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Japan's FinTech Industry Outlook for 2026



Executive Summary

Japan's FinTech market is transitioning from digital transformation to an institutional-grade financial center, projected to expand at a 13.0% CAGR from $10.5B in 2025 to $32.6B by 2034.

Key Market Drivers

- **Household Wealth Shift:** Japan's **$14.3T** household asset pool is shifting from cash into investments, propelled by NISA expansion.
- **Institutional AI:** Over **70%** of financial institutions use or test GenAI, with **84%** plans to increase budget for further applications.
- **Capital Market Activity:** Highlighted by PayPay's **$10B** Nasdaq IPO, MUFG's **$664M** acquisition of WealthNavi, and Mizuho's **$288M** purchase of Upsider.

Major Regulatory Changes

- **Crypto reclassified to the Financial Instruments and Exchange Act (FIEA):** Crypto assets are moving to the FIEA as formal investment products, replacing progressive taxes (up to **55%**) with a **20.3%** flat tax rate effective from January 1, 2028.
- **Stablecoin Infrastructure:** Megabanks and issuers are establishing 1:1 asset-segregated stablecoins (via platforms like Progmat) for cross-border and B2B settlement.

Sector Highlights

- **Banking:** Fast shift toward cloud-native core systems and BaaS models.
- **Payments:** Cashless reached **58%** of consumer spending (**$1.02T**), led by QR/code payments.
- **WealthTech & Web3:** Spurred by NISA demand, RWA tokenization, and domestic crypto volume hitting **¥30T**.
- **InsurTech & RegTech:** Heavy AI adoption for real-time AML/KYC, fraud detection, and automated underwriting.

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Japan’s Market Characteristics

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- Selected Recent Japan FinTech Transactions

Japan’s FinTech Market Environment

Large asset base, high regulatory depth, emerging digital adoption

11,540+
Total registered financial institutions

1,006
Active FinTech Firms in Japan

25 Mn
Combined total accounts of two of Japan’s leading online-only banks

~$7T*
Household cash deposits in Japan. 49% of all households’ financial assets, compared to 10% in the U.S.

$30.2B
Japanese FinTech market size by 2033. Projected to grow at a CAGR of 14.1% from 2024

46.3%
Ratio of Cashless Payments in Japan in 2025 using international indicators

Sources: FSA (2026), Tracxn (2026), BOJ (2026), FRB (2026), METI (2026), Rakuten (2025), Docomo (2025), Newcast (2025)

*This presentation uses JPY 160 = USD 1 except when converted by original source

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Japan's Expected FinTech Market Growth

Expected to more than triple by 2033, backed by government policy and global market entry

$9.2B → $30.2B by 2033

Japan Fintech market size projected to more than triple over the next decade.

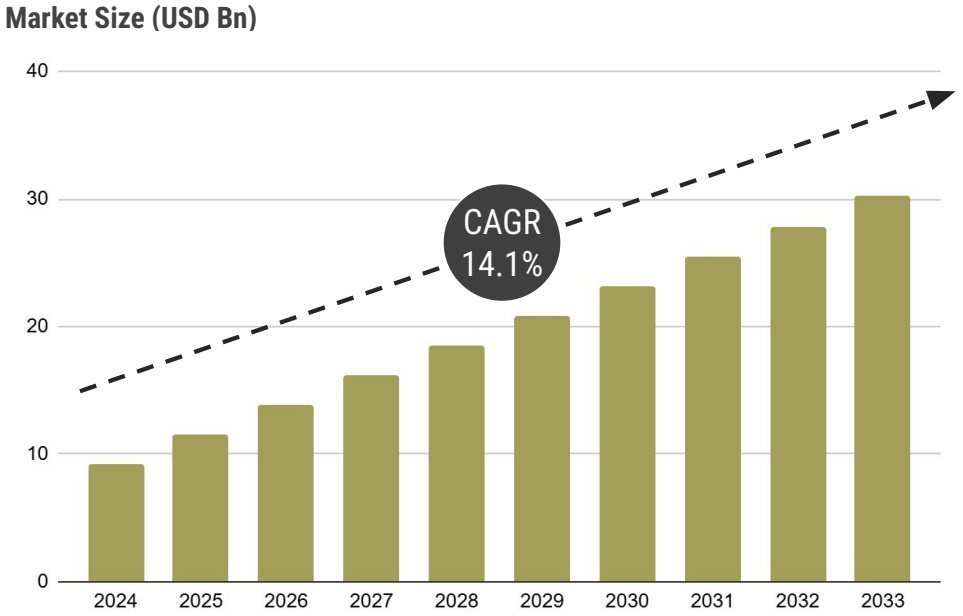
National Strategy for FinTech Growth

3 of Prime Minister Takaichi's 17 strategic priority sectors directly accelerate FinTech growth:

