GOVERNING FINANCE FOR SUSTAINABLE PROSPERITY IN JAPAN

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POLICY BRIEF
August 2026

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ACKNOWLEDGEMENTS

The authors would like to thank the participants of the roundtable on “Governing Finance for Sustainable Prosperity in Japan” convened by the ASEAN+3 Macroeconomic Research Office (AMRO), the Council on Economic Policies (CEP) and the South East Asian Central Banks (SEACEN) Research and Training Centre in March 2026, together with further experts for the wealth of insights and thoughts they shared. The views expressed here are solely those of the authors, inspired by the points discussed amongst participants during our roundtable convening, and do not necessarily reflect those of AMRO, CEP, SEACEN or any other institution the authors are affiliated with.

EXECUTIVE SUMMARY

Japan occupies a singular position in global finance: it is one of the world's most advanced economies and the one that has most extensively challenged the limits of conventional monetary and fiscal policy. Decades of experience in deploying novel monetary policy tools and acceptance of large public sector deficits have produced a macro financial policy landscape with few analogs. Japan's financial governance institutions now face a uniquely demanding task – completing one of the most consequential monetary policy transitions in modern history and maintaining fiscal sustainability while simultaneously harnessing the financial system as a catalyst for the country's economic priorities.

Governing Finance in Times of Structural Transformation

Rising demographic pressures, the demands of the digital and green transitions, and geopolitical reconfiguration are reshaping the environment in which the Bank of Japan (BOJ), the Financial Services Agency (FSA) and the Ministry of Finance (MOF) operate. Neither institution can address these challenges in isolation. Structural transitions cut across traditional policy domains, requiring close cooperation between the central bank, the financial regulator, and the fiscal authorities. A renewal of the 2013 Joint Statement of the Government and the BOJ can be an important step in this direction.

Monetary Policy for Sustainable Prosperity

The pace, sequencing, and communication of normalization will be among the BOJ's most consequential policy decisions of the decade. Various structural dynamics – the legacy of unconventional policy, a large public debt burden, demographic effects on inflation, and a growing frequency and intensity of supply shocks – complicate this transition. A wider use of targeted monetary policy interventions may be key to navigating this complexity.

Stability and Risk-Taking: The Supervisory Balance

Japan's financial system enters the normalization period carrying embedded vulnerabilities: large bond portfolios subject to mark-to-market losses, asset-liability mismatches among life insurers, and regional banks under demographic pressure. Forward-looking, scenario-based supervision will be a critical supervisory priority. Calibrating supervisory requirements to support the productive risk-taking that Japan's economic transformation requires will also be essential.

Governing the Digitalization of Money and Finance

The digitalization of money and finance adds a further layer of complexity and opportunity. Japan is a key node in regional financial flows, making the country a key potential accelerant for regional payment system modernization. Priorities include deeper local currency settlement arrangements, faster retail payment interlinking, and coordinated regulatory frameworks for cross-border digital finance. The country also faces consequential decisions about its governance of stablecoins and the possible introduction of a central bank digital currency. These decisions include weighing the risks that foreign-currency, mainly USD stablecoins could pose to monetary sovereignty, and the scope for yen-denominated and multi-currency alternatives that avoid deepening the region's USD dependence.

Japan faces a demanding domestic economic agenda. Its institutional robustness, policy experience, and regional standing mean that how it meets this agenda will resonate well beyond its borders, shaping financial governance for sustainable prosperity across the ASEAN+3 region and beyond.

1. GOVERNING FINANCE IN TIMES OF STRUCTURAL TRANSFORMATION

JAPAN'S INFLECTION POINT

Japan stands at a significant inflection point. The international economic system is undergoing profound change, with global trade rules under strain, multilateral institutions weakening, and new technologies on the rise. Geopolitical tensions are moving energy security and supply chain resilience up the agenda. Rising yields are putting a growing spotlight on government debt. And climate change is making itself felt with growing frequency and force.

In addition, the country's long-running demographic challenges are becoming harder to defer. Japan's population is declining. Its working-age cohort is shrinking even faster. The old-age dependency ratio is among the highest in the world and will continue to rise. This constrains potential growth, intensifies pressure on public finances and is already leading to labor shortages in several sectors.

