

Environment Change

- Innovation from integration of finance and IT (rise of FinTech)
- Growing needs of advanced payment services

Strategic approach toward the reform of payment systems

1. Innovation on integration of Finance and IT

- Innovate payments and transaction banking
- Promote competitive “open innovation” among various players including banks

New initiatives for innovation in financial services and IT

- Study the provision of money transmitting services using cellphone numbers, in which multiple financial institutions can participate
- Study the utilization of blockchain and open API in the banking industry

Toward establishment of cross-sectional legal system

- Study cross-sectional legal system in light of possible appearance of new services in the future

Facilitate provision of payment services responsive to IT progress

- Following the emergence of prepaid cards embedded in electronic devices, expand the usage of the Internet to perform obligations to indicate information
- Make cash out service available at convenience stores and supermarkets, etc.

2. Reform of payment services supporting corporate growth

- Aim to advance cash management services (CMSs) and improve convenience of Electronically Recorded Monetary Claims (ERMC) to enhance competitiveness of corporations

Sophisticate CMSs in Japanese banks, especially major banks

Create environment to advance Japanese companies' cash management

- Review regulations to utilize financial subsidiaries as treasury center
- Rationalize reporting requirements on foreign remittances related to cross-border financial management

Improve convenience of ERMC

- Encourage utilization of ERMC in local governments
- Study measures to enable companies to discount ERMC at their main banks irrespective of its recording institutions for facilitating finance

3. “Five Reform Agendas” of payment infrastructure

- Reform payment infrastructure incl. Zengin System to improve users' convenience and strengthen international competitiveness

Drastic improvement of payment infrastructure functionalities

- 1 Shift to XML telegrams completely by 2020 for domestic payment instructions between companies (A new system to be established and commence operation by 2018)

Create seamless payment environment across borders

- 2 International standardization of items in remittance formats (Issues will be identified during the fiscal year 2016)
- 3 Provide a seamless environment regardless of the residency of the parties in the fiscal year 2016 at the earliest (for domestic yen-dominated remittance)
- 4 Aim to provide “low-value remittance” services for international remittance by 2018 or so
- 5 Improve convenience for large-lot remittance (for more than 10 billion yen)

4. Actions on Virtual Currencies (VC)

- Following the agreement on virtual currencies at the G7 summit, introduce measures on anti-money laundering and counter-terrorist financing (AML/CFT) as well as user protection

- Introduce registration requirement for VC exchangers trading VC and fiat currencies, and regulate them under the regulations on AML/CFT
- Introduce regulations on user protection

Establish framework to promote strategic approach by “all-Japan”, public-private effort, toward the reform of payment systems

Secure stability of payment systems and information security