

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

Held on September 16, 2025 (dialogue meeting with major banks, etc.)

1. Financial measures in response to the disasters that occurred between July and September

- Regarding disasters caused by Typhoon No. 8 of 2025, disasters related to the tsunami caused by the earthquake near Kamchatka Peninsula in 2025, disasters related to heavy rain caused by a low-pressure system and front starting on August 6, 2025, disasters related to heavy rain starting on August 20, 2025, disasters related to Typhoon No. 12 of 2025, disasters related to heavy rain starting on September 2, 2025, and disasters related to Typhoon No. 15 of 2025 and other events, the FSA once again requests that each financial institution operating in the affected areas provide meticulous support measures from the perspective of the victims, after fully understanding their opinions and needs.

2. "FSA Strategic Priorities: July 2025 - June 2026" and supervision and inspection policy for Program Year 2025

- "FSA Strategic Priorities: July 2025 - June 2026", outlining the fundamental principles for financial administration in Program Year 2025, was announced on August 29, 2025.
- Two points are explained regarding the supervision and inspection policies for major banks and other institutions in Program Year 2025.

A. Review of supervisory and inspection systems

- In Program Year 2025, the FSA established a framework for conducting supervision and inspections that encompassed group-wide supervision of large financial groups.
- Specifically, the Senior Monitoring Officer responsible for monitoring major banking groups will be placed under the direction of the Director of the Banking Business Division I, thereby integrating the operations of banking supervision and monitoring.
- Furthermore, the Banking Business Division I will take the lead in closely

coordinating with related divisions such as the Securities Business Division, establishing a system where information affecting the group's overall business and governance is consolidated under the Director of the Banking Business Division I.

- Under this framework, the FSA will conduct more effective supervision and inspections, including on-site monitoring, by prioritizing issues based on each bank's risk profile and flexibly allocating resources from relevant divisions of the FSA.
- Moreover, considering the reality of large financial groups and the need to enhance supervision on a group basis, the Supervision Bureau aims to reorganize into the Banking and Securities Supervision Bureau by the 2026 program year. In any case, the manner in which the Supervision Bureau engages with individual financial institutions will not be changed significantly as a result of this review of the framework.

B. Viewpoints of supervision and inspection

- Monitoring of large financial groups in the 2025 program year will focus on the following:
 - Amidst shifting economic and market conditions, including the transition to a “world with interest rates” and evolving trade policies across nations, the FSA confirms the following:
 - ✓ How large financial groups analyze the impact of these changes on their business activities and various risks?
 - ✓ How they plan to utilize capital and develop future strategies, based on their analysis and risk recognition?
 - Additionally, as group structures become increasingly complex through acquisitions and investments in recent years, the FSA will also verify whether there are any challenges in managing the entire group.
- The FSA intends to confirm whether the group global governance is effective through dialogue across different levels of the organization, including management and outside directors.
- Furthermore, as in the past, the FSA plans to verify cross-sectoral themes such as

credit risk management frameworks - including the extent to which large financial groups understand the actual conditions of their business partners - as well as market risk and money laundering.

3. Promotion of the utilization of the System for Purchasing Specified Difficult Recovery Claims

- As a result of the amendment to the Deposit Insurance Act in May 2011, the Deposit Insurance Corporation of Japan introduced the 'the System for Purchasing Specified Difficult Recovery Claims', under which it may purchase claims that are deemed particularly difficult to recover such as those involving debtors or guarantors affiliated with organized crime groups.
- Since the system's inception through the end of June 2025, the Deposit Insurance Corporation of Japan has decided to purchase a cumulative total of 331 debt claims worth approximately 8.1 billion yen from 101 financial institutions. While many financial institutions have actively utilized this system, utilization has been sluggish in recent years, and some financial institutions have yet to utilize it at all.
- The FSA requests that each financial institution continues its efforts to sever ties with antisocial forces. Furthermore, the FSA encourages financial institutions to actively consider utilizing this system when the holding of antisocial debt is discovered.

4. Request regarding price pass-through and fair trade practices

- To promote price shifting and proper business transactions that secure funding for wage increases, the FSA sent request letters to the Japanese Bankers Association in April and August 2025.
- Specifically, the FSA requested the Japanese Bankers Association to inform its member of the amendments to the Subcontract Act and the Act on the Promotion of Subcontracting Small and Medium-sized Enterprises enacted in May 2025 and to consider making indirect expenses, such as security, building maintenance, and advertising, subject to price negotiations.
- The elimination of business practices that hinder price shifting is a government-wide initiative. The FSA requests top management to understand the intent and content of this request and take the lead in implementing price shifting and proper business

transactions steadily.

