



---

# Japan's Fintech Ecosystem Transformation Today and toward 2020

ISI- Dentsu of America  
October 18, 2017

---



# Japan's Fintech Transformation

3 Waves of Change that is paving the way  
for greater Fintech adoption in Japan

**1. Regulatory Transformation**



**2. Fintech Ecosystem**



**3. Digital Shift towards 2020**

# Japan's Fintech Transformation

3 Waves of Change that is paving the way  
for greater Fintech adoption in Japan



```
graph TD; A[1. Regulatory Transformation] --> B[2. Fintech Ecosystem]; B --> C[3. Digital Shift towards 2020];
```

**1. Regulatory Transformation**

**2. Fintech Ecosystem**

**3. Digital Shift towards 2020**

## Regulatory Transformation

**Reg. X  
# 1**

Revision of various Banking Acts by the Japanese Financial Services Agency (FSA)

**Reg. X  
# 2**

Creation of Fintech Support Desk by FSA to support Fintech companies

**Reg. X  
# 3**

Establishing a Fintech collaborative framework with other international government entities

**Reg. X  
# 4**

Conducting international joint research on Blockchain

# Revision of Banking Acts by Japanese Financial Services Agency (FSA)

- a. **Amending Bank Law that allows more flexibility for Banks to invest in technology**
  - As a part of Bank's IT strategy they can invest in Fintech start-ups without an investment upper limit of 5%
- b. **Enforcing crypto currency regulation**
  - Any crypto currency exchange entity must be legally registered
  - To maintain the trust level of the users, crypto currency deposited by users must be managed by respective rules (ex: segregated management)
- c. **Introducing an Open API “Mandatory Effort” rule**
  - Enables Fintech start-ups to access Financial institution's systems via API connection.



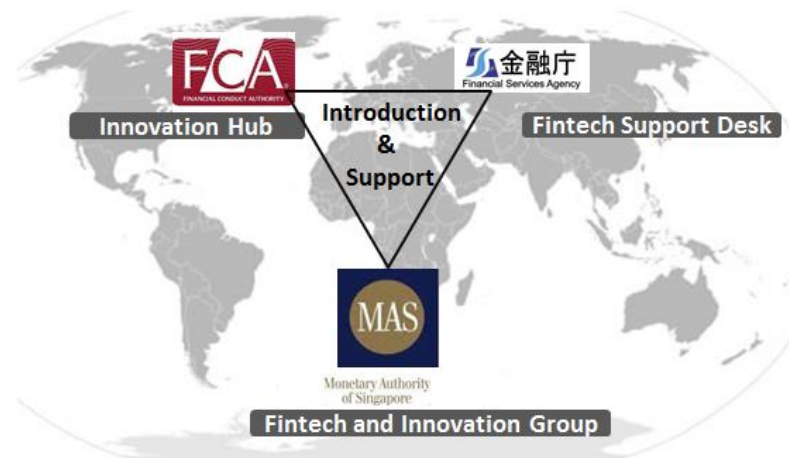
# **Creation of Fintech Support Desk by FSA to support Fintech Start-ups**

- Established in December 2015
- Inquiries around specific interpretation of Japanese banking laws to Fintech technology, or applicability of regulations to Fintech business prior to launch



# Establishing Fintech collaboration with other government entities

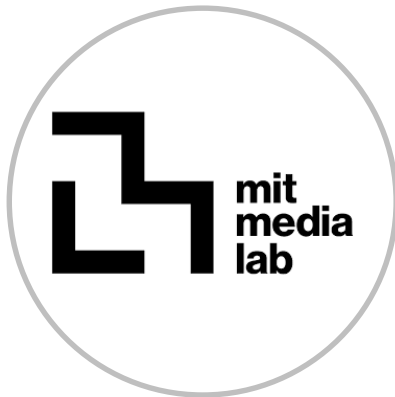
- Established in March 2017
- Collaborating with  
Great Britain's **FCA** (Financial Conduct Authority)  
Singapore's **MAS** (Monetary Authority of Singapore), etc





## Conducting international joint research on Blockchain

- Established in March 2017
- International participating entities include: MIT Media Lab from the US, Canada's Central Bank, Singapore's MAS, etc.





# Japan's Fintech Transformation

3 Waves of Change that is paving the way  
for greater Fintech adoption in Japan

```
graph TD; A[1. Regulatory Transformation] --> B[2. Fintech Ecosystem]; B --> C[3. Digital Shift towards 2020];
```

