

# 5

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## Financial Services Agency Newsletter

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# Holding of the 25th Plenary Meeting of the International Forum of Independent Audit Regulators (IFIAR) —Retirement of IFIAR Chair Nagaoka

## Introduction

From April 8 to 10, 2025, the 25th Plenary Meeting of the International Forum of Independent Audit Regulators (IFIAR), an international organization of audit oversight authorities, was held in Berlin, Germany. The IFIAR Plenary Meeting is an annual meeting in which representatives from IFIAR member organizations and other stakeholders get together in person. This time, the meeting was attended by representatives from the audit oversight authorities of 49 countries and regions, the chief executive officers (CEOs) of the six largest global audit firm networks, and representatives from international standard-setting bodies and other stakeholder organizations. On the agenda of the meeting were audit-related emerging issues that have grown in importance in recent years, such as sustainability assurance and the use of technology in audits.



Photo: Japanese government officials  
(Center: Mr. Aoki, CPAAOB Commissioner;  
second from the left: Mr. Nagaoka, Deputy  
Commissioner for International Affairs at  
JFSA)

In a speech at the meeting, outgoing IFIAR Chair, Mr. Nagaoka, who is Deputy Commissioner for International Affairs at Japan's Financial Services Agency and Secretary General of Certified Public Accountants and Auditing Oversight Board (CPAAOB), expressed his appreciation for the opportunity given to him to contribute to IFIAR and the support that he received from relevant people over a long period of time, restated the importance of IFIAR's mission of serving the public interest by enhancing global audit oversight, and shared a message expressing expectations for IFIAR to continue playing its important role under the stewardship of its new leadership team.

## Overview of the 25th Plenary Meeting

At the 25th Plenary Meeting, lively discussions were held on (i) regulatory approaches to smaller audit firms, (ii) assurance over sustainability reporting, and (iii) use of technology – in the audit and by regulators, among other topics. In particular, in the session on regulatory approaches to smaller audit firms, whose roles have recently grown in importance, panelists from different audit oversight authorities described various and effective initiatives regarding smaller audit firms conducted in their jurisdiction (the session was moderated by Director Enomoto of the JFSA's Office of Japanese Delegation for IFIAR). All panelists described support measures to enhance the audit quality of smaller audit firms—specifically, seminars, various outreach activities, and the improvement of websites. In the session on assurance over sustainability reporting, panelists shared the importance of enhancing the effectiveness of regulations introduced, rather than merely checking compliance with regulations. In the session on the use of technology in the audit, panelists shared not only the progress in the use of technology in the audit industry but also cases in which regulatory authorities are using advanced technology, including generative AI, on a trial basis.



Photo: Session on regulatory approaches to smaller audit firms  
(Far right: Mr. Enomoto, Director of the Office of Japanese Delegation for IFIAR moderating a session; center: Chair of PCAOB of the United States)

In the session with the CEOs of the six largest global audit firm networks, the topics included the impact of recent geopolitical changes on audit quality; the use of AI in the audit process and its longer-term impact; approaches to sustainability assurance; and views on private equity (PE) investment in audit firms. In particular, the use of technology, including AI, and PE investment attracted strong interest from participants. While all networks indicated they were promoting the use of AI or considering doing so, the stance toward PE investment varied from network to network.

In the session with standard-setting bodies (International Auditing and Assurance Standards Board [IAASB] and International Ethics Standards Board for Accountants [IESBA]), representatives of the bodies explained approaches to addressing emerging issues while continuing to revise the current standards and held discussions on their respective standard-setting activities, mainly in the area of sustainability-related standards. In addition, members of the external Advisory Group to IFIAR's Investor and Other Stakeholder Working Group attended the session as panelists and exchanged views on the current status of auditors' communication with investors and other stakeholders and the need to strengthen communication.

### **Establishment of the new leadership team**

At the 25th Plenary Meeting, elections for Chair and Vice Chair were held, and Kevin Prendergast (Ireland [IAASA]) was elected as Chair and Huey Min Chia-Tern (Singapore [ACRA]) was elected as Vice Chair.