5. Revision of the Guideline for Handling of Money Left Behind, etc., in the Case of the Death of a Person with No Family

- In the Guideline for Handling of Money Left Behind, etc., in the Case of the Death of a Person with No Family (hereinafter referred to as the “Guideline”), the Ministry of Health, Labor and Welfare and the Ministry of Justice outline the handling of Money Left Behind used to cover expenses such as cremation paid by municipalities when a person with no relatives passes away.
- In July 2025, based on feedback from financial institutions requesting a standardized form for withdrawal of deposits submitted by municipalities, the Ministry of Health, Labor and Welfare and the Ministry of Justice revised the Guideline, including presenting a draft format, with the cooperation of relevant associations in the financial sector.
- The FSA requests that each financial institution continue handling matters of municipalities related to withdrawal of deposits when a person with no relatives passes away, in accordance with the Guideline, utilizing this draft form as well.

6. Request for strengthening of measures to prevent misuse of accounts, including Internet banking

- While financial institutions are implementing measures to prevent misuse of deposit and savings accounts, numbers of financial crime victims, including those of fraud schemes, remain at a persistently high level.
- Specifically, in specialized fraud schemes exploiting fund transfers, over half of the losses stem from transfers made via Internet banking. Strengthening countermeasures against these tactics is an urgent priority.
- In light of these circumstances, regarding the request jointly submitted with the National Police Agency in August 2024 titled “Further strengthen measures to prevent misuse of deposit and savings accounts, including corporate accounts,” the FSA has added requirements for verification when applying for Internet banking services and when raising usage limits, and has requested enhanced countermeasures again.

7. Human resource matching by regional financial institutions

- As of August 14, 2025, the talent platform REVICareer, which matches talent from large corporations with mid-sized and small businesses in regional areas, has achieved a cumulative total of 5,000 registered large-corporation professionals and facilitated 224 successful matches.
- The training workshops had been suspended since October 2024, but they have resumed as of September 2025. The FSA asks financial institutions to inform all registered participants about that information.
- The FSA believes that REVICareer can serve as an opportunity for each member to consider their own career design, and that this can lead to increased initiative in their work, thereby also contributing to improving productivity of individuals in their current duties. Since REVICareer is not limited to the transfer of employment, but also includes additional jobs, side jobs, and secondments, the FSA asks financial institutions once again to cooperate with the personnel registration.

8. Initiatives for implementing enterprise value security rights

- Regarding enterprise value security rights, the FSA intends to focus on identifying model cases for the time being.
- For example, regarding common challenges in utilizing enterprise value security rights, the FSA will advance discussions with financial institutions that are actively pursuing proactive and advanced initiatives, keeping specific use cases in mind.
- The FSA requests financial institutions advancing initiatives with specific use cases in mind to notify us of such initiatives.

9. Cross-industry financial sector cybersecurity exercise (Delta Wall 2025)

- To enhance incident response capabilities across the entire financial industry, a cybersecurity exercise (DeltaWall 2025) is scheduled for October 2025.
- The FSA encourages not only the IT and cybersecurity departments of participating financial institutions, but also senior management to actively take part in the initiative. After the exercise concludes, the FSA encourages them to apply the lessons learned to concrete actions, such as revising their organization's cyber incident manual. In particular, the FSA encourages senior management to assess whether appropriate

decisions were made and whether the organization's contingency plans - including customer response and business continuity - were effective. Areas of deficiency should be identified and visualized, and consideration should be given to how improvements can be made across organizational frameworks, operational processes, budgeting, and human resource allocation.

10. Announcement of the FSA Strategic Priorities

- The FSA published the “FSA Strategic Priorities: July 2025-June 2026” on August 29, 2025. This clarifies the priority measures implemented by the FSA in each program year.
- The “FSA Strategic Priorities: July 2025-June 2026” provide a focused summary. The FSA will steadily implement not only the measures outlined in these priorities but also those the FSA has been continuously working on.
- Using the Priorities as a starting point, the FSA would like to share our understanding of challenges with each financial institution and foster meaningful communication.

11. Tax reform requests for fiscal 2026

- On August 29, 2025, the FSA published our tax reform requests for fiscal 2026.
- Main requests include the following:
 - As measures to promote an Asset Management Nation, “Enhancement of the system, including expansion of NISA-eligible products,” “Simplification of NISA-related location verification procedures,” and “Review and extension of tax incentives for investment corporations”
 - As measures concerning crypto assets and insurance, “Revision of taxation related to crypto asset transactions,” “Permanent expansion of the life insurance premium deduction system, etc.”
 - As measures toward realizing an international financial center, “Revision of special taxation rules for foreign members,” “Revision of procedures under tax treaties, etc., to promote cross-border investment,” and “Unification of taxation on financial income.”

12. Whistleblowing Contact, etc.

- In recent years, amid a succession of frauds exploiting financial services and scandals and misconduct involving financial institutions and financial markets, it is crucial to restore trust in the fairness and safety of financial institutions and financial markets, as noted in the FSA Strategic Priorities for Program Year 2025.
- The FSA has established a contact for whistleblowing to receive information on so-called whistleblower reports and financial services. The information provided has been utilized to enhance financial institution monitoring, and the FSA intends to make even greater use of it going forward.
- On the other hand, restoring trust in the fairness of financial institutions should fundamentally be achieved through the institutions' own proactive efforts. The FSA requests that each financial institution continues to strive to thoroughly implement customer-centric business operations, provide employee training based on this premise, and maintain and enhance personnel morale.

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