1. Regulatory Transformation

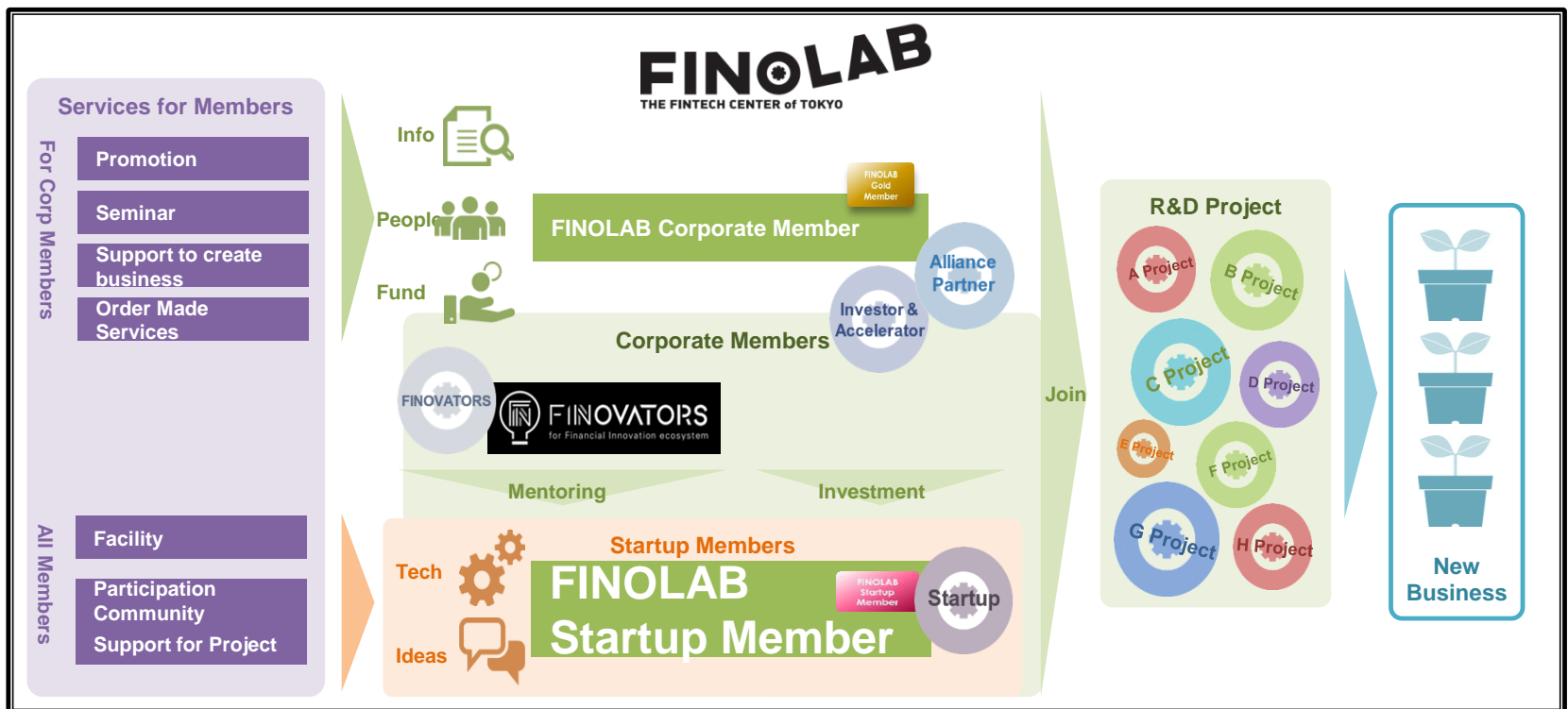
2. Fintech Ecosystem

3. Digital Shift towards 2020



# Fintech Ecosystem: FINOLAB

FINOLAB is not only a Fintech incubation hub but also a community for both start-ups and corporate members.





# Startup Members

Startups in FINOLAB (as of July 2017)





# Corporate Members

9 corporate members in FINOLAB (as of July. 2017)

全日空商事株式会社  
ALL NIPPON AIRWAYS TRADING CO., LTD.



The Norinchukin Bank



TOKIO MARINE  
NICHIDO

Tokio Marine & Nichido Fire  
Insurance Co., Ltd.



# FIBC II

## Financial Innovation Business Conference

Spring Board for overseas Fintech startups into  
the Japanese market

- Pioneering Fintech Pitch annual conference in Japan hosted by ISI-Dentsu since 2012.
- Fintech Startups pitch to leading venture capital firms and major financial institutions in this event.





# Success Stories

## Alpaca (Robo Trade)

- Won the grand prize at FIBC in February 2016.
- Went on to enter into collaboration partnership with Japan's mega bank, Bank of Tokyo Mitsubishi UFJ from May 2017



## MFS (Mortgage Service)

- Pitched at FIBC in February 2016.
- Received direct capital funds from ISiD, Dentsu and Monex.



Many other start ups that pitched at FIBC event have been matched with sponsoring companies to conduct successful POCs and R&D projects.

# Japan's Fintech Transformation

3 Waves of Change that is paving the way  
for greater Fintech adoption in Japan

1. Regulatory Transformation



2. Fintech Ecosystem



3. Digital Shift towards 2020

## Digital Shift towards 2020

**Towards a great Fintech Opportunity**



FINTECH  TOKYO





# Thank You

Sarara Maeda  
Dentsu Account Manager  
[sarara.maeda@isidentsu.com](mailto:sarara.maeda@isidentsu.com)  
767 3rd Ave, Floor 28, NY, NY, USA