

Financial Countermeasures against Natural Disasters

Japan's response to the Great East Japan Earthquake

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Outline

➤ Phase 1

“Immediate response to the disaster”

➤ Phase 2

“Support for rehabilitation and reconstruction”

➤ Lessons for the future

“Importance of disseminating information quickly”

Phase 1 Immediate response to the disaster

Measures taken by the FSA on March 11 (the day of the earthquake)

- A “Disaster Management Team” was established.
- Joint Requests by Minister for financial services and the Governor of the Bank of Japan were made to financial institutions.

⇒ Banks

- Open on holidays
- Flexible procedures to identify depositors
- Suspending the dishonoring of drafts and checks that could not be processed due to the disaster etc.

Phase 1 Immediate response to the disaster

⇒ Insurance companies

● Expedited Claim Handling

--- Aerial/Satellite Photos

were used to decide the degree of damage of properties in affected areas, without on the spot surveys.

● Prompt payments

Insurance companies paid JPY 1,140 bn by the end of July 2011.
(estimated total : JPY 1,170 bn)

● Earthquake Insurance System

Government payments: JPY 560 bn

Private sector payments: JPY 670 bn

- Rikuzentakata City -

Before (aerial photography)



After (satellite photography)



Note: A Photo from the GIAJ

Phase 1 Immediate response to the disaster

➤ **Measures implemented on the financial institutions' own initiative**

⇒ Allowing the people evacuating away from home to make withdrawals at over 100 banks without deposit certifications.

➤ **Announcement to ensure financial stability**

⇒ On Sunday, March 13th, one day before the first opening of the markets after the earthquake, the Minister for Financial Services issued a statement announcing that trading in the financial markets would go on as usual from the following day (Monday).

Phase 2 Support for Rehabilitation and Reconstruction

- **Securing financing for the affected people to rebuild their lives and businesses**

“The double debt(= Existing debts + New debts) problem”

- ⇒ Individual Debtor Guideline for Out-of-Court Workouts in July 2011
- ⇒ The Support Organization for Companies Damaged by the Great East Japan Earthquake in February 2012

Phase 2 Support for Rehabilitation and Reconstruction

➤ Strengthening regional financial functions and providing depositors with a sense of security

- ⇒ Revision of the Act on Special Measures for Strengthening Financial Functions
- ⇒ Capital injection into financial institutions in the affected areas (JPY 231 bn injected into 12 banks)

Lessons for the future

- **Crucial to reach out to the affected people and quickly disseminate information about financial countermeasures**
- **The FSA took the following actions:**
 - ⇒ Disseminating information through radio, newspapers and leaflets in the areas with no electricity
 - ⇒ Sending staff members from the FSA's local offices to the shelters in areas with no access to the media
 - ⇒ Cooperating with local governments and the Chamber of Commerce to provide information to the people doing business in the affected areas.