

Green digital finance in Japan

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Overview

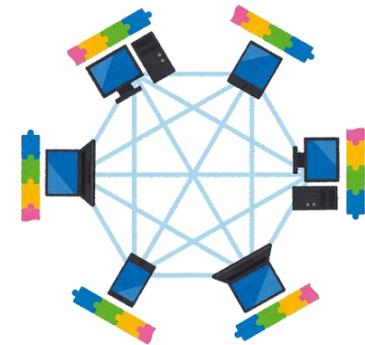
- Green finance and FinTech: the two major themes that have created a new wave in the financial industry
 - ✓ GX (Green Transformation) × DX (Digital Transformation)
- Technology could help solve the risk of greenwashing?
 - ✓ Greenwashing: misrepresentation of the sustainability characteristics etc.
- Three examples: green digital tracking bond, verifying sustainability credentials of rainforest products and utilizing Fintech for carbon credit



Green



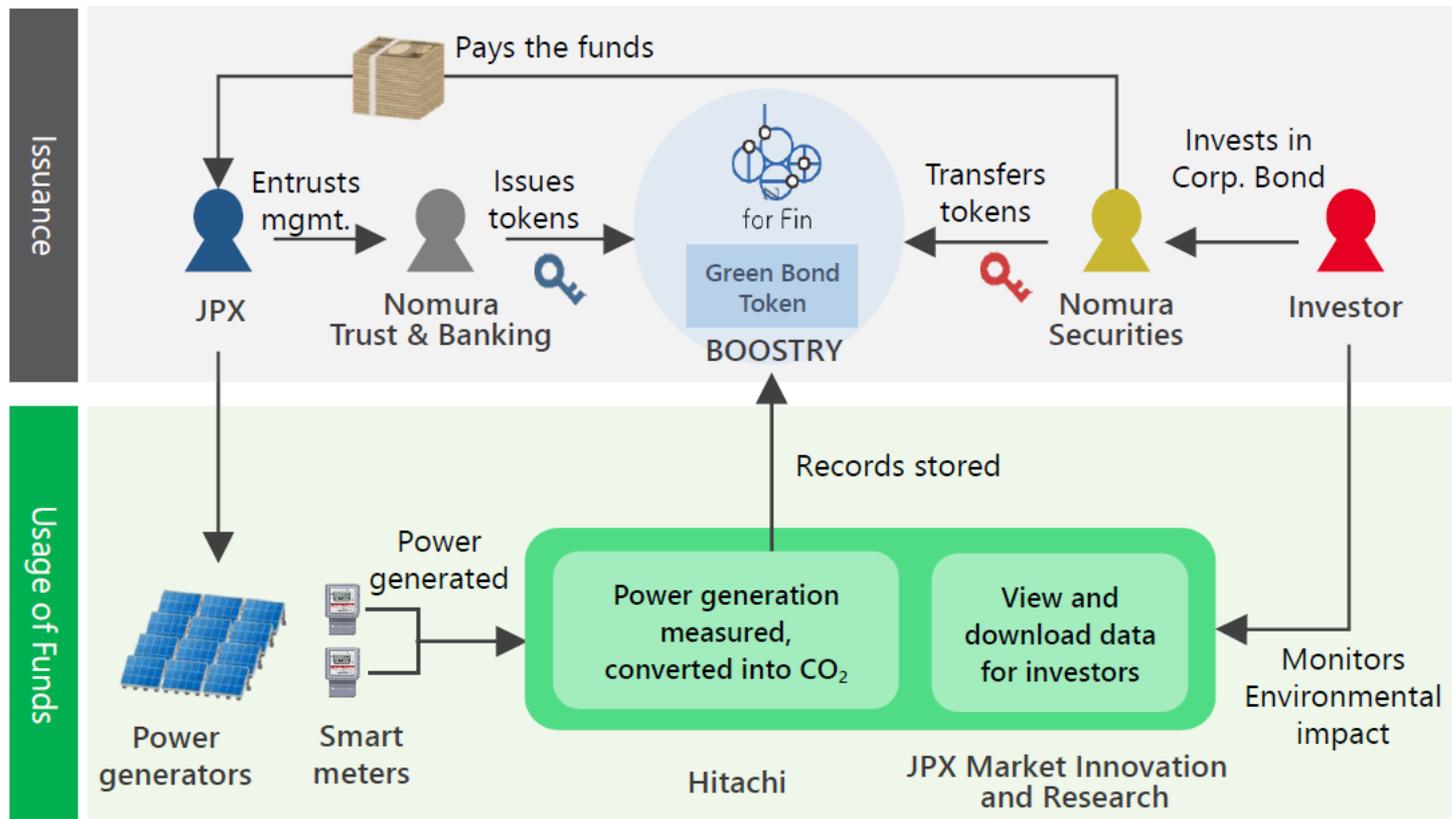
Finance



Digital

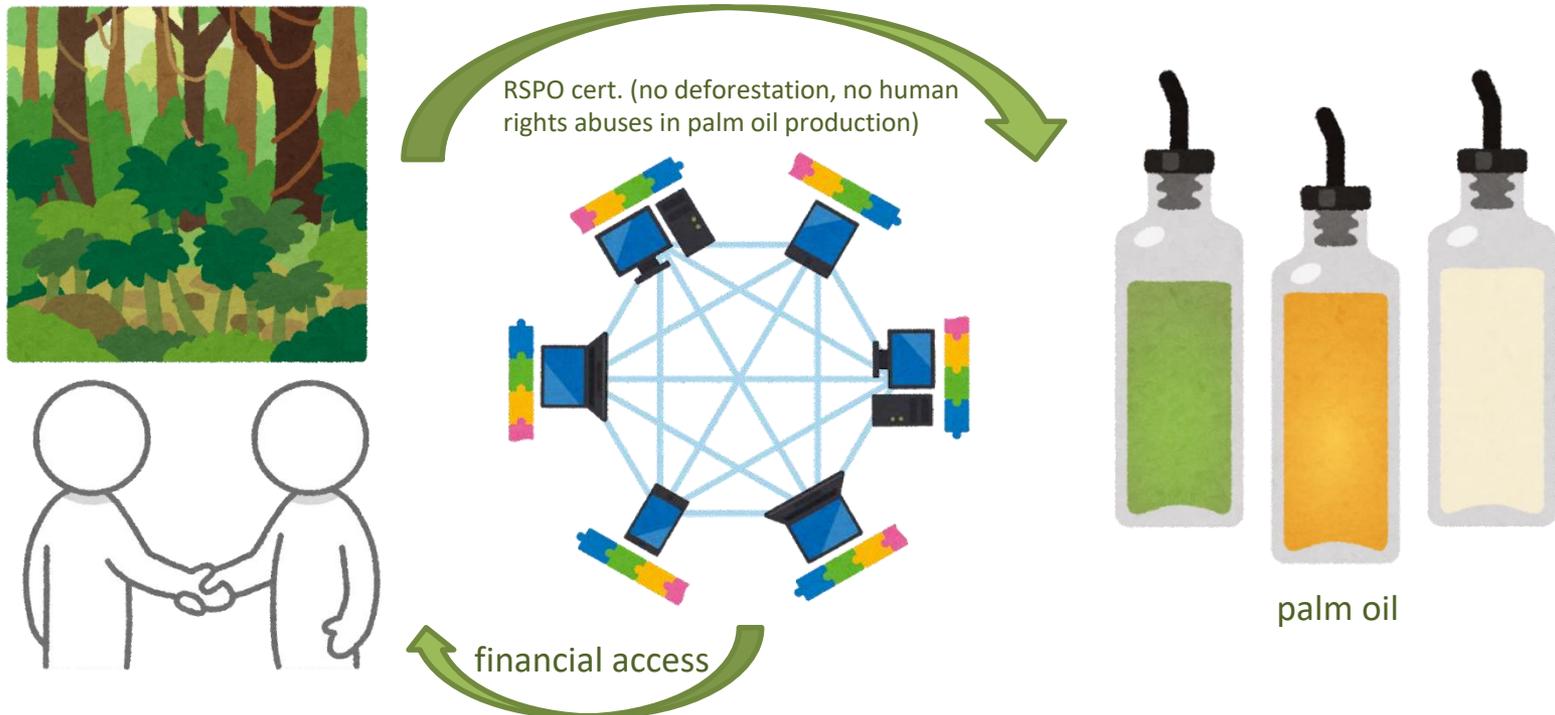
1. Green Digital Track Bond

- Japan Exchange Group (“JPX”) issued its first Digitally Tracked Green Bonds (“GDTB”), a digital corporate bond (a type of security token) stored on a blockchain, in June 2022.
- Automatically retrieves the plants’ power output and avoided emissions from smart meters, which are shared with investors and embedded to tokens, minimizing greenwashing risks.
- Envisages applying to sustainability linked bonds in the future.