- Digital Infrastructure & Cybersecurity
- Next-Generation Information and Communications
- AI & Semiconductors

Global Entrants Eyeing Untapped Potential

Nuvei, Checkout.com, Nomupay all entered and expanded Japan in 2024-25, while domestic M&A transactions like MUFG → WealthNavi (**$664M**) and Mizuho → Upsider (**$288M**) have also fueled further growth.



Sources: Prime Minister's Office of Japan (2026), Asian Banking & Finance (2025), METI (2024), Newcast (2025)

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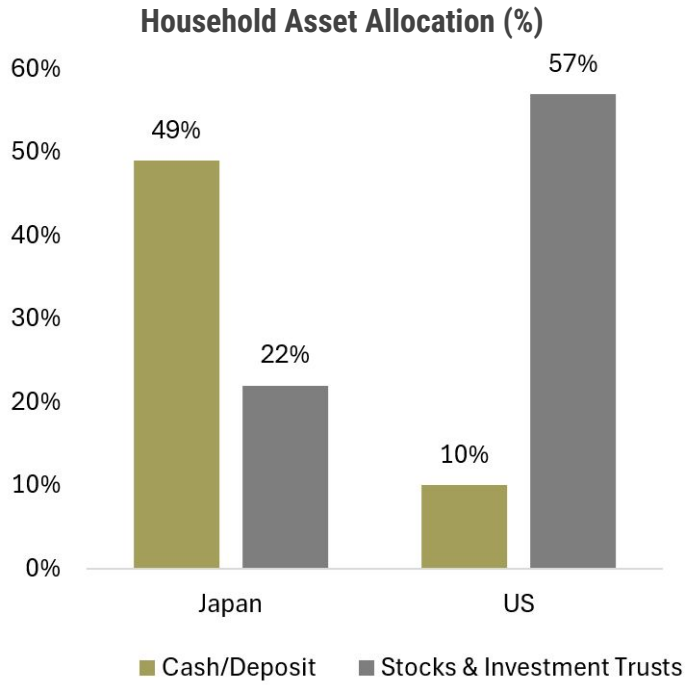
Shift from Household Savings to Investments

Japan's $14.3T household asset base is beginning to rotate, and FinTech is the infrastructure enabling it



Savings Still Dominate, but Shifting Toward Investment

Cash/deposits fell below **50%** of household assets for the first time in 18 years as of September 2025, driven by the Nippon Individual Savings Account (NISA) shift toward investment.

NISA Drives $444B into Markets

The new NISA, launched in 2024, is **boosting retail investment in risk assets**, often compared to the introduction of Individual Retirement Accounts in the US in the 1970s. Financial Services Agency confirms **28.3M** accounts and **$444B** in purchases by end of 2025, already exceeding the 2027 target.

FinTech Platforms as the Primary On-Ramp

Rakuten Securities surpasses **14M** accounts in April 2026, up from **10M** in Dec 2023, driven by commission-free trading and fractional shares targeting first-time investors.

Sources: FSA (2026), Morgan Stanley (2025), Rakuten (2026)

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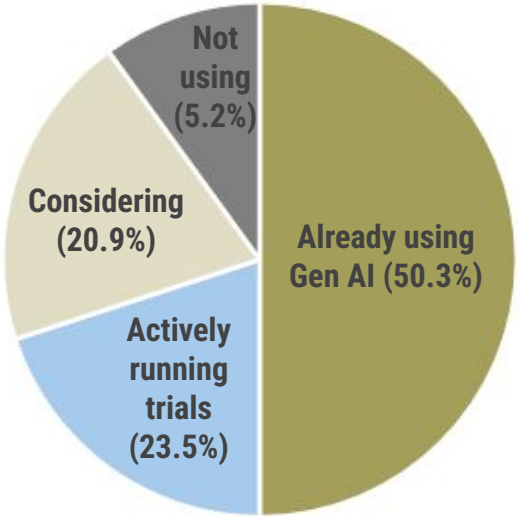
Exponential Rise of AI in Japan's FinTech Market

