

# Promoting Tokyo as a global financial center

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## Tokyo as a financial center: an image problem?

- There is a lack of awareness among some overseas market participants about the current business environment in Tokyo.
- One of the main outcomes of interviews with ~200 independent asset managers and providers of ancillary financial services based in Hong Kong, Singapore, New York and London\* was the negative but often-ill informed view of doing financial services business out of Tokyo.
- These views were sometimes colored by the respondents' previous knowledge, experience or the past reputation of the investment and regulatory environment in Japan.
- In contrast foreign businesses (via IBA Japan) have stated that regulatory environment and the FSA are now a very positive feature of doing business in Japan with a business-friendly outlook.
- The mismatch between these views suggests there a lack of contemporary information and positive images about doing business in Tokyo and needs focused attention.

\* The interviews (which included Japanese nationals located overseas) were carried out by JIAM (The Consortium for Japan International Asset Management Center Promotion)

# Promoting Tokyo as a financial center: Who is responsible?

- **No organization has overall responsibility**
  - **No single organization has overall responsibility** to promote Tokyo as a financial center and provide up-to-date information about the positive benefits of doing business in the city.
    - Some trade associations do international outreach and encourage new members but this is not their primary focus
    - The JFSA has set up a desk to help new entrants to the market but their primary responsibility is regulatory oversight. A number of the financial industry associations are conflicted **because of their SRO status**
- **What happens elsewhere?**
  - A number of major financial cities (e.g. London, Frankfurt, Paris, Luxembourg, Toronto, Abu Dhabi, Dubai) have promotional organizations
  - Many of them are led by the private sector but are endorsed and supported by the relevant government bodies

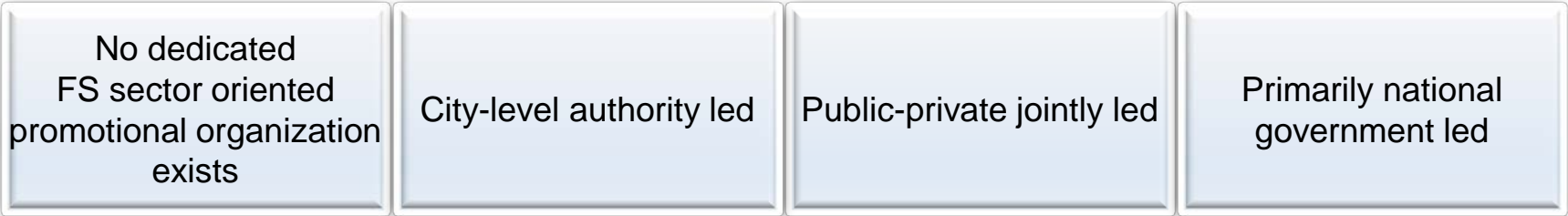
## **Tokyo financial center: a promotion body**

The Advisory Panel to “*Global Financial City: Tokyo*” has suggested establishing a substantive body to promote Tokyo as a regional and global financial center

# Comparison of promotional organizations in global financial cities

**ILLUSTRATIVE**

(#) Global Financial Centres Index 21 ranking



- New York City (#2)
- Sydney (#8)






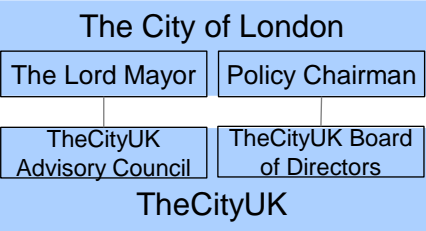





Most applicable for Tokyo

Difficult for Tokyo to emulate

Source: Z/Yen Group's the Global Financial Centres Index 21 Ranking

# Overview of promotional organizations in global financial cities

	1 London	2 Toronto	3 Frankfurt	4 Paris
Promotional Organization	 			
Key Activities	<ul style="list-style-type: none"> <li>• Lead overseas promotional visits, and welcomes foreign representatives to the City</li> <li>• Work with politicians to influence policy decisions</li> </ul>	<ul style="list-style-type: none"> <li>• Set, drive, and execute cross-sector priorities for the growth of jobs and investment</li> <li>• Promote awareness</li> <li>• Identify and pursue initiatives</li> </ul>	<ul style="list-style-type: none"> <li>• Advocate with one voice for Germany's most important financial centre and provide high-caliber platforms for government-business dialogue</li> </ul>	<ul style="list-style-type: none"> <li>• Maintain an ongoing and constructive dialogue with the European and French authorities as a privileged intermediary</li> </ul>
Structure				
Directorship	<ul style="list-style-type: none"> <li>• Public institutions, industry associations, and leading British private companies in the financial services</li> </ul>	<ul style="list-style-type: none"> <li>• The Government, the financial services industry and higher education</li> </ul>	<ul style="list-style-type: none"> <li>• State of Hesse, the cities of Frankfurt and Eschborn, and private companies in the financial services</li> </ul>	<ul style="list-style-type: none"> <li>• Leading French private companies in the financial services and other business sectors</li> </ul>
Annual Budget	~5-6M GBP	~4M CAD	~1M Euro	3-5M Euro

