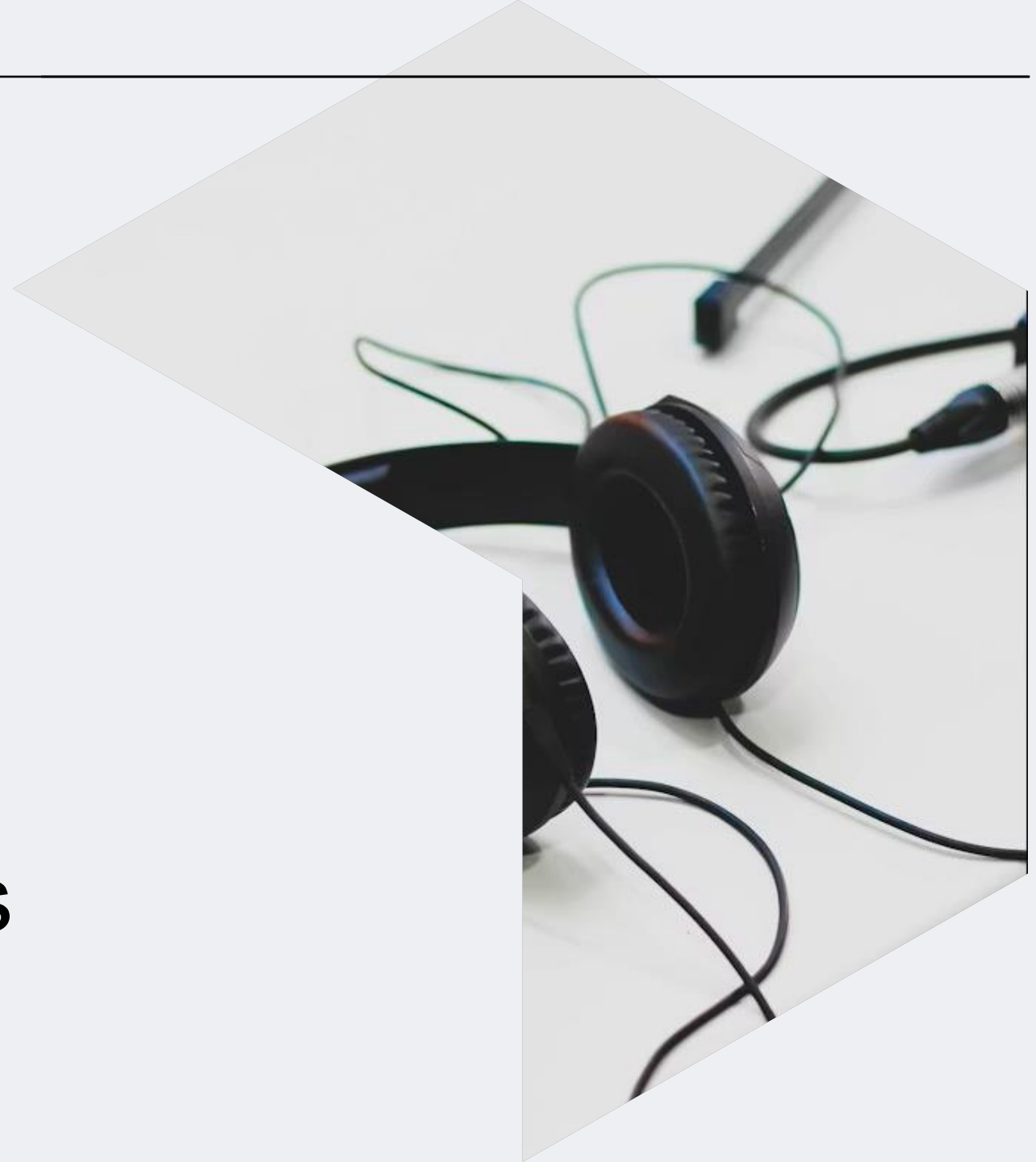

December 2025

Promotion of Financial and Asset Management
Special Zones Targeting International Investors

Insights from in-depth conversations with global Asset Managers



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01 Research Approach

Research Approach

Objectives:

- Understand the needs and expectations of global Asset Managers
- Uncover drivers behind expansion
- Determine openness to Japan's Special Zones
- Tease out potential messaging to determine most compelling selling points and identify roadblocks

Approach:

To date, FGS Global has conducted 12 in-depth, 45-60-minute interviews among global Asset Managers in the **U.S., U.K., and Germany**, who:

- Are mid-senior managers or above
- Have influence on decision-making team for office locations
- Do not currently have an office in Japan, but are open to office expansion



02 Summary of Findings and Key Insights

Globally, Asset Managers' ideal market provides access to clients, talent, and a sustainable investment – some secondary nuances by region

Market & Ecosystem Connectivity: Established network of current and potential investors that a firm can tap into.



Talent Access: Strength of local workforce, creation of talent pipeline; location appeal for attracting expats.



Market Attractiveness & Long-term Sustainability: Market sustainability beyond initial opportunity and potential scalability over time.



Market Dynamics: Balance of competitors vs growth opportunities and the current market saturation levels.



Government Support: Support for market entry, set-up and operational success (incentives).



Regulatory & Administrative Environment: Predictable, low-friction regulation and efficient administrative processes that minimize entry barriers; minimal political friction.



Coverage: 24/7 client support beyond U.S. market hours



Proximity: Strategic positioning near existing or target clients.