From cautious exploration to the dominant technology driving a $32.6B ecosystem

AI Adoption by Japanese Financial Institutions (%)



Source: Bank of Japan, FY2025 Survey on GenAI Use (n=153 financial institutions, Sep 2025)

Accelerating Ecosystem Adoption

Over **90%** of Japanese financial institutions are moving past investigation, with **50%** already using Generative AI and other **40%+** actively running live trials or considering implementation.

Investment Intent

As of February 2026, **84%** of Japanese financial institutions plan to increase AI investment over the next 12 months, signaling strong intent to scale operational pipelines. Notably, KDDI & Google AI Futures Fund launching a joint program to fund Japanese AI startups.

Operational Implementation

The primary implementation trends across Japanese financial firms focus on **operational efficiency, advanced analytics and risk, satellite appraisals, and cybersecurity defense**. A prime example is FOLIO Holdings (SBI Group), which has applied for a TSE IPO after crossing ¥1T in AUM, driven by AI asset management engines and AlpacaTech analytics.

Sources: BOJ (2025), FINASTRA (2026), KDDI (2026), SBI (2026)

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Select Recent Japan FinTech Transactions

Megabank acquisitions and institutional-backed fundings signal accelerating FinTech maturation

Ann. Date	Type	Target	Buyer/Lead Investor	Transaction Value	Deal Type	Description
5/26/2026	Funding	Funds, Inc.	Sony Financial Ventures; Japan Airlines	¥4.8B | $30M	Series E	Japan Peer-to-Peer lending platform
3/11/2026	IPO	PayPay	N/A (IPO on Nasdaq)	¥1.6T | $10B[1]	IPO	Japan's dominant mobile payments platform
1/14/2026	Funding	AlpacaDB [2]	Drive Capital	¥24.0B | $150M	Series D	Brokerage infrastructure API; partners include SBI Securities
7/29/2025	M&A	Upsider	Mizuho Bank	¥46.0B | $288M	70% Acquisition	AI-driven corporate credit card & lending platform
7/24/2025	Funding	LegalOn Technologies	Goldman Sachs Growth Equity	¥8.0B | $50M	Series E	AI contract review; serves 25% of Japan's listed companies
12/2/2024	M&A	WealthNavi	MUFG	¥106.2B | $664M	100% Acquisition	Japan's largest robo-advisor; 84% premium; ¥1.3T (~$8.2B) AUM

Sources: Capital IQ (2026), KPMG (2025)

1: Market Valuation at IPO; 2: Japanese-founded but based the U.S.

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Key Fintech Developments 2025-2026

- Key Policy Developments in 2025
- Japan Regulatory Updates - Crypto/Web3
- Stablecoin Regulation: US & Global vs. Japan
- FinTech Support Initiatives

Key Policy Developments in 2025

Selected 2025 FSA reforms reshaping governance, payments, and market access for foreign entrants

1 Payment Service Act (PSA) Amendments

- Strengthened Anti-Money Laundering and Countering the Financing of Terrorism requirements and supervision by the FSA for remittances, crypto-assets, cross-border payments, and stablecoins
- New intermediary-only category for crypto and payment services
- Flexibility introduced for stablecoin reserve assets

2 The Insurance Business Act

- Specified large multi-tied non-life insurance agents face enhanced governance, compliance, and internal control requirements
- Insurers subject to stronger distribution network oversight and mandatory separation of claims handling from sales functions
- Insurance brokers benefit from reduced security deposit requirements, lowering barriers to market entry

3 Crypto Asset Regulatory Review

- FSA published a 2025 discussion paper proposing crypto-assets be regulated as investment products rather than payment instruments
- Proposed reforms cover financial instruments rules, disclosure requirements, market abuse prohibitions, and governance standards
- Draft law to formally classify crypto-assets as investment products followed in early 2026

Source: FSA (2025), FSA (2026), FSA (2025)

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Japan Regulatory Updates - Crypto/Web3

Key regulatory milestones to drive institutional Crypto/Web3 Adoption by FY2027

Apr 2026

Cabinet Approves Crypto Asset Reclassification

Triggered by Trump's early 2025 executive actions favoring digital asset growth, the Japanese Cabinet **officially moves crypto from the Payment Services Act to the Financial Instruments and Exchange Act**, prioritizing institutional readiness.

