



EUROPEAN BUSINESS COUNCIL IN JAPAN
THE EUROPEAN (EU) CHAMBER OF COMMERCE IN JAPAN

ASSET MANAGEMENT

ISSUES AND RECOMMENDATIONS



**ENCOURAGING JAPANESE
HOUSEHOLDS TO INVEST FOR
THE LONG-TERM**



Encouraging Japanese Households to Invest for the Long-term

YEARLY STATUS REPORT: Progress

- ❑ A key challenge for Japanese society is building financial assets with a long-term perspective, in particular, to prepare for financial needs after retirement.
- ❑ Anecdotal evidence suggests that a major obstacle to household investment in financial products is lack of financial education, resulting in confusion.
- ❑ Independent financial advice provided by qualified professionals with a fiduciary duty would alleviate this issue, but households have little or no access to such services.
- ❑ Moreover, while platforms such as NISA, Junior NISA and DC (Defined Contribution) are proving popular, all suffer from low annual ceilings with respect to tax savings.



Encouraging Japanese Households to Invest for the Long-term

RECOMMENDATIONS

- ❑ Increase the maximum yen amounts that can be saved tax free in NISA, Junior NISA and DC platforms, especially if those amounts are funded by conversion of deposits.
- ❑ The Japanese Government should foster and publicise provision of IFA (Independent Financial Adviser) services – with services provided in-person or online – to help boost household investments.





IMPACT OF GLOBAL REGULATIONS FOR COMPANIES IN JAPAN



Impact of Global Regulations for Companies in Japan

YEARLY STATUS REPORT: New Issue

- ❑ Global regulations, including the European Market Infrastructure Regulation (EMIR) and Markets in Financial Instruments Directive (MIFID II), have had a stronger impact than expected on the asset management industry in Japan.
- ❑ The EBC urges the authorities and financial industry associations to provide guidance to the domestic industry on how to adapt to these types of development and other global trends.

RECOMMENDATION

- ❑ The Japanese authorities and/or relevant associations should provide guidance to Japan's asset management industry on how to adapt to global regulations and trends.

An aerial photograph of a city skyline, likely Tokyo, showing a dense cluster of buildings and green spaces. A white banner is overlaid across the middle of the image, containing the title text. The sky is blue with light clouds.

GLOBAL COMPETITIVENESS OF TOKYO AS AN OPERATIONAL PLATFORM



Global Competitiveness of Tokyo as an Operational Platform

YEARLY STATUS REPORT: New Issue

- ❑ The asset management industry is global by nature: the client base and the investment arena are global, and the impact of global regulations is more and more pronounced.
- ❑ The industry in Japan is suffering from the limited pool of financial professionals able to perform their duties in fluent English.
- ❑ TMG's initiatives to nurture highly skilled financial professionals should facilitate development of the additional resources in Tokyo needed for the development of global activities.

Global Competitiveness of Tokyo as an Operational Platform

YEARLY STATUS REPORT: New Issue

- ❑ The EBC therefore welcomes TMG initiatives to position Tokyo as a “Global Financial City”, as per its interim Report published in June 2017, but would like to see more attention given to the competitiveness of operational platforms.
- ❑ The Report highlights ambitions to facilitate developments in areas such as Green Finance and Fintech.
- ❑ The Report also identifies Tokyo’s competitive weaknesses, such as the limited talent pool and high taxation.

Global Competitiveness of Tokyo as an Operational Platform

RECOMMENDATION

- ❑ Pay more attention to improving the competitiveness of Tokyo's operational platforms, including such matters as taxation levels and the relatively limited "global-minded" talent pool.