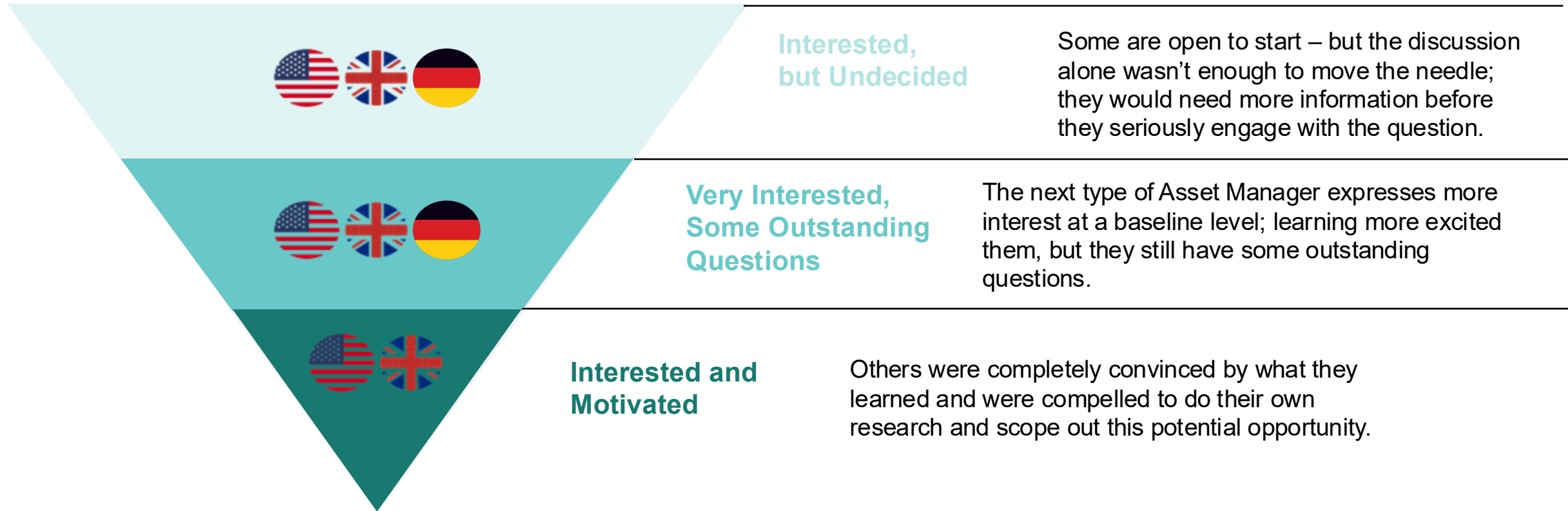
Operational Feasibility: Physical infrastructure (e.g., transport links); presence of a supporting ecosystem (e.g., advisors).



Cultural & Operational Fit: Ability to integrate into local business practices, supported by a strong on-the-ground presence where relationships are essential.



Asset Managers are open to expansion into Japan – but individually, each market has segments at different points of consideration



All interviewed Asset Managers understand the significance of Tokyo...



Established financial hub

Tokyo recognized as Japan's equivalent to NYC or London – undisputed center of asset management ecosystem.



Established network advantage

Can leverage existing network and established deal flow, entering a place with a mature infrastructure versus starting it from the ground up.



Access to talent

Easier recruitment for both local and expat talent.
Established pipeline of top-tier university grads and professionals.



Proximity to corporates & partners

Essential for building trust with local partners and accessing the headquarters of major Japanese corporations.



Digital & infrastructure density

Highly digitized metropolis providing the necessary infrastructure to navigate local market complexities.



Consolidated capital

Concentrated access to institutional investors, family offices, and capital sources that are essential for fund development



International business environment

Highly globalized city with English language support and international schools.



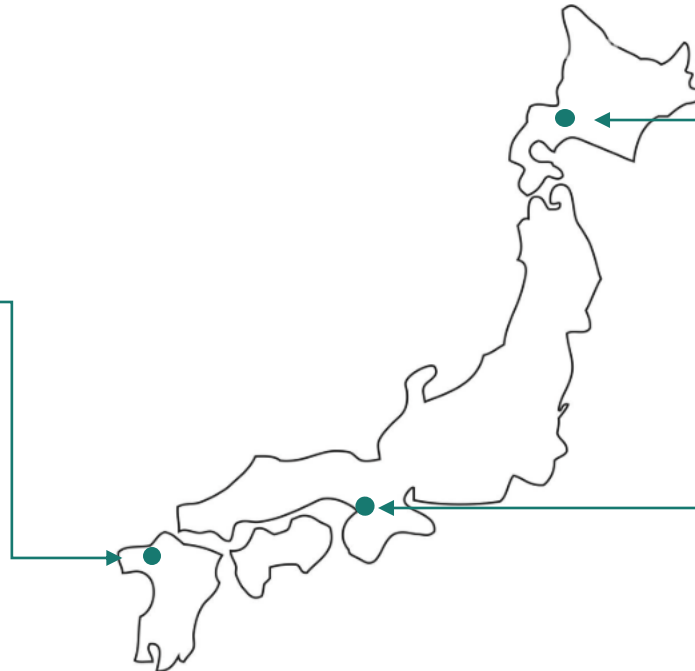
Strategic planning considerations

Most see it as prudent to establish Tokyo presence before expanding into other cities in Japan.

...but they need to be convinced on the advantages of the other cities – many of which they know little or nothing about

Fukuoka

- U.K. Asset Managers have some name recognition, but can't speak to specifics of the city.
- U.S. Asset Managers have not heard of Fukuoka.
- German Asset Managers generally not aware, but worry it's geographically too far south from major hubs.



Sapporo

- U.K. Asset Managers most familiar – though consider it more “niche”, and not a viable option for global expansion.
- In the U.S. and Germany, little to no name recognition.
- General concern that it is most likely “far” from hubs like Tokyo.

Osaka

- Most well-known of the three cities, but still limited familiarity.
- Credited with being next largest Japanese financial center outside of Tokyo.