Jun 2026

Tax Reform Bill Passes Lower House

Replaces the **55%** progressive tax with a **20.3%** flat rate on listed tokens to prevent domestic capital flight to American exchanges.

Jun 2026

New Crypto Intermediary Licensing Live

Lets startups **distribute crypto assets and stablecoins through registered exchanges without holding customer assets themselves**, under significantly lighter requirements than an exchange license

FY2027

Full FIEA Operational Enforcement

Crypto platforms' transition period ends — full audited reporting, market surveillance, and insider trading controls required.

Source: FSA (2026), KPMG (2026), Digital Watch (2026)

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Stablecoin Regulation: US & Global vs. Japan

Diverging paths as stablecoins shift from speculative assets to financial infrastructure

*"Stablecoins are not speculative assets in Japan – they're becoming **financial infrastructure**."*

Makoto Shibata,
FINOLAB Chief Community Officer



	US & Global: Regulated Growth at Scale	Japan: Sovereign-Grade Integration
Regulatory Framework	The GENIUS Act shifts the US from chaotic "regulation by enforcement" to formal statutory frameworks for stablecoins	The June 2023 Payment Services Amendment paved the way for JPYC Inc. to launch Japan's first 1:1 backed (bank deposits/JGBs) regulated yen stablecoin in October of 2025 with a goal to reach ¥10T-30T issuance
Investor Protection & Standards	New federal laws enforce 1:1 asset-segregation and establish clear operating boundaries for issuers	Insider-trading bans, heavy fines for unregistered activity, and institutional-grade consumer safety protocols
Market Access & Foreign Coins	Clear boundaries encourage institutional tokenization onshore, yet offshore coins like Tether (USDT) still dominate global liquidity pools	MUFG, SMBC, and Mizuho sign MOU for joint B2B stablecoins via Progmat to build a sovereign buffer against incoming US coins like USDC, while SBI VC Trade became Japan's first registered Electronic Payment Instruments Exchange Service Provider in March 2025, enabling it to distribute foreign stablecoins (ex. USDC)
Scale vs. Integration	Total USD stablecoin liquidity has pushed past $300B, driven by regulated onshore growth on top of offshore volume	¥1T target issuance across corporate B2B clients under FSA's Payment Innovation Project, targeting live cross-border transactions before end-FY2026

Sources: White House (2025), Forrester (2026), Fystack (2026), MUFG (2025), FSA (2026), Nikkei Asia (2025), SBI VC Trade (2025)

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FinTech Support Initiatives

Regulatory guidance, regional landing support, and industrial acceleration

TOKYO METROPOLITAN GOVERNMENT

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Invest Tokyo
Subsidies and corporate matching to help foreign firms set up a Tokyo base

Global Alliances
Bilateral cooperation agreements (e.g., Luxembourg) that smooth cross-border entry

Green & Transition Finance
Access to ESG capital via the UK-Japan Transition Forum and Sustainable Finance Week

金融庁 Financial Services Agency

Japan FinTech Week
Flagship summit and Global Finance & Technology Network partnership for global networking

FinTech Support Desk
One-stop regulatory advisory spanning general FinTech, agentic AI, stablecoins, and digital-asset tokenization

Fintech Proof of Concept Hub
Dedicated regulatory support for fintech firms and financial institutions conducting proof-of-concept experiments.

