

**Policy Statement by Yuji Yamamoto, Minister for Financial Services,
before House of Councilors' Financial Affairs Committee
(March 13, 2007)**

SAMPLE ONLY

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My name is Yuji Yamamoto, Minister for Financial Services. Today, I would like to talk to you about the financial administration as it is at present.

Re: Enhancing Financial Intermediary Functions and Securing the Safety and Security of Customers

With the non-performing loans issue having achieved normalization, Japan's financial system is now entering an era of earnest transition towards the establishment of a dynamic financial system. Given this, it is important that financial institutions take responsibility and use their own judgment in taking appropriate risks when acting as financial intermediaries and when discharging their function of fairly distributing resources. In addition, to attain a dynamic financial system, it is indispensable that the safety and security of the customers of the wide range of financial services is assured.

Historically, the Financial Services Agency (FSA) has promoted capability enhancement in community-based finance. Moving forward, from a standpoint of enhancing the financial intermediary functions, we believe it is important to stimulate the diversification of financing methods and to move away from the overdependence on mortgage-backed and personal-guarantor loans. In addition, to improve the fund-raising environment for businesses, the FSA will promote the introduction of a system for the electronic registration of receivable claims that will also allow for the transfer, electronically, of such receivable claims, etc.

As part our efforts to ensure the safety and security of customers, the FSA will also be pushing ahead with countermeasures to reduce the number of heavily-indebted individuals. To address this growing problem, we will ensure the smooth execution of the revisions to the Money-Lending Business Law, which was adopted during the extraordinary Diet session last year. In addition, the FSA will work with the "Task Force to Reduce Heavily-Indebted Individuals" (*Tajuu Saimusha Taisaku Honbu*) to enhance counseling systems and the safety net, bolster financial and economic education, and will make efforts to ensure government-wide strengthening of the enforcement framework, including a thorough clampdown on black market financing.