What this means: Early Narrative Implications (1/2)

Insight	Finding	Implication
<p>Awareness gap creates opportunity but requires evidence-based education.</p>	<p>Very little awareness of Special Zones; positive initial reactions, but at times insufficient to drive action.</p>	<p>Need multi-touch educational campaign with three parts: start with Japan reforms → introduce zones → detail city-specific advantages.</p>
<p>Tokyo gravitational pull requires counter-positioning.</p>	<p>All three markets default to Tokyo; cities beyond Tokyo seen as "second offices" or niche plays.</p>	<p>Cannot win on "better than Tokyo"—must win on different value proposition tied to specific investment theses.</p>
<p>The "show me" threshold varies by market sophistication.</p>	<p>The U.S. wants proof of concept; the U.K. wants clear processes; Germany demands quantitative validation and peer references.</p>	<p>One-size-fits-all messaging fails; need tiered content strategy with increasing depth.</p>
<p>Sector specialization requires proof, not claims.</p>	<p>"Fukuoka start-up city" met with skepticism ("name the unicorns"); Sapporo GX focus noted but not validated.</p>	<p>City differentiation strategy is sound, but execution lacks credibility markers.</p>

What this means: Early Narrative Implications (2/2)

Insight	Finding	Implication
<p>Financial incentives land when positioned as total package, not line items.</p>	<p>20 million yen subsidy dismissed as insufficient; tax breaks interest high but details are missing.</p>	<p>Current framing undersells the value; need to show cumulative advantage.</p>
<p>Immigration reforms are a universal unlock – double down.</p>	<p>Only message with zero pushback across all markets; genuine surprise at ease of process.</p>	<p>This is a differentiator vs. competitor hubs; historical barrier now removed <i>Messaging shift needed:</i> Elevate immigration from supporting point to lead proof point of Japan's transformation.</p>
<p>Market growth story resonates but lacks conversion mechanism.</p>	<p>NISA/savings shift consistently described as "interesting" and "promising" but not action-driving.</p>	<p>Opportunity is acknowledged but pathway to capture unclear; need to connect macro trend to micro-opportunity.</p>



03 Market: United States (U.S.)



Executive Summary for the U.S.

U.S. Asset Managers see Asia offering many emerging markets; Japan is mentioned, along with India, Singapore, and Thailand.

The **relative stability of the Japanese market**, the **importance of the yen**, and **market focus on technology** are seen as positives for potential expansion; but concerns around **breaking into a perceived relationship-based market and building up a strong presence** creates hesitation.

Tokyo is seen as easiest entry point for American businesses, given financial center of Japan, and the range of American businesses already there. **Outside of Osaka**, which garners some **recognition as a strong financial center**, **Special Zone cities are not on U.S. Asset Managers' radars**.

Raising awareness of Special Zone cities has the potential to move some to consider Japan – but more tangible information on what the **bigger picture vision is for this change**, and what the **government of Japan is offering in terms of tax incentives** can help strengthen the case.

While some Asset Managers are keen to learn **who is already operating in Special Zone cities** – to build credibility – there is an opportunity to also position as a **major opportunity to be an early adaptor, to capture more of the market share**.



Wide scope of key considerations for global expansion

- **Coverage:** 24/7 client support beyond U.S. market hours
- **Proximity:** Strategic positioning near existing or target clients
- **Market Connections:** Established network of current and potential investors already in the market; concentration of priority industry sectors
- **Government Support:** Government's attitude and available incentives for market entry, set-up and operational success
- **Market Dynamics:** Balance of competitors vs growth opportunities and the current market saturation levels
- **Talent Access:** Strength of local workforce, importance of universities for founder pipeline; location appeal for attracting expats during initial market set-up
- **Long-term Viability:** Market sustainability beyond initial opportunity and potential scalability over time

Resources used to learn about potential new locations:



MEDIA SOURCES

Major print and online publications like WSJ, Bloomberg, CNN, and CNBC, as well as professional networking sites like LinkedIn.



INDUSTRY NETWORK

Major conferences, colleagues who have experience or relationships in the desired market already, informal conversations with peers already in the market.



RESEARCH TOOLS

Many mention tools like CapIQ, Prequin, and AlphaSights as means to gain access to deeper insights and experts in the market. Some hire local consultancies.



Some are more open to Japan given recent government activity; though concerns around perception of “backroom” function

Japan and India are noted for perceived opportunity.

- Some Asset Managers credit Japan for recent deregulation efforts and increased openness to foreign investment (exemplified by Toshiba/Bain Capital)
- India attracts attention as a high-growth emerging market with established connection points.

“Asia has always been of interest. We've been seriously considering to expand.”

Regional diversity in Asia creates multiple entry strategies.

- Investors recognize Asia's varied landscape — from developed markets like Japan and Korea to emerging opportunities in the Philippines, Pakistan, and China — allowing for tailored approaches based on specific investment opportunities and existing portfolio connections.

Government incentives in Japan actively reshaping foreign investment landscape.

- Policy shifts toward deregulation and FDI attraction represent a meaningful departure from known historical barriers.

“The fact that we're not in Japan, big time... it's a missed opportunity.”

Risk of “backroom setup” perception threatens full value proposition.

- Some stakeholders view Asia primarily as an operational cost center rather than strategic growth market, underscoring the need to demonstrate comprehensive value beyond basic administrative functions.



There is some interest in expansion to Japan – but lack of presence and knowledge about the process creates hesitation



Perceived opportunities with expansion

Offers a mature, developed, and relatively stable market.

Japan seen as being at the forefront of technology and AI offerings.

Current importance of the yen; a market flush with cash, as some noted it is a market “where the money is.”

Some general awareness of the Japanese government taking steps to deregulate the market and make it friendlier for international investors.

Not as widely mentioned, but those more familiar mention positive quality of life, strong education offerings.

Perceived barriers to entry

Language barrier.

Lack of experience when it comes to **entering the market** (i.e., where to get started, how to attract top talent and create a sustainable pipeline).

Lack of experience when it comes to **building up a presence** (i.e., if no current relationships, how to build Rolodex.) Some mention Japan as more relationship-driven than the U.S. asset management landscape.

