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Inaugural Interview with Parliamentary Vice-Minister for Financial Services MUNEKIYO Koichi



MUNEKIYO Koichi, Parliamentary Vice-Minister for Financial Services

Born on August 9, 1970, Parliamentary Vice-Minister MUNEKIYO joined the world of politics as an assistant to Mr. SHIOKAWA Masajuro, a former member of the House of Representatives. After serving in the post for 10 years, he was elected to the Osaka Prefectural Assembly in 2007 and to the House of Representatives in 2014. Playing the guitar and skiing are among his hobbies. "To show strong will and remain principled in difficult times" is his phrase to live by.

We interviewed Mr. MUNEKIYO Koichi, who took office as Parliamentary Vice-Minister for Financial Services when the KISHIDA Fumio Cabinet was inaugurated on November 10. In this interview, Mr. MUNEKIYO talked about his resolutions and thoughts on financial sector policy.

Outline of the interview

- ◆ To strive to design institutional arrangements for financial services and reduce risks in line with economic conditions and social changes
- ◆ To focus on the establishment of environments for nurturing asset building of the people
- ◆ To create a society that will enable people to become tolerant of each other

— Please tell us about your resolutions as Parliamentary Vice-Minister for Financial Services.

Economic conditions and society are greatly changing due in part to the spread of COVID-19.

For example, the financial structure is going through changes, such as the spread of non-contact electronic payments, as a result of digitization. The age pyramid of the population is also changing. Regional financial institutions are promoting management reforms, treating mergers and consolidations as an option. The FSA thus needs to design institutional arrangements and operate in line with the trends of the times.

New risks will be emerged if financial services become friendlier to users as accompanied by social changes. It is important for the FSA to firmly face and reduce the risks in cooperation with the government ministries and agencies concerned.

From the viewpoint of asset building of people, I don't think it is correct for people, especially young people, to consider that "saving is all we should do with money." I think it is important for people to work out life plans for their future, using such facilities as the Nippon Individual Savings Account (NISA) program. As the dissemination and disclosure of information by the FSA and financial industry is important to promote the move, I will work to develop necessary environments.

— What are impressive among the policies you have tackled so far?

I have been striving for systemic reforms in "invisible but important" areas, such as public finance and social security. As my basic political stance, I keep telling myself that "we make responsible decisions for the sake of people in the future and judgments with no mistakes for the future."

Last year, meanwhile, I became responsible for industrial policy as Parliamentary Vice Minister of Economy, Trade and Industry amid the drastic social changes resulting from the spread of COVID-19. With the flow of people halting and shocks coming from both the supply and demand sides, we didn't know what to do in the face of the unprecedented situation. We share our knowledge to deal with what we should do one by one. Consulting with young ministry officials, we worked out systems for employment and business operations and carried out necessary countermeasures by repeatedly fine-tuning them. We listened to employers and workers and converted their demands into budget-backed systems. They were pleased because the systems led to the continuation of businesses and employment. It was very impressive that we could realize the outcome of our efforts in a "visible" form.

The FSA worked together with us through cash flow support and other programs. Thanks to these and other efforts, the rate of unemployment and the number of bankruptcies are being kept relatively low in Japan.

— ***What motivated you to become a National Diet lawmaker?***

I worked as an assistant to former Finance Minister SHIOKAWA Masajuro for 10 years and so I was close to politics. But at that time, I was not considering I would someday be involved in national politics based on the experience as a lawmaker's assistant. An election to fill a vacancy in the Osaka Prefectural Assembly was held in the 10th year of my career as an assistant and some people encouraged me to run. Mr. SHIOKAWA was my teacher. Looking at him as his assistant, I strongly felt that the work of lawmakers is tough but can contribute to society. As there were people who said, "Go, MUNEKIYO," I decided to take on the challenge once. I was then given a chance of becoming a politician and elected to the Osaka Prefectural Assembly when the next nationwide local elections were held. I served there for two terms. During my second term, I ran for national politics and was elected for the first time.

Many people say, "I want to work hard for my country and its people." But as the origin of politics, I think I should attach importance to people around me and desire to do good for people in front of me. To work for the

community and the country is an extension of such a stance.

I am sure, therefore, that I can contribute to the community and the country by doing my utmost to address each of the things right before my eyes, instead of haphazardly saying that "I want to work hard for my country and its people." As the very base of politics, I think I should earnestly and faithfully face things right before my eyes. To this end, I try to meet as many voters as possible and listen to them.



〔 Photo: During the interview 〕

— ***What do you pursue as a politician?***

First, I think our society should be more tolerant.

It seems that behavioral restrictions imposed due to the spread of COVID-19 have made people mentally atrophic and mutually check their words and deeds. I feel that everybody has become uptight. For example, mistakes are not tolerated.

Unless we appreciate self-restraint in words and deeds in a forward-looking manner, rather than nitpicking, and make allowances for each other, we cannot create a good society. I would like to create a country with dignity and a tolerable society as the characteristics of Japan. It is a society where various people, including government officials, can freely voice opinions and work. In society, people should not consider that things they have nothing to do with are waste and can be attacked. Instead, they should understand that other people are working hard in their own positions. It is a depthless thought that we should think of nothing but things directly related to us. It is important for us consider that everything is related to us.

— *How do you do unwind on your days off?*

I can take only a limited number of days off. When I do, I always spend time with my family. Even if I cannot take a whole day off, I try to spend time with my family when I have time, say, one hour or two in the daytime or at night. I don't so much think of how to unwind but I spend time with my family, whenever possible, to share happiness. I say to myself out loud, "I'm happy," three times a day. I say it to my family, too. By doing so, I can realize that I am happy and fortunate.



〔 Photo: During the interview 〕

Even if anything stressful happens to me, I don't worry much. I try to forget it and reboot my mind when I wake up the next morning. When I feel stressed, I try to positively accept it as necessary and very inevitable to me, instead of worrying over what to do in a backward-looking manner.

— *Finally, what are your words to live by?*

"Shippu Keiso" is my phrase to live by. I learned it from Mr. SHIOKAWA Masajuro.

"Keiso" means firmly rooted grass that can withstand "Shippu" (strong wind). If you make firmly rooted efforts on a daily basis, you will not be blown over when a strong wind blows. The words teach the importance of diligent efforts instead of makeshift, superficial efforts. You 'won't succumb to criticism if you steadily continue down-to-earth efforts.

Mr. SHIOKAWA was a very diligent person, always working. He was a man of endeavor in the real sense of

the word. Watching his efforts nearby for 10 years, I recognized how important efforts are. I am also the type of person who continues diligent efforts to complete one thing without quitting. If I have to run 100 meters, I'll run 101. In time of travail, I always say to myself, "Stay on my feet at the edge of the fighting arena" as meant by my words to live by.

(Interviewer: SAITO Takafumi, Director of the Public Relations Office)

Meeting of Directors-General of Local Finance Bureaus

Remarks by State Minister KIKAWADA and

Parliamentary Vice-Minister MUNEKIYO

The Financial Services Agency held the current administrative year's third meeting* with Directors-General of Local Finance Bureaus on January 26, 2022, online due to the spread of COVID-19. State Minister for Financial Services KIKAWADA and Parliamentary Vice Minister MUNEKIYO participated in the meeting from their offices and gave remarks at the beginning of the meeting.

<Remarks by State Minister KIKAWADA>

State Minister KIKAWADA made the following remarks on two topics -- "thorough support for businesses" and "lowering of the age of legal adulthood."