METI Ministry of Economy, Trade and Industry

JETRO Japan External Trade Organization

Global Acceleration Hub
1-on-1 mentoring and open-innovation links to Japanese corporates

Sandbox + grants
Regulatory sandbox and grant funding that bridges FSA clearance to enterprise partnerships

Sources: FinCity.Tokyo (2026), FSA (2026), JETRO Startup (2026), FSA (2026)

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Market Segments

- Banking
- InsurTech
- RegTech
- Payments
- Crypto/Web3
- WealthTech

Banking

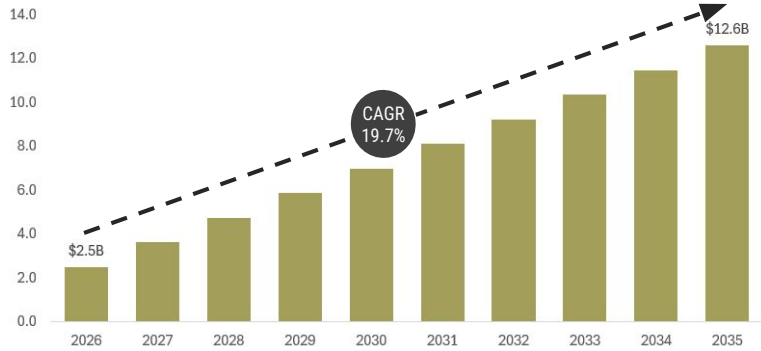
Market Environment

Overview

Tech Upgrades: Banks are deploying gen AI, machine learning, and blockchain to secure data infrastructure, automate core processes, and combat rising cyber fraud

FinTech Alliances: Strategic partnerships between legacy institutions and FinTech firms have surged, accelerating cloud-based Banking-as-a-Service (BaaS) and open banking

Japanese Digital Banking Market Forecast (USD Bn)



Major Online Banks (not exhaustive)

Rakuten Bank
PayPay
Sony Bank
GMO AOZORA NET BANK
住信SBIネット銀行
SBI Sumishin Net Bank
7 BANK

Case Study - Sony Bank Integrates AI to Its Digital Banking

Following a full cloud-native shift of its systems in May 2025, Sony Bank partnered with Fujitsu's Core Banking xBank solution to **embed gen AI directly into its operational core** on AWS. Target solutions for digital banking include:

- Cutting application assets by **40-60%**
- Accelerating product rollouts
- Building an advanced ecosystem integrating gen AI for system development

Sources: Fujitsu (2026), Dimension Market Research (2026)

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InsurTech

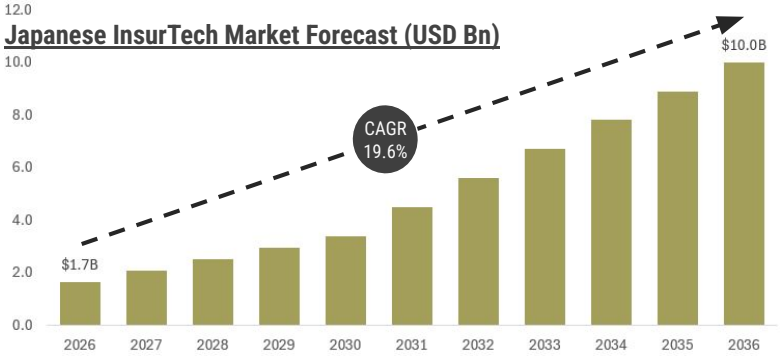
Market Environment

Overview

AI and Cloud Shift: Japan's revised Insurance Business Act (June 2026), which mandates a shift to data-driven, evidence-based sales practices, is accelerating insurer adoption of AI underwriting, digital KYC, and cloud platforms to automate claims and drive hyper-personalized policy structures.

Demographic Pivot: A rapidly aging population has shifted market demand toward tech-driven health, retirement, and parametric elderly care solutions

Japanese InsurTech Market Forecast (USD Bn)



Major Insurance Companies (not exhaustive)

日本生命 (NISSAY)
かんぽ生命 (JP INSURANCE)
SOMPO
明治安田 MEIJI YASUDA
DAI-ICHI LIFE
SUMITOMO LIFE
MetLife
Aflac
Gibraltar ジブラルタ生命

Case Study - Sompo's AI-Powered Quality Evaluation System

Late 2025, Sompo Japan partnered with Palantir Technologies Japan to launch a **gen AI-powered Agency Operations Quality Evaluation (QE) System**. The platform securely integrates distributed enterprise data via Palantir Foundry and builds autonomous workflows natively using Palantir AIP. Target solutions for InsurTech include:

- Qualitative document ingestion
- LLM-powered primary triage
- Operational efficiency and standardization

Sources: Sompo Japan (2026), Future Market Insights (2026), FINOLAB (2026)