In addition, representatives from four countries (Ireland [IAASA], Poland [PANA], Singapore [ACRA], and South Africa [IRBA]) were elected as members of the IFIAR Board for a four-year term. The new leadership team of IFIAR, composed of the representatives of a total of 16 countries and regions, comprise those four new members and the incumbent members of the Board, who respectively represent Brazil [CVM], Canada [CPAB], Chinese Taipei [FSC], France [H2A], Germany [AOB], Greece [HAASOBI], Japan [FSA/CPAAB], the Netherlands [AFM], Switzerland [FAOA], Turkey [CMB/POA], the United Kingdom [FRC], and the United States [PCAOB].

The next (26th) Plenary Meeting is scheduled to be held in Paris, France. As the next meeting celebrates the 20th anniversary of IFIAR's establishment, it is expected to be held with a flourish as a memorial event.



**After finishing the tenure as the first IFIAR Chair from Asian region**

Given IFIAR’s status as a relatively young organization compared with other international organizations, JFSA/CPAAOB has been striving to enhance its contribution to the improvement of audit quality by strengthening IFIAR’s organizational foundation as the secretariat host country since the IFIAR Secretariat was established in this country and as the chair country since Deputy Commissioner for International Affairs Nagaoka took office as IFIAR Chair.

IFIAR, a platform established mainly for the purpose of sharing knowledge and experience related to audit oversight and inspection among member authorities, has become mature as an international organization over the period of just under 20 years since its establishment. During that period, Japan has led discussions and activities at IFIAR with emphasis placed on strengthening the ability to communicate information to stakeholders in addition to IFIAR members. While taking advantage of JFSA’s advantage as an integrated regulator that conducts supervision and regulation across the financial sector, we have developed and reinforced IFIAR’s relationships with other international organizations and enhanced IFIAR’s ability to externally communicate information, including the results of discussions held at IFIAR and messages on emerging issues related to auditing.\*

Amid geopolitical changes, corporate activity continues on a global scale. Therefore, it is important to ensure globally consistent and high-quality audit. In this situation, we believe that supporting IFIAR to fully demonstrate its role in ensuring global audit quality will lead to strengthening IFIAR’s presence

in the global capital market and furthermore lead to strengthening the presence of Japan, where the IFIAR secretariat is located. Mr. Nagaoka became the first IFIAR Chair elected from Asian region since the IFIAR was established in 2006. In order to increase IFIAR’s membership, which serves as the basis for IFIAR’s organizational foundation, we have actively conducted outreach activity toward non-member countries, mainly in Asia, by taking advantage of Japan’s geographical location. During Mr. Nagaoka’s two-year tenure of chairmanship, India [NFRA] and Abu Dhabi Global Market [RA] joined IFIAR as new members. We also made efforts to create an environment that facilitates active participation in IFIAR activity by non-European members as well, and we believe that IFIAR has grown into a globally inclusive international organization.

Finally, investors can invest with confidence because the reliability of capital markets is ensured. To realize such environment, it is necessary to ensure that market discipline fully works by enhancing market governance based on the improvement of audit quality. We believe that in order to improve audit quality, it is important for audit oversight authorities to cooperate not only with audit firms but also with various stakeholders involved in the ecosystems of capital markets, and we have been promoting such cooperation as the IFIAR Chair country. We expect that our stance and approach will be inherited by the new Chair. The JFSA/CPAAOB will continue to support the organizational management of IFIAR and lead its activity and discussions as a board member and the secretariat host.



Photo: Mr. Nagaoka, Deputy Commissioner for International Affairs at JFSA delivering a welcome speech at the last Plenary Meeting participating as IFIAR Chair (Source) IFIAR Secretariat

\* In November 2023 and March 2025, IFIAR published reports concerning the use of technology, including AI, in the audit (<https://www.fsa.go.jp/en/ifiar/20250411.html>). It also published the Statement on Sustainability Assurance Oversight (<https://www.ifiar.org/?wpdmdl=16343>) in December 2023 and the Statement on Private Equity Investment in Audit Firms (<https://www.ifiar.org/?wpdmdl=17670>) in December 2024.