First, each Local Finance Bureau is once again expected to encourage financial institutions to support businesses so as to realize effective use of the government's programs, such as (1) extending effectively interest-free and unsecured loans by government-affiliated financial institutions and (2) raising the guarantee cap of the escort-type special credit guarantee system, which are included in the "Economic Measures on Overcome New Coronavirus Infections and to Carve Out a New Era" (adopted by the government in November 2021), and then as to fully ensure the purposes of various requests (made in November and December 2021) to be informed for thorough implementation of support for businesses.

Second, the FSA will steadily implement various measures to prevent young people from becoming excessively indebted now that the legal age of adulthood will be lowered in April 2022. Each Local Finance Bureaus, therefore, is expected to (1) take all possible measures, such as thoroughly monitoring money lenders, in ongoing cooperation with the FSA and to (2) actively engage in PR activities.

<Remarks by Parliamentary Vice-Minister MUNEKIYO>

Parliamentary Vice-Minister MUNEKIYO made the following remarks on two topics -- a program to promote matchmaking between regional companies and retirees from big firms, and "Regional Banking Summit"

First, with regard to the matching program, the FSA is

willing to support active work in regional communities by people who have accumulated experience at big companies. Each Local Finance Bureaus, therefore, is expected to encourage local financial institutions to make use of the program for further vitalization of regional economies.

Second, the Regional Banking Summit, slated to be held in cooperation with certain Local Finance Bureaus in February 2021, will seek to support businesses from various perspectives, including "money," "people" and "information," and back regional financial institutions' ingenuities to prop up regional industries and economies.

In closing, it is important, in supporting businesses, that information on support measures accurately gets through to people in need. Each Local Finance Bureaus therefore is each expected to disseminate information in close and continuous cooperation with organs concerned.

Following the addresses by the state minister and the parliamentary vice minister, the commissioner and other senior FSA officials gave accounts about challenges to the FSA's financial policy for now as well as its other initiatives, etc. They also share their awareness of the challenges and so forth with the Local Finance Bureau chiefs and confirmed that the FSA and Local Finance Bureaus will continue addressing them in unison.



State Minister KIKAWADA (left) and Parliamentary Vice-Minister MUNEKIYO (right) giving remarks at the meeting with Directors-General of Local Finance Bureaus

* The FSA delegates part of its authority over the inspection and supervision of regional private financial institutions, etc. to the 11 Local Finance Bureaus (including the Okinawa General Bureau of the Cabinet Office) based on laws and regulations. In order to ensure sufficient cooperation between the FSA and the Local Finance Bureaus, Directors-General of Local Finance Bureau and senior FSA officials meet once every three months to discuss a variety of issues.

Challenges to Address Environmental Problems at Hand in Belgium

FUKUI Yasuhito, Second Secretary at the Mission of Japan to the European Union

1. Preface

Articles on climate change are carried by newspapers and other media almost daily as if no day passes without coming across words related to environmental problems, such as "global warming" and "abnormal climate." We feel that climate change, given the increased importance of measures to address the issue, is so large a problem that it must be dealt with on a global basis. In fact, challenges related to climate change have been continuously taken up on international occasions, such as meetings held by the Group of Seven and Group of 20 countries. In November 2021, furthermore, the 26th UN Climate Change Conference of the Parties (COP26) was held in Glasgow, UK, drawing global attention to deliberations there. At the World Leaders Summit held as a summit-level meeting, the heads of state from more than 130 countries spoke in their speeches about the nations' programs to promote anti-climate change measures on a global basis. The leaders thus reaffirmed that climate change is a worldwide problem and pledged that the entire international community will jointly and cooperatively cope with it.

2. Approaches in Europe

While challenges against climate change are underway around the world, Ursula von der Leyen, upon assuming the post as president of the European Commission (EC) on December 11, 2019, announced six policy guidelines, including the European Green Deal (EGD). The EGD, in particular, is a set of policy initiatives with the aim of making the EU become a "climate-neutral (no net release of carbon dioxide to the atmosphere) continent" by 2050 for the first time in the world. Specifically, the EU will seek to become carbon neutral by 2050 (through the reduction of CO2 emissions to 50% to 55% by 2030 and then towards 55% compared with 1990 levels). It is a comprehensive package of climate and environment policy measures to protect people, animals and plants from pollution and environmental disruption and achieve fair and all-embracing innovative social changes that leave nobody left behind, using European companies as leaders in clean technologies and products.

For the financial sector, the EC adopted an EU Sustainable Action Plan in 2018 under which it has taken such steps as proposals for the creation of an EU taxonomy, a classification system of environmentally sustainable

economic activities, a Corporate Sustainability Reporting Directive (CSRD), a disclosure system to provide investors with information for selection of sustainability investments and an EU green bond standard as a benchmark or standard for green bonds. Revising the sustainable finance strategy in July 2021, the EC added four tasks needed to support the financial sector's contribution to transition to a sustainable economy -- (1) Extend the existing sustainable finance toolbox, (2) Improve the inclusiveness of consumers and small and medium-sized enterprises by giving them greater access to the sustainable finance market, (3) Enhance the resilience and contribution of financial institutions (increase the financial sector's contribution to sustainability, etc.) and (4) Achieve a global ambitious goal (promote the formation of a global agreement on challenges to international sustainable finance).

3. Approaches in Belgium

As opportunities to realize the adverse effects of climate change at hand, such as typhoons and flooding caused by abnormal weather, are increasing, a variety of countermeasures are being examined and implemented at national and international levels. In Europe, the EU as a whole is addressing them, as are nations individually.



Photo: Cars run in a zone placed under a speed limit of 30 kilometers an hour.

In Belgium, 41 precious lives were lost because of floods caused heavy rainfall in July 2021. Alexander De Croo, prime minister of the federal government of Belgium, noted in his speech at COP26 that European countries, like others, are exposed the effects of climate change and pledged that Belgium will carry out a variety of ambitious measures to cope with them, such as trebling the capacity of its offshore wind power stations in the North Sea by 2030 to create the most important hub for the supply of clean hydrogen. There also are initiatives underway at the level of daily life. Personally intrigued by them, I will introduce two cases as follows.

(1) In-city speed limit of 30 km/h

The speed on most of roads in the Brussels Capital Region is 30 kilometers per hour, effective January 1, 2021, although the limit is 50 km/h on certain arterial roads in the city. The new regulation has been introduced to reduce not only traffic accidents but also air and noise pollution as a result of smooth traffic that curbs acceleration and deceleration. As my personal impression, there are many rough drivers in Brussels and the speed limit before the introduction of the new regulation was not often followed. It seems to me that many people are complying with the new regulation (accompanied by an increase in the number of mobile monitoring cameras and the imposition of fines on violators). I was very intrigued when I read a very direct question, posted in the question and answer section of traffic authorities' website in time for the introduction of the new regulation, asking whether "driving at 31 km/h constitutes a violation." (laughs)

(2) Car-Free Sunday

Europe holds an annual initiative, called European Mobility Week, from September 16 till 22, during which citizens and administration jointly consider "how to use cars" from the environmental point of view in light of excessive reliance on motor vehicles. The traffic policy promotion project is aimed at improving urban environments from the angle of city traffic. It ends with a Car-Free Day when citizens do not use cars so that each of them actually experiences an urban environment without cars and considers problems in the "car first" society. Under the same concept, Brussels organizes a Car Free-Sunday, where motor vehicles are not allowed, except for urgent necessity, from 9:30 a.m. till 7 p.m. As means of transportation, citizens are recommended to walk or use bicycles, roller blades, etc. On the day, public transportation services offered by tram and metro trains and buses are available for free of charge.