Against this backdrop, the Takaichi government has set an ambitious agenda. At its core is a growth strategy of "crisis management investment" built on strategic public and private investment across seventeen priority sectors, including artificial intelligence (AI), semiconductors, defense, and biotechnology.[1] The strategy reflects growing recognition that geopolitical fragmentation, technological competition, demographic decline, and energy insecurity require a more active state role in shaping economic outcomes. At the same time, the debate has highlighted broader questions about how Japan's monetary, fiscal, financial, and industrial policy frameworks should evolve to support structural transformation while preserving innovation, competition, and long-term resilience. The government also wants to ensure that growth reaches beyond the major urban centers, by promoting regional industrial clusters and strengthening local infrastructure and public services.

Energy security holds a further prominent place in the government's priorities. The recent disruptions in global energy markets have reinforced the urgency of both diversifying supply and accelerating the shift to domestically produced energy while maintaining affordability. The expansion of renewable energy capacity is a critical pillar for that. Raising energy efficiency is equally vital. Both goals are also central to the government's Green Transformation – or GX – program driving industrial innovation and competitiveness.

IMPLICATIONS FOR THE BOJ AND THE FSA

The country's financial system is at the core of pursuing these priorities. Mobilizing the scale of investment that Japan's growth strategy requires – across AI, semiconductors, clean energy, and regional development – demands a financial system capable of allocating capital efficiently, pricing risk accurately, and channeling long-term savings into productive uses. As the pool of domestic savings contracts with demographic decline, the pressure on the financial system to perform these functions will only intensify.

[1] Japan's *Basic Policy on Economic and Fiscal Management and Reform 2026* states that the government will boldly and strategically promote "strategic investments that enhance resilience against potential crises" as well as "investments that promote growth". The Japan-language version of the document uses the phrases "crisis management investment" (危機管理投資), and "growth investment" (成長投資). The government plans to implement this strategy across 17 priority sectors.

As a result, governing finance is critical. The institutions at the helm of Japan's financial system – the Bank of Japan (BOJ) and the Financial Services Agency (FSA) – face a uniquely demanding task.

The BOJ must navigate one of the most consequential monetary policy transitions in modern history while ensuring that normalization does not destabilize the financial system or derail the investment that structural transformation requires. It must also prepare its frameworks for a structurally altered transmission environment – one in which the ageing population changes aggregate consumption and saving behavior, digital finance reduces banking intermediation, and climate shocks generate new categories of supply-side inflation.

The FSA faces a dual challenge. It must manage legacy risks – including unrealized losses in institutional bond portfolios arising from rising interest rates, asset-liability mismatches among life insurers, and regional banks under demographic pressure – while extending its supervisory perimeter to encompass new risks from digitalization, climate change, and AI-driven financial services. At the same time, it must ensure that supervisory requirements do not inadvertently constrain the productive risk-taking that Japan's economic transformation requires. Mobilizing investment across AI, clean energy, semiconductors, and regional development demands a financial system willing to allocate capital to activities whose risk profiles are uncertain and whose returns are long dated. Calibrating supervision to permit and encourage this – without compromising financial stability – is among the most demanding judgments the FSA will face in the years ahead.

Neither institution can meet these challenges and deliver on their mandates in isolation. Price stability, financial stability, investor protection, and market integrity are deeply interconnected: a disorderly normalization that destabilizes bank balance sheets would undermine the BOJ's own monetary policy transmission. Financial fragility that forces the BOJ to delay normalization risks entrenching inflation expectations. Close BOJ-FSA coordination – on stress testing, on the supervisory treatment of interest rate risk, and on the macroprudential implications of monetary tightening – is vital for navigating the path ahead.

The challenge is compounded by increasing frequency and intensity of supply shocks. Unlike demand-driven inflation, supply-side price pressures – whether from energy markets, climate events, or geopolitical disruption – expose monetary policy's operational constraints. Failing to respond may de-anchor inflation expectations. Responding too aggressively risks unnecessarily dampening investment and growth. Managing this tension requires close alignment between the BOJ's monetary stance, the FSA's supervisory posture, and the Ministry of Finance’s (MOF's) fiscal framework.

That alignment is also critical to support the productive risk-taking that Japan’s economic transformation requires. Price stability and financial stability are the bedrock on which productive investment is built – without them, the confidence that long-term capital allocation demands cannot take hold. Yet stability alone is not sufficient. Ensuring that the financial system supports productive risk-taking and that incentives are aligned with the country’s policy priorities is equally critical. Policy coherence across the BOJ, the FSA, and the MOF – aligning their respective instruments to reinforce each other – will be as important as the quality of any individual policy decision.

