



# Vision of Tokyo as a Leading Global Financial Hub

**Hiroshi Nakaso**

Chairman of FinCity.Tokyo

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# FinCity.Tokyo's Leadership

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## Hiroshi Nakaso, Chairman of FinCity.Tokyo



Mr. Nakaso was appointed chairman of a new organization to promote Tokyo as a global financial center. The new organization is known by its abbreviated name, “FinCity.Tokyo”.

Hiroshi Nakaso was appointed Chairman of the Daiwa Institute of Research (DIR) in July 2018 after completing his term as Deputy Governor of the Bank of Japan. He served as the Deputy Governor of the BOJ since March 2013. In his 39 years at the Bank, his main responsibilities were crisis management of financial systems and markets focusing on global systems.

Mr. Nakaso joined the Bank of Japan in 1978 and he was assigned to the London Representative Office from 1987 until 1989.

He dealt with the homegrown financial crisis of the 1990s. He headed the exit operation from the Quantitative Easing Policy, a prototypical unconventional policy that lasted from 2001 to 2006. In addition, he played an instrumental role in addressing the Global Financial Crisis together with his peers at major central banks including the FRB.

He has participated in numerous international meetings, and during his terms as Director-General of the Financial Markets Department and Assistant Governor, he chaired the BIS Markets Committee and Working Group on Financial Reference Rates, as well as the G20 Study Group on Commodities.

# Tokyo's Current Position and Task

## 【 Current Position 】

- Intensifying global competition among major financial cities.

Rank	City	Rank	City
1	New York	5	Shanghai
2	London	<b>6</b>	<b>Tokyo</b>
3	Hong Kong	7	Sydney
4	Singapore	8	Beijing

<Z/Yen Global Financial Centers Index (2019)>

- Uncertainty surrounding the global economy
  - Brexit – London vs Paris / Frankfurt
  - Hong Kong vs Mainland China etc.
- Governments around the world are keen to upgrade their respective financial centers to support the economy.

Tokyo is seriously advancing initiatives to revitalize the financial sector in order to win back Tokyo's position as the top global financial city in Asia.

# Long-term diversified investments

## 【 Social Imperatives in Japan 】

### Underutilized household assets

- 1,800 trillion Yen (16.8 trillion Dollars) of Japanese household assets
- 52.5% of Japanese household assets allocated to bank deposits vis-à-vis 13.1% and 33.0% in the US and Europe respectively\*
- Slow pace of private asset accumulation compared to other economies

### Aging population

- 28.2% of its people are age 65 or over\*\*
- By 2040, this ratio will rise to 35.3%\*\*\*
- Pension benefits comprise 61.1% of elderly household income\*\*\*\*

## 【 Potential Strategy 】

**Investment in domestic stocks**

**Cross-border investment  
in foreign assets**

**Japan / Tokyo welcomes global asset management companies with advanced investment capability to Tokyo to demonstrate their skills.**

#### Sources

\* Bank of Japan. "Flow of funds." Aug 14, 2018

\*\* Statistics Bureau of Japan. "Population Estimates." June 19, 2019

\*\*\* National Institute of Population and Social Security Research. "Population Projections for Japan." July 31, 2017. Note. Based on the results of the medium-fertility, medium-mortality projection.

\*\*\*\* Ministry of Health, Labor and Welfare. "Comprehensive Survey of Living Conditions." July 20, 2017

# Gateway to the Global Stage

- Abundant investment opportunities in Japan
  - ~4,000 listed companies, most of them are SMEs with cutting edge technologies
  - Steady improvement in corporate governance among listed companies
  - Improvement of shareholder return and management efficiency

- SMEs and startups in Japan and in Asia Pacific region, with ambitions to venture into the global stage

- Growing trend for overseas investors to consider investing in SMEs, startups and ESG friendly companies in Japan



- **Tokyo financial market will become a gateway to the global investors for the SMEs and startups in Asia Pacific region**



# Linkage of Financial Infrastructure

## Cutting edge financial infrastructure in Tokyo

- The most advanced and safest key financial infrastructure in operation.
- Highly reliable payment and settlement system – BoJ-Net, Zengin System, etc.
- Linkage of financial infrastructure enhances usage of yen and JGBs, expands investment opportunities, and provides effective means of hedging.



**Enhance the connectivity and effectivity of global financial market**

# What Japan / Tokyo can offer

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## Robust macroeconomic and financial environment

- Traction in labor market – unemployment rate 2.5%
- Comfortable CPI inflation rate - positive territory
- Increasing labor participation by young female generation
- Trusted hard currency “Yen”
- The most advanced and reliable key financial infrastructure

## Abundant Investment opportunities

- ~4,000 listed companies with little coverage by global investors
- Improvement in corporate governance and rising trends of profitability among listed companies
- SMEs with cutting edge technologies (environment, biotechnology, AI etc.)
- Upcoming Olympic and Paralympic games in Tokyo, Osaka Expo
- Potential movement towards cashless society

## Business expansion opportunities for foreign players

- Local needs for internationally diversified investment opportunities
- The Japan asset management ecosystem increasingly embracing diversified talents

# Attractiveness of Japan as a Living Environment

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Deep history



Beautiful four seasons



Wide variety of culture in all the country



Scenic beauty



Business expansion with international sport competition



# Profile and History of FinCity.Tokyo

## 【Organization Profile】

Entity name	The Organization of Global Financial City Tokyo, branded as “FinCity.Tokyo”
Legal entity status	General incorporated association
Date of establishment	April 1, 2019
Representative Director / Chairman	Hiroshi Nakaso, Chairman of Daiwa Institute of Research Ltd. (Former Deputy Governor of Bank of Japan)
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## 【History】

2019

- Apr.: FinCity.Tokyo launched
- Jul.: Roadshow in Paris and MoU with Paris EUROPLACE
- Aug.: Roadshow in Hong Kong
- Oct.: Roadshow in New York

Jun. 2018

- The Working Group to establish Tokyo Financial Promotional Organization started its discussion

Nov. 2017

- TMG announced the “Global Financial City: Tokyo” and its vision

Nov. 2016

- Tokyo Metropolitan Governor Koike launched an Advisory Panel for Global Financial City Tokyo



FinCity.Tokyo Website :  
<https://fincity.tokyo>



# Mission and Key Activities

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FinCity.Tokyo will act as a promotional driver in Japan to boost the attractiveness of Tokyo's financial ecosystem, raising its profile as a top-class global financial city

Promote Tokyo to international financial institutions and fintech firms

Facilitate easy entry to Japan for these institutions and firms

Upgrade Tokyo's financial ecosystem while enhancing compatibility with other financial cities

Make policy recommendation on behalf of market players in Tokyo



Tokyo as a  
leading  
global  
financial  
hub

# Members of FinCity.Tokyo

## Voting members



INTERNATIONAL  
BANKERS  
ASSOCIATION  
OF JAPAN



NOMURA



MIZUHO



Morgan Stanley



## Associate members

accenture



Schroders



nuveen  
A TIAA Company

Nomura Research Institute



## Emerging corporate members

Shift Technology



みんなの  
説明会  
THE SHAREHOLDERS'  
RESULT BRIEFING  
SCHEDULE



## Academic member



34 members as of Oct. 2019



**Thank you for your attention!**