Sense that other Asian offices (Singapore, Hong Kong, etc.) can manage expansion into Japan without physical office presence.

“The heads of the office are Japanese-speaking, local Japanese, who can source the deals and talk to big corporates in their local language. It’s super important. Before finding that really strong domestic team, you should really think twice about entering into Japan.”





Initial positive reactions to learning about Japan's changes, but not enough data or proof points provided to move the needle on expansion

Messaging tested:

Japan represents one of Asia's largest untapped asset management opportunities. Japanese households currently hold over 50% of savings in cash and deposits, with the government aiming to shift these assets to investments and double NISA accounts within five years. This structural shift from savings to investment creates exceptional growth potential for Asset Managers entering now.

Japan now allows firms to outsource middle- and back-office functions to foreign providers, removing previous requirements to perform all functions in-house. Companies can complete all administrative procedures solely in English, including company registrations.

Japan offers streamlined immigration specifically for asset management professionals. Foreign nationals can change status directly to "Highly Skilled Professional" without returning home, with processing taking around 10 days, and spouses can work full-time without separate visas.

- Mixed levels of familiarity; for those who were baseline unaware, more interest upon learning this initial information.
- No pushback, or confusion or skepticism when presented with this.
- Good baseline, with opportunity to further persuade with more detailed proof points.

What works?

"50% of savings in cash and deposits"



Demonstrates an untapped opportunity – even for those who are more familiar

Middle- and back-office functions and support



Mitigates some concern about starting an office in a new market

Immigration policy



Table stake – isn't moving the needle, but something people need to hear

*"This is good news. I'm reading here the **Japanese market is untapped, and they tell you why it's untapped.** You're saying 50% of the savings are held in cash and deposits. Cash does not give any returns or opportunity."*



Osaka, Sapporo, and Fukuoka are not well known, professionally or beyond

Osaka

Most have heard of Osaka but could not speak to Osaka beyond its name or tourism attractions.

A few mentioned that Osaka is another financial center outside of Tokyo, but not nearly as big as Tokyo's ecosystem.

"Osaka, that's another financial center. Major banks have a big presence there. It's a huge population center, and has a financial infrastructure, secondary to Tokyo."

Sapporo

Most had never heard of Sapporo.

One Manager knew of Sapporo and suggested there could be a benefit to being the only big name there, though acknowledged Sapporo probably has less opportunity compared to Tokyo or Osaka.

"From an international cross-border financial institution standpoint it's a strategic opportunity because you will be unique. There'll be less competition."

Fukuoka

No one was familiar with Fukuoka.

While most push back on the idea of expansion into a smaller market they've never heard of, similar to the argument with Sapporo, a couple mention the advantage of being the biggest name in a small market.

"I don't know much about it. Is that the one with the Mount Fuji [sic] on it, or close to it?"



With many in the U.S. unfamiliar with these cities – more education will be necessary to demonstrate why, beyond Tokyo, these are viable options

Messaging tested:

In 2024, the Japanese Government announced the creation of “Special Zones for Financial and Asset Management Businesses” in four of Japan’s largest cities - Tokyo, Osaka, Fukuoka, and Sapporo - to promote new entry and expansion of domestic and foreign financial and asset management businesses and attract foreign investment.

Tokyo is Japan's established financial capital and Asia's largest innovation hub. Osaka is a key economic hub and financial center, while Fukuoka is a major hub for start-ups. Sapporo is northern Japan’s business hub, and a leader on renewable energy and semiconductors.

The government aims to develop these special zones into competitive financial hubs by attracting asset management businesses with tax incentives, investment deregulation, new visa categories and measures to enable businesses to complete administrative procedures in English.

What works?

Government support	➔	Differentiator; shows this commitment is legitimate and a priority.
City differentiation	➔	Enables strategic positioning for different types of investors
“tax incentives, investment deregulation...admin procedures in English”	➔	Seen as necessary for international firms and makes things “user-friendly” – mitigates some initial concerns.

*“Sapporo could be a very good fit for later-stage investments in **renewable energy and heavy industries.**”*

What is missing?

More detail around incentivization and further city differentiation

- More clarity around tax incentives... and how else American companies will have an easy opening into a very different market.
- What unique qualities each city possess (which may make them more relevant for some Asset Managers than others).
- Within each city, what are the more visible business sectors today – what specific types of investment opportunities exist.



Leaning into proof points around the government support, quality of life, and rich talent pool help mitigate some potential concerns



Government support

- ✓ Government support is seen as crucial for asset management firms allowing for:
 - Tax incentives; deregulation
 - Immigration support
 - Signals credible, lasting market changes

“Government backing. It makes regulation, regulatory tasks, it makes setting up shop and your entry as a foreign investor a lot easier.”



Quality of life

- ✓ Critical for convincing senior talent to relocate
- ✓ Addresses unknowns about life in Japan (i.e., international schools, cost of living)
- ✓ Demonstrates no lifestyle downgrade in Japan

“At this stage of their career, the mid-level and senior level, [quality of life] is the most important thing, for them to consider.”



University talent pipeline

- ✓ Essential for hiring internal and junior level roles
- ✓ Important for VC firms and founder/start-up pipelines
 - Some mention competitive hiring environment in Japan

“A lot of the junior-level roles will come from a local university setting. But you need to be aware that currently Japan is under a very tight hiring crunch.”



Certain proof points less persuasive for U.S. Asset Managers, though could be strengthened to make more enticing case



Fixed Tax Incentive Amounts

- x While tax incentives are seen as critical for these Asset Managers, specifically the fixed amount of 20 million yen tested doesn't move the needle for anyone – it is seen as too little to make a significant impact in start-up costs.

“20 million yen is about \$100,000. \$130,000. As my boss would say, I don't get out of bed for \$100,000.”



City Proof Points

- x Fukuoka as a “start-up city” is interesting to some but without examples of successful start-ups coming out of Fukuoka, most aren't convinced.