BOX 1: The Case for Renewing the 2013 Joint Statement

The January 2013 Joint Statement of the Government and the Bank of Japan was a landmark moment in Japan's macroeconomic governance. Forged at a time of persistent deflation and designed to anchor expectations during the launch of Abenomics, it succeeded on its own terms. Thirteen years on, however, the institutional framework it established still reflects the assumptions of the deflation era – a mismatch that is increasingly becoming a policy problem.

Japan's challenge is no longer overcoming deflation. Consumer prices have exceeded the Bank's 2% price stability target for four consecutive years, and the BOJ has been dismantling its unconventional policy framework since 2023. The economy is now navigating multiple structural transformations that the 2013 statement was never designed to address.

A revised statement can do three things. First, it can update the objective from overcoming deflation to achieving sustainable prosperity under price stability and financial stability, while recognizing that supply shocks increasingly complicate the inflation picture. Second, it can incorporate the goal of governing finance amid structural transformation – ensuring that monetary policy and financial supervision support capital allocation toward Japan's long-term economic priorities. Third, it can upgrade coordination through regular joint assessments of macro-financial conditions, making explicit where the government and the BOJ differ in their assessments, while affirming that monetary policy decisions remain the BOJ's responsibility.

Well designed, a renewed statement would serve both institutions: strengthening the BOJ's independence by clarifying how monetary policy interacts with the country's overall economic policy, while providing the government with a more transparent framework for aligning its economic priorities with macro financial conditions.

2. MONETARY POLICY FOR SUSTAINABLE PROSPERITY

Structural Dynamics and Monetary Policy Effectiveness

Japan's monetary policy effectiveness is being reshaped by three intersecting structural dynamics.

First, the legacy of unconventional policy. Years of unconventional monetary policy have shaped a financial system with a central bank carrying assets in excess of GDP, banks holding large quantities of government bonds, and a corporate sector with significant retained earnings but subdued investment appetite. If rates rise, asset repricing and changes in bank behavior may affect the transmission of policy. The BOJ must monitor these transmission dynamics closely as part of its operational framework.

Second, demographic change and its effect on inflation. Japan's demographic trajectory – a falling working-age population and a rising elderly share – has historically suppressed both growth and inflation through weaker consumption demand and lower investment returns. The return of wage inflation in 2024-26 is fundamentally different in character from demand-boom inflation: it reflects structural labor market tightening rather than overheating. This will require careful calibration of the policy response to avoid prematurely extinguishing the wage-price dynamic that Japan has sought to generate for decades.

Third, the growing exposure to supply shocks. Japan is particularly vulnerable to supply-side inflationary pressures that lie outside the reach of demand-management instruments. Volatility in global energy markets, supply chain dislocations driven by geopolitical tensions, and climate-related disruptions – from extreme weather events to agricultural shortfalls – are cases in point. Each of these represents a source of inflation to which the effectiveness of monetary tightening is limited. The BOJ needs a considered and clearly communicated framework for how it will respond to such episodes.

Governance Frameworks and Instrument Adjustments

Maintaining monetary policy effectiveness under these conditions requires governance and instrument evolution across several dimensions.

Crucially, with the return of inflation, a new wage dynamic, and rising exposures to supply shocks, the case for a formal review of the BOJ's inflation targeting framework is becoming difficult to ignore. Such a review would need to address, inter alia, the inflation target itself, the BOJ response to rising wages, as well as its framework to deal with supply-side inflationary pressures. The assessment may also consider alternative frameworks besides inflation targeting as well as monetary-fiscal coordination.

In addition, the BOJ's balance sheet strategy carries both monetary and financial stability implications. Balance sheet reduction – covering the pace of tapering of government bond purchases and the management of its exchange-traded fund holdings – needs to follow a transparent, rule-based approach, to reduce policy uncertainty and market disruption risks.

Stronger macroprudential-monetary coordination is also essential. Rising rates will generate valuation losses in financial institutions' bond portfolios and put pressure on real estate valuations. The BOJ's financial stability assessments and the FSA's supervisory actions need to be closely aligned, with regular joint stress assessments published and acted upon jointly.

BOX 2: The BOJ's ETF Holdings — A Strategy Beyond Sales

The BOJ's decision to begin selling its holdings of exchange-traded funds (ETFs) marks a defining moment in Japan's long experiment with unconventional monetary policy. But the exit plan addresses only part of the challenge. With ETF holdings of an estimated market value of 70–80 trillion yen – equivalent to roughly 7% of Japan's total stock market capitalization – the BOJ will remain one of the country's largest shareholders for decades. How it manages that position matters as much as how it reduces it.

