

Retail FX (Foreign Exchange) Trading Market in Japan: Key Research Findings 2016

◆ **Research Outline**

Yano Research Institute has conducted a study on the domestic retail FX (Foreign Exchange) trading market with the following conditions:

1. Research period: From July to September, 2016
2. Research target: Commodity futures dealers, dedicated retail FX trading companies, securities companies, Internet banking corporations, etc.
3. Research methodologies: Face-to-face interviews by the expert researchers, supplemented by interviews via telephone and e-mail

< What is Retail FX (Foreign Exchange) Trading? >

Retail FX (Foreign Exchange) trading in this research indicates the first financial product in Japan to handle foreign exchange transactions for private investors. It emerged after the revision to the Foreign Exchange Control Law in April 1998. The trading is executed based on notional principal, the leveraged margin deposit that works as collateral, and settle the account for only the difference caused between the period of position opening and closing. This report deals with OTC FX transactions market.

◆ **Key Findings**

■ **Market Size (Balance of Deposit Margin) for Fiscal Year Ending in March 2016 Attained ¥1,257.4 Billion, Down by 4.6 % on Y-o-Y Basis**

The market size of retail FX (Foreign Exchange) trading (the balance of deposit margin) for the year ending in March 2016 achieved 1,257.460 billion yen, a decrease by 4.6 percent from the previous fiscal year. The market remains to be steady, but large fluctuations of foreign exchange rates continued to have caused the market size to decline temporarily.

■ **Number of Accounts for Fiscal Year Ending in March 2016 Marked 5,750 Thousand, Increase by 8.3 % on Y-o-Y Basis**

As a result of improved corporate integrity and trust by means of enhancement of financial base and strict compliance throughout the enterprise by the market players, financial environment has restored and customer convenience has rectified. Consequently, the number of accounts for the year ending in March 2016 attained 5,750 thousand, a rise by 8.3% from the same period of the previous fiscal year.

■ **Annual Turnover of Fiscal Year Ending in March 2016 Achieved ¥5,003 Trillion (1 Million Currency Units Converted to ¥100 Million), Rise by 18.6 % on Y-o-Y Basis**

The annual turnover of the year ending in March 2016 leaped to attain 5,003 trillion yen, up by 18.6% from the same period of the previous fiscal year. Because the foreign exchange market had repeatedly fluctuated largely throughout this fiscal year, the turnover has expanded to a great extent.

■ **Market Size for Year Ending in March 2017 Projected to Attain ¥1,323.0 Billion, with Number of Accounts Rises to 6,165 Thousand, and Annual Turnover ¥4,778 Trillion**

Stricter compliance throughout the enterprise and more satisfactory services provided to the customers by the market players have been attempted in the FX industry, which have restored the investment environment and improved the customer convenience. At the same time, the market players have striven to offer extensive range of new product lineups, and also some transaction tools including those that can be used through smartphones and other systems. Due to efforts by the market players, improvement of transaction environment, and occurrence of factors that fluctuated the foreign exchange rates, the market size of retail FX trading (the balance of margin deposits) for the year ending in March 2017 is projected to attain 1,323.0 billion yen, the number of accounts to reach 6,165 thousand, and the annual turnover to achieve 4,778 trillion yen (1 million currency units converted to ¥100 million).

◆ **Report Format:**

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Price: 120,000 yen (The consumption tax shall additionally be charged for the sales in Japan.)