“How mature is Fukuoka as a start-up city? Because I've been in VC for 6 years now, and Fukuoka has never come up in conversation. That's a big question mark. The way you would answer that is, what are some of the unicorns that have come out of Fukuoka?”



Operational Support vs. Core Barriers to Entry

- x Messages about operational support and back-office services are nice-to-haves but don't address the key strategic barriers like:
 - x Relationship building
 - x Deal flow generation
 - x Network access



To create a persuasive narrative, lean into overarching vision of *why now*, *what* tax incentives are offered, and *who* is charting this course



What's the overarching vision?

Some Asset Managers are interested in the broader narrative around *why* the Japanese government is *now* choosing to open to foreign investors.

They want to understand what the short and long-term goals are, and how foreign Asset Managers can fit into that vision.



What does deregulation mean?

More details on what deregulation actually looks like – specifically, the extent of the tax incentives – is one of the most compelling pieces of information these Asset Managers can learn.

The 20 million yen is not a strong enough data point when these firms have huge operating budgets; they are looking for the details of the full range of financial advantages being offered in the Special Zone cities.



Who is already there?

Highlighting what well-known funds are already in Special Zone cities not only illustrates current levels of saturation, but demonstrates legitimacy for other American companies.

Also helps establish benchmarks for potential entrants into the market (i.e., can speak to peers to understand how much it cost to set up shop, what getting off the ground looked like, etc.).



04 Market: United Kingdom (U.K.)



Executive Summary for the U.K.

Japan **doesn't yet exist as a clear investment/expansion story** in their minds, unlike Dubai/Singapore, which are seen as familiar, expat-friendly hubs.

Attitudes toward expansion in Japan are shaped heavily by lifestyle and family considerations: quality of life, cultural fit, and ease of relocation are as important as incentives or strategy. Asset Managers want to ensure staff based in the UK or in satellite offices would be supported.

Tokyo is perceived as attractive and credible, standing out as Japan's primary financial center. In contrast, **other cities struggle to gain similar recognition** and are often viewed through a "UK second city" lens, where London dominates and other cities are considered less viable.

Overall, there is a real **opportunity to shape perceptions of Japan amongst Asset Managers in the U.K.**, but success will depend on reframing it from a vague, distant option into a clearly positioned, high quality-of-life, client-led opportunity – especially anchored in Tokyo, with **more work to do for the secondary cities**.

Expansion is framed as a function of client demand, market opportunity, and risk management

Key drivers of expansion

- ✓ The existence of a client base is considered the primary motivator for expansion overall, with interviewees saying they 'follow the money.'
- ✓ Asset Managers stress the importance of reputation and economic hygiene factors, such as market stability and low-risk macroeconomic factors.
- ✓ Operational feasibility for firms is key, with physical infrastructure (e.g., transport links), presence of a supporting ecosystem (e.g., advisors, lawyers), office set up, and availability of local talent.

Attributes identified as ideal for market expansion

- ✓ Several Asset Managers cite sizable, unified markets with clear regulations as indicative of ideal conditions.
- ✓ Evidence of strong economic growth and ongoing innovation matters.
- ✓ Low political and economic volatility is considered a basic hygiene factor that financial hubs should be capable of demonstrating.
- ✓ A competitive but not saturated environment is desirable.
- ✓ Ability to differentiate from other hubs in investment opportunities available.

“It needs to have the pedigree of being a financial hub, and it needs to have the clients. We go where our clients are. It’s that simple, really.”

“A politically stable system, some growth in GDP and trust in the fiscal situation. These are all helpful and something that we consider strongly.”

Asia is viewed positively, though Japan is not top of mind

Pragmatic requirements are top of mind.

- Asset Managers stress risk over opportunity when it comes to expansion into any market, and argue that the threshold of demand must be met in a particular market before expansion is considered viable.

“A lot of it is led by client demand. If I look at some of the biggest moves we’ve made, a lot of it is simply we have a large client there.”

Asia is associated with emerging markets or financial hubs.

- Unaided, many reflect on financial investment hubs such as Singapore, Hong Kong or Dubai.
- Where Asset Managers do reflect on specific countries, thoughts are commonly framed on emerging rather than developed markets, including Asia.

“Emerging markets... I see tremendous opportunities in some of those areas.”

Dubai and Singapore are viewed very positively.

- Each market is seen as providing potential investment opportunities and having run successful PR campaigns to boost investment.
- Interviewees perceive Dubai as having an especially high investor base.

“You saw it a lot with Dubai. Talent is often covered by a financial newspaper.”

Japan does arise, albeit without ‘buzz’.

- Some mention Japan among other investable Asian markets, though with less excitement or knowledge than other markets.
- Japan is contrasted to China in a positive light, with Asset Managers reflecting on it as a more culturally welcoming place for business.

“Our Singapore office is growing but Japan has never been on the radar.”

UK Managers feel highly positive from a personal perspective, though concerns arise over bias and barriers to immigration.

Perceived opportunities with expansion

Highly positive connotations from a personal rather than business perspective.

Potential for opportunity in a highly competitive market, though a felt lack of knowledge among the wider Asset Manager community.

Culturally attractive space with especially positive sentiment around high levels of safety.

High levels of education, opening an available talent pool if and when demand grows.

Perceived barriers to entry

Not perceived as a traditional investment opportunity (i.e., not on the map for Asset Managers).

Potential language barrier, making business harder on a day-to-day basis.

Perception of immigration barriers for setting up new business.

Concerns raised over the long-term stability of the market, particularly around population decline and sluggish growth.

“I’m constantly talking about Japan as an attractive equity market, and how people should have exposure to that region in their portfolios. There’s a lack of knowledge about it as an investment area.”

“Japan is also a very tight, market, so, it is quite difficult to set up shop there as a foreigner. Immigration is quite strict.”