# New developments of “Business Support Methods for Respective Industries” —Preparation of case studies

KIKUCHI Yuki, Senior Officer, Regional Financial Planning, Banking Business Division II, Supervision Bureau

## 1. Financial institutions’ role regarding support for business operators

Regional business operators are facing various challenges, including a decline in demand due to the population shrinkage and aging of society with a low birthrate, the aging of managers, and shortages of business successors, and most recently, management challenges for business operators are becoming more and more diverse, as exemplified by the need to deal with price rises and labor shortages. It is desirable that financial institutions accurately identify the challenges faced by business operators and provide not merely financial support but also support with high value added.

## 2. Regarding “Business Support Methods for Respective Industries”

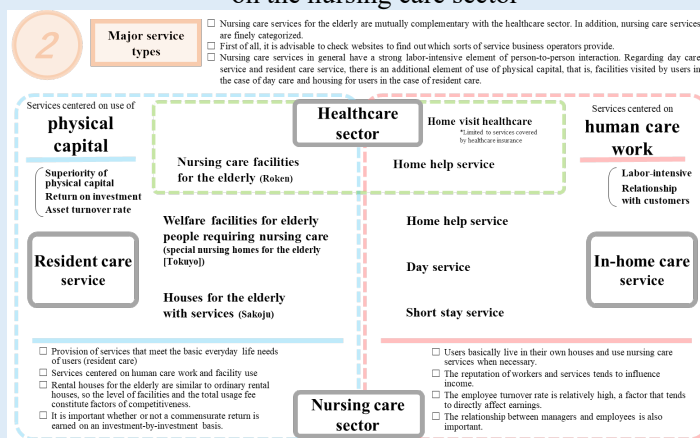
In order to promote the enhancement of financial institutions’ ability to support business operators, the FSA has annually published the “Business Support Methods for Respective Industries” guidelines (hereinafter the “Guidelines”) since FY2022. The Guidelines sorts out by business sector business characteristics and the points of attention regarding initial support actions based on the knowledge and knowhow of practitioners well experienced in supporting business operators so that relatively inexperienced employees can provide effective and efficient management improvement support. Until FY2023, the Guidelines covered eight business sectors (construction, food service, wholesale trade, retail trade, transportation, manufacturing, services, and healthcare), and in FY2024, the coverage increased to 10 business sectors with the addition of two sectors, nursing care and accommodation.

### “Business Support Methods for Respective Industries”

■ <https://www.fsa.go.jp/policy/chuukai/gyo-usyubetu.html>  
(Available in Japanese)



## Diagram representing the Guidelines’ chapter on the nursing care sector



## 3. New initiatives and expansion of use in FY2024

In addition to expanding the business sector coverage, we published the following items as supplementary reference materials to facilitate the understanding of the Guidelines: “Business Operator Interview Videos,” in which managers themselves explain the overview of businesses; “Use Cases at Financial Institutions, etc.,” a collection of specific cases of use of the Guidelines in training and frontline activity at financial institutions, etc.; “Case Studies,” which can be used at voluntary seminars organized by various organizations and regions; an explanatory video that reads aloud the text of the Guidelines with an AI-generated voice. Since FY2023, we have held seminars for employees of financial institutions who may serve as lecturers at seminars organized by various organizations and regions. As a result of those initiatives, the Guidelines has been recognized as an approach to supporting business operators. For example, according to the results of a questionnaire survey in FY2024 that covered employees of regional financial institutions, more than 70% of those surveyed were aware of the Guidelines. At the same time, the Guidelines is also used by financial institutions as a human resource development tool. In short, the use of the Guidelines is expanding.

