Recent challenges for the Japanese securities industry

The G20 Osaka Summit identified some global challenges. Among those, below are closely related to the securities business.

- Aging Society
- Market Fragmentation
- Technological Innovation
Measures toward the Aging Society

NISA: a recipe to address population aging

2014: Nippon Individual Savings Account (NISA)
2016: Junior NISA
2018: Dollar-Cost Averaging NISA

Japan Financial Services Agency’s mascot, Tsumitate WaNISA

Since their introduction, more than 13 million accounts have been opened in total and over JPY 16 trillion in assets under management (as of end March 2019).

Financial Gerontology

- Research Center for Financial Gerontology at Keio University
- Japan Financial Gerontology Institute
Efforts to cope with financial market fragmentation and further raise market efficiency

In May 2019, the Study Group on International Financial Regulation submitted its opinion paper to the G20 as well as their major global counterparties. The paper identifies four sources of financial market fragmentation, (1) discrepancies, (2) overlaps, (3) desynchronization, and (4) competition.

On another front, the settlement period for government bond transactions was shortened to T+1 on May 1, 2018 and the T+2 stock settlement went into effect on July 16, 2019. All securities listed on the exchanges in Japan are now settled on T+2 or earlier.
Technological Innovations

ICO: Payment Services Act
STO: Financial Instruments and Exchange Act

Source: Fintech News Hong Kong (https://fintechnews.hk/2521/various/fintech-map-japan/)