\* Comprised of 3 committees: corporate issuers' committee, intermediaries' committee, and institutional investors' committee  
 Source: Each promotional organization's website, interviews with promotional organizations

## Establishing a financial promotion organization for Tokyo

### Issues to consider:

- Set out the key **attributes and functions**
- Decide on the key **objectives** of the organization including should it have a sectoral focus
- Decide on what **governance** arrangements should be put in place
- **Practical plan** required to set up a promotional organization

# Key attributes of a promotional organization: analysis of existing bodies

**PRELIMINARY**

○ Attributes met, △ Attributes partially met, X attributes not met

Key Attributes/ functions	FSA	SRO associations (e.g., JSDA)	JETRO	JIAM	IBAJ	JBA
• FS oriented	○	○	△	○	○	○
• Promotional as opposed to supervisory	×	△	○	○	△	×
• Primary focus international	△	△	○	○	○	×
• Inbound oriented	×	×	○	○	△	×
• Wide involvement of private sector	×	○	×	△	○	○
• Backed by Government	○	○	○	×	×	×

- None of the existing organizations has all of the key attributes that a promotional body for Tokyo should possess.
- This indicates that setting up a new organization would not be replicating the work of another body and that there is a gap that should be filled.

# Key objectives of the promotional organization

## **Marketing:**

*Provision of information, marketing and responding to queries from both international and domestic audiences*

## **Validation:**

*FS industry promotional activities are in line with the expectations of key stakeholders including government agencies, Tokyo population*

## **Facilitation:**

*A suitable business operating environment*

## **Incubation:**

*To help facilitate an ecosystem to nurture the development of new financial services products and businesses*

