

Japan business forums 2008

July report

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Japan contact

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Fast facts

Japanese
3-4 July

SWIFT partners:

- CALYPSO
- City Networks
- NTT Data Getronics
- Oracle
- Sumisho Computer Systems Corporation
- EastNets Group
- Sungard

Japan financial market seeking to integrate methods, practices and infrastructure to enhance productivity

SWIFT Japan held its second SWIFT Business Forum at Roppongi Academy Hills on July 3 and 4, 2008 under the theme of "growth and competitiveness of the financial sector in Japan." A wealth of information was presented on both days, including presentations and demonstrations on various solutions offered by our vendor partners. More than 500 people attended over the two-day run. This year, the forum was held on a global scale in 2008. It kicked off in Singapore in April, and then moved on to Hong Kong, Melbourne, Sydney, Taiwan, Shanghai, Beijing, Tokyo and Seoul. The forum is also scheduled to be held in Mumbai at a later date.

Day 1 morning session highlights

Lázaro Campos, Chief Executive Officer of SWIFT, gave the opening speech on the first day, talking on the theme of "The Japanese Financial Industry and Japan." Campos noted that the economies and financial markets of Japan and other Asia-Pacific countries are becoming increasingly important to the global market, and the weight of the financial world is shifting from the West to the East. Campos then talked about how the financial industry should address this global tide, what is needed of SWIFT and how SWIFT should change. Finally, he wrapped up by presenting the US and Japan as examples of countries that have significant possibilities for SWIFT.

Next, Ryusaburo Harasawa, Managing Director of The Bank of Tokyo-Mitsubishi UFJ, spoke on "Problem Areas in Japan's Financial Markets and How to Become More Competitive." In his speech, he shed light on the problems facing the Tokyo market, such as its low ranking and share when compared with other international financial markets. He concluded that it is important that the Tokyo market meet the needs of both Japanese and foreign customers as well as provide a variety of high-quality financial services and social infrastructure as a means to secure its position as a global financial market.

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The City of London's ranking of global financial markets called attention to Tokyo's standing among international financial markets. Tokyo receives low marks when compared with London, New York, Hong Kong and Singapore, and it is ranked ninth among international financial markets. He explained that Japan has been reduced to this position because it stands by vested interests, it lacks a national strategy for finance and IT, and has failed to engage in strategic talks about international standards. He observed that in its efforts towards becoming an international financial market, Japan needs close mutual cooperation among financial institutions, along with an open infrastructure. Mr. Harasawa finished by suggesting that the existence of a stable, efficient and convenient settlement system is the most fundamental requirement for an international financial center.

In the final morning session on Day 1, Esmond Lee, Executive Director, Financial Infrastructure, Hong Kong Monetary Authority, spoke on "Efforts and actions by oversea market infrastructures." In his presentation he explained that Hong Kong is known globally as an international financial center, and he talked about the coordination between the multi-currency remittance system and the brokerage system as financial infrastructure that supports the financial sector. He also stressed the convenience of being able to cover both local and global remittances and securities transactions with a single system, thanks to the Hong Kong market's transition to the SWIFTNet platform for its infrastructure. He wrapped up by saying that financial infrastructure can contribute greatly to the development of the financial sector domestically and regionally, and SWIFT is key to this financial infrastructure.

Day 1 afternoon session highlights

The afternoon program on Day 1 began with presentations from three different viewpoints (i.e.; the buy side, commercial bank, and Japanese market infrastructure) on the growing presence of foreign investors in the Japanese market. The second half consisted of a panel discussion and closing words from Ian Johnston, Chief Executive, Asia Pacific Region, SWIFT.

The afternoon session began with a presentation by Keiko Tamaki, Chief Operating Officer, Schroder Investment Management (Japan), entitled, "Asset management industry at its transformation period - The pressing needs of international harmonisation to reinforce global competitiveness." In her talk, she explained the role of infrastructure in an asset management industry that is undergoing a paradigm shift. She pointed out that one unique feature of the Japanese asset management environment is that there is no true model for outsourcing fund administration. She said that in reality it is impossible to conduct analysis that uses the multitude of data held globally by Japanese customers.

