

Main Topics Presented by the Financial Services Agency (FSA) at a Dialogue with the Financial Sector Association (major banks, etc.)

December 17, 2024

1. Opening of bank accounts by foreign customers

- The FSA revised pamphlets for people from foreign countries living in Japan about how to open a bank account and to send money.

* Living in Japan: How to Open a Bank Account and Send Money:

<https://www.fsa.go.jp/en/user/livinginjapan.html>

- Financial institutions are requested to continue serving foreign customers courteously, while fully utilizing the information on the FSA's website, such as "Matters of Attention when Serving Foreign Customers" and "Case Examples of How to Serve Foreign Customers."

2. Results of the questionnaire survey on financial institutions' efforts/initiatives taken to ensure accessibility for their customers with disabilities

- On November 19, 2024, the FSA published the results of the questionnaire survey on deposit-taking institutions' efforts/initiatives taken to ensure accessibility for their customers with disabilities as of the end of March 2024.

* Results of the survey on financial institutions' efforts/initiatives taken to ensure that accessibility services are offered to their customers with disabilities (as of the end of March 2024):

<https://www.fsa.go.jp/news/r6/ginkou/20241119/20241119.html> (Available in Japanese)

<https://www.fsa.go.jp/en/newsletter/weekly2024/613.html#e09> (English summary)

- Also referring to the results of the questionnaire survey, deposit-taking institutions are expected to make further efforts to disseminate their initiatives among staff members and improve their ability, with the aim of increasing convenience for customers with disabilities.

3. Initiatives based on the Basic Plan for the Promotion of Policies on Dementia

- On December 3, the Basic Plan for the Promotion of Policies on Dementia was decided at a Cabinet meeting.

* Basic Plan for the Promotion of Policies on Dementia:

https://www.cas.go.jp/jp/seisaku/ninchisho_suishinhonbu/pdf/kihon_keikaku.pdf (Available in Japanese)

- Financial institutions are expected to continue offering financial services that are friendly to people with dementia.

4. Thorough support for business operators based on the Comprehensive Economic Measures to Foster the Safety and Security of Citizens and Sustained Growth

- On November 28, the FSA held a meeting to exchange opinions on the promotion of business support for business operators and the facilitation of financing for corporate borrowers, and the Finance Minister and others requested financial institutions to offer cash flow support toward the fiscal year end and to strengthen support for companies in their efforts to improve and reconstruct their business, and take on challenges again. In addition, the FSA issued a written request to this effect on the same day.
- Financial institutions are requested to offer thorough business support, while utilizing various support measures prepared by the national government in its Comprehensive Economic Measures to Foster the Safety and Security of Citizens and Sustained Growth.

5. Responses to cases of misconduct

- Recently, there was a case where a former employee of a major bank stole customers' assets from safe-deposit boxes at the bank, causing large amounts of damage to multiple customers.
- Financial institutions' proper business operations with the trust of their customers is the major premise in maintaining the stability and credibility of financial systems and high-quality financial functions. From such perspective, financial institutions should check their management systems for safe-deposit boxes so as to ensure that similar cases will never occur in the future.
- Ensuring compliance and properly managing risks form the basis of the business management. Financial institutions need to steadily make constant efforts under the initiative of top managers in order to prevent the embezzlement of cash or other

misconduct, not limited to matters relating to safe-deposit boxes.

6. Ensuring internal control at business offices

- In recent years, operations, personnel structures, and layouts at financial institutions' business offices are being changed significantly due to back-office integration by the headquarters, consolidation of business offices for corporate customers, introduction of branches-in-branches, etc. Staff members' sense of values have also become diverse.
- Financial institutions need to check whether their internal rules on self-inspections and office procedures, etc. have been updated in accordance with such changes.
- Additionally, top managers should exercise their leadership and develop sound risk culture at business offices. Also, they should make constant efforts to ensure effective functioning of autonomous control at business offices, monitoring by the risk management and compliance department of the headquarters, and internal audits as a whole.

7. Publication of the Progress Report for Improving Model Risk Management of Financial Institutions (2024)

- On December 12, 2024, the FSA published the Progress Report for Improving Model Risk Management of Financial Institutions (2024), which compiles the results of the monitoring and dialogues.

* Publication of the Progress Report for Improving Model Risk Management of Financial Institutions (2024): <https://www.fsa.go.jp/news/r6/ginkou/20241212/20241212.html> (Available in Japanese)

- As financial institutions' activities grow larger and more complex, it has become common to utilize a variety of models. To prevent the incorrect or inappropriate use of models in management, model risk management has become important.
- Individual financial institutions should check their way of model risk management in reference to the published report.

8. Cross-sectoral publicity for AML/CFT and financial crime prevention

- Financial institutions are endeavoring to obtain and update customer information

through such means as sending direct mail as a part of AML/CFT and financial crime prevention measures.

- On the other hand, some argue that insufficient understanding and cooperation from customers have led to complaints and refusal to cooperate, making it difficult for financial institutions to obtain updated customer information. In light of such circumstances, financial institutions have been carrying out cross-sectoral PR activities since December 2024 by creating posters and videos as unified contents, with the Japanese Bankers Association playing the central role. We expect individual financial institution to make active use of these contents.

9. Countermeasures against phishing

- In light of the increasing damage from phishing fraud and the “Comprehensive Measures for Protecting People from Fraud” decided by ministers in June 2024, the FSA issued a notice to request financial institutions to strengthen countermeasures against phishing, in collaboration with the National Police Agency (issued on 24th December, 2024).
- Financial institutions are requested to promote countermeasures under the leadership of management, in consideration of the reality that phishing tactics are becoming increasingly sophisticated.

10. Provision of the results of the Cybersecurity Self-Assessment (CSSA)

- In November 2024, the FSA provided banks with the results of the self-assessment concerning cybersecurity using the check sheet (Cybersecurity Self-Assessment (CSSA)).
- Top management of individual financial institutions should check cybersecurity posture of their own organization compared with others using the results of the CSSA, decide policies by setting priorities depending on the importance and urgency, and invest necessary resources such as personnel and budget.

11. Comprehensive Economic Measures to Foster the Safety and Security of Citizens and Sustained Growth – Increasing Current and Future Wages and Incomes for All Generations –

- In order to surely achieve the transition to a "growth-oriented economy driven by wage increases and investment," the national government formulated "Comprehensive Economic Measures to Foster the Safety and Security of Citizens and Sustained Growth – Increasing Current and Future Wages and Incomes for All Generations –" on November 22.
- The following measures are incorporated in relation to the FSA:
 - To promote corporate governance reform and initiatives for the Special Zones for Financial and Asset Management Businesses, convey the appeal of Japanese markets through events during Japan Weeks, enhance financial and economic education in local communities in collaboration with J-FLEC, etc. with the aim of promoting Japan as a leading asset management center;
 - To develop an environment for supporting the financing of startups through a review of regulations on solicitation of unlisted shares targeting professional investors, and further expansion and dissemination of impact investment; and
 - To promote matchmaking between large companies' human resources and regional second-tier companies and SMEs by the use of REVICareer (human resources platform developed by the Regional Economy Vitalization Corporation of Japan (REVIC)).
- The FSA will implement these initiatives steadily so that it can contribute to the sustainable economic growth of Japan. We appreciate your understanding and cooperation.