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RegTech

Market Environment

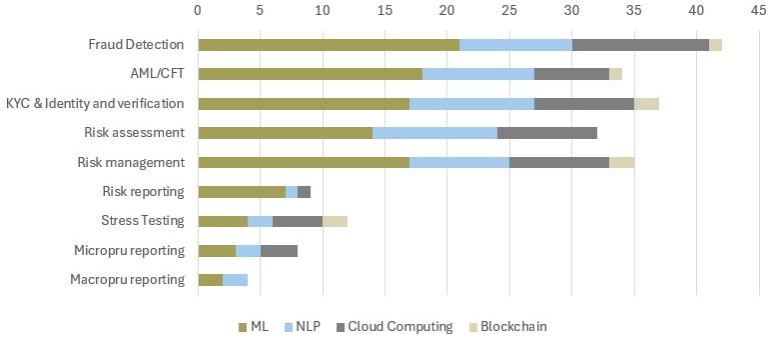
Overview

AI and Automation: Financial institutions are deploying AI and machine learning to manage dense data streams, detect fraud anomalies in real time, and streamline stringent AML/KYC/KYA protocols

Green and Open Frameworks: Prompted by the FSA, RegTech integration is pivoting toward automated ESG reporting metrics and compliant open banking APIs

Deployment of RegTech Tools

No. of authorities who have the tool used in each area



Major Authorities & Associations (not exhaustive)

金融庁 Financial Services Agency

財務省 Ministry of Finance, JAPAN

日本銀行 BANK OF JAPAN

JBA JAPANESE BANKERS ASSOCIATION

投資信託協会

JSDA

The Life Insurance Association of Japan

GiAJ

Case Study - Mizuho & NEC Build a “Know Your Agent”

In May 2026, to combat unique financial fraud risks associated with unexpected AI agent behaviors, Mizuho and NEC established a Know Your Agent (KYA) framework designed to evolve traditional, manual Know Your Customer (KYC) compliance into a **cryptographically secured machine authentication standard**. Target solutions for RegTech include:

- Biometric agent authentication
- Cryptographic evidence logs
- Sub-second financial LLM guardrails

Sources: BOJ (2025), FSA (2024), NEC (2026)

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Payments

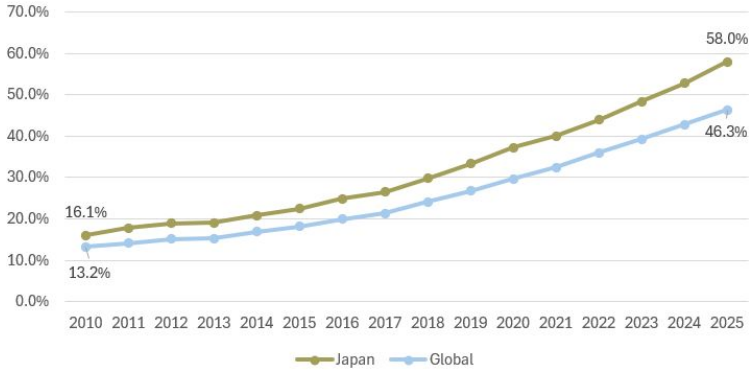
Market Environment

Overview

Surging Adoption: Driven by post-pandemic shifts, Japan's cashless payment ratio rose to **58.0%** of total consumer spending, totaling **¥162.7T**

Credit vs. QR Codes: Credit cards dominate with an **82.7%** share, but QR-code and smartphone-based "code payments" are the fastest-growing sector at **10.2%**

Historical Cashless Payment Ratio: Japan vs Global (%)



Major Existing Payment Approach (not exhaustive)

QR Code Payments	Mobile Payments	E-Money	NFC
PayPay	おサイフケータイ	WAON	Suica
R Pay	Apple Pay	Edy	QUICPay
	G Pay	nanaco	PayID

Case Study - PayPay's Path to and Beyond the IPO on Nasdaq

In March 2026, PayPay completed its **IPO on Nasdaq**, with **$879M** capital raised and marking the largest US market debut by a Japanese firm in a decade. Leveraging its parent company Softbank's ecosystem, PayPay now captures **70M+** users. Their target solutions moving forward include:

