

Speech for Ms. Chang-Li, Transaction Innovation Forum 2023

Hello and welcome, everyone. It is my pleasure to be here with you in Tokyo, at the inaugural Transaction Innovation Forum. I'd like to thank the organisers for inviting me to speak at this timely and relevant event, in the heart of global financial innovation.

As a market for fintech, the Asia Pacific region is thriving. The region is expected to overtake the US as the world's top fintech market by 2030, charting a compound annual growth rate of 27%¹. Within the region, I am encouraged to see Japan positioning itself as a leader.

Historically, Japan has been ahead of the curve in embracing payment technologies. As you will know, Japan was the first country in the world to legally define digital currencies. Now, the Bank of Japan is continuing to be a pioneer with the development of central bank digital currencies, trialling a digital yen. I am looking forward to hearing insights on this from the Bank of Japan's Naoto Shimoda in this morning's CBDC panel.

Beyond central banking, the way businesses pay has transformed in recent years. The proliferation of payment methods that we have seen in the Business-to-Consumer space, is now being matched by innovation in Business-to-Business payments. For years, these transactions have been constrained by manual processes and high fees, particularly for cross-border payments. Now is the time for Japan to embrace these innovations.

Today, I am here in my role as an Ambassador of FinCity.Tokyo. First, let me explain what we do. FinCity.Tokyo is a public-private partnership established by the Tokyo Metropolitan Government to promote Tokyo as an international financial centre. As a promotion body, we aim to showcase Tokyo's strengths as a financial hub, in order to attract funds, information, and financial professionals to the city. We also engage with our membership to recommend and shape policies that will bolster Tokyo's standing as a hub for fintech and asset management.

In my view, it is crucial for Japan to continue embracing progress in the transactions space. Real-time payments and open banking have the potential to widen access to financial services. This is important for Japan, since SMEs contribute over half of Gross Domestic Product and over two-thirds of employment. Ensuring that they can make the best Treasury decisions, and execute payments quickly and securely, is imperative to the health of these businesses, and the overall health of the economy.

Meanwhile, the future of cross-border transactions is being reimagined with rich data, optimised payment processing, and improving interoperability between banks. This could have strong implications for trade in Japan. This morning's plenary session from SWIFT East Asia's Alain Delfosse will be an illuminating chance to understand the current challenges and opportunities in this space.

¹ Boston Consulting Group, 2023 <https://web-assets.bcg.com/66/7e/a36d7eab41e2b4b65c3e687a17f5/bcg-qed-global-fintech-report-2023-reimagining-the-future-of-finance-may-2023.pdf>

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Recent innovations in transactions and treasury technology show that we are entering an exciting period of change for Tokyo's businesses.

TIF has brought together fintech experts from across the Asia Pacific region, who will delve further into the challenges and opportunities in today's transactions landscape.

After hearing their insights, I hope many of you here today will get on board with our vision of Tokyo as a global centre of financial innovation. Thank you for your attention, and please enjoy the rest of the program.