negotiable instruments. An activity's equivalence to the money lending business is judged in light of its economic characteristics and actual circumstances.

If we follow the interpretation of the Labor Standards Act mentioned in the (1) above, under the salary factoring scheme, employers must pay wages directly to workers under the provision of Article 24 of the same act even when the claims have been transferred to the factoring company, while factoring companies that are transferees of

wage claims are presumed to be not allowed to recover funds against wage claims directly from employers. In other words, factoring companies should always seek to recover funds against wage claims through workers.

Therefore, it can be said that the salary factoring scheme involves not only delivery of money from factoring companies to workers but also transfer of funds, including recovery of funds through workers. As a result, factoring companies are recognized to have an economic function similar to the function of lending, so engaging in salary factoring as a business is considered to be equivalent to the money lending business.



〔 Example of the salary factoring scheme 〕

FSA's responses

Engaging in the salary factoring business without obtaining registration under Article 3 of the Money Lending Business Act is equivalent to the unregistered business operation³ as defined under Article 11 of the same act. Therefore, the FSA, in close cooperation with the investigative authorities and other relevant parties, is strictly dealing with cases related to salary factoring.

In order to prevent the spread of financial damage and other forms of harm caused to consumers, the FSA is raising public awareness by posting an alert leaflet on its website and official Twitter account. Moreover, as underground financing companies that have not obtained registration under the Money Lending Business Act are posting solicitations and advertisements related to salary factoring on websites and SNS accounts, the FSA is requesting platform operators and SNS operators to delete such solicitations and advertisements.

Conclusion

If consumers use salary factoring services offered by underground financing companies, they may suffer financial damage and other forms of harm, including receiving a demand for an excessive fee and being harassed by malicious debt collection methods. In addition, as the amount of money actually received by them is smaller than the amount of their wages, their economic situation may deteriorate, causing their life to be economically ruined. Moreover, there are concerns that if factoring companies take advantage of the novel coronavirus outbreak, cases of financial damage and other forms of harm may increase.

Consumers should by all means avoid using salary factoring services offered by underground financing companies. We would like to advise people having difficulty securing funds to cover living expenses to consult with organizations operating public loan programs⁴ (e.g., municipal social welfare councils).

¹ In response to an inquiry received under the "written inquiry procedures for general legal interpretation," the FSA made a reply on March 5 this year and published the reply on March 6 on its website.

² A ruling issued by the Supreme Court on March 12, 1968, and a reply made by the Ministry of Health, Labour and Welfare to a question from House of Councillor member Hiraki Daisaku at the House of Councillors Committee on Health, Labour and Welfare on March 24, 2020.

³ Engaging in unregistered business operation regarding the money lending business is subject to punishment of imprisonment with work for 10 years or less or a fine of 30 million yen or less, or both (Article 47 of the Money Lending Business Act).

⁴ E.g., Living and Welfare Fund Loan Program (for the details, see the website of the Ministry of Health, Labour and Welfare (https://www.mhlw.go.jp/stf/seisakunitsuite/bunya/hukushi_kaigo/seikatsuhogo/seikatsu-fukushi-shikin1/index.html)) (Available in Japanese).

Opening of LINE Official Account "FSA Corona Support!"

On Tuesday, May 26, the FSA opened the LINE Official Account "FSA Corona Support!" for the purpose of promptly and effectively providing the general public with information on cash flow support for SMEs and other measures that the FSA has been taking in response to the spread of the impact of COVID-19 infection.

By registering as a friend, you can receive information as needed regarding support measures for companies and individuals affected by COVID-19 infection using the LINE application.

[Outline of functions of LINE Official Account]

The Official Account provides information by category, such as requests to financial institutions, the system of effectively interest-free and unsecured loans by private financial institutions, and various consultation services for cash flow support, as well as the latest information publicized on the FSA's website as needed.

[Account details]

Account title: **FSA Corona Support! (金融庁 コロナ サポート !)**

LINE ID: **@accessfsa2020**

[How to register as a friend]

After installing the LINE application in your smartphone, follow any of the following methods.

< Registration using the ID search function >

Activate the LINE application and select the ID search button on the "Friend Addition" screen of the official website. Enter "@accessfsa2020" on the text entry screen to search the ID and register as a friend.

< Registration using the link >

Register as a friend using the following link.

<https://lin.ee/WPfvjAyU>

< Registration using the QR code >

If your smartphone has a QR code reader, activate the LINE application and select the QR code button on the "Friend Addition" screen of the official website. As the QR scanning screen opens, scan the QR code as shown to the right to register as a friend.



You can see the information by category using the LINE application.



The FSA's Measures in Relation to COVID-19 (Novel Coronavirus) Infection

The FSA's major measures in relation to COVID-19 infection in May 2020 are as follows.