Off the track, citizens look forward to the annual event so much that bicycles sell out at sporting goods stores as the day approaches. I hear that many citizens go round Brussels by bicycle on the day.

4. In closing

Brussels' environmental initiatives familiar to citizens are possible because the city, though the capital of Belgium, is relatively small. I personally consider that it would be difficult for Tokyo to conduct exactly the same measures. But the implementation of initiatives like "Car-Free Sunday" on a day or half a day in a limited area can raise citizens' environmental consciousness and contribute to the launching of environmental measures from surroundings close to citizens. In this respect, I personally think that it would be worth trying similar measures.



Photos: Car-Free Sunday in Brussels



Outline of "Report by the Working Group on Payment Services" of the Financial System Council

HASHIMOTO Hideo, Director for Banking and Payment Regulations Office

On January 11, 2022, a "Report by the Working Group on Payment Services" of the Financial System Council was released. The report discusses a legal and regulatory issues related to (1) banks' joint anti-money laundering and combating the financing of terrorism (AML/CFT) operations, (2) so-called stablecoins, and (3) high-value and electronic transferable prepaid instruments.

1. Background

At the 47th general meeting of the Financial System Council in September 2021, the Minister of State for Financial Services consulted with the council on measures to build a stable, efficient fund transfer and settlement system taking into account international requirements for AML/CFT measures and further progress in digitalization. In response, the council set up the Working Group on Payment Services (chaired by KANSAKU Hiroyuki, professor at the University of Tokyo Graduate Schools for Law and Politics). The working group met five times between October and December 2021 to discuss the

following three themes before compiling the discussions into the report.

- (1) Measures to strengthen AML/CFT effectiveness and efficiency of financial institutions
- (2) Legal and regulatory framework regarding so-called stablecoins
- (3) Disciplines regarding prepaid payment instruments to ensure AML/CFT compliance

2. Measures to strengthen AML/CFT effectiveness and efficiency of financial institutions

In light of the ongoing digitalization of finance and the continuous sophistication of money laundering and terrorist finance activities, the Financial Action Task Force (FATF) internationally has requested banks to implement a higher level of AML/ CFT measures. Given the urgency of strengthening such measures, the banking industry has been studying the feasibility of joint AML/CFT operations. The working group has discussed a legal and regulatory framework to ensure the quality of such operations.

Introduction of a regulatory framework for entities that provide transaction filtering and transaction monitoring for fund transfer transactions

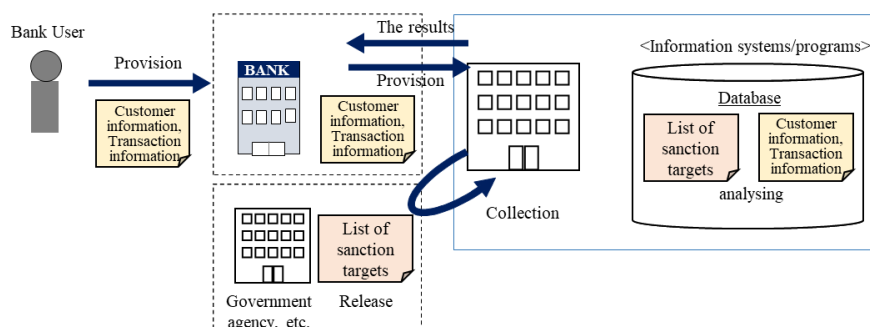
[Background for consideration]

- Given the progress of digitalization of financial services, a higher level of transaction filtering and transaction monitoring is required internationally. At present, the banking industry has been studying the feasibility of joint AML/CFT operations to implement AML/CFT measures in a more sophisticated and efficient manner.

[Outline of business regulations on the joint organization]

- Require a license for entities that provide transaction filtering and transaction monitoring for banks' fund transfer transactions on a large scale, and ensure the quality of their AML/CFT operations through direct regulation and supervision by the authorities.

Joint AML/CFT operations (image)



As the number of entrusting banks increases and the scale of joint AML/CFT operations is enlarged, the responsibility of individual entrusting banks to supervise the joint AML/CFT operations could become unclear, which could potentially undermine the effectiveness of their monitoring and supervision. Moreover, as joint AML/CFT operations are expected to play an important role in banks' AML/CFT compliance, malfunctioning of its operations could have a significant impact on Japan's financial system. Taking these points into account, the report recommends the FSA to introduce a regulatory framework for joint AML/CFT operations — transaction filtering and transaction monitoring with respect to banks' fund transfer transactions, aiming to ensure the quality of its operations through direct regulation and supervision by the authorities.

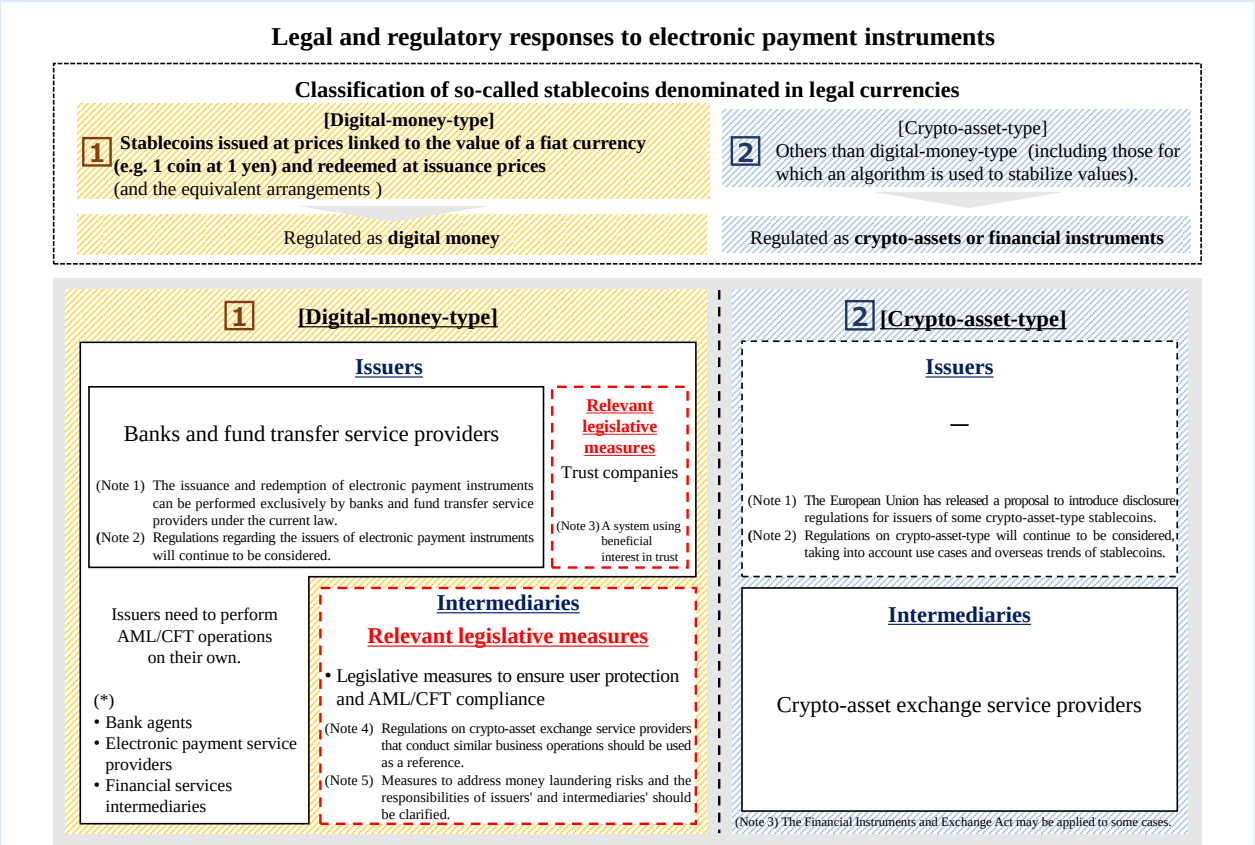
The report suggests that the legal and regulatory framework should include a certain level of entry requirements, business restrictions and proper management of personal information. The report underscores the importance of obtaining the public understanding of ongoing customer due diligence so that banks can smoothly and effectively implement AML/CFT measures. It also emphasizes that the public and private sectors should work together to disseminate the importance of AML/CFT measures to the public.