**4. Supplementary reference materials to facilitate understanding**

According to the results of the abovementioned questionnaire survey, some respondents requested the sharing of cases that help to facilitate an understanding of the actual business situation based on financial information as a reference to be used at internal training programs and groupwork. Therefore, we newly prepared “Case Studies” featuring simulation activities related to visits to client companies by frontline employees of financial institutions, who are supposed to have many opportunities to use the Guidelines, including making pre-visit preparation work, identifying the companies’ situations through interviews held at the time of visits, and considering management challenges faced by the companies. Described below is the case study concerning the food service sector.

**Case A (food service business)**

[Which restaurant is better?]

You have been put in charge of restaurants (Italian restaurants).  
Figure out the profiles of Restaurants A and B from the following information.

Restaurant A	Restaurant B
Annual sales: 12 million yen	Annual sales: 60 million yen
Cost margin: 25%	Cost margin: 37%
Depreciation cost: 100,000 yen	Depreciation cost: 3 million yen
Bottom line: Profit of 2 million yen	Bottom line: Loss of 1 million yen

[Possible viewpoints]

- Look at the business in terms of business scale  
(Daily sales→Per-customer consumption × number of customers, menus, customer base, and so on)
- Look at the business in terms of cost margin  
(What causes the difference in cost margin? → the menu structure, the manner of providing food, and so on)
- Look at the business in terms of depreciation cost  
(What does the depreciation cost mean? ⇐ investment → e.g., the presence or absence of borrowings)
- Look at the business in terms of labor  
(The number of workers, how the restaurants secure workers or find substitute workers, and so on)

What image of the restaurants have you formed?

What points would you be worried about  
if you were to manage the restaurants?

and management challenges. Regarding Restaurant A, a small restaurant (with annual sales of 12 million yen), and Restaurant B, a medium-size restaurant (annual sales of 60 million yen), participants can estimate their business scales, represented by the value of per-customer consumption multiplied by the number of customers, by breaking down annual sales into monthly and daily sales figures (monthly sales at 1 million yen in the case of Restaurant A), and also surmise the store location (e.g., located near a railway station or in an suburban area), the customer base, and the menu structure. From the two restaurants’ cost ratios roughly estimated from basic indicators mentioned in the Guidelines, such as the FL ratio (the ratio of the total of food cost and labor cost to sales), it may be surmised that Restaurant A is a family-run store, while Restaurant B is a business employing several full-time and part-time workers. From the depreciation cost, the amounts of capital investment, such as store renovation expenditure, and of the ensuing borrowings can be estimated. Those estimates give an idea of the restaurants’ business circumstances.

As described above, deliberation based on even a limited range of information, such as financial data and the type of business, may make it possible to gain an in-depth understanding of business operators and their business characteristics from a multi-faceted viewpoint. Indeed, in a regional groupwork session, some participants mentioned that they were able to form an image of the restaurants and their management situations by translating annual sales into a daily sales figure, for example.

**6. Future initiatives**

The methodology provided by the Guidelines is not a universal answer to the question of how to support business operators but merely one approach. “Case Studies” have been made public in an editable format, so we are expecting that users, including individuals and organizations, will consider their own methods and case studies based on their experiences and cases. In FY2025, we will continue to consider providing contents that will be useful for the employees of financial institutions through the Guidelines so that we can support voluntary initiatives by financial institutions, etc. to identify business characteristics and enhance the ability to support business operators.

**5. The food service case and workshop**

The case study, which takes up a familiar food service business (an Italian restaurant) as a subject in order to facilitate younger employees’ understanding, asks participants to figure out the profiles of restaurants based on four indicators (sales, cost margin, depreciation cost, and net profit) through logical thinking by referring to the viewpoints presented by the Guidelines and by applying financial knowledge. Through groupwork, participants can share knowledge and knowhow by exchanging opinions.

(Overview of the case study)

The case study asks participants to form specific images of two restaurants based on differences in the management type, workforce size, menu structure,

On the website page concerning the Business Support Methods for Respective Industries, reference materials by business sector are available in PDF, PowerPoint, and video formats (available in Japanese).