Two priorities stand out. The first is stewardship. As one of Japan's largest shareholders, the BOJ cannot treat silence as neutrality. Delegating voting rights to ETF managers without clear guidance gives those managers an outsized and unaccountable role in corporate governance. The BOJ needs a transparent framework for exercising its shareholder responsibilities. Aligning with established stewardship principles, and publishing clear guidelines on proxy voting, would be a strong starting point.

The second is portfolio composition. The BOJ's current holdings are based on market capitalization-weighted indexes and thus heavily weighted toward large firms. Reorienting the portfolio – or any successor public interest vehicle – toward other aspects that better reflect Japan's long-term priorities, including innovation, human capital, and energy security, would reduce systemic risk on the BOJ's balance sheet while aligning its holdings with national policy goals.

Monetary Policy and Structural Transformation

Beyond its core mandate of price stability and financial stability, the BOJ is also confronted with the question about its role in the country’s structural transformation. The setting of interest rates and the design of monetary policy operations always also have structural implications. Rate increases raise the cost of capital and may suppress some investment.

BOJ purchases of specific securities or its acceptance of these securities as collateral provides a financial benefit to the issuer of these securities. Ensuring that the design of these instruments is aligned with key policy priorities is an essential dimension of the policy coherence that Japan's structural transformation calls for.

The BOJ's experience with targeted refinancing operations offers a valuable starting point for that. Its targeted lending facilities during the COVID-19 pandemic and in response to the Great East Japan Earthquake are cases in point. Its targeted refinancing operations in support of climate change responses offers further illustration that the BOJ has both the institutional capacity and the operational experience to design instruments that combine monetary policy objectives with structural goals. Building on this experience, the BOJ could develop a broader framework for targeted operations in support of Japan's strategic priorities – including AI, clean energy, semiconductors, and regional development – while maintaining clear boundaries that preserve its institutional independence and the integrity of its core mandate.

3. STABILITY AND RISK-TAKING: THE SUPERVISORY BALANCE

Operationalizing Financial System Resilience

Japan's financial system enters the coming years with significant embedded vulnerabilities. Banks hold large government bond portfolios whose mark-to-market value has declined as rates have risen. Life insurers – with long-duration liabilities – face asset-liability mismatch risks as the yield environment shifts. Demographic decline in rural areas puts particular pressure on rural banks. Strengthening resilience through prudential regulation and oversight requires the FSA to proactively address these and further vulnerabilities.

A wider use of forward-looking information will be central to that. As the Federal Reserve noted in a report on what went wrong in its oversight of Silicon Valley Bank, "supervisors delayed action to gather more evidence even as weaknesses were clear and growing". Fostering a supervisory culture that empowers supervisors to act under uncertainty will be indispensable.

Expanding system-level oversight will also be critical. Beyond firm-level metrics, macroprudential indicators – including interconnectedness maps for Japan's major financial conglomerates, concentration metrics in government bond holdings, and regional bank stress indicators – are essential for timely intervention. Moving to annual system-wide stress tests, with aggregate results released publicly, would strengthen market discipline and inform macroprudential decisions.

Japan's macroprudential toolkit has historically been less actively used than in comparable jurisdictions. A more active approach to macroprudential instruments such as countercyclical buffers, sectoral capital requirements, and borrower-based measures will be a further core pillar to enhance resilience.

Integrating Novel Risks

Accounting for novel risks – unprecedented in scale, systemic in nature, and associated with deep uncertainty – will need to be a key element of that. Risks related to digitalization, artificial intelligence or climate change do not fit neatly into the approaches on which prudential frameworks have been built. They are forward rather than backward-looking –

meaning that standard risk management approaches, which rely heavily on historical data and established loss distributions, are poorly suited to capturing them. They are also likely to materialize concurrently and interact with each other in ways that compound their individual effects.

This poses a fundamental challenge for regulators and supervisors. Integrating novel risks into supervisory frameworks requires moving beyond historical data toward forward-looking scenario analysis and stress testing methodologies that can accommodate deep uncertainty. It requires developing new metrics and disclosure standards that generate decision-useful information for financial institutions and markets. And it requires a willingness to act under uncertainty – to build supervisory expectations and regulatory requirements before the full empirical picture is clear, rather than waiting for risks to crystallize into losses.

