

The International Conference

“The Role of the Financial Sector in Promoting Economic Growth in Asia”

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Markets and the “Growth Strategy”*

Roles of Finance in Economic Growth

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Abstract

The fundamental roles of the financial sector can be characterized by achieving the following two goals; promoting economic growth and ensuring financial stability. The Japanese Financial Services Agency (FSA) has recently taken several policy measures which are directed toward fully attaining these two roles.

As for promoting economic growth, “the Action Plan for the New Growth Strategy,” published by the FSA in December 2010, summarizes necessary measures for financial sector to promote economic growth including (1) supporting economic activities and (2) leading the economy as a growing industry itself. We especially place a focus on the importance of the growing Asia, setting the objective “To bridge between the Japanese and Asian economies” as one of the three pillars of the action plan. As for ensuring financial stability, the FSA have taken various measures against the global financial crisis, focusing on maintaining financial intermediary functions in the short term and reducing systemic risk in the medium term.

Considering the huge current account surplus, Japan and China can contribute more to future Asian economic prosperity along with preparations on the receiving side such as promoting regional arrangement as financial safety-net (the Chiang Mai Initiative [CMI]), and mobilizing domestic savings and providing secure fund sources to the region (the Asian Bond Market Initiative [ABMI]).