For UK Asset Managers, personal views of Japan strongly influence professional opinion, and quality of life is a front-of-mind consideration

Japan is referenced as a desirable travel destination for UK Asset Managers

- ✓ Multiple Asset Managers describe Japan as a place they, their colleagues, or families are interested in visiting or have recently visited for leisure. This perception is very positive, with Japan seen as culturally rich.
- ✓ Japan's appeal as a holiday destination is rising.
- ✓ While the attractive holiday image does not drive expansion decisions, it makes Japan more approachable compared to less familiar markets.

“Japan is very cool. I don't think I would go there for the salary. But you have loads more people, certainly in my offices anyway, going on holiday to Japan.”

But family and expat needs raise questions about the feasibility of relocation

- ✓ The happiness and integration of spouses is a recurring theme, with concern that a city's inability to provide social opportunities for non-working spouses is a major barrier.
- ✓ Interviewees stress that for relocation to work – especially for senior staff or those with families – factors like international schools, urban amenities, and social opportunities for spouses are essential.
- ✓ Tokyo is seen as meeting most expat needs – world class infrastructure, international schools, international airports – but Osaka, Sapporo and Fukuoka are not yet seen this way.

“International schools are probably more in Tokyo than they are in other cities. That is something the government can't really change. If you are thinking about the best options for education, it puts Tokyo on top of the other cities by a long way.”



Despite no previous awareness of the information presented, the messages sparked genuine interest from Asset Managers

Messaging tested:

Japan represents one of Asia's largest untapped asset management opportunities. Japanese households currently hold over 50% of savings in cash and deposits, with the government aiming to shift these assets to investments and double NISA accounts within five years. This structural shift from savings to investment creates exceptional growth potential for Asset Managers entering now.

Japan now allows firms to outsource middle- and back-office functions to foreign providers, removing previous requirements to perform all functions in-house. Companies can complete all administrative procedures solely in English, including company registrations.

Japan offers streamlined immigration specifically for asset management professionals. Foreign nationals can change status directly to "Highly Skilled Professional" without returning home, with processing taking around 10 days, and spouses can work full-time without separate visas.

- No Asset Managers were previously aware of this, and several expressed surprise at Japan's openness to international business.
- The messages received a positive reception, with no pushback on the messaging tested.
- The changes make Japan a more attractive prospect for international firms.

What works?

Untapped asset management opportunities



Shows an actionable market for Asset Managers

Middle and back-office functions and support



Mitigates some concern about starting an office in a new market, especially language barrier concerns

Immigration policy



Streamlined immigration is seen as a positive change, increasing accessibility.

"Japan is clearly a vibrant, growing market that is easier to work in than I expected. It could benefit from a PR campaign to highlight these opportunities, like Singapore or Dubai have done."

Osaka is a distant second preferred option to Tokyo, while Sapporo and Fukuoka are seen as niche options

Osaka

Osaka is the only special zone city (besides Tokyo) with broad name recognition.

It is acknowledged as Japan's second largest city and a significant commercial center, but not significant enough to move the needle for Asset Managers.

“Osaka is quite a cool place... it probably wouldn't be a bad place to open up. But Tokyo is the slam dunk.”

Sapporo

Most are unaware of Sapporo as a financial or business center and therefore do not see it as a viable expansion target.

Asset Managers perceive it as niche, possibly relevant for local businesses, but not for international Asset Managers.

“I have never heard of Sapporo. I think I have heard of Fukuoka, but only because I have seen it on the TV.”

Fukuoka

There is some awareness of Fukuoka by name and some curiosity about it once information is presented that it is a 'start-up city'.

For large, established financial institutions, it is not considered relevant due to the perceived focus on start-ups.

“I think I have seen Fukuoka in the James May programme when he goes to Japan. I think they had the last Samurai sword maker there? I can't really comment on it because I don't know any more than that.”



Most U.K. Asset Managers are unfamiliar with Special Zone cities, but the concept prompts genuine interest

Messaging tested:

In 2024, the Japanese Government announced the creation of “Special Zones for Financial and Asset Management Businesses” in four of Japan’s largest cities - Tokyo, Osaka, Fukuoka, and Sapporo - to promote new entry and expansion of domestic and foreign financial and asset management businesses and attract foreign investment.

Tokyo is Japan's established financial capital and Asia's largest innovation hub. Osaka is a key economic hub and financial center, while Fukuoka is a major hub for start-ups. Sapporo is northern Japan’s business hub, and a leader on renewable energy and semiconductors.

The government aims to develop these special zones into competitive financial hubs by attracting asset management businesses with tax incentives, investment deregulation, new visa categories and measures to enable businesses to complete administrative procedures in English.

What works?

Financial incentives and subsidies

- Clear mention of tax breaks, subsidies and relocation support is attractive.

Administrative and strategic support

- Information about streamlined setup, administrative help eases concerns over relocation bureaucracy

Sector-specific focus

- Noting that cities like Fukuoka are geared towards start-ups and innovation helps target the right audience.

What is missing?

Detailed, practical information and proof points

- Interviewees want specifics about how incentives work, eligibility and the process for accessing them.

Ecosystem depth

- Information about the actual financial/business ecosystem in each zone (number of advisors, service providers, clients) is lacking.

Economic incentives, strategic support, and quality of life are the most compelling proof points as they address cost and operational barriers



Economic incentives

- ✓ Asset Managers respond positively to clear, quantifiable financial incentives such as:
 - Subsidies
 - Immigration support
 - Tax reduction
- ✓ Direct financial benefits resonate strongly and are easy to compare.

“This is the best message because it is succinct, to the point, and most Asset Managers are money-focused.”



Strategic support

- ✓ Support with administrative tasks, translation, registration, and banking is seen as a major value-add.
- ✓ The prospect of having a dedicated office to help navigate local systems is described positively.

“Overall getting support when I go into a new country, making sure I have a seamless experience opening and bringing my business there is highly compelling.”



