



Monthly Newsletter: August Edition

This newsletter aims to share the latest updates from Tokyo as a global financial hub and FinCity.Tokyo

Updates from Tokyo – Global Financial Hub

<Recent news>

- **Investors head to Tokyo to diversify assets from China** - Alternative investors are increasingly targeting Japan, India, and South Korea as China loses its appeal. In Q2 2024, \$5 billion of the \$14.8 billion raised for Asia-Pacific private equity was allocated to Japan, with \$6.9 billion for diversified regional investments, according to [data by Preqin](#). Infrastructure investment is recovering, driven by demand for renewable energy and 5G in India. However, overall alternative investment slowed, with fundraising hitting a decade low of \$22 billion due to China's economic issues and geopolitical tensions. Private equity activity is half of 2021 levels. Despite available capital, investors are cautious, taking longer for due diligence. Japan's Government Pension Investment Fund has allocated 5% to alternative assets but currently holds only 1.5%. The cautious approach contrasts with the aggressive investment environment before 2021.
- **100 companies to participate in joint monitoring of corporate pension funds and investment management companies** - Approximately 100 corporate pension funds, including major firms like NEC and JCB, are collaborating to establish a mechanism for monitoring their investment managers. The Pension Fund Association is spearheading this initiative by setting up a council in August that will require joint explanations from investment managers about their voting rights and engagement activities with companies they invest in. This move aims to enhance growth and improve investment yields while fostering more competition among investment managers.
- **Digital Payroll Payment with PayPay to begin by the end of the year**- PayPay, Japan's largest QR code payment company, announced on August 9 that it has been designated by Ministry of Health, Labour and Welfare as a business that pays salaries in digital money. The company plans to begin offering payroll pickup services to users who wish to do so by the end of 2024. In addition, in order to act as a safety net, PayPay has appointed Mitsui Sumitomo Insurance as a guarantor to reimburse the salary of users within six business days if PayPay fails to function. The realization of digital payroll could help boost the cashless ratio, and opening the way for new financial players such as PayPay to handle payroll has the potential to lead to a tectonic shift in the financial industry in Japan.

<Upcoming events>

- **Japan Weeks** – From September 25 to October 6, the government of Japan will hold its second annual [Japan Weeks](#). During this period, both public and private entities will host various events focused on sustainable finance, promoting a shift from savings to investment, and promoting Japan as a leading international center of asset management. Government officials will actively participate in the event to promote

dialogue with global investors. Japan Weeks will coincide with Tokyo Sustainable Finance Week (September 30 – October 6) and Green Transformation Week (September 25 – October 6).

FinCity.Tokyo updates

<Recent activities>

- **ABAC Side Event: Making a case for International Financial Center Tokyo for APEC Journey to Sustained Growth** – At an official ABAC Side Event held on the 3rd of August, Chairman Nakaso of FinCity.Tokyo spoke about how Tokyo's position as an international financial center can boost the entire APEC region on its journey to sustained growth. He discussed how Tokyo is poised to become a leading sustainable financial center, leveraging its positive interest rates, robust industrial base, and role as an innovation hub. He also mentioned that Japan's economic growth and wage increases have enabled the Bank of Japan to normalize monetary policy, achieving stable price targets. Additionally, Tokyo's status as an innovation powerhouse, with global company headquarters and entrepreneurial universities, addresses key challenges like decarbonization. The necessity of improving efficiency of trade through digital transformation was also addressed, where he announced that a Japanese digital platform called TradeWaltz will allow for full digitalization through blockchain technology to hasten the process.



<Upcoming events>

- **The WAIFC Annual General Meeting in Tokyo** – FinCity.Tokyo will host the [Annual General Meeting \(AGM\) of the World Alliance of International Financial Centers \(WAIFC\)](#) starting from October 14, bringing representatives from leading international financial centers for a series of high-level discussions and strategic meetings. Some key agendas include but are not limited to a visit from representatives of the Sapporo Financial Center to strengthen financial innovation and economic development, as well as a WAIFC to visit Osaka to explore opportunities for cooperation between international financial centers and local businesses. This will be an important event in the financial calendar fostering dialogue, innovation and growth within the international financial community.
- **Tokyo Sustainable Finance Week (September 30 – October 6)** – From September 30th until October 6th, as part of Japan Weeks, FinCity. Tokyo will host “Tokyo Sustainable Finance Week” to promote ESG investment and sustainable finance, which contribute to the creation of a sustainable city. During this event, financial institutions and high-profile international visitors from the global finance and investment community will meet to discuss various aspects of sustainable finance.

ABOUT FINCITY.TOKYO

FinCity.Tokyo is dedicated to raising Tokyo's profile as a global financial hub, with a focus on building a world-leading ecosystem for asset management and fintech. We work with the Government of Japan and the Tokyo Metropolitan Government, as well as 52 industry associations, major financial institutions, global investors, and service providers. You can find more information on [our homepage](#).

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If you have any questions or interview/briefing requests, please do not hesitate to contact us. We also welcome any requests for comments or quotes.

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