Cyber risk is a case in point with several high-profile incidents in recent years illustrating the vulnerability. A sector-wide cyber stress testing program, mandatory incident reporting within tight timeframes, and deeper integration with international cybersecurity frameworks would materially strengthen collective defenses.

AI-related risk should also move up supervisory agendas. As financial institutions accelerate AI adoption in credit scoring, trading, customer advisory, and fraud detection, enhancing related oversight is critical. Explicit AI governance guidance – covering model validation, explainability standards, bias auditing, and accountability frameworks for financial institutions – is a key step in this direction.

Climate risk is equally pressing and carries particular urgency given Japan's acute exposure to physical risks – including typhoons, flooding, and sea-level rise – and its significant transition risks in carbon-intensive industrial sectors. The FSA has been at the forefront of enhancing climate-related disclosures and risk analytics among the institutions it supervises. The next step is to move from reporting and diagnosis to accounting for climate risk as an integral component in supervisory dialogues and capital requirements.

Balancing Stability and Productive Risk-Taking

While safeguarding stability sits at the heart of supervision, making sure that supervisory frameworks leave adequate room for productive risk-taking is also essential. The tension between financial stability and productive risk-taking is particularly acute in Japan, where decades of cautious banking culture – shaped by the legacy of the immediate post-bubble period of the 1990s – have contributed to excessive corporate cash holdings and subdued investment. The FSA's supervisory posture has evolved significantly since that era, but further reform is needed to encourage financial institutions to actively support Japan's economic transformation.

To that end, unlocking venture, innovation, and green transformation finance is pivotal. Japan's innovation ecosystem has historically been underfunded by its banks and insurance companies, and the financing needs of the GX agenda are substantial. Adjusted supervisory frameworks for qualifying ventures, innovation, and GX lending, combined with FSA guidance on best practices, can help unlock this capital. The FSA may also want to review portfolio concentration limits to ensure that rules designed to prevent undue concentration do not inadvertently prevent institutions from building positions in the sectors that Japan's transformation requires.

Supervisory Collaboration and Financial Contagion Prevention

Japan's financial institutions – particularly its three major banking groups – operate across the ASEAN+3 region at scale. This creates both systemic influence and systemic exposure: a stress event at a major Japanese bank could propagate rapidly through regional markets, and vice versa. Strengthening cross-border supervisory collaboration is therefore a matter of regional financial stability, not merely bilateral courtesy.

With that in mind, Japan has a distinctive contribution to make to the development of colleges of supervisors across ASEAN+3 – deepening information sharing, joint stress assessments, and pre-agreed crisis response protocols. These protocols should also include cross-border contingency frameworks covering digital assets – including stablecoin instability, CBDC system failures, and major cyber incidents at systemically important digital financial infrastructure. Beyond crisis preparedness, the BOJ and FSA can also make a critical contribution to joint capacity-building with ASEAN+3 central banks and supervisors on strengthening the role of finance in pursuing the region's economic priorities.

4. GOVERNING THE DIGITALIZATION OF MONEY AND FINANCE

CROSS-BORDER PAYMENT SYSTEMS AND ASEAN+3 INTEGRATION

Japan is a key node in regional financial flows. Its financial institutions are deeply embedded in regional trade finance, investment banking, and correspondent banking networks. This makes Japan a natural leader – and a key potential accelerant – for regional payment system modernization.

Japan has existing bilateral Local Currency Settlement (LCS) arrangements with several ASEAN partners, but their utilization remains limited relative to the volume of regional trade. Deepening these arrangements – through expanded eligible transaction types, lower transaction costs, and more seamless operational integration – would reduce the region's dollar dependency, lower foreign exchange transaction costs for SMEs and households, and enhance regional financial resilience. The BOJ can play a leadership role in advocating for multilateral LCS interoperability standards within ASEAN+3. As these settlement rails move on-chain, the same logic argues for building yen-denominated and multi-currency options into emerging stablecoin and tokenized-deposit arrangements from the outset, so that digitalization does not quietly reintroduce the dollar dependence that local-currency settlement is designed to reduce.

At the retail level, linking Japan's next generation instant payment infrastructure with regional fast payment networks through multilateral interoperability frameworks would enable low-cost, real-time cross-border retail payments across ASEAN+3. This would benefit remittance recipients, support regional e-commerce, and position Japan's payment infrastructure as a regional public good. As Japan modernizes its domestic settlement infrastructure, the BOJ and FSA, in close collaboration with the MOF, should ensure that international interoperability is built in from the outset and develop a joint roadmap for achieving initial multilateral connectivity in parallel with that modernization.