- Hybrid QR and Touch-to-Pay global wallet via strategic partnership with Visa
- Building an "ultimate super app" that unifies credit cards, consumer banking, wealth management, and insurance

Sources: METI (2025), Capital IQ (2026)

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Crypto/Web3

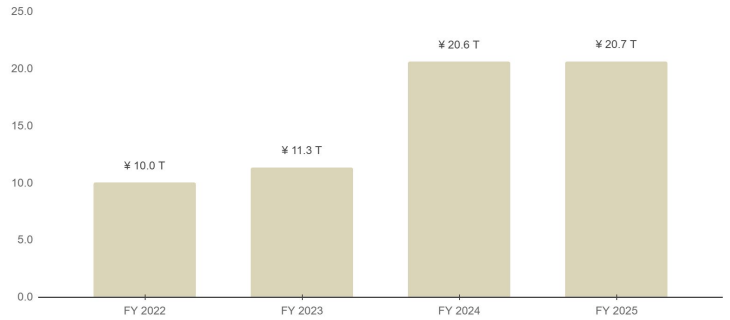
Market Environment

Overview

Regulatory Leadership: Japan leads in Web3 framework maturity with strict licensing for crypto exchanges, security tokens, and stablecoins, boosting consumer adoption, asset prices, and trading volume

Web3 and Gaming Focus: Corporate and venture capital interests are heavily concentrated on decentralized gaming ecosystem expansion, utility tokens, and mainstream IP-driven NFT integrations

Annual Crypto Spot Trading Volume on Japan's Registered Exchanges (JPY Tr)



Major Crypto Exchanges (not exhaustive)

Zaif, Coincheck, bitFlyer, GMOコイン, SBI VC Trade, bitbank

Case Study - Nomura's Laser Digital Prepares for FSA Registration

Laser Digital Holdings, a subsidiary of Nomura Holdings, plans to apply for Japan FSA cryptocurrency exchange business registration within 2026. Positioned ahead of the **FSA's targeted 2028 lifting of the crypto asset ETF ban**, the firm's core focus areas include:

- Institutional crypto trading services
- Liquidity provision and market-making operations
- Strategic positioning for upcoming Japan crypto ETF infrastructure

Sources: FSA (2025), Laser Digital (2025), Japan Virtual Assets Exchange Association (2026)

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WealthTech

Market Environment

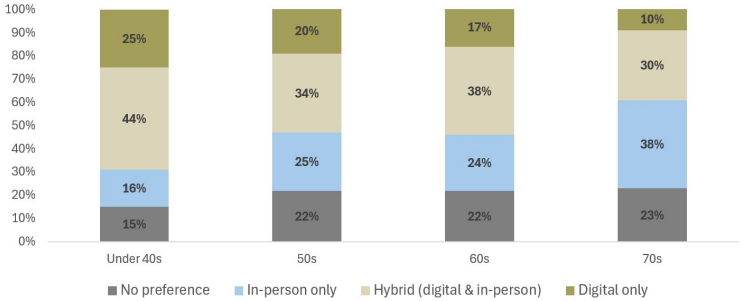
Overview

AI and Automation: Wealth managers are leveraging ML algorithms and robo-advisors to deliver scalable, low-cost asset allocation and personalized financial advice to retail investors, as younger generations demand more digital integration

Hyper-Personalization: Advanced digital wealth platforms and gen AI are transforming front-office client engagement, offering automated portfolio rebalancing and tailored tax-efficient solutions

Wealth Management Digital Integration Demand by Age

Methods preferred to communicate with Wealth Management services



Major WealthTech Firms (not exhaustive)

WealthNavi, folio, LUCA, QUANTIFEED, keyaki

Case Study - MUFG's WealthNavi Acquisition

MUFG announced the merger of **WealthNavi**, Japan's largest robo-advisor, with Mitsubishi UFJ eSmart Securities, targeting completion by end of FY2027. The combined platform will **deliver AI-powered wealth management as standard**. Target solutions for WealthTech include:

- Integrated bank, securities, and NISA account access via a single smartphone app
- Personalised AI advisory (MAP AI) spanning household budgeting to portfolio management
- Elimination of Japanese stock trading fees to compete with SBI Securities and Rakuten Securities

Sources: Accenture (2025), Nikkei (2026)

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Visual Alpha

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