Quality of life

- ✓ Critical for convincing senior talent to relocate.
- ✓ While not a primary driver for asset management firms, quality of life is essential for attracting top talent and supporting families.

“You need to keep spouses happy. I am not sure there will be a strong international hub in Sapporo and Fukuoka like there would be in Tokyo.”

Talent is valued but seen as a hygiene factor. Start-ups messaging is relevant for tech-focused firms, but not asset management.



University talent pipeline

- ✓ Valued, but not a top driver. The presence of world-class universities and regional talent pipelines is seen as positive for firms hiring locally.
- ✓ Asset Managers feel that having good talent in an expansion is a hygiene factor.

“For us, it is important that there are good universities, and even more important that there are good consultancies and investment banks from which we could hire.”



Start-ups

- ✓ Asset Managers consider this appealing for tech and innovation companies, but less critical for Asset Managers.
- ✓ Most interviewees do not see start-up ecosystems as a decisive factor for their own expansion decisions, though they acknowledge the importance for other sectors. Knowing other sectors would be attracted to this location does not boost openness.

“If you are in finance, you would go to Tokyo. If you are a start-up, then you would go to Fukuoka.”

Messaging that is concise and clear is preferred by Asset Managers

“They should make it as easy as possible for people to understand and make it as simple as possible.”

“Succinct, direct messaging is more likely to be absorbed and remembered.”

“Most people won’t know what 20 million yen is. If you have a UK advertisement, you should include what £100k or whatever it is. Using local currency will catch people’s eyes a bit more and will be a number they remember.”



05 Market: Germany



Executive Summary for Germany

German Asset Managers see Japan as an **attractive but complex market**, with interest tempered by concerns about language barriers, relationship-driven business norms, and macro uncertainties.

While Japan's deregulation, NISA-driven reforms, and streamlined administrative processes are viewed positively, **managers find current messaging too high-level and require hard data, KPIs, and concrete case studies** to build conviction.

Tokyo is universally seen as the only credible first entry point, whereas Osaka, Sapporo, and Fukuoka remain unfamiliar and are only considered viable when tied to clear, sector-specific investment logic.

To attract Asset Managers, **Japan must provide quantitative evidence, clearer details on incentives and processes, and credible peer or expert references** that validate the practical realities of market entry and integration.

Wide scope of key considerations for global expansion

- **Market Attractiveness:** Strength of macro fundamentals and sector-specific growth; confidence in demographic, economic, and strategic sustainability.
- **Regulatory & Administrative Environment:** Predictable, low-friction regulation and efficient administrative processes that minimize barriers to entry.
- **Competitive Positioning:** Balance of established competitors vs. room to differentiate in a market viewed favorably by Limited Partners.
- **Talent Access:** Depth of the local talent pool and practicality of recruiting high-credibility profiles, considering language and cultural dynamics.
- **Government & Policy Support:** Availability and clarity of concrete incentives and pro-business measures that reduce set-up costs and operational risk.
- **Ecosystem Connectivity:** Access to relevant investors, corporates, and sector clusters enabling deal flow and strategy execution at scale.
- **Cultural & Operational Fit:** Ability to integrate into local business practices, supported by a strong on-the-ground presence where relationships are essential.

Resources used to learn about potential new locations:



INTERNAL SOURCES

Reliance on in-house macro/micro research, economic assessments, sector analysis and internal conviction themes.



PROFESSIONAL NETWORK

Insights from investors, partners and peers that help validate market signals and trigger deeper internal analysis.



COMPETITOR OBSERVATION

Some monitor competitor expansion activity and positioning to contextualize opportunity, saturation and strategic fit.



GOVERNMENT SOURCES

Clear, transparent government program websites outlining incentives, regulatory processes and concrete market data.



Global expansion considerations vary across regions, driven by opportunity, openness, and operational barriers

Japan and India emerge as strong opportunity markets.

- Japan is viewed as attractive due to its large investor base and the need for local presence to unlock fundraising and portfolio value.
- India is highlighted as a high-growth emerging market with strong demographics and existing touchpoints.

Europe and the U.S. offer additional strategic pathways.

- Iberia/Spain are considered a likely next step, viewed as interesting due to lower competition in the market.
- The U.S. is seen as a future expansion option, valuable because many portfolio companies rely on it as a core export market, making a local office beneficial.

Japan's ongoing reforms increase appeal but require validation.

- Positive reactions to signals of deregulation, operational improvements and greater openness to foreign Asset Managers.
- The shift from savings to investment (incl. NISA growth) is seen as a meaningful macro driver.

Barriers shape the pace and sequencing of expansion decisions.

- Japan is perceived as language and relationship-driven, requiring strong local presence and networks to operate effectively.
- Macro concerns such as aging population and high public debt create additional hesitation for expansion timing.

Interest in Japan is growing – but uncertainty about market entry and local integration slows commitment

Perceived opportunities with expansion

Access to a **large, sophisticated investor base**, with strong fundraising potential for international managers.

Tokyo provides a **mature, highly skilled financial ecosystem** with strong technological capabilities and operational sophistication.

Government signals of **deregulation, incentives and visa facilitation** suggest increasing openness toward foreign Asset Managers.

Supports broader **global coverage** (Asia–US–Europe), considered increasingly important amid macro fragmentation.

Perceived barriers to entry

Language and cultural barriers exist (seen as a closed society).

Limited experience operating in Japan raises uncertainty around where to begin, how to hire effectively and how to build a pipeline.

Difficulty in establishing a **credible local presence** without pre-existing networks; Japan perceived as more **relationship-driven** than Western markets.

Macro concerns such as **high government debt and an aging population** create questions around long-term sustainability.





Messages were positively received but lacked the depth needed to drive conviction

Messaging tested:

Japan represents one of Asia's largest untapped asset management opportunities. Japanese households currently hold over 50% of savings in cash and deposits, with the government aiming to shift these assets to investments and double NISA accounts within five years. This structural shift from savings to investment creates exceptional growth potential for Asset Managers entering now.

