

Glossary

This page provides supplementary material to help readers better understand the business environment surrounding the SBI Group.

AML/CFT	Financial institutions are required to comply with guidelines and regulations concerning anti-money laundering (AML) and combating the financing of terrorism (CFT). Until now, Japan has received severe indications from the Financial Action Task Force (FATF), which conducts international inspections of the progress of its member countries, and so the development of appropriate responses and countermeasures has become a priority issue for financial institutions and other businesses.
API	Application programming interface (API) is a protocol to enable the managing of data and software functions from an outside program source. In Japan, the Act for Partial Revision of the Banking Act was enacted in May 2017, and promulgated in June of the same year. As a result, banks are obliged to make efforts to promote open APIs (publicly available APIs), which will ensure safe data communication with outside businesses, and collaborations with businesses other than financial institutions are expected to potentially lead to the creation of innovative financial services.
Corporate succession issues	There is concern that small- and medium-sized enterprises (SMEs), which account for more than 90% of all Japanese companies, will be unable to secure appropriate successors, and there is further concern that the number of businesses withdrawing or going out of business will sharply increase. Presently, the percentage of management in their 60s and 70s is high among SMEs, and soon many will retire. In fact, an increasing number of SMEs have been closing down their businesses over the past few years, and as a result, there may be significant impact on society, such as a decline in employment opportunities throughout Japan and in the GDP.
Crypto-asset (cryptocurrency) regulations	In response to the spread of cryptocurrency in Japan, the Payment Services Act was enacted in April 2017 to introduce regulations concerning cryptocurrency, including the introduction of a registration system for cryptocurrency exchange service providers. Subsequently, several cryptocurrency exchange service providers experienced problems such as the loss of assets due to hacking, and insufficient money laundering measures. Consequently, the regulations were reviewed, and in May 2019, amendments to the Payment Services Act were enacted in response to the growing diversity in financial transactions that accompanied advances made in information communication technology. The amendments include the name change of cryptocurrency to "crypto-assets," the conversion of tradable investment-type ICO tokens into marketable securities and regulations for business operators engaging in operations related to crypto-assets. They are expected to go into effect by June 2020.
iDeCo	Individual-type defined contribution (iDeCo) pension plan is a private pension system governed by the Defined Contribution Pension Law, which was passed and enacted in June 2001. Japan's declining birthrate and aging population, and the increasing movement of human resources combined with prolonged low interest rates, created an increasing need to review corporate retirement allowances and corporate pensions. This led to the implementation of iDeCo, which allows individuals to choose their own private pension plan apart from the Japanese National Pension System. From 2017, the coverage was expanded to include public service employees, among others, and in 2018, it became possible to make contributions on an annual basis.
NISA	Nippon Individual Savings Account (NISA) is a tax-free, small-amount investment system for individual investors introduced in January 2014. It sets a tax-free investment limit of ¥1.2 million per year for 5 years, and dividends as well as capital gains from stocks and investment trusts are tax-free. In order to promote the idea that personal assets should be managed and invested rather than simply held, the Japanese government created the Junior NISA in January 2016 (for minors under the age of 20) and the new installment-type NISA in January 2018 (for individuals who want to pay in monthly installments).
Regional revitalization	Regional revitalization is one of the policies announced in September 2014 for the purpose of improving the vitality of Japan as a whole. Currently, the population decline in Japan and the excessive population concentration in the Tokyo metropolitan area are having a negative impact on the regional economy. For this reason, the government is promoting local economic development, to endeavor to create an independent and sustainable society in each region. More specifically, regional financial institutions, which have an impact on the local economy, are expected to contribute to the revitalization of the local economy through the support of companies and industries in each region. However, these regional financial institutions are also facing severe business conditions, since their primary customer base is limited to certain regions of Japan.