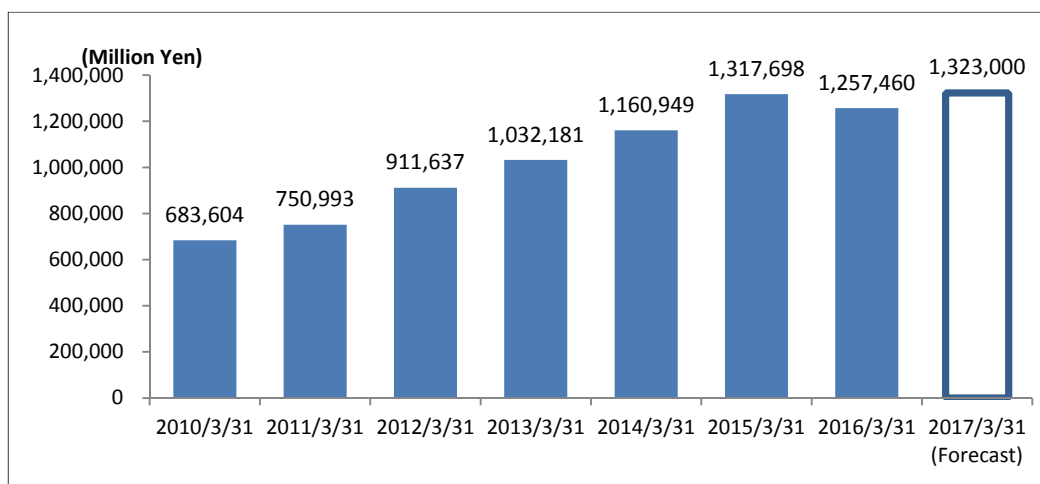
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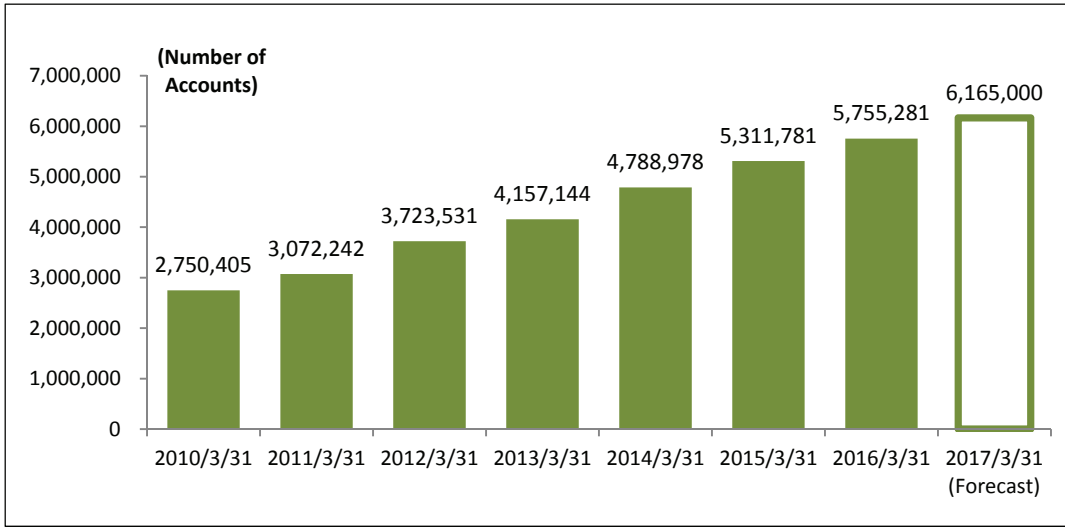
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■ **Figure 1: Transition of Estimated Market Size of Balance of Deposited Margin**



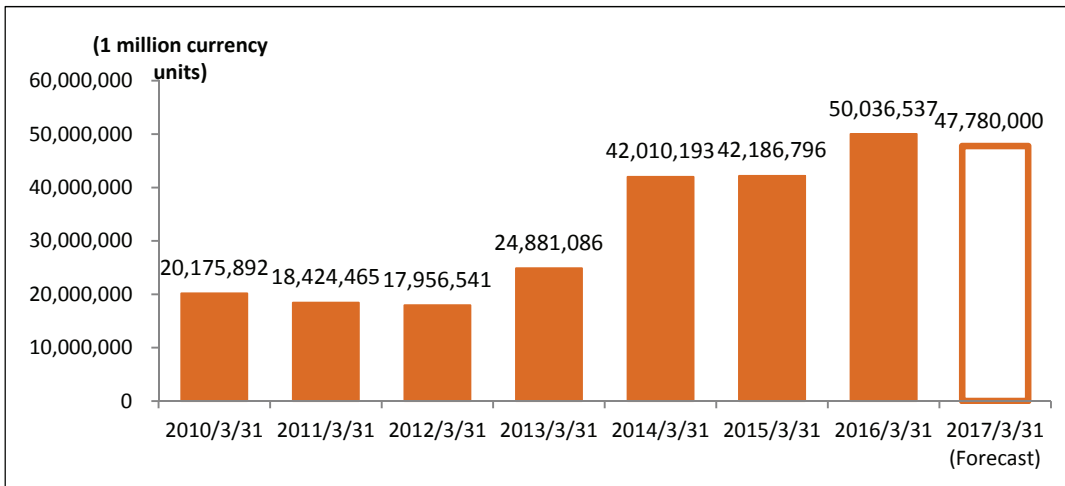
Estimated by Yano Research Institute

■ **Figure 2: Transition of Number of Accounts**



Estimated by Yano Research Institute

■ **Figure 3: Transition of Annual Turnover**



Estimated by Yano Research Institute