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

Held on April 14, 2026 (dialogue meeting with major banks, etc.)

1. Measures in response to the current international situation

- Amid increasing uncertainty surrounding the situation in the Middle East, geopolitical risks have risen further.

- Financial institutions are requested to closely monitor not only their direct counterparties but also the potential impact on the entire supply chain in which those counterparties are involved.

- In addition, on March 27, 2026, the FSA urgently convened a meeting with public and private financial institutions and relevant ministries and agencies to urge thorough implementation of meticulous financing support tailored to the needs of business operators. An emergency request was also issued jointly by the Minister of State for Financial Services and other relevant ministers.

- The FSA once again requested that financial institutions make every effort in responding to business operators, taking into account the intent of this meeting and the letter of request.

2. Request regarding measures for price pass-through and fair trade practices

- In March 2026, in light of the current situation, the following requests were issued to promote price pass-through and fair trade practices. Financial institutions are requested to ensure that the purpose and content of each request are widely communicated and thoroughly implemented.

  - "Future Initiatives Concerning Measures for Price Pass-Through and Fair Trade Practices (Request)" (dated March 18, 2026)

  - "Considerations for Small and Medium-Sized Entrusted Business Operators Regarding Appropriate Price Pass-Through in Light of Increases in Raw Material and Energy Costs Resulting from Changes in the Situation in the Middle East, etc." (dated March 27, 2026)

3. Thorough explanation of interest rate fluctuation risks to housing loan borrowers

- On March 31, 2026, the FSA issued a letter of request to each industry association to ensure thorough explanations of interest rate fluctuation risks and other related matters to housing loan borrowers.

- Specifically, amid recent increases in interest rates and housing prices, the government will promote awareness of interest rate risks among housing loan borrowers and, considering changes in the environment surrounding housing loans such as the expansion of non-face-to-face procedures, the FSA has requested the following measures:

  - Self-assessment of the framework for providing explanations to housing loan borrowers and, where necessary, revisions to such framework;

  - Provision of explanations regarding interest rate risks tailored to the circumstances and level of understanding of housing loan borrowers, as well as consideration and implementation of measures to further enhance the quality of such explanations; and

  - Enhanced provision of information to existing housing loan borrowers and careful and appropriate responses to inquiries and consultations from housing loan borrowers.

- The FSA requested that financial institutions take proactive and active efforts with regard to explanations and related matters for housing loan borrowers, in light of the request.

4. Full digitization of bill and check functions

- With less than a year remaining until the target date for the full digitization of bills and checks by the end of March 2027, a survey report released by the Japanese Bankers Association (JBA) at the end of March 2026 indicates that the number of bills and checks exchanged in 2025 was approximately 14 million. The survey also indicates that while some progress has been made, the number remains above the target of approximately 10 million. The JBA's survey report also points out that inquiries from users may be concentrated around the deadline for the final issuance of bills and checks already set by some financial institutions.

- Considering this situation, financial institutions are requested to further promote measures such as planned service changes and customer communication, counting back from the target date, and to strengthen necessary measures to prevent confusion among users.

- The FSA will continue to promote public understanding and cooperation by explaining government policies and other matters to stakeholders, including business operators, on various occasions.

5. Status of support for startups

- Banks cooperated in a survey on the status of support for startups. The survey confirmed that banks continue to provide active support, taking into account their respective circumstances and the characteristics of startups, including efforts to develop and secure human resources, through measures such as active recruitment of external talent.

- Some banks indicated that demand for financing from startups remains strong. The FSA requests that banks continue providing tailored and attentive support to startups.

6. Utilization of trusts among relatives in response to the super aging society

- In Japan, as population aging progresses, the number of elderly people with dementia and similar conditions is increasing and is expected to continue to rise. Against this background, how to support the daily and social lives of such individuals has become an important social issue.

- Under these circumstances, the May 2025 “Report by the Council for Promotion of Regulatory Reform” stated that, in order to promote flexible asset management through the use of trusts among relatives, and to facilitate the smooth opening of trust accounts by financial institutions, the FSA should make use of pamphlets that provide easy-to-understand explanations of the trust system and the use of civil trusts for the general public, and inform financial institutions that civil trusts are an effective means of asset management in preparation for dementia and similar conditions, and explain the purpose and content of the system.

- In March 2026, the Ministry of Justice published a new pamphlet explaining how to utilize the trust system. The FSA requests that financial institutions utilize this pamphlet to promote understanding of the purpose and content of the system.