3. Legal and regulatory framework regarding so-called stablecoins

Since the advent of so-called Libra initiative in June 2019, the international community has held intensive discussions on regulatory and supervisory responses to global stablecoins. In February 2020, the Financial Stability Board (FSB) released high level recommendations underpinned by the principle of "same business, same risks, same rules." The attempt to introduce regulations based on such principle is underway in the United States and Europe.

Given the accelerating trend of digitalization in fund transfer services, the FSA set up the Study Group on Digital and Decentralized Finance in July 2021. The study group, consisting of jurists, experts and engineers, has discussed fund transfer services using distributed ledgers and compiled an interim report in November 2021. Following the interim report which calls for prompt legal and regulatory responses to stablecoins, the working group further discussed the details of legal and regulatory issues.

The working group concludes that stablecoins that are issued at prices linked to the value of a fiat currency while promising redemption at issuance prices, among broad so-called stablecoins arrangements which do not have clear definition, should be regulated as digital money. The



current Japanese legal and regulatory framework for digital money assumes that banks and fund transfer service providers shoulder responsibilities for entire services. The working group has considered a framework under which the separation of issuers from intermediaries is allowed like those prevailing in the United States.

The report recommends the FSA to introduce a legal and regulatory framework that is flexible but with sufficient coverage, which also allows the separation of issuers from intermediaries in legal and regulatory sense in fund transfer services using distributed ledgers, aiming to promote private sector innovation and protect users. The report also concludes that:

- The development of a new framework for digital money issued by the private sector could not only promote user protection and strengthen AML/CFT compliance but also foster various private-sector-led initiatives aiming to further improve the efficiency of fund transfer and settlement services.
- The new framework to be introduced is expected to enhance user convenience of central bank digital currency, which is supposed to coexist with private sector digital money.

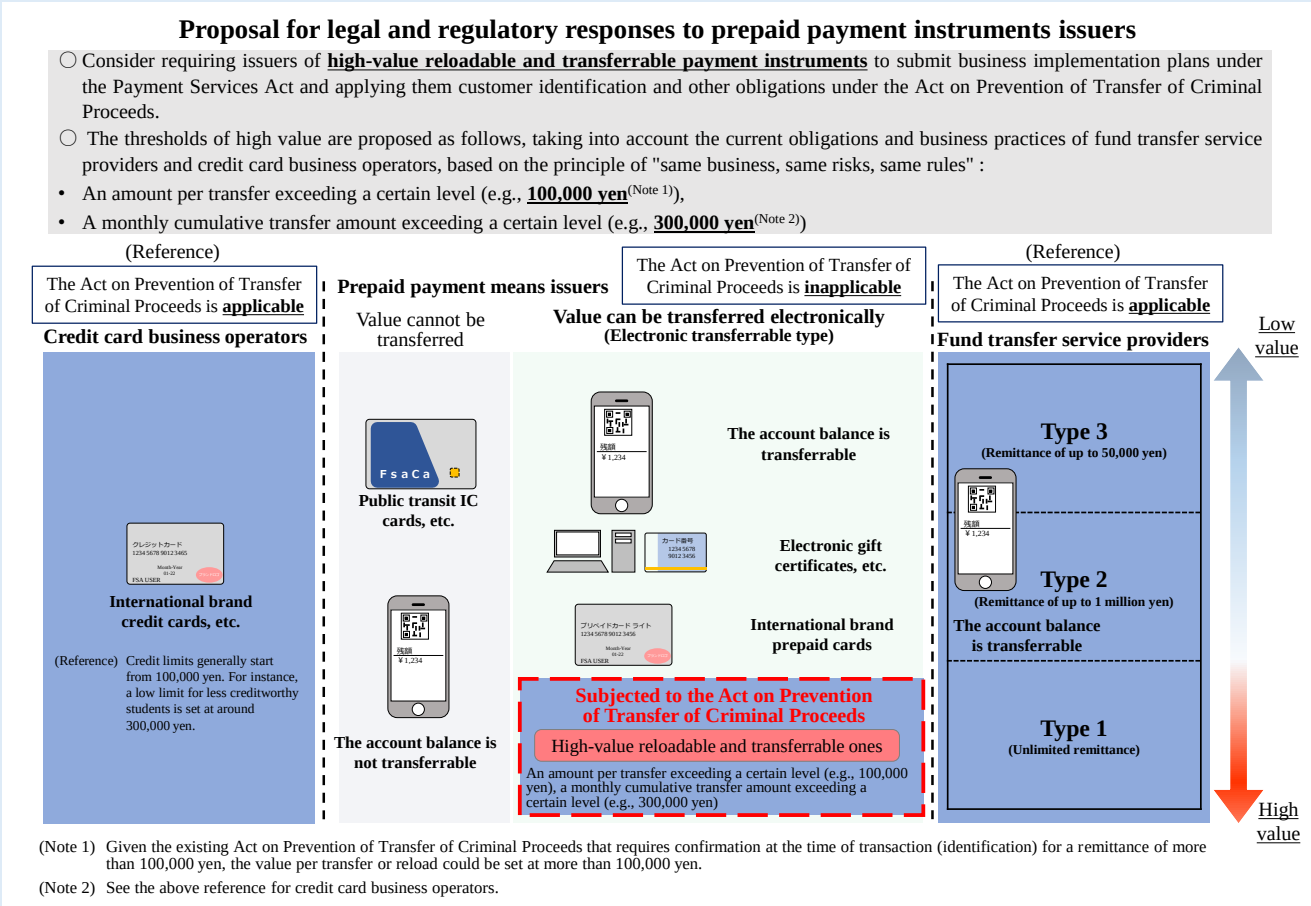
-The discussions on the application of deposit insurance to schemes in which the issuer is a bank should continue, taking into account broader perspectives.

4. Disciplines regarding prepaid payment instruments to ensure AML/CFT compliance

The working group has discussed disciplines to ensure AML/CFT compliance that would be sufficient for high-value and electronic transferable prepaid payment instruments, taking into account the recent trend of service provision. The report recommends the FSA to consider requiring the issuers of high-value and electronic transferrable prepaid payment instruments to submit business implementation plans under the Payment Services Act. It also recommends to introduce such issuers AML/CFT obligations including customer due diligence at the time of transaction under the Act on Prevention of Transfer of Criminal Proceeds.

5. Subsequent responses

Following the recommendations of the report, the FSA has submitted necessary legislation to the National Diet in March 4, 2022.