Please feel free to use the materials.





# Measures taken in relation to the U.S. tariff measures —Start of FSA telephone consultation services

Recently, the FSA created on its website a section summarizing information concerning the measures that it has taken in relation to the U.S. tariff measures.

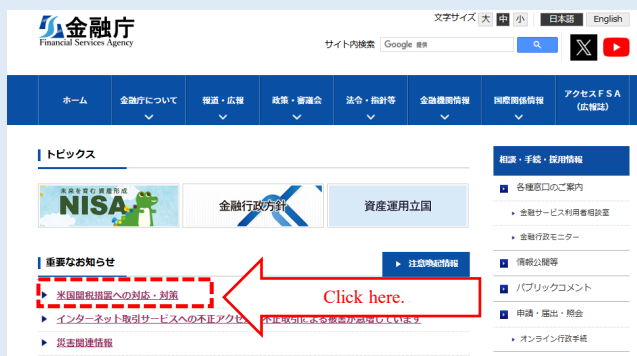
<Measures taken in relation to the U.S. tariff measures >

<https://www.fsa.go.jp/ordinary/tariff202504/press.html> (Available in Japanese)



The website section provides relevant information, including the requests made to financial institutions, etc. and ministerial statements. The information will be updated as necessary.

\*The link to this section is indicated on the top page of the FSA website.



## Start of the FSA telephone consultation services regarding the impact of U.S. Tariff Measures

The FSA has started telephone consultation services for business operators that have been affected by the U.S. tariff measures or are concerned about possible impact. The service will answer inquiries about the various contact points of private financial institutions, etc. and requests for consultations related to transactions with private financial institutions, etc.\*

 **0120-016826** (Toll-free number)

\*When calling from an IP phone, dial 03-5251-6813.

[Service hours]

10:00 a.m. to 5:00 p.m. on weekdays

In addition to phone calls, we accept online inquiries and requests for consultation via the FSA website 24 hours a day.

## Contact point of the Financial Services Users Office

<https://www.fsa.go.jp/opinion/>  
(Available in Japanese)

(Note) When you have submitted an inquiry or a request via the FSA website, the Financial Services Users Office will call you back by phone between 10:00 a.m. and 5:00 p.m. on weekdays in principle

## Relevant sites

➤ [Comprehensive Response Headquarters for U.S. Tariff Measures](#)  
(Cabinet Secretariat) (Available in Japanese)



➤ [One-Stop Portal Regarding Response to U.S. Tariffs](#)  
(Ministry of Economy, Trade and Industry) (Available in Japanese)



\* “Start of the FSA “telephone consultation services regarding the impact of U.S. Tariff Measures,” published on April 28, 2025. <https://www.fsa.go.jp/news/r6/sonota/20250428/20250428.html> (Available in Japanese)

# A Nationwide Campaign, Financial and Economic Education Caravan, Underway!

– Event in Fukuoka on May 31, Courtesy Visit by Deputy Director-General, WANISA –



The Financial Services Agency has been working on the promotion of financial and economic education, and has **launched a nationwide campaign, Financial and Economic Education Caravan**, led by its official mascot character, “Wanisa,” in collaboration with Local Finance Bureaus, local governments, financial institutions,

non-financial companies and others, with the aim of expanding financial and economic education throughout Japan.

On Saturday, May 31, the following event will be held in **Fukuoka**!