Japan now allows firms to outsource middle and back-office functions to foreign providers, removing previous requirements to perform all functions in-house. Companies can complete all administrative procedures solely in English, including company registrations.

Japan offers streamlined immigration specifically for asset management professionals. Foreign nationals can change status directly to "Highly Skilled Professional" without returning home, with processing taking around 10 days, and spouses can work full-time without separate visas.

- Messages were seen as positive and directionally supportive, but not transformative; reinforced existing impressions rather than changing views.
- Participants felt the statements were too high-level and would require more quantitative detail to be compelling.
- The statement on the structural shift from savings to investment (NISA) was considered promising due to its potential quantum and structural implications.

What needs to be improved

Evidence

Provide hard quantitative evidence (market size, expected inflows, case examples) to make the opportunity and reforms more credible.

Process clarity

Clarify how administrative simplification and English-language processes work in practice, as these claims triggered skepticism.

Operational realities

Explain operational realities of immigration and outsourcing processes with concrete steps or proof points, not just high-level statements.

Osaka, Sapporo, and Fukuoka are not well known, let alone in the asset management space

Osaka

One interviewee described it as a "sizable" economic hub near Kyoto with a large corporate base, but explicitly "not as a first choice".

The other interviewee was familiar with the name but lacked professional knowledge from a business or expansion perspective.

"Osaka is known, sizable, and near Kyoto with a large regional population and corporate base; suitable as a second office, not as a first."

Sapporo

One interviewee noted it was "far north" and "a bit too far" from the Tokyo/Osaka axis to be considered relevant. The other interviewee knew nothing about Sapporo.

"Sapporo is far north and a bit too far" from Tokyo/Osaka."

Fukuoka

The city was viewed as "far south" and distant as a first choice by one interviewee. The other interviewee knew nothing about Fukuoka.

"I'm not familiar enough with Fukuoka either."



With low familiarity in Germany, more education is needed to show why cities beyond Tokyo are viable options.

Messaging tested:

In 2024, the Japanese government announced the creation of “Special Zones for Financial and Asset Management Businesses” in four of Japan’s largest cities - Tokyo, Osaka, Fukuoka, and Sapporo - to promote new entry and expansion of domestic and foreign financial and asset management businesses and attract foreign investment.

Tokyo is Japan’s established financial capital and Asia’s largest innovation hub. Osaka is a key economic hub and financial center, while Fukuoka is a major hub for start-ups. Sapporo is northern Japan’s business hub, and a leader on renewable energy and semiconductors.

The government aims to develop these special zones into competitive financial hubs by attracting asset management businesses with tax incentives, investment deregulation, new visa categories and measures to enable businesses to complete administrative procedures in English.

What works?

Clear Signals of Business-Friendliness

- The regulatory easing, visa facilitation, and tax incentives were highly compelling.

Sector-Specific Logic

- Locating outside of Tokyo is only logical if it aligns with an investment specialization. If an investor were specialized, locating directly in the relevant cluster city could make sense.

Government Commitment

- The active promotion of Special Zones with incentives signals a positive, pro-business policy stance and is perceived as a tailwind.

What is missing?

Quantitative Data / KPIs

- Hard facts are needed, not generic claims.
- This includes: Investment volumes and ecosystem growth metrics in the zones, tangible cost-of-living differentials vs. Tokyo.

Germany Feedback: Addressing the "Marketing-Heavy" Message

The Challenge: Current Messaging Lacks Depth and Credibility

German Asset Managers need quantitative certainty, not qualitative encouragement. The high-level messaging felt “very qualitative” and “marketing-driven”, and one interviewee’s interest even decreased due to the lack of concrete, verifiable data.

“The messaging overall is too marketing-heavy and not specific enough I prefer hard facts and KPIs rather than general lifestyle statements.”

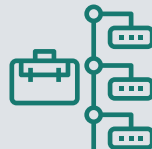
Three Core Needs to Compel Consideration

Shift to Hard Financial KPIs and Metrics



German Asset Managers need hard facts on the economic structure, the growth dynamics of key target sectors, and the depth and quality of the office market to see that regions beyond Tokyo are viable.

Providing specific, industry-related use cases



The justification for locating outside Tokyo must be tied to specific investment theses, with clear evidence of a city’s links to growth sectors and the deal flow it generates. Subsidy conditions, eligibility criteria, and administrative hurdles also need to be clearly detailed.

Integration of expert/peer references and context



Asset Managers in Germany rely heavily on peers and industry experts. References from managers already operating in Japan, along with case studies of successful market entries or joint ventures, would build credibility. Clear information on local recruiting and reliable partners is also needed to address concerns about Japan’s “closed society” and language barriers.

More concrete data, clearer government intent, and real examples from peers can help shape a compelling case for Japan



Provide concrete, fact-based evidence of the real opportunity

Interviewees felt the messaging was too high-level and would need quantitative proof (investment volumes, deal flow, size of opportunity).

Need for a clearer view of Japan's macro growth prospects, political stability, and regulatory/bureaucratic burden, alongside micro-level factors.

Claims about deregulation, English-language procedures or immigration must be proven with specifics, as generic messaging triggers skepticism.



Clear strategic rationale & credible messengers

Need to understand why Japan is opening now and how foreign Asset Managers fit into the government's long-term plans.

Credible senders are essential: ideally government actors or established Japanese Asset Managers offering potential cooperation.

A narrative must address Japan's bureaucratic and relationship-driven environment, explaining how current reforms change the operating reality.



Highlight existing market players and their experience

They want to get practical insights from the professional network (investors, potential partners, market participants) to validate new markets.

Desire for practical experience points: which international managers are already there, how their setup worked, and what challenges they faced.

Information on talent access, recruiting partners, expat integration, costs, safety, and relevant sector clusters is needed.