Publication of "Common Key Performance Indicators comparable across Foreign Currency denominated insurance distributors"

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Introduction

On January 18, 2022, the FSA published the "Common Key Performance Indicators comparable across Foreign Currency denominated insurance distributors" (hereinafter referred to as "the common KPIs" or "the KPIs"). The KPIs as part of policy measures for citizens' stable asset building are designed to promote foreign currency denominated insurance distributors visualization of their sales performance to provide their customers with useful information for selecting financial business operators and products and further financial business operators' customer-oriented business conduct. This article introduces an outline of the KPIs and an experimental analysis of the KPIs we have conducted in cooperation with 34 financial institutions.

Outline of common KPIs for foreign currency denominated insurance distributors

In March 2017, the FSA finalized and published the "Principles for Customer-Oriented Business Conduct" (revised in January 2021) to realize citizens' stable asset building.

So far, many financial business operators have adopted the principles, formulated and published business policies based on the principles and announced KPIs for the objective assessment of customer-first business conduct. Given that voluntary KPIs vary and that it is not necessarily easy for customers to use KPIs for selecting financial business operators, the FSA published comparable common KPIs to visualize long-term returns on investment trusts compared with relevant risks and fees (hereinafter referred

to as "common KPIs for investment trusts") in June 2018.

To contribute to selecting financial business operators that provide customer-oriented quality financial instruments and services and make it easier for customers to compare instruments across business categories, the FSA this time published the "customer ratio based on investment return" and the "cost and return on investment by issue" as the KPIs for foreign currency insurance products that have been defined according to the same standards as for the common KPIs for investment trusts that are recommended as financial instruments having functions similar to those of foreign currency insurance products:^{*1}

- The "customer ratio based on investment return" indicates a distribution of customers holding foreign currency insurance products on a standard day by the level of return on insurance products since their purchases.
- The "cost and return on investment by issue" plots the average cost (the annualized new and renewed policy fees out of commissions paid by insurers to agents for insurance policies) and the average return (the annualized return on insurance policies since their purchases).

However, the KPI return does not reflect the security function that investment trusts do not have. Therefore, it must be noted that return levels alone should not be used for comparing investment trusts and insurance products.^{*2}

^{*1} The FSA has refrained from introducing a KPI for foreign currency insurance that corresponds to the "risk/return on the 20 largest investment trusts in deposit balance," because financial business operators have not accumulated necessary data for foreign currency insurance. Given the absence of such data and other challenges, the FSA will consider an adequate indicator in the future.

^{*2} Therefore, financial business operators are required to provide the following qualitative description of insurance products' characteristics, including the abovementioned point, when publishing the KPIs:

- Foreign currency insurance products feature security and investment. When a foreign currency insurance policy matures or its holder dies, insurance money is paid. When a policy is cancelled, a cancellation refund is paid. As any insurance policy is designed for long-term holding, a refund for early cancellation may usually slip below a single lump sum premium payment due to a surrender charge.
- A cancellation refund is denominated in yen at an exchange rate on a standard day and may differ from a value for holding to maturity or a foreign currency value.

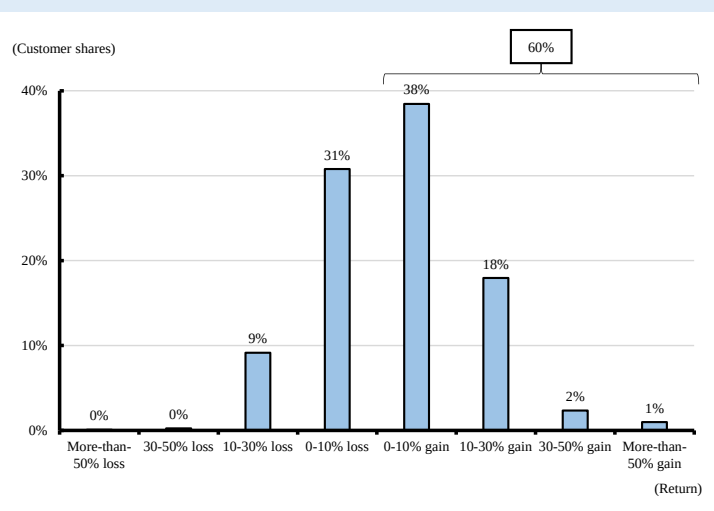
Analysis of the common KPIs for foreign currency insurance

When publishing the KPIs for foreign currency insurance, the FSA provided analytical data for comparing the common KPIs for investment trusts with those for foreign currency insurance that have been estimated by 34 financial business operators including major banks and regional financial institutions. The analytical data are introduced here.*3,4

(1) Customer ratio based on investment return

The breakdown of customers, or foreign currency insurance policy holders, by return provided to them by insurance sales firms on a standard day indicates that return was positive (the combination of the cancellation refund value and past payment value in yen on a standard day is more than the single lump sum premium payment value at purchasing) for 60% of the customers based on total data provided by the 34 financial business operators including major banks and regional financial institutions, while being negative for 40% (Figure 1). Return on investment trusts as estimated by the same financial institutions was positive (the combination of the total market value, the cumulative dividend value and the cumulative sales value is higher than the cumulative purchase value (including fees) on a

(Figure 1) Customer ratio based on investment return on foreign currency insurance (based on total data provided by the 34 financial business operators including major banks and regional financial institutions)



standard day) for 84% of the customers at the end of March 2021, reflecting a stock market upsurge. However, return was positive for 31% of the customers and negative for 69% at the end of March 2020. At the end of March 2019, return was positive for 63% and negative for 37% (Figure 2).

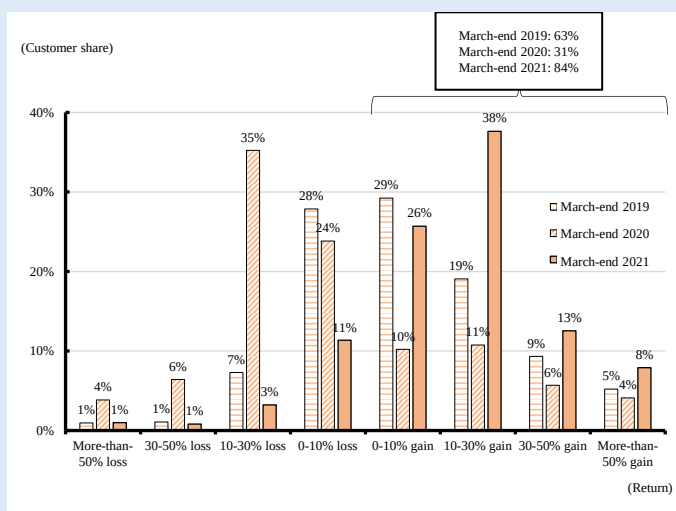
As return levels for foreign currency insurance designed for investment mainly in foreign bonds are relatively less various, customers with a loss of up to 10% or a gain of less than 10% accounted for 69% or a majority of the total. In contrast, customers with a loss of up to 30% or a gain of 30% or more were relatively more for investment trusts.

Once again, foreign currency insurance products feature death and other security functions that are not reflected in the customer ratio based on investment return, meaning that it is not necessarily appropriate to use the breakdown for simply checking whether foreign currency insurance products are more favorable for customers than investment trusts.

(2) Cost and return on investment by issue*5

We attempted to verify the relationship between cost and return for foreign currency insurance products purchased at least five years ago and found no clear relationship regarding weighted average data for all products handled by the financial institutions (Figure 3).