■ **Date and time:** 10:00 a.m. to 4:30 p.m. on Saturday, May 31, 2025 (tentative)

■ **Venue:** [AEON MALL Fukuoka](#) (192-1, Oinoki, Sakado, Kasuya-machi, Kasuya-gun, Fukuoka)  
1F West Court (stage events, exhibition booths)  
2F AEON Hall (lecture programs)

■ **Performers:** Member, Ganbareruya, Masaru, and Taketo (master of ceremonies)

## ■ Major content

### ➤ Stage events (Numbered tickets are delivered on the day.)

- \* Stage show “Attack by the Black Wanisa Army!!  
Guide the World to Peace with Correct Knowledge on Money!?”
- \* Learn about money! Happy Family with All Members Together
- \* Let’s learn together! Unko Money Drill: Life Edition (targets: first to third graders)

### ➤ Lecture programs (A preliminary application is required.)

- \* Learn using Minecraft – Quest of Finance – Knowledge on Money, the Valiant’s Weapon  
[Provided by the SMBC Group]  
\*NOT OFFICIAL MINECRAFT PRODUCT. NOT APPROVED BY OR ASSOCIATED WITH MOJANG
- \* Unko Money Drill: Economy Edition (targets: fourth to sixth graders)
- \* Questions Hard to Ask Now! Financial and Economic Education for Adults  
– Is Asset Building Necessary? –



At the venue, various exhibition booths on money-related themes will be established by cooperating companies and associations.

\* For details, please access the official website below. (Available in Japanese)  
<https://www.fsa.go.jp/policy/nisa2/wanisa-caravan/event/fukuoka.html>





## 🔔 Deputy Director-General, WANISA, Busy Making Courtesy Visits!

At present, Wanisa is actively making courtesy visits to prefectural governors and people in the finance sector.

On February 13, NISA Day of this year, Wanisa was appointed as Deputy Director-General in charge of not only the dissemination of NISA but also the promotion of financial and economic education.\*

Wanisa receives encouraging messages from many people he met nationwide toward the enhancement of financial and economic education.

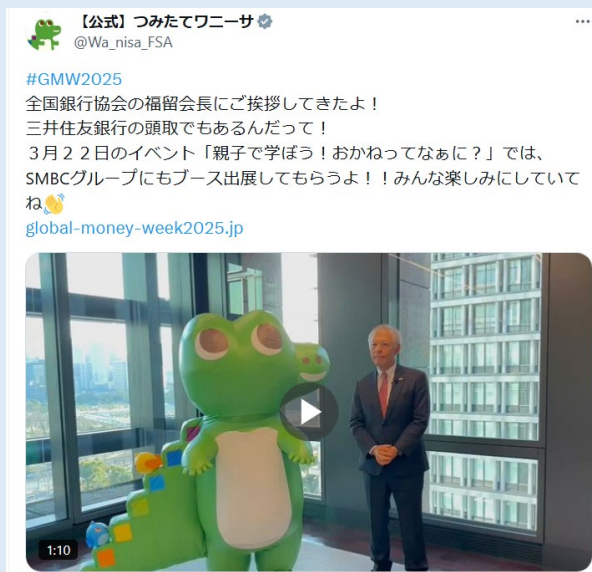
Videos of Wanisa's courtesy visits are posted on the official X account (@Wa\_nisa\_FSA). Wanisa will continue visiting various places throughout Japan. Please keep an eye on Wanisa's movements!



▶ Courtesy visit to Tokyo Governor Koike ([delivered on April 30](#)) (Available in Japanese)



▶ Courtesy visit to Gunma Governor Yamamoto ([delivered on May 20](#)) (Available in Japanese)



▶ Courtesy visit to Chairman Fukutome of Japanese Bankers Association (of the time) ([delivered on March 19](#)) (Available in Japanese)



▶ Courtesy visit to Chairman Morita of Japan Securities Dealers Association (of the time) ([delivered on March 20](#)) (Available in Japanese)



\* Appointment of "Deputy Director-General, WANISA"  
<https://www.fsa.go.jp/en/newsletter/accessfsa2025/258.pdf> (Access FSA No. 258)

(Note) Deputy Director-General, WANISA, is not an official position but a fictional role as part of the mascot character's setting.