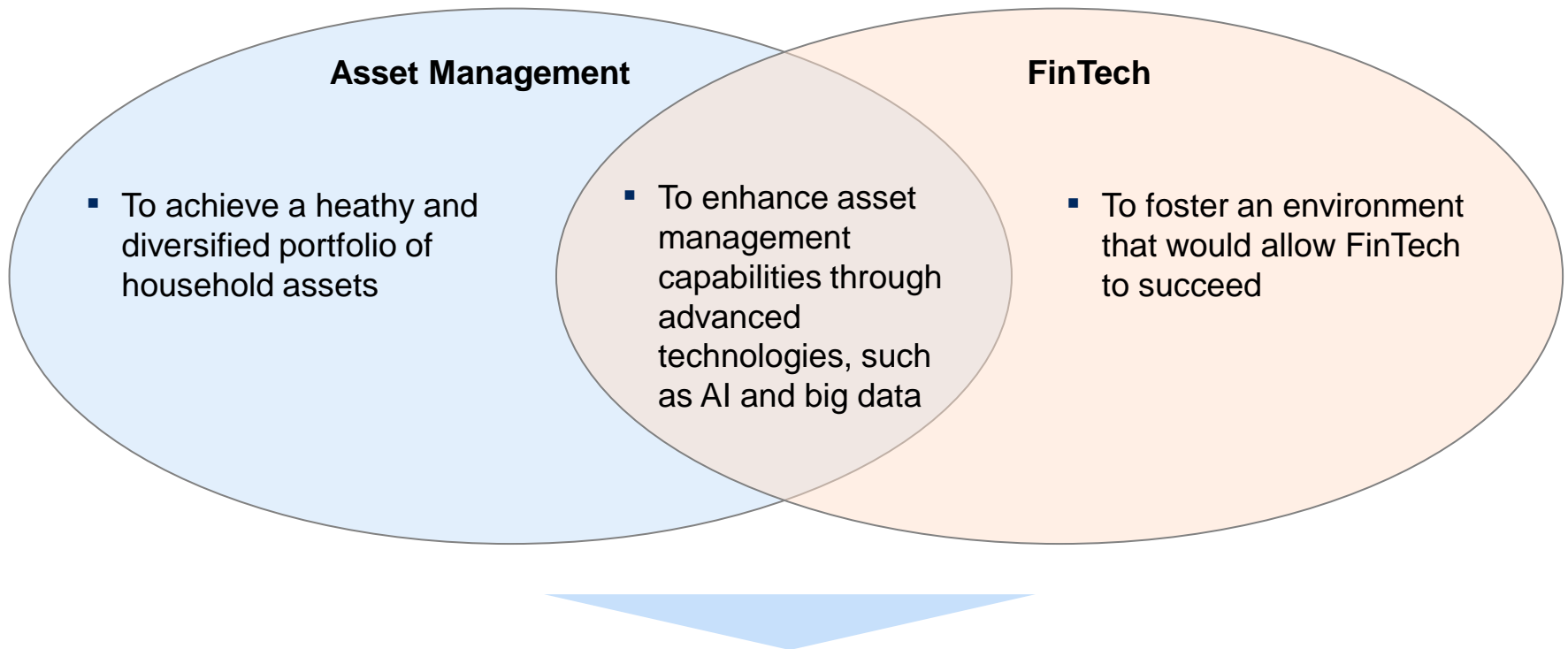
## **Advocacy:**

*Regulatory reforms to improve business environment*

**A main engine for Tokyo to transform as a global financial center**



## Primary sectoral focus of the promotional organization

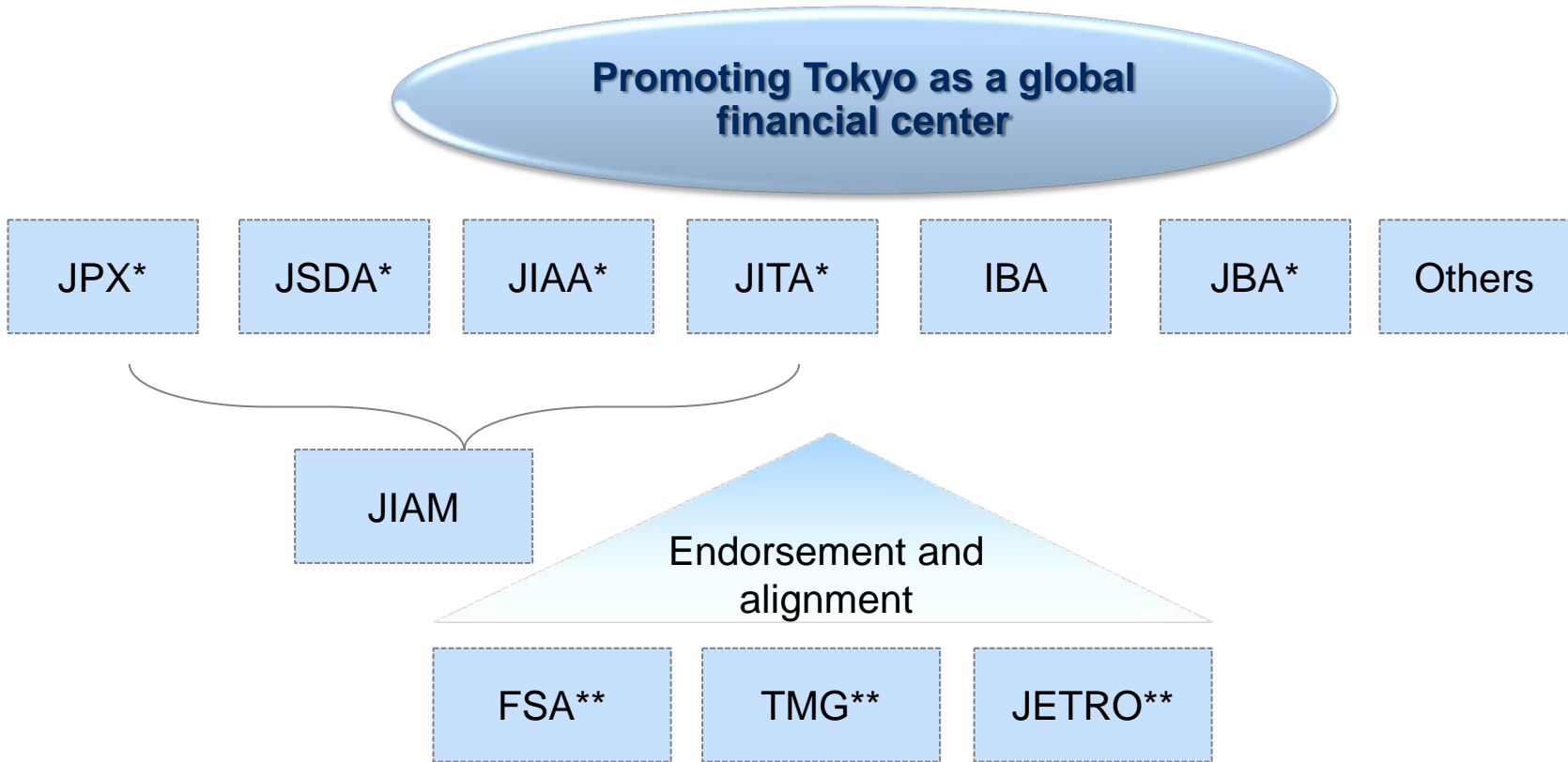


- The Advisory Panel suggested that in building a platform to develop Tokyo as a financial center, it should prioritize and focus on Asset Management and FinTech
- However, it should be possible that it will gain a momentum of its own which would take it outside the designated sector lines (e.g., insurance, transaction banking, equipment finance)

# Setting up a promotional organization

PRELIMINARY

ILLUSTRATIVE



- This organization will require cross industry and cross government support in order to be successful
- Participation of additional industry associations will become required as Tokyo grows as a leading financial center

\*Institutional commitment to be confirmed

\*\*Forms of endorsement to be clarified

## Next steps

- Agree the objectives of the promotional organization
- Confirm sectoral priorities within financial services industry
- Agree on a governance and organizational structure
- Estimate the budget for an organization and consider funding options

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