(Figure 2) Customer ratio based on investment return on investment trusts (based on total data provided by the 34 financial business operators including major banks and regional financial institutions)



*3 The analysis results represent the compilation of data from some financial institutions that sell foreign currency insurance products, failing to cover all financial institutions.

*4 Standard days for the common KPIs for foreign currency insurance in this analysis differ by sales firm, falling within a period between June and November 2021.

*5 The "cost and return on investment by issue" data do not cover some financial institutions that have no or few foreign currency insurance products purchased at least five years ago.

Meanwhile, the "cost and return on investment by issue" data for the 34 financial institutions indicated that return tends to fall as cost increases (Figure 4). Because earlier cancellations are mostly accompanied by higher surrender charges for foreign currency insurance products, annual return tends to be more for longer contract periods. Furthermore, annual cost tends to be less as annual agent commission rates are lower for longer contract periods. The contract period length is a factor that apparently has some influence on the cost/return relationship.*6

While the cost for the cost/return relationship for foreign currency insurance represents commissions paid by insurance companies to sales agents, the cost for investment trusts reflects sales and trust fees shouldered by customers. Therefore, it must be noted that any cost comparison between foreign currency insurance and investment trusts is inadequate.

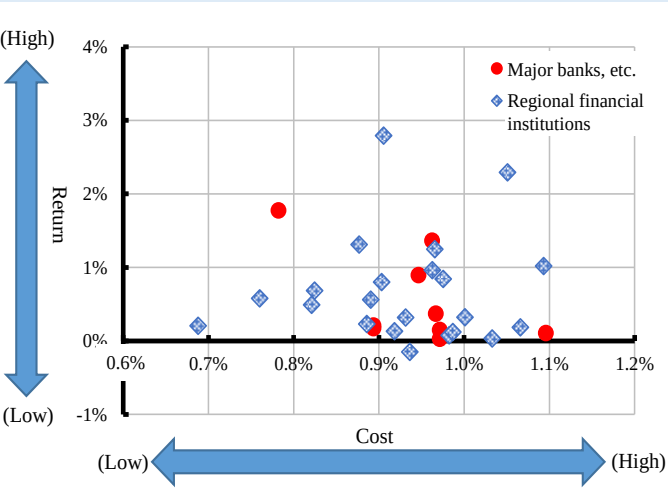
Future

For the future, we hope that foreign currency insurance sales firms will publish their respective data for the two KPIs to provide customers with quality information for citizens' stable asset building.

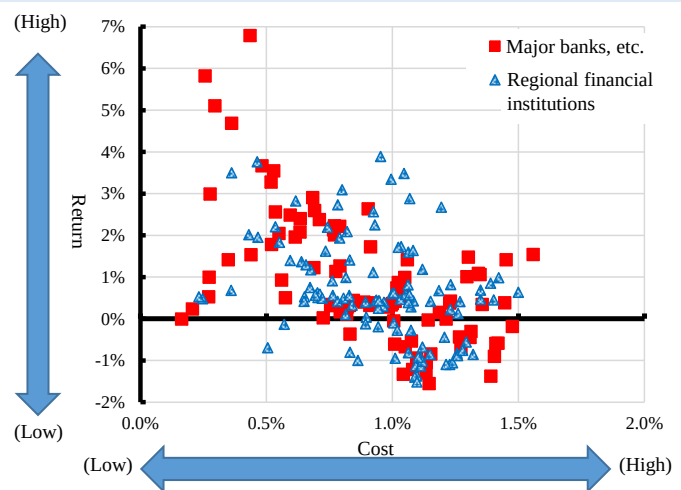
Under an initiative to promote the penetration of establishment of customer-oriented business conduct at financial business operators, the FSA has asked those adopting the Principles for Customer-Oriented Business Conduct to report the relationship between Principles 2 to 7 and their respective published business policies and the common KPIs for investment trusts that will be posted in the FSA's list of financial business operators. This time, the FSA requests them to similarly report the common KPIs for foreign currency insurance if they publish the KPIs.

Specifically, we hope that financial business operators adopting the principles will publish KPI data at the end of March 2022 and report them to the FSA by the end of June 2022. The FSA plans to publish an analysis on the reported common KPIs for foreign currency insurance, as is the case with the common KPIs for investment trusts.

(Figure 3) Each financial business operator's cost/return data



(Figure 4) All financial business operators' cost/return data*7



*6 An apparent reason for the absence of any similar trend for these firm's respective weighted averages for all products is that their respective average contract periods were not so different because they launched foreign currency insurance sales almost simultaneously and followed similar sales trends.

*7 Of cost and return data for all firms and all products, those for top 200 products in terms of the cancellation refund value and past payment value up to a standard day were extracted.

Holding of "Dialogue on Forest Utilization in Shikoku"

- Best mix with regional finance to develop forestry and other industries -

KASAI Taiji, Unit Chief, Regional Finance Support Office,
Planning and Management Division, Supervision Bureau

On November 25 and December 22, 2021, Local SDGs Shikoku*¹ collaborated with its cooperation partners the Shikoku Local Financial Bureau, the FSA and the Ministry of the Environment to hold an online Dialogue on Forest Utilization in Shikoku.

This event was designed for numerous active forestry stakeholders to deliver speeches, and to develop a new network and share challenges regarding sustainable forests and forestry with other participants, including local governments, regional financial institutions and forestry business operators in Shikoku and other regions, in pursuit of the future local forestry development. A total of about 180 persons participated in the two days of the dialogue to deliver speeches and exchange opinions, including those from regional financial institutions, local governments and forestry business operators in Shikoku and other regions that are interested in forestry.

At the outset of the two-day dialogue, KAMITA Kenji, Representative of Local SDGs Shikoku and Director of the Ministry of the Environment Chugoku-Shikoku Regional Environmental Office, delivered an opening address: "We believe that rural areas are the front line for Japan's initiatives to achieve sustainable development goals, or SDGs. Sustainable businesses have good chances. Regarding forests as the prime resources of Shikoku, regional treasuries should be rediscovered to stimulate investment for their sustainable utilization. Indispensable for this purpose is partnership among numerous stakeholders such as local governments, enterprises and financial institutions. I hope that this dialogue will provide new opportunities to match needs and seeds regarding forest resources and create specific businesses."

On Day 1 (November 25), MINOSHIMA Takeshi, a former chief of the SDGs Promotion Strategy Office, Shimokawa Town, Hokkaido, introduced an initiative to make the maximum and effective use of forest resources in the small town of Shimokawa with a population of about 3,300. Shimokawa has tackled a circular forestry business to develop a seamless, efficient timber production,

distribution and processing system covering from forestry's upstream (felling and afforestation) to its downstream (processing and distribution), securing employment and stable timber supply to local lumber producers over several decades. "As the global social trend toward achieving the SDGs transforms challenges into opportunities, stakeholders including national and local governments and businesses should cooperate in creating a new society in line with behavioral changes," he commented, based on his long-term experience.

Among others, Mapry Inc. Representative Director YAMAGUCHI Keiji introduced a forest and digital transformation initiative. MIZUTANI Yuya of Japan Finance Corporation's Okayama branch and YASUDA Koji of the Shikoku Regional Forest Office introduced their respective organizations' forestry initiatives.

