

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

[Held on June 17, 2025 (dialogue meeting with major banks, etc.)]

### 1. Promoting the Use of My Number Cards

- In the Priority Plan for the Advancement of a Digital Society approved by the Cabinet on June 13, 2025, the government has set forth a policy to promote the use of the identity verification function of My Number Cards in private businesses.
- The Financial Services Agency (FSA) has heard from some financial institutions that the use of My Number Cards as the identity verification documents in the application for opening bank account has increased significantly, as a result of displaying option of the My Number Card above the driver's license on the screen.
- With reference to these efforts, we request financial institutions to promote the utilization of My Number Cards continuously, for example, giving priority to My Number Cards as an identity verification document on its websites, account applications, at its teller windows, etc.

### 2. Publication of the summary of the proceedings of the meeting for exchange of opinions between organizations of persons with disabilities and organizations related to financial institutions

- On March 7, 2025, the FSA held a meeting for exchange of opinions between organizations of persons with disabilities and organizations related to financial institutions. The organizations of persons with disabilities expressed their opinions and requests, such as "When developing ATMs, etc., please incorporate the perspectives of persons with disabilities," "Please ensure that the internal rules for substitute writing and reading are strictly adhered to and provide a consultation desk in the event that we are rejected," and "If sign language and written communication services are available, please display a notice to that effect at the counter."
- On April 25, 2025, a summary of the proceedings of the opinion exchange meeting, etc., was published on the FSA website. We hope that the financial institutions will refer to it and further promote initiatives that take into account people with disabilities.

### 3. Results of monitoring in PY2024

- At the end of the program year, feedback interviews were held with the management of each bank regarding the full-year inspection of major banking groups. Thanks to the cooperation of each bank, we were able to carry out meaningful monitoring in PY2024 as well.

#### (1) Risk governance

- During the monitoring of PY2024, we discussed the most important risk management issues facing each of the banks and provided feedback. We request that each bank continue strengthening its risk management and governance.

#### (2) Results from the monitoring of customer-oriented business operations by companies selling and structuring risk-involving financial products

- In PY2024, we monitored the product governance and sales/management systems of sales companies, etc. The results were published as "Results of Monitoring of Customer-Oriented Business Operations by Sales Companies, etc., of Risk-Involving Financial Products" ( July 1,2025).
- It is requested that management exercise leadership in ensuring customer-oriented business operations by referring to the results of this monitoring, etc.

#### (3) Results of dialogue on fostering a sound corporate culture and conduct risk management system

- We held dialogues with major financial institutions on the theme of efforts to foster a sound corporate culture and manage conduct risks. We published the "Report on the Results of Dialogue on Fostering a Sound Corporate Culture and Conduct Risk Management System," which summarizes the examples of efforts identified through the dialogues (June 25, 2025).
- We would like management to exercise leadership to foster a sound corporate culture and appropriately manage conduct risks.

#### (4) IT governance

- If cyber attacks or system failures disrupt the critical services of financial institutions, the stability of the financial system will be threatened and trust in financial institutions will be undermined.
- The FSA will encourage the financial industry to strengthen IT governance, IT strategies, and cyber security through inspections and monitoring.

#### (5) Conclusion

- The business environment surrounding financial institutions has been changing dramatically. Even under these circumstances, the major banks, as Japan's leading financial institutions, are expected to stimulate domestic industry, promote stable asset-building by households, and contribute to the growth of the Japanese economy, by demonstrating high-quality financial intermediary functions and providing sophisticated financial services in Japan through various innovations, including the use of AI, and enhancing international competitiveness.
- We hope that from this perspective, management will exercise leadership in developing business strategies and addressing issues. The FSA will continue to engage in dialogue on the recognition of the business environment and the future direction of business, and will encourage major banks to take measures for domestic economic growth through inspections and monitoring.