Turning to the positioning of Japanese financial and capital markets on the world stage, she noted that the tide is already moving towards Hong Kong or Singapore becoming the main hubs within Asia. They are superior not only in terms of cost, but also in expertise and environment. The fact that it is relatively easy to build communications among systems thanks to data formats that meet international standards is another major advantage for these markets. She emphasized that conquering these problems will still require dialog between industries, associations, and the public and private sectors, adding that there is a need to build an internationally harmonized, efficient asset management framework as quickly as possible.

In the next session, Toshio Ishizuka, General Manager, Global Investors Services Department, Sumitomo Mitsui Banking Corporation, spoke on the topic, "Securities Settlement Infrastructure and International Competitiveness." Ishizuka observed that the three Internet elements of "content," "infrastructure" and "delivery" also apply to the securities market, and the standardization of transmission formats will bring about major changes in the work traditionally performed by custodians, such as administering and keeping securities. He wrapped up by saying that commercial banks must therefore offer a new business model.

Shunichiro Unno, Deputy Director, Business Planning Department, Japan Securities Depository Center (JASDEC), spoke on JASDEC's efforts to address international standardization in a presentation titled, "Efforts by domestic market infrastructures – Implementation of ISO20022/SWIFT Network." He talked about the introduction of Japan's first ISO 20022/SWIFT Network as a means to lower the cost of investing in Japanese securities and improve efficiency, avoid international isolation, improve accessibility for market participants including investment management firms, and address expanded CSD linkage.

Panel Discussion

The topic of the panel discussion at the end of the first day was "Growth and competitiveness of the financial sector in Japan." Financial Markets in Japan: Growth and Competitiveness," the same as the theme of the SWIFT Business Forum. The members of the panel were Keiko Tamaki, Chief Operating Officer, Schroder Investment Management (Japan); Toshio Ishizuka, General Manager, Global Investors Services Department, Sumitomo Mitsui Banking Corporation; and Shunichiro Unno, Deputy Director, Business Planning Department, JASDEC. Yoshiaki Watanabe, Head of Japan, SWIFT,

At the beginning of the panel discussion Reitaku University Professor Masashi Nakajima reiterated the point that the Tokyo market is losing the ability to compete internationally as a global financial center -- an issue brought to light through this forum. The panelists then made observations about the true nature of this problem from various points of view and engaged in a lively discussion about suggestions for addressing these problems in the future. Professor Nakajima raised the point that Japan as a nation might be lacking both a national strategy for the financial industry and the ambition to become a financial powerhouse. Assuming that Japan is first and foremost a nation that makes things, the financial industry exists to support the manufacturing industry, he noted. He suggested that as the population of Asian countries ages, they will need to depend not only on manufacturing, and they will have to shift towards industries that add more value.

Day 2 highlights

During the first half of the morning of Day 2, SWIFT board member Hideo Kazusa, General Manager, Transaction Services Division, The Bank of Tokyo-Mitsubishi UFJ, presented a board report; Securities Committee Member Yukinobu Onoda, Managing Director, Trading Support Department, Nomura Securities, presented a report on trends in securities settlements; and SWIFT Japan's Kazuhisa Fujimura presented an update on SWIFT Japan.

After these reports, the forum broke into two sessions: the Business Stream and the Technology Stream. In the Business Stream, the topics presented included actual user case studies, including "SWIFT solutions," "Using TSU in supply chain finance," "Connecting corporate customers to SWIFT," "Using SWIFTNet Funds," and "SWIFT solutions in treasury operations." In the Technology Stream, the seminars included "Presentation of case studies on using SWIFTNet," "Implications and status of ISO 20022," "SWIFT Lite and SWIFT Alliance," "SWIFT customer service," and one on the newly introduced Relationship Management Application (RMA). The following is an overview of the Business Stream and the Technology Stream.