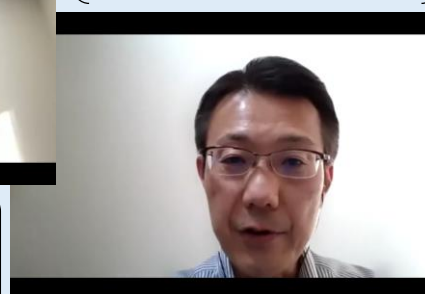
On Day 2 (December 22), Hidakuma Co. Chief Executive Officer MATSUMOTO Takeshi explained a Hida forest initiative to think about the value of forests over 100 years, Cypress Sunadaya Co. Senior Managing Director SUNADA Yutaro talked about the utilization and potential of cross laminated timber, and Sumire Regional Trust Co. Director INOUE Hironari described an initiative to utilize trust schemes for forestry.

One participant said, "The future creation initiative in Hokkaido's Shimokawa leads to local residents' continuous initiatives and serves as a useful reference." A second participant commented, "I have acquired much information from the case of forest utilization by non-forestry industries as a future initiative for Shikoku." "I felt progress in forest and digital transformation initiatives," a third one said.



↑Photo: Ministry of the Environment Chugoku-Shikoku Regional Environmental Office Director Kamita

↓Photo: Day 1 speech by MINOSHIMA Takeshi



*¹ Local SDGs Shikoku: A platform to promote initiatives to achieve local SDGs to resolve local challenges in Shikoku and develop sustainable local communities. It provides sites for various stakeholders in industry, academia, government and financial sectors to learn from and support each other to develop attractive local communities in Shikoku. (<https://ls459.net/>) (Available in Japanese)

On March 31, 2021, a collaborative team between the FSA and the Ministry of the Environment for sustainable local economic and social revitalization*2 was created to combine knowledge and knowhow of the two organizations in order to support the development of networks for resolving local challenges facing Local SDGs Shikoku and other local platforms with the aim of vitalizing sustainable local economic societies.

On March 2, 2022, the collaborative team will hold an online event to introduce its local initiatives and relevant government agencies' useful policy measures for developing local

economic ecosystems and resolving local challenges to find other local initiatives and form new networks. We hope that a great number of people will participate in the event. (Details will be released later.)

持続可能な地域経済社会の活性化に向けた
金融庁と環境省との連携チーム

■ 発足

・ 令和3年3月31日、持続可能な地域経済社会の活性化に向けて、金融庁と環境省の「持続可能な地域経済社会の活性化に向けた連携チーム」を発足。

■ 概要・目的

・ 地域の各主体がそれぞれの役割を果たしつつ、相互補完関係を構築するとともに、地域外の経済主体とも密接な関係を持ちながら、多面的に連携・共創していく地域経済エコシステムの形成や地域課題の解決を通じた地域経済の活性化や、地域資源の活用を通じた持続可能な地域社会づくりに資する取組について、両省庁の知見やノウハウを持ち寄り、協働で取組むことを目的。

■ 主な連携項目

① 地域経済エコシステムの形成に資する人的ネットワークの構築支援

② 地域課題解決に資する関係者とのパートナーシップの充実や人材の発掘・育成支援

③ 地域金融機関におけるSDGs/ESGの実践等を通じた持続可能な地域経済社会の活性化に向けた取組支援

■ 連携チームの体制

・ 金融庁監督局審議官

・ 監督局総務課地域金融支援室

・ 環境省大臣官房審議官

・ 大臣官房環境経済課環境金融推進室

笠井 幸士



〔 Photo: Collaborative team between the FSA and the Ministry of the Environment 〕

《List of speakers at Dialogue on Forest Utilization in Shikoku》

November 25	
Dialogue on Forest Utilization in Shikoku (Day 1)	
-- Best mix with regional finance to develop forestry and other industries	
Speaker 1: MINOSHIMA Takeshi, Consultant, Cre-en Inc. (a former chief of the SDGs Promotion Strategy Office, Shimokawa Town, Hokkaido)	"Case of local SDGs promotion policy starting from forest utilization"
Speaker 2: MIZUTANI Yuya, Deputy Chief, Chugoku/Shikoku Coordination Division, Okayama Branch, Japan Finance Corporation	"Japan Finance Corporation's agriculture/forestry/ fisheries initiatives in the forestry sector"
Speaker 3: AMAGUCHI Keiji, Representative Director, Mapry Inc.	"Forests and digital transformation: Application for easy three-dimensional measurement/analysis"
Speaker 4: YASUDA Koji, Chief, Planning and Coordination Division, Shikoku Regional Forest Office	"Initiatives at Shikoku Regional Forest Office"

December 22	
Dialogue on Forest Utilization in Shikoku (Day 2)	
--Best mix with forestry to realize local revitalization and decarbonized society--	
Speaker 1: MATSUMOTO Takeshi, Chief Executive Officer, Hidakuma Co.	"How to develop sites for vitalizing local forests, trees and people"
Speaker 2: SUNADA Yutaro, Senior Managing Director, Cypress Sunadaya Co.	"Timber utilization and cross laminated timber"
Speaker 3: INOUE Hironari, Director, Sumire Regional Trust Co.	"Group initiative for upstream and downstream forestry sectors—Focusing on trust schemes"

*2 Collaborative team between the FSA and the Ministry of the Environment for sustainable local economic and social revitalization: Created in March 2021 to combine knowledge and knowhow of the two organizations with the aim of vitalizing sustainable local economic societies.
For details, see <https://www.fsa.go.jp/news/r/2/20210330/20210322.html> (Available in Japanese)

To Credit Cooperative Customers

- Cooperate in money laundering and terrorist financing countermeasures -

信用組合とお取引をいただいているお客さまへ 「お客さまの情報」の定期的な確認について ご理解とご協力をお願いいたします

—マネー・ローンダリング及びテロ資金供与対策にご協力ください—

近年、国際社会においてマネー・ローンダリング及びテロ資金供与対策の重要性が高まっております。また、国内においても預金口座を悪用した特殊詐欺などの金融犯罪が発生しています。

各金融機関では、これらの犯罪行為を防止し、お客さまが安心・安全にお取引できるよう、犯罪収益移転防止法および、金融庁「マネー・ローンダリング及びテロ資金供与対策に関するガイドライン」に基づいて様々な対策を進めています。

この対策の一環として、信用組合を含む各金融機関では、お客さまの現在の情報を定期的に確認する取組み（※）について、それぞれ所定の方法により順次行っております。

（※）既にお取引をいただいているお客さまに対し、お取引の内容や状況等に応じて、お客さまに関する情報やお取引の目的などを定期的に確認させていただく取組みです。

このようにお客さまお一人おひとりの情報を定期的に確認させていただくことは、犯罪組織やテロ組織が善良なお客さまに紛れて気づかれないように金融機関を利用したり、お客さまになりすまして預金口座を不正利用したりすることを防止し、金融機関をご利用いただく皆さま方の安全・安心にも繋がる取組みとして行っております。

お客さまにおかれましては、こうした取組みにご理解いただき、信用組合からの「お客さまの情報」に関する定期的な確認の依頼に対して、ご協力くださいますようお願い申し上げます。

最近には色々な方法でお客さまの情報を取得しようとする詐欺の手口が発生していますので、もしも不審な点がある場合には、お取引のある信用組合の本支店にご照会いただきますよう、よろしくようお願い申し上げます。



一般社団法人

全国信用組合中央協会



[Local Government + Finance] Online Session to be Held!