## JFSA's Major Activities in April (April 1 to April 30, 2025)

- Publication of the Research Report “Financial Institutions’ Current Status of Scenario Analysis based on TCFD Recommendations and the Related Transition Plans”(April 28)
- Publication of the Partial Amendment to the Designation of a country or region under Articles 17-2 and 17-3 of the Order for Enforcement of the Act on Prevention of Transfer of Criminal Proceeds (April 25)
- Updated : Living in Japan: How to Open a Bank Account and Send Money (April 25)
- Berlin Plenary Meeting of the International Forum of Independent Audit Regulators (IFIAR) (April 23)
- The sixth meeting of the Working Group on Disclosure and Assurance of Sustainability-related Financial Information (of the Financial System Council) (April 21)
- The third meeting of the Expert Study Group on Assurance of Sustainability-related Financial Information (of the Financial System Council) (April 17)
- Stewardship Code : 340 institutional investors have signed up to the Principles for Responsible Institutional Investors as of March 31, 2025 (April 16)
- Published materials from the first to the third meeting of The Expert Panel on the Stewardship Code (April 14)
- Publication of the Research Report, "Study on Global Investors' Focus Areas Regarding Human Capital Disclosure and Corporate Case Studies (April 11)
- Twenty-second Meeting of the “Council for Cooperation on Financial Stability” (April 10)
- Updated : AI Discussion Paper (April 10)

JFSA's official English X (formerly Twitter) account  
[https://x.com/JFSA\\_en](https://x.com/JFSA_en)



**We are promoting  
information dissemination  
using X (formerly Twitter) !**

# Contributions by the Financial Services Agency Employees

The Financial Services Agency has been writing about the status of its activities, including the introduction and explanation of measures taken by the Agency, in various publications, and publishing such writings on the website of the [Financial Research Center](#). This article covers some of these writings.

—Introduction of recently published contributions—

- ◆ [Shift to Post-Quantum Cryptography that all financial institutions should start immediately—Need to take measures in consideration of the timing of system renewal to avoid becoming targets of cyberattacks](#) (provisional English title) [available only in Japanese]

YASHIKI Toshinori, Director-General, Strategy Development and Management Bureau,  
Financial Services Agency

(Published in the April 15 issue of the Kinzai Weekly Financial Affairs)

- ◆ [Reflections on Central Clearing: 15 Years after the Pittsburgh Summit](#)

KANEKO Jutaro, Deputy Commissioner for International Affairs, Planning and Management Division,  
Strategy Development and Management Bureau, Financial Services Agency  
(Focus April 2025 (Issue 95) World Federation of Exchange)

👉 For other contributions, please visit the website of the Financial Research Center.  
<https://www.fsa.go.jp/frtc/kikou/index.html> (Available in Japanese)



## Editorial Postscript

There is only about one month left for the current program year (from July to June next year). The Public Relations Office is now endeavoring to complete all our missions for the year.

One effort I would like to highlight is the review and reorganization we did for the FSA's website. Even before assuming office as the Director of the Public Relations Office last July, I had been aware of problems with the website, but after seeing the site more often, I have gathered ideas on how to make it more visually appealing and make access to information on the site easier. While referring to other ministries' and agencies' websites, I compiled my ideas when I had blocks of time and asked staff members in charge of the website to implement them. Updates are now being gradually rolled out. The layout has been changed so that, on computer screens, the main menu appears at the top of the page, while on smartphone screens, the menu opens from the upper right corner, allowing for a more organized presentation of information. There are still some areas that need refining, and we will continue our efforts.

The official website is an important tool for broadly publicizing our initiatives and is also the public face of the FSA. While also preparing to receive advice from external experts in the future, the Public Relations Office will continue working to make our website more user-friendly.

(Computer screen)



(Smartphone screen)



This review gave me a valuable opportunity to reflect on the efforts of our organization as a whole. It allowed us to revisit past initiatives, as well as the current situation, and carry what we have learned forward as we move ahead. I would like to share the importance of this opportunity with all the staff members of the office.

HONDA Koichi, Director of the Public Relations Office, FSA  
Edited and issued by the Public Relations Office, FSA



金融庁

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