Deepening cross-border payment integration requires a degree of regulatory collaboration – including on anti-money laundering standards, data governance, and consumer protection. Japan can leverage its contributions to the Financial Stability Board, the Committee on Payments and Market Infrastructures, and ASEAN+3 forums to advance a joint agenda that enables connectivity without requiring full regulatory standardization, preserving national regulatory sovereignty while reducing cross-border frictions.

CBDCs, STABLECOINS, AND THE FUTURE OF JAPAN'S MONETARY ARCHITECTURE

The choices the BOJ and FSA face on payment system modernization are inseparable from a broader set of decisions about the future architecture of money itself. Japan must navigate critical and consequential decisions around stablecoins and central bank digital currencies (CBDCs) – instruments that could fundamentally reshape how money is issued, held, and transferred. Getting these foundational choices right is among the most consequential items on the country's financial governance agenda.

Initial steps have already been taken. Japan enacted the world's first comprehensive stablecoin regulation in 2023, establishing a regulated issuance framework with reserve and redemption requirements. This is a globally significant achievement. The priorities going forward include rigorous oversight of reserve asset quality and redemption mechanisms, clear rules on cross-border stablecoin use including the treatment of foreign-issued stablecoins in domestic transactions, and coordination with the BOJ to ensure stablecoin proliferation does not fragment monetary policy transmission.

A further priority is to assess the risks that widespread use of foreign-currency stablecoins – in practice, predominantly US-dollar-denominated ones – could pose to Japan and the wider region. As digital settlement rails scale, a default to USD-denominated stablecoins could entrench digital dollarization and currency substitution, weaken domestic monetary-policy transmission and monetary sovereignty, transmit external monetary and regulatory conditions more directly into regional markets, and complicate capital-flow management; because such instruments are typically backed by US Treasuries, a large redemption or de-pegging event abroad could also propagate stress into regional payment systems. These risks vary across ASEAN+3 economies with the depth of local markets, the degree of capital-account openness, and existing dollarization. Given the depth and liquidity of the yen, Japan is well placed to help develop yen-denominated and multi-currency stablecoin and settlement arrangements as a credible regional alternative, ensuring that the digitalization of money reinforces, rather than undercuts, the local-currency settlement agenda.

Building on the groundwork the BOJ has laid for a CBDC is also critical. The Bank has maintained a pilot program since April 2023, engaging over sixty private sector institutions in technical experiments. Its design phase is scheduled to conclude in 2026. Several consequential design choices lie ahead – on architecture, privacy, programmability, and interoperability. How the digital yen would be issued and distributed has significant implications for financial intermediation and the role of commercial banks. How transaction transparency is calibrated against privacy protections will be critical to public trust. Whether programmable features are built in raises questions about the appropriate limits of central bank intervention in individual transactions. And whether the digital yen is designed for compatibility with other ASEAN+3 payment systems and CBDCs will matter for Japan's broader regional agenda.

Beyond a retail CBDC, the BOJ is also participating in Project Agorá, an international experiment testing tokenized wholesale central bank deposits to improve cross-border payment efficiency – a dimension that could prove particularly consequential for the correspondent banking and trade finance networks in which Japan's major financial institutions are deeply embedded.

CONCLUSIONS

Japan’s financial governance institutions stand at a historical inflection point. The BOJ is executing the most consequential monetary policy transition in a generation; the FSA is extending its supervisory perimeter into new risk territories; and both institutions are navigating a demanding agenda against a backdrop of rapid demographic change, geopolitical turbulence, and accelerating technological development and adoption. The scale of the challenge is significant – but so is Japan's capacity to meet it.

Japan has decades of experience at the frontier of financial policy. Its navigation of the post-bubble financial crisis, its long experimentation with unconventional monetary policy, its early leadership on climate risk disclosure, and its pioneering stablecoin legislation all demonstrate an institutional culture capable of bold, evidence-based governance innovation. That capacity is precisely what the moment demands.

The recommendations in this brief are meant to build on this foundation – accelerating the governance adaptations that Japan’s financial authorities must make to remain effective in a structurally transformed world. Implemented with the ambition and precision that the challenges warrant, they would position Japan not only as a more resilient economy, but as a leader in financial governance for sustainable prosperity across the ASEAN+3 region and beyond.