霞が関ダイアログスピンオフ企画

参加
無料

【自治体×金融】セッションONLINE

☆☆自治体と金融機関の共創を目指して！☆☆

2022年 2月9日(水)

定員

18:30~20:00

100名



- 熱い想いを持つ有志職員（地域金融機関、公務員等の皆さま）の参加をお待ちしています！
- **棒読み禁止**のプレゼン後、関心のある制度・施策を選択してグループセッションを行います。

タイムスケジュール

18:30~18:35	オープニング 金融庁地域課題解決支援チーム
18:35~18:45	「地域金融機関との連携による中小企業の省エネ・脱炭素化等に向けて」 ～今年度と来年度予定の取組～ 東京都 政策企画局 戦略事業部 国際金融都市担当課長 黒澤 宏明氏 環境局 地球環境エネルギー部 中小規模事業所対策担当課長 松川 英郎氏
18:45~18:55	「Aichi Startup戦略」 ～地域金融機関との連携による自治体発オープンイノベーションの創出～ 愛知県 経済産業局 スタートアップ推進監 柴山政明氏
18:55~19:05	「神戸市 市内企業 および 市役所内における副業・兼業人材活用推進」 神戸市 チーフ・エバンジェリスト 栗山 麗子氏
	ピッチ①…「『地方創生×脱炭素』推進事業」（環境省）
19:10~19:30	<グループセッション①> 対話セッションを通じて理解を深めましょう！
	ピッチ②…「積極的な賃上げ等を促すための税制措置（賃上げ促進税制）」（財務省）
19:35~19:55	<グループセッション②> 心理的安全な場でざっくばらんにセッションしましょう！
19:55~	クロージング

参加方法のご案内

以下のURLか右のQRコードからお申込みください。

<https://dialog-kasumigaseki0209.peatix.com>

※申込締切：開催日当日正午まで

- PC、タブレット、スマートフォンで職場や自宅、どこからでも参加可能。
- 参加にあたっては、事前にzoomの動作確認をお願い致します。
- 参加時のURLは別途ご案内致します。

▶ 申込はコチラ ▶



■ 本件に関するお問い合わせ
☎ 03-3506-6000 内線：5371
✉ chiiki-kadai@fsa.go.jp
金融庁地域課題解決支援チーム
笠井・鈴木・住本

Warning for Young People Aged 18 and 19!! - Calling Attention to the Lowering of the Age of Adulthood -

18歳、19歳のあなたに伝えたい！！

令和4年4月から、18歳で成年(成人)となります。
自分ひとりで契約ができるようになり、色んな勧誘・誘惑に接する機会も増えるかも。



お金を借りることもできるけど、借りすぎには要注意！！

- ★浪費、遊興費、ギャンブルなどのために、軽い気持ちで高金利の借金はしない
- ★収入の範囲内で生活すること、高金利の借金を避けることが大事
- ★借金返済のための借金はしない(多重債務に陥り、借金返済が困難に)
- ★自分だけは大丈夫！とは思わないで(誰でも多重債務に陥る危険性はある)

お金を借りる場合は無理のない返済が絶対条件！払いきれない金利の借金はしない！
複数の金融機関を比較・検討し、毎月の返済額や返済期間を必ず確認してください。

そして何より...

**絶対に、絶対に、
違法な高金利業者(ヤミ金融)は
利用しないでください！**

ヤミ金融からお金を借りると...

過酷な取立て や 払いきれない高金利 により、

あなたの生活が破たん するおそれがあります！

最近のヤミ金融の特徴

- ★インターネット取引やSNSを利用した新たな手口！
- ★「誰でも」「簡単に」「今すぐに」などの甘い言葉でお金を貸そうとしてくるので、ヤミ金融の場合があると知っていないと、つい手を出してしまうことがあるかも...
- ★「給与ファクタリング」「個人間融資」「後払い(ツケ払い)現金化」などの勧誘・広告の場合は、ヤミ金融の場合があるので要注意！

To Bank Customers

- Request for the Prevention of COVID-19 Infection -

Dear valued customers

— COVID-19 safety precautions and considerations —

As a bank, we will work to provide essential banking to support our customers' everyday life and business through these challenging times.

As we rise to meet these challenges, the health and safety of our customers remain our top priority. With that in mind, we have implemented measures in order to avoid the "Three C's"; closed spaces, crowded places and close-contact settings.

We also would like to kindly ask our customers to consider the below actions in order to minimize the spread of the COVID-19.

01 When visiting a branch

Social Distancing



We are limiting the number of customers permitted in our branch at one time so you may experience longer than normal wait times.

Masks and temperature checks



Please consult your bank prior to your visit for any urgent services you may need to perform when feeling sick. And even fully vaccinated people should continue to wear mask and other infection prevention measures.

02 Other banking options

- Please refrain from visiting a branch on dates that are expected to be crowded.
- Please consider using other channels available to you, such as online & ATM services and call centers.

Expected crowded dates in Feb. 2022

 the expected crowded dates.

SUN.	MON.	TUE.	WED.	THU.	FRI.	SAT.
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28					

Services available as usual

Deposits and withdrawals of ordinary account

Cancellation of time deposits, investment trust etc.

—Transfer funds
—Taxes and utility bill payments

Reporting of lost items

—Issuance of new passbook and card
—Magnetic malfunction of card

Help with borrowing loans

Services for you to kindly reconsider performing on crowded dates

Opening and closure of accounts

Depositing money into a time deposit account

Notice of amendment and bank statements

Request to withdraw certain coins and banknotes

Property accumulation products

Money exchange

※ Please ask the bank or check its website for the details of transaction handled.

※ Please consult the bank for your specific reasons of the needed transaction.

JFSA's Major Activities in September (January 1 to January 31, 2021)



- [FSA updated Information on COVID-19 \(Novel Coronavirus\) \(January 31, 2022\)](#)
- [Updated statistics of money lending business \(January 31, 2022\)](#)
- [Joint session of the 49th general meeting of Financial System Council and the 37th meeting of Sectional Committee on Financial System \(January 24, 2022\)](#)
- [Stewardship Code : 320 institutional investors have signed up to the Principles for Responsible Institutional Investors as of December 31, 2021 \(January 21, 2022\)](#)
- [Public Consultation on Cabinet Office Order to Partially Amend Cabinet Office Order on Financial Instruments Business, etc. \(January 18, 2022\)](#)
- [The 1st EIOPA-FSA Insurance Dialogue \(January 18, 2022\)](#)
- [Stewardship Code : 321 institutional investors have signed up to the Principles for Responsible Institutional Investors as of December 31, 2021 \(January 17, 2022\)](#)
- [The fifth meeting of the Working Group on Corporate Disclosure of the Financial System Council \(January 12, 2022\)](#)
- [Financial Services Agency has launched an official LinkedIn Page \(January 4, 2022\)](#)

- JFSA's official English Twitter account
https://twitter.com/JFSA_en



**We are promoting information
dissemination using Twitter!**

-
- The Financial Services Agency, jointly with Nikkei Inc., will hold an event "Regional Banking Summit (Re:ing/SUM)" x "Nikkei Regional Revitalization Forum"
For details, please see
<https://www.fsa.go.jp/news/r3/ginkou/20220125/20220125.html>
(Available in Japanese)



Editorial Postscript

The opening of the February issue includes an interview with Parliamentary Vice-Minister MUNEKIYO Koichi.

He always has his eyes fixed ahead, and considering that everything that happens in life is inevitable and necessary for him, he moves ahead steadily every day with a broad mindset.

His talks in the 20-minute interview encouraged me to become more positive.



* Interviews with Minister SUZUKI and State Minister KIKAWADA are included in the December issue and the January issue, respectively. Please take a look at them.

SAITO Takafumi,

Director, Public Relations Office, FSA