7. Request related to the Financial Action Task Force (FATF) statement dated February 13, 2026

○ At the FATF Plenary Meeting held from February 11 to 13, 2026, a statement on jurisdictions with significant strategic deficiencies in anti-money laundering and counter-terrorist financing measures was adopted.

○ The statement identifies Democratic People's Republic of Korea (DPRK) and Iran as jurisdictions subject to countermeasures, and Myanmar as a jurisdiction subject to enhanced due diligence measures proportionate to the risks arising from Myanmar. With regard to Iran, the following countermeasures have been added from this time:

- Refusing the establishment of subsidiaries or branches or representative offices of financial institutions and virtual asset service providers from Iran;
- Prohibiting financial institutions and virtual asset service providers from establishing branches or representative offices in Iran;
- On a risk basis, limiting business relationships or financial transactions, including virtual asset transactions, with Iran or persons in Iran; and
- Prohibiting financial institutions and virtual asset service providers from establishing new correspondent relationships and requiring them to undertake a risk-based review of existing correspondent relationships with financial institutions and virtual asset service providers in Iran.

○ In response, on April 13, 2026, the FSA and other relevant ministries and agencies issued the letter of request (“Appropriate Implementation of the Act on Prevention of Transfer of Criminal Proceeds Based on the FATF Statement Dated February 13, 2026”) to the relevant financial institutions and associations.

○ The letter of request calls for thorough implementation of the obligation, such as to confirm transactions and to report suspicious transactions, based on the Act on Prevention of Transfer of Criminal Proceeds. The FSA strongly requests that all affiliated financial institutions be fully informed of this obligation.

8. Toward the enforcement of the Act on the Promotion of Cash Flow-Based Lending (Enterprise Value Charge)

○ In preparation for the enactment of the Act on May 25, 2026, efforts have been made during the current program year, including holding a total of 11 rounds of practical discussions with front-line staff of financial institutions.

- The results of the discussions were compiled in the form of the “Basic Approach to Cash Flow-Based Lending Based on Trust between Businesses and Financial Institutions (Draft)," which was released for public comment on April 10, 2026, and “Key Points for the Utilization of the Enterprise Value Charge,” which was circulated by the JBA in March.

- Financial institutions considering the use of the Enterprise Value Charge are encouraged to refer to these discussions.

9. Demonstrative project for the use of generative AI to promote digital transformation in financial institutions

- In April 2026, the FSA launched a demonstration project on the use of generative AI by financial institutions and selected the Financial Data Utilizing Association (FDUA) as the contractor for this project.

- The FSA aims for financial institutions, regardless of their size, to leverage generative AI to enhance productivity, further strengthen their financial intermediation functions for customers, and ultimately contribute to the growth of regional businesses and local economies.

- Participation in this project is required to engage in thorough discussions for organizations, including at the management level, on how generative AI should be utilized within their institutions. The FSA looks forward to the active participation of financial institutions in this project.

10. Recent trends in Anti-Money Laundering and Countering Financial Crime

- With regard to Anti-Money Laundering and Countering Financial Crime, there are many issues that require attention, including revisions of laws, regulations, and guidelines.

<Update on the case studies on effectiveness validation>

- In March 2025, the FSA published its views on validation of effectiveness, an initiative through which financial institutions seek to maintain and enhance their frameworks in response to evolving money laundering and other financing risks, together with a collection of case studies illustrating financial institutions’ efforts in this regard.

- Approximately one year has passed since its publication. In order to further promote financial institutions’ efforts toward validation of effectiveness, the case studies were updated in March 2026 to incorporate those of depository institutions, crypto-asset exchange service providers, fund transfer service providers, and other entities identified through supervisory monitoring conducted to date.

- The FSA requests that financial institutions continue engaging in validation of effectiveness with reference to the updated case studies.

<System revision accompanying the establishment of a framework for sharing information on fraudulently used accounts among depository institutions>

- The “establishment of a framework that enables the prompt freezing of accounts while sharing information on fraudulently used accounts among depository financial institutions” is included as one of the measures under the Comprehensive Measures to Protect Citizens from Fraud 2.0. In order to implement this framework, it is essential for the public and private sectors to work together.

- In order to support these efforts, under the Project for Enhancing Measures against Unauthorized Use of Deposit Accounts provided for in the FY2026 supplementary budget, the government selected in March the entities eligible for subsidies for system development costs.