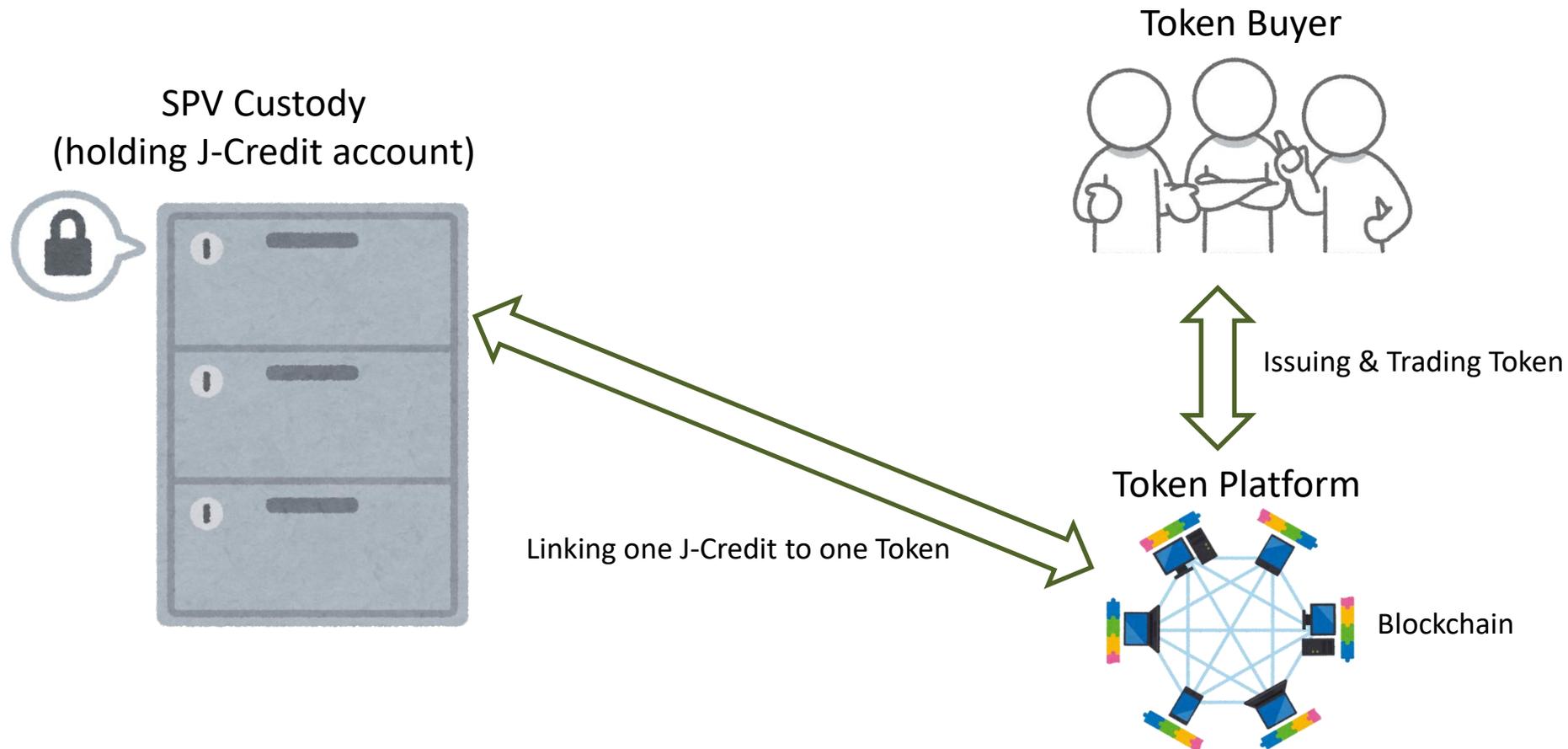
2. Verifying Sustainability Credentials of Rainforest Products

- Musim Mas and MUFG launch a POC (Proof of Concept) to trial the application of Web3 in establishing a verified deforestation-free value chain with smallholders in Indonesia.
- MUFG plans to provide Musim Mas with Web3 wallet and Decentralized Identity/Verifiable Credentials (DID/VC) empowered by blockchain technology, thereby allowing for greater digital data integration between various actors across the supply chain.
- While smallholders represent over 41% of palm oil production by land area in the country, they are often unbanked. The Web3 POC will enable financial access for the smallholders, creating incentives for smallholders to produce sustainably.



3. Utilizing Fintech for Carbon Credit

- Carbon credit trading is becoming prevalent and ensuring its integrity is becoming crucial. Some PJs intend to use blockchain to ensure traceability and prevent double counting.
- Eligibility to create J-Credit account is limited to companies and not open to individuals. The conversion into tokens enables individuals to own and trade them.



Closing Remarks

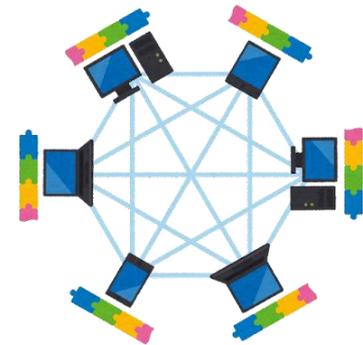
- Technology could help solve the risk of greenwashing?
- Regulatory Implications?



Green



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Thank you!

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