

Kinzai Article – November 19th, 2024

Foreign banks, securities firms, and asset managers will continue to contribute to Japan, leveraging their expertise.

In 2024, we mark the 40th anniversary of the International Bankers Association of Japan (IBAJ),

With our unwavering commitment to Japan, we have been speaking for foreign financial institutions in Japan.

Founded in 1984 as the Institute of Foreign Bankers (IFB), IBAJ began as an informal gathering of a dozen foreign banks, with a focus on exchanging information.

Over time, this collaborative spirit grew, with early initiatives including the cost-sharing of translations for essential regulatory documents.

In 2002, IBAJ expanded by welcoming foreign securities firms into the association, establishing itself as a platform for both the banking and securities sectors.

While many of our members operate under a universal banking model abroad, Japan's regulatory environment has traditionally maintained a separation between banking and securities, governed by strict firewall regulations.

Through constructive dialogue with regulatory authorities, IBAJ has advocated for gradual deregulation, paving the way for a "one-stop shop" financial services model that could serve the best interests of customers.

Today, IBAJ represents 53 members—banks, securities firms, and financial groups operating across both sectors—spanning 21 countries.

Our association maintains regular dialogue with key Japanese financial authorities such as the Financial Services Agency (FSA), Bank of Japan (BOJ), and Ministry of Finance (MOF), exchanging views on regulations, market sentiment, and infrastructure.

IBAJ also works closely with other key financial bodies, including the Japanese Bankers Association (JBA), Japan Securities Dealers Association (JSDA), and Japan Exchange Group (JPX).

When it comes to regulatory reform, we have been advocating for harmonization with international standards, shift to principle- and risk-based approaches, and introduction of a resilient and seamless technological

infrastructure, etc.

One of many advocacy efforts led by IBAJ has been in the area of Business Continuity Planning (BCP).

In the wake of the Great East Japan Earthquake in 2011, IBAJ issued a public release, affirming the commitment of global financial institutions to Japan and reassuring the authorities that operations would continue as normal despite the crisis.

IBAJ further went on to promote a “cross-border BCP” strategy where firms could rely on offices outside Japan as a back-up.

In 2021, this strategy was formally recognized by the FSA through amendments to its Supervisory Guidelines.

Building on this success, IBAJ has proposed a multilateral BCP arrangement to the authorities in major financial centers across the Asia-Pacific region, including Australia, Hong Kong, Singapore, and Japan.

Given the Government’s recent initiative of promoting Japan as a leading asset management center, this fall IBAJ has incorporated a third sector into our association: foreign asset management companies.

Many of these companies have operated in Japan for years, yet lacked a unified platform for voicing their concerns.

This strategic expansion positions IBAJ uniquely in the Japanese financial landscape, covering the full spectrum of the investment chain—from upstream to downstream; banking, securities, and asset management.

This integration allows us to provide a holistic and cohesive voice of foreign financial institutions on wholesale and retail finance, covering areas such as wealth management, private banking, and real estate related transactions, etc.

As we celebrate this 40-year milestone, IBAJ and our members remain committed to contributing to the growth, evolution, and globalization of Japan’s economy and financial markets.

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