■ Statement by ASO Taro, Minister of State for Financial Services (Amendment to the "Act on Special Measures for Strengthening Financial Functions") (May 27)

Japan's financial system is stable and we do not have any concerns about its soundness. We hope that the regional banks will continue to firmly support local economies affected by COVID-19, especially SMEs (small and medium enterprises), thereby facilitating economic recovery. In the second supplementary budget for FY2020, the government has secured a budget for strengthening regional banks' financial intermediary function of supporting cash flow and promoting the equity financing of companies. Furthermore, as a preemptive action to deal with the impact of COVID-19, the Financial Services Agency decided to amend the Act on Special Measures for Strengthening Financial Functions, which enables the central government to provide capital to financial institutions.

■ Commencement of Effectively Interest-free and Unsecured Loans by Private Financial Institutions (May 1)

The FSA expanded the system of effectively interest-free and unsecured loans with the period of deferment up to five years to include private financial institutions by the use of local governments' loan programs, from the perspective of further facilitating cash flow support for companies. Prefectures, etc. commenced this new system sequentially.

See p.2 for details.

■ Requests to financial institutions for cash flow support for companies

The FSA has issued requests to financial institutions to proactively provide cash flow support for companies and individuals.

[Major requests issued in May]

○ Cash Flow Support for Businesses regarding Rent (Request) (May 8)

- For SMEs and individuals facing difficulties in paying rent, promptly and flexibly provide new loans or bridge loans using the effectively interest-free and unsecured loan system or other programs newly introduced or modify terms for existing loans, such as granting reduction or exemption of or moratoriums on payments including principal and interest (deferment of principal payments, extension of repayment terms, etc.).
- For owners of hotels, leisure facilities, public lodging houses, vacation rental facilities, or buildings for rent, promptly and flexibly provide new loans or bridge loans or modify terms for existing loans, such as granting reduction or exemption of or moratoriums on payments including principal and interest.
- With regard to fees and penalty charges that are ordinarily required upon modification of terms for existing loans, give special consideration in light of each customer's circumstances.

○ Cash Flow Support under the Second Supplementary Budget for FY2020 (Request) (May 27)

From the perspective of making utmost efforts for further securing prompt and proper support measures for companies, such as the deferment of principal payments or modification of other loan terms and the provision of new loans, depending on the circumstances of respective companies, the FSA publicized the following matters to note:

- The FSA respects financial institutions' decisions to maintain previous evaluations regarding customers that they had recognized as being financially sound before the spread of COVID-19 infection.
- We will analyze the balances of private financial institutions' proper loans and conduct hearings concerning the status of their cash flow support for companies, such as whether loan balances are decreasing or not, while referring to loans and guarantees provided by government financial institutions, etc.
- Active use of borrowings recognizable as capital is recommendable and we will clearly indicate this in the Guidelines for Supervision.

○ Request regarding home loans (May 27)

- At a public meeting with business organizations, the FSA requested prompt and flexible responses to modification of terms for home loans, etc.

■ Disclosure of corporate information (May 21)

The FSA requested companies to sufficiently disclose information on the impact of COVID-19 infection based on the Summary of the Discussions publicized by the Accounting Standards Board of Japan, "Incorporating the Effects of the Novel Coronavirus Pandemic when Making Accounting Estimates under Japanese GAAP" (publicized on April 10 and supplemented on May 11, 2020).

■ Publication of the "Q&A on the Disclosure of Narrative Information Regarding the Impact of COVID-19 Infection" (May 29)

The FSA publicized the Q&A compiling key points for better disclosure for investors with regard to narrative information such as business strategies and risks, with the aim of assisting companies with their disclosure of information regarding the impact of COVID-19 infection.

See the following dedicated websites for details of measures taken by the FSA.

<https://www.fsa.go.jp/ordinary/coronavirus202001/press.html> (Japanese)

<https://www.fsa.go.jp/en/ordinary/coronavirus202001/press.html> (English)

JFSA's Major Activities in May

(May 1 to May 29, 2020)



- [Stewardship Code : 281 institutional investors have signed up to the Principles for Responsible Institutional Investors as of April 30, 2020 \(May 1, 2020\)](#)
- [FSA publishes GLOPAC Newsletter vol.15 \(May 11, 2020\)](#)
- [IFIAR published IFIAR Chair's Update on COVID-19 to stakeholders \(May 11, 2020\)](#)
- [FSA updated Information on COVID-19 \(Novel Coronavirus\) \(May 19, 2020\)](#)
- [Publication of Final Report for "Study on Impact Investing Activities in Listed Equity" \(May 22, 2020\)](#)
- [The main issues raised by the FSA at opinion exchange meetings with trade associations \(May 22, 2020\)](#)
- [Statement by Minister for Financial Services, Amendment to the "Act on Special Measures for Strengthening Financial Functions" \(May 27, 2020\)](#)
- [FSA updated Information on COVID-19 \(Novel Coronavirus\) \(May 27, 2020\)](#)

- 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!**

Editorial Postscript

Thank you very much for reading the June issue of "ACCESS FSA."

The FSA has recently started to employ new PR tools, targeted video advertisement and a LINE account, as introduced above. We would like to make full use of these tools to further enhance our PR activities.

This issue features an interview with Commissioner Endo discussing the organizational reform for which the FSA has been working hard. We hope that our zeal for the organizational reform will reach you properly.