Financial Services Strategy to Promote Growth Investment

- Upgrading "Promoting Japan as a Leading Asset Management Center" -

July 21, 2026

Executive Summary

On December 13, 2023, the Government of Japan published the *Policy Plan for Promoting Japan as a Leading Asset Management Center*, with the aim of realizing a "virtuous cycle of growth and distribution" by creating a flow of funds that leads to economic growth, increasing household income from financial assets as well as income from labor. Since then, the government has implemented a wide range of measures across the investment chain, including households, financial product distributors, asset managers, asset owners, and companies.

Building on the tangible results that these efforts have already delivered, further progress is needed to realize the Takaichi Cabinet's vision of a "strong economy." To this end, the government will advance the next stage of its asset management and investment agenda by strengthening both public and private finances and the broader investment chain that supports growth investment.

Through the four pillars set out below, this Financial Services Strategy seeks to accelerate growth investment in 17 strategic fields through close public-private collaboration. These efforts are expected to mobilize capital more effectively to support corporate transformation and business restructuring, which will lead to enhancing Japan's economic growth and improving national prosperity.

1. Strengthening the Functions of Financial Institutions and Markets

The government will explore measures to expand the supply of growth capital through closer cooperation between public and private financial institutions to support investment in the 17 strategic fields and facilitate corporate transformation and business restructuring.

Accordingly,

- the Development Bank of Japan (DBJ) and the Japan Investment Corporation (JIC) will formulate and refine their investment and financing policies for the 17 strategic fields;
- the government will also encourage joint investment in the 17 strategic fields between banks and government-affiliated financial institutions or funds; and
- a new *Public-Private Strategic Investment Forum* will be established to facilitate policy dialogue and coordination among relevant ministries and public- and private-sector financial institutions.

To meet growing financing needs associated with increasing corporate M&A activity and large-scale projects such as AI data centers, the government will strengthen the lending and investment capabilities of banks.

Measures will include:

- clarifying the framework for approving exceptions to the Large Exposure Regulations;
- relaxing voting-rights restrictions to allow investment-focused subsidiaries to participate in take-private and corporate carve-out transactions; and
- adjusting the calculation of capital requirements for funds managed by banks that also utilize third-party capital.

In addition, the government will start studying possible revisions to the banking-securities firewall regulations during FY2026, taking into account the future evolution of banking group business models.

As demand for growth capital continues to expand, Japan will develop deeper and more diverse financial markets with broader participation and a wider range of financial products.

To achieve this,

- the government will promote the development of the corporate bond market and the secondary loan market through regulatory and other reforms;
- it will consider measures to encourage participation by foreign financial institutions in syndicated loans arranged in Japan for corporate M&A and business expansion, as well as to facilitate smooth funding for large-scale M&A transactions; and
- it will foster the sound development of private equity funds that provide large-scale growth capital and drive corporate value creation, and venture capital funds that support startup growth.

Japan's regional financial institutions will also be encouraged to strengthen their capabilities—including investment banking functions, supporting business management, and broader regional engagement—to support value creation among local businesses and help address regional challenges.

2. Corporate Governance Reform to Promote Growth Investment

The government will further encourage companies to play their role in undertaking proactive growth investment, enhancing corporate value over the medium to long term, and eventually sharing the benefits of their growth broadly with employees and investors.

The revised Corporate Governance Code clarifies boards' responsibilities for overseeing capital allocation decisions, including investments in physical assets, research and development, human capital, and intangible assets, as well as business portfolio reviews. Boards will also be expected to conduct ongoing evaluations of these decisions.

Related to the revised Code, the government will develop the *Guidance for Growth Investment* that provides practical guidance to support the formulation and execution of growth investment plans. In addition, amendments to the Companies Act will be pursued to ensure a level playing field with other major jurisdictions and make corporate governance more substantive, including measures to consolidate annual securities reports under the Financial Instruments and Exchange Act and business reports under the Companies Act.

3. Measures to Maximize the Benefit of Economic Growth

To ensure that the benefits of economic growth are shared broadly, the government will encourage asset owners—including public pension funds, corporate pension funds, and universities—to pursue investment strategies that serve the best interests of beneficiaries. In addition, the government will promote more sophisticated asset management services at financial institutions, which will lead to supporting corporate growth, fostering more vibrant capital markets, and facilitating the development of high-quality financial products.

To this end:

- efforts will focus on strengthening the capabilities of asset owners, promoting initiatives in alternative investments by institutions such as the GPIF (Government Pension Investment Fund), and enhancing the investment management capabilities of universities; and
- to support steady asset building by households, the government will also improve corporate defined contribution pension plans and iDeCo (individual-type defined contribution pension plan), while further enhancing the usability of NISA and promoting its wider adoption.

4. Enhancing Financial Market Infrastructure

In the AI era, future payment systems will require three key attributes: continuous 24/7 operation, programmability linked to commercial and logistics activities, and the reliability and security required of payment infrastructure. The government sees the development of on-chain finance, enabled by blockchain technology, together with optimal integration with existing financial infrastructure (off-chain finance), as essential to meeting these needs. Through the On-Chain Finance Initiative for the AI Era, the Financial Services Agency (FSA) will play a leading role in shaping the future of private-sector payments and accelerating the adoption of on-chain finance in Japan.

An *On-Chain Finance Forum for the AI Era* will be launched this summer. The Forum will examine the following three key areas, with an interim summary to be compiled in early 2027:

- promoting social implementation of on-chain finance;
- developing an institutional framework conducive to the growth of on-chain finance; and
- adapting to emerging technologies that shape the next era, such as AI and quantum computing.

At the same time, the government will also ***advance efforts to address cyber risks, including those associated with the deployment of frontier AI models***. Given the potential implications of these risks for financial stability, the FSA will work closely with financial authorities in other jurisdictions through the Financial Stability Board and other relevant international bodies.

Through these initiatives, Japan aims to mobilize capital for growth, strengthen the competitiveness of its financial system, support corporate transformation and innovation, and create a sustainable cycle of growth and wealth creation for future generations.