#### | | |---| | 4. Request to strengthen measures against unauthorized access to customer accounts. | |---|

- Since recent unauthorized accesses to securities accounts could shake confidence not only in the securities industry, but in the financial industry as a whole, it is necessary to take immediate measures such as strengthening login authentication, ramping up measures to combat counterfeit websites and e-mails, enhancing detection of suspicious transactions, setting transaction limits, facilitating information sharing among financial institutions regarding modus operandi and countermeasures, and raising awareness among customers.
- In light of the fact that fraudulent methods are becoming increasingly sophisticated, it is necessary to keep a close watch on the technological trends of attack methods and countermeasures, on the assumption that even if countermeasures are taken,

methods that surpass such countermeasures will emerge.

- We ask financial institutions to take preemptive measures, rather than dealing with the aftermath of damage, with a view to stopping the provision of services if security is not ensured.

#### 5. Working Group on Improving Internal Audits of Financial Institutions

- In January 2025, the FSA established the Working Group on Improving Internal Audits of Financial Institutions to encourage financial institutions to upgrade their internal audits.
- The Working Group held a total of five meetings to exchange opinions with financial industry associations and others on the level of internal audits and the attitude required of management. Based on these opinions, a report entitled "Report of the Working Group on Improving Internal Audits of Financial Institutions (2025)" was published (June 20, 2025). It is requested that management use this report as a reference to further enhance the sophistication of internal audits.
- In view of changes in the environment surrounding internal audits of financial institutions, the FSA will continue to encourage financial institutions through inspection and monitoring to improve internal audits, and publish useful information such as monitoring results in the form of reports and other publications.

#### 6. Publication of examples of data analysis using loan portfolio data, etc.

- From May to June 2025, the FSA published several "FSA Analytical Notes". The case studies we have published cover a variety of topics, such as analyses on regional banks' credit risk management practices using loan-by-loan data from the Common Data Platform and financial institutions' disclosure publications using AI technology.
- From March 2025, full-scale data collection through the Common Data Platform was commenced on a regular basis.

#### 7. FSA AI Public-Private Forum

- The FSA has established the FSA AI Public-Private Forum in order to create an environment in which financial institutions can safely take on challenges using AI.

The forum's first meeting was held on June 18, 2025.

#### 8. Asia GX Consortium

- The Asia GX Consortium, established in the fall of 2024 to promote green transformation (GX) investment in Asia, is scheduled to hold a high-level face-to-face meeting in the fall of 2025, as it did in 2024. Working-level discussions have begun in preparation for this meeting.
- Promoting transition finance in Asia, which accounts for about half of the world's greenhouse gas emissions, is important for contributing to global decarbonization and creating investment opportunities in the region. We would like to vigorously discuss this issue in this consortium.

#### 9. Survey on NISA account usage

- On May 8, 2025, the FSA released a survey on NISA account usage (as of the end of March 2025).
- NISA is becoming established as an important means of asset building for citizens. In the future, we will examine the extent to which NISA actually contributes to the stable asset building of citizens and the policy effects thereof, taking into account the opinions of experts, and will consider further improvements such as the improvement of convenience, if necessary.

#### 10. G7 Finance Ministers and Central Bank Governors Meeting in May 2025

- The G7 Finance Ministers and Central Bank Governors Meeting was held in Banff, Canada from May 20 to 22, 2025. It was reaffirmed that continued focus on financial stability and regulatory challenges remains essential to ensure the effective functioning of the financial system.
- The FSA will continue to communicate with financial institutions and contribute to global discussions.

#### 11. CDSC's Public Consultation on Draft Common Carbon Credit Data Model

- The G20 Sustainable Finance Working Group(SFWG) in 2025 is focusing on the

issue of the lack of uniform standards for carbon credit data, which makes it difficult to compare carbon credits across markets, and is developing a Common Carbon Credit Data Model to organize a minimum set of key data attributes that can be referenced in the development of standards, along with voluntary guidance.

- The FSA is a member of the CDSC, participates in the recently established working group, and is engaged in discussions in cooperation with the Ministry of Economy, Trade and Industry, the Ministry of the Environment, and others.
- A public consultation is scheduled to take place from July to August 2025. Financial institutions are invited to view it and provide comments as necessary.

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