

Main Topics Raised by the Financial Services Agency (FSA) at a Dialogue Meeting with the Industry Association

[Held on May 13, 2025 (dialogue meeting with major banks, etc.)]

1. Response to U.S. Tariff Measures

○ On April 22, 2025, Minister of State for Financial Services Kato issued a statement entitled “Response based on the Impact of U.S. Tariff Measures” and decided to implement the following three measures:

- Requesting public and private financial institutions to fully ascertain the situation through the establishment and operation of consultation counters and fully provide funding support;
- Strengthening reporting requirements and the frequency of disclosure of changes, etc. in loan conditions; and
- Establishment of a dedicated FSA consultation line.

○ We urge financial institutions to ensure that their front-line employees are fully informed of the situation and provide appropriate information to their client companies.

2. Caution against illegal money transfer crime by so-called “voice phishing”

○ With regard to illegal money transfer crime related to Internet banking, the number of illegal money transfer cases of corporate accounts by the method of “voice phishing” has been increasing rapidly since the autumn of 2024.

○ Since April 2025, the National Police Agency, the FSA, the Japanese Bankers Association, and other relevant organizations have cooperated to alert financial institutions and their corporate customers on voice phishing techniques and preventive measures through websites and social media.

○ We urge financial institutions to use public information materials as necessary to alert customers.

3. Overseas fund finance

- The FSA conducts monitoring the overall effectiveness of each financial institution's department in light of the fact that major banks are expanding their overseas fund finance, particularly in the U.S.
- It is found that there are challenges in managing exposure by region or sponsor, and also in managing risk in response to uncertainty in the market value of the investee in NAV financing.
- We urge financial institutions to enhance the effectiveness of risk management related to fund finance.

4. Sending files with passwords by e-mail

- The procedure of sending a ZIP file with a password attached to an e-mail still persists in the financial industry. the recipient of the e-mail is exposed to security risks, and malware damage has occurred.
- The e-mail communication path itself needs to be encrypted, but if this is not possible, other means such as secure online storage should be used to secure the recipients.
- We urge financial institutions to do this as part of their basic cybersecurity measures.

5. Cases of unauthorized access

- As there have been cases of unauthorized access to securities accounts via the Internet, countermeasures must be constantly reviewed in accordance with changes in attack techniques.
- Regarding the deficiency cases, we urge financial institutions to improve and strengthen their governance and internal controls.

6. Comprehensive Measures to Protect People from Frauds 2.0

- In April 2025, the Comprehensive Measures to Protect People from Frauds 2.0 were formulated.
- In the future, we will ask each financial institution to strengthen measures related to Internet banking, including confirmation when the transaction limit is raised.
- The FSA will also work with the Japanese Bankers Association to establish a

framework for sharing information on misused accounts.

7. Prevention of online casino gambling

- Even if online casinos are legally operated overseas, it is a crime to gamble by connecting to online casinos from Japan. According to a survey commissioned by the National Police Agency, more than 40% of people were unaware of the illegality of online casinos.
- The FSA will issue requests to deposit-taking financial institutions, fund transfer service providers, prepaid payment instrument issuers, and crypto asset exchange service providers regarding the following three points:
 - To alert users that it is a crime to gamble by connecting to online casinos from Japan;
 - To clarify in the Terms of Use, etc., that the use of services for violation of laws and regulations, including criminal acts such as gambling, etc. at online casinos, or for acts against public order and morals is prohibited; and
 - To suspend settlement when recognizes that a user is attempting to make settlement at an online casino in Japan or overseas.
- We urge financial institutions to take appropriate measures to prevent online casino gambling.

(End)