- In addition, public comments have been launched on the proposed amendments to the Regulation for Enforcement of the Act on Prevention of Transfer of Criminal Proceeds and the supervisory guidelines, which include provisions to establish the legal basis for information sharing among financial institutions. The FSA encourages for financial institutions to review the details.

<Revision of the Guidelines for Anti-Money Laundering and Combating the Financing of Terrorism and Publication of FAQ>

- With regard to measures against money laundering and terrorist financing, financial institutions had completed the measures required under the Guidelines for Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) by the end of March 2024, thereby establishing a basic framework for managing money laundering and other risks.

- In March 2026, the Guidelines for AML/CFT and the related FAQs were revised and published to reflect changes in the environment surrounding financial institutions, including the strengthening of measures to prevent the unauthorized use of deposit accounts and the methodology for the FATF's fifth round of mutual evaluations.

- The FSA requested that financial institutions continue their efforts to maintain and enhance their frameworks, taking into account the revised Guidelines for AML/CFT and the related FAQs.

<Results of follow-up to request for strengthening measures to prevent unauthorized use of deposit accounts>

- A second follow-up survey was conducted between November and December to confirm the status of financial institutions' responses to the request issued in September 2025 to strengthen measures against the unauthorized use of accounts.

- The aggregated and analyzed results will be presented to financial institutions sequentially from April 2026, and a summary is scheduled to be published around June.

- Compared with the previous survey conducted in January 2025, progress has been observed in raising awareness of the illegality of account trading and analyzing patterns of unauthorized use of deposit accounts. However, progress has been limited in areas requiring system enhancements, such as the detection of suspicious transactions based on access environments for online transactions and the timely suspension and restriction of identified unauthorized transactions.

- Follow-up activities will continue to be conducted on an ongoing basis. Given that some measures, such as system development, require a certain period of time, the FSA requests that financial institutions implement measures systematically and further strengthen efforts to prevent the unauthorized use of deposit accounts.

11. Initiatives on cybersecurity

<Implementation of demonstration project for the transition to post-quantum cryptography (PQC)>

○ The transition to PQC is an essential initiative to ensure the continued operation of the financial industry over the long term. To this end, the FSA will conduct a demonstration project on the transition to PQC to support financial institutions in achieving a smooth transition.

○ Specifically, the project will include (i) support for selected financial institutions in developing cryptographic inventories by contractors engaged by the FSA; and (ii) sharing the findings of the demonstration project with the financial industry as a whole through reports and guidance.

○ Regarding (i), a questionnaire was distributed through various industry associations to assess interest in participating in the demonstration project, and a large number of financial institutions responded positively. Going forward, the FSA plans to contact selected financial institutions sequentially and requests their continued cooperation.

<Publication of the Research Report, "Strengthening the Management of Third-Party Cybersecurity Risks by Financial Institutions">

○On April 3, 2026, the FSA published the "Research Report on Strengthening the Management of Third-Party Cybersecurity Risk by Financial Institutions." This report examines the management practices and other aspects of third-party cybersecurity risk management, an issue of growing importance, adopted by major banks and large insurance companies in the United States, the European Union, and the United Kingdom.

○Financial institutions are expected to enhance their third-party risk management, taking into account the findings and recommendations of this report.

12. Publication of the results of the Financial Literacy Survey

○ The Japan Financial Literacy and Education Corporation (J-FLEC) published the results of its 2025 Financial Literacy Survey on March 27, 2026.

○ The proportion of respondents who perceived that they had received financial and economic education increased to 8.7% from 7.1% in the previous survey in 2022.

○ While the overall percentage of correct answers declined, the percentage of correct answers among those who reported having received financial and economic education increased compared with the previous survey.

- In order to achieve the government's goal of raising the proportion of people who perceive that they have received financial and economic education to 20% by the end of FY2028, further promotion of financial and economic education, including initiatives by financial institutions, is essential. Continued cooperation is requested.

13. Measures toward stable asset building

- Amid increasing uncertainty surrounding the situation in the Middle East, volatility in financial markets has increased.
- In order for individual investors, who are clients of financial institutions, to fully understand the importance of long-term, accumulative, and diversified investment, and to engage in asset building with confidence even during periods of significant market fluctuations, the FSA requests that financial institutions provide information in a timely, clear, and proactive manner, including information necessary for making investment decisions, so as to ease e clients' concerns.
- The FSA also requests that financial institutions respond politely and appropriately to customer inquiries.

14. Publication of examples of the utilization of J-FLEC instructors by financial institutions

- In March 2026, J-FLEC published a collection of case studies on the utilization of J-FLEC instructors by financial institutions.

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