

FinTech Market in Japan: Key Research Findings 2016

◆ **Research Outline**

Yano Research Institute has conducted a study on the domestic FinTech market with the following conditions:

1. Research period: November 2016 to January 2017
2. Research target: Domestic FinTech ventures, Financial Organizations, SIs, etc.
3. Research methodologies: Face-to-face interviews by the expert researchers, interviews via telephone/emails, and literature research

What are FinTech (Financial Technology) and the FinTech Market?

FinTech is newly created word made up by combining “Finance” and “Technology.” It indicates a range of financial services which had been unable to offer by financial institutions, but have become available through the use of IT technologies.

FinTech in this research is categorized into the following 8 groups: Social Lending (financing), Crowdfunding, Investment/Operation Services (services of investment, operation and delivering information), Payment/Settlement, Block Chain (platform, cryptocurrencies), Corporate Accounting (cloud accounting software, cloud accounting services), Account Books / Expense Calculation Applications (account books / asset management, and expense calculation), and Security Services for Financial Institutions.

The domestic FinTech market size is calculated based on the sales of the venture companies that provide innovative services and some basic technologies indispensable for such services, which no conventional financial institutions ever had offered before,.

◆ **Key Findings**

■ **FY2015 Domestic FinTech Market Achieved 4,885 Million Yen, With Market Environment Becoming Progressively Acceptable**

The domestic FinTech market size (based on the sales of the FinTech ventures) achieved 4,885 million yen in FY2015. The environment surrounding the market has progressively improved from the legal, technological and physical points of view, while the market has shown its prosperity.

■ **Market in FY2015 Driven by Social Lending and Cloud Accounting Software**

The entire domestic FinTech market in FY2015 was led especially by social lending and cloud accounting software. While social lending expanded largely because of rapid increase of both the lenders and borrowers, growth of cloud accounting software stems from increased utilization of the software at accounting offices, closer relationship having been built with local banks, and increased connections with bank API.

■ **Domestic FinTech Market Projected to Leap Forward to Attain 80,800 Million Yen by FY2021, Due to Expansion of Block Chains, More Users of Virtual Currencies, and Sufficient Support from Government and Private Companies**

There are expectations for rapid increase of virtual currency users as well as for growing number of cases of business and demonstrations using block chains, and also for collaborations

between the venture companies. In addition, some support systems are expected to be built, with alignments among financial institutions, large SIFs, and the ventures underway. Furthermore, the laws and regulations related to the industry are to be revised, such as the Banking Act and the Payment Services Act (or virtual currency law,) followed by disclosure of the bank API which is currently under discussion. With such environmental improvements on the way, the FinTech market is projected to achieve 80,800 million yen by FY2021.

◆ **Report format:**

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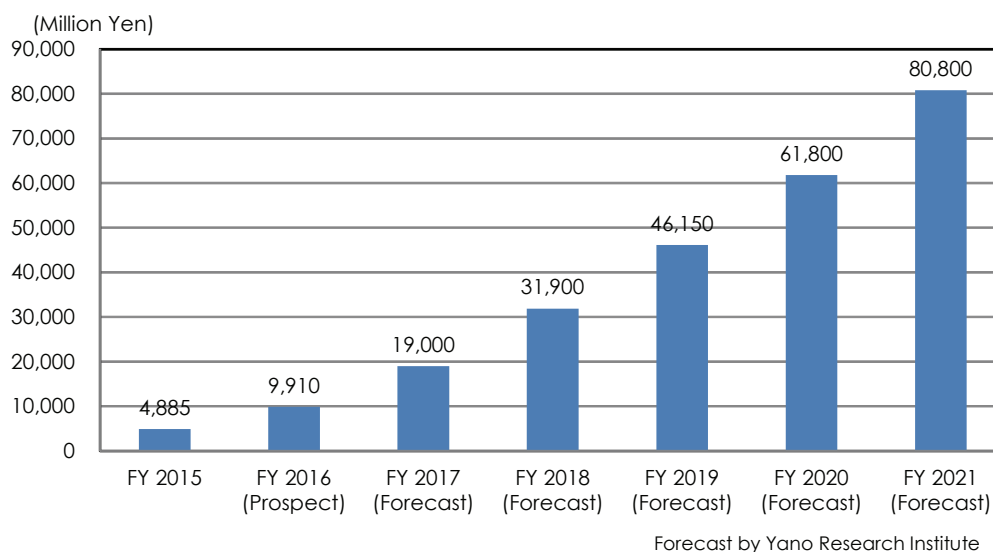
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■ **Figure 1: Forecast of Transition and Size of Domestic FinTech Market**



Notes:

1. The market size is based on the sales of FinTech ventures.