

English Summary



The Rise in Fintech and Cashless Payments in Southeast Asia

Kaori IWASAKI

Senior Economist, Economics Department
The Japan Research Institute, Ltd.

Abstract

Southeast Asia is recently witnessing a surge in fintech businesses which attempt to provide solutions to the numerous challenges that this region has been facing, including financial inclusion issues such as the low penetration of bank accounts, limited physical access to banking services, and low credit card usage. With the spread of the internet and smartphones in this region, fintech companies are making use of these technologies and finding new ways to serve the people.

The technology and business models that the fintech companies in Southeast Asia rely on mostly originate from mature economies as well as China. Fintech for them is merely a tool to solve issues, and whether it is a copy from others is not regarded as that much important. Another interesting point seen in many fintech services in this region is that while they adopt the latest technologies, enjoying the so-called “leap-frog effect” or latecomers’ advantage, they are embracing low-tech as well.

Within the various fields in fintech in Southeast Asia, mobile payment is the most active. Numerous companies are providing mobile payment services so that the people can enjoy cashless transactions. Governments in Singapore, Malaysia and Thailand are also promoting cashless payments, one achievement being the 24/7 instant fund transfer using smartphones, a service still not fully introduced in Japan.

However, one must not be over-optimistic in the future of fintech in Southeast Asia. There are several issues that the region must overcome so that fintech can truly flourish, one being security issues. Only then will fintech become widely accepted, contributing to solving financial issues as well as moving the region towards a cashless society.

Cryptocurrency and Securities and Possibilities in Regional Finance :

Interaction between ICO and crowdfunding and social lending and the ideal regulatory framework

Yukihiro TANAKA

Professor, Faculty of Law Niigata University

Shuichiro TANAKA

Financial analyst

Abstract

In this paper, we examined the current situation of cryptocurrencies in Japan, discussed the discussions at the FSA's workshops, etc., examined the actions taken by the FSA to dispose of virtual currency-related businesses and revised the legal system. Later, we examined where the four types of ICOs fall under the "four functions of finance" by the Financial Services Agency regarding the so-called Initial Coin Offering (ICO) system. Based on the limitations of the current system, such as crowdfunding and social lending, which are similar to those of the ICO, we will present the conditions for securing the investment potential of the ICO from the practical aspects of the asset management industry in the securities and financial markets. At the same time, the ICO financing method is funded from the perspective of civil society. The necessary system development was examined, and alternatives to the continuation system were proposed. Finally, he introduced the contents of the bill that positions personal information in the United States as an object of ownership in the context of the legal nature of cryptocurrencies, and discussed some of the future implications in each area.

Are the Investors in Chinese P2P Lending Market Smart?

Tong ZHAO
Tokushima University

Motohiro ISHIDA
Tokushima University

Abstract

The market of Chinese P2P Lending has rapidly grown in the last ten years. We use transaction records of RRD (renrendai.com) which is one of the leading platforms in P2P Lending of China, analyzing the default factors of Contracted Unsecured Loan Securities (CULSs), and estimating the default rate of Non-Contracted Unsecured Loan Securities (Non-CULSs). It is obvious that the Chinese investors of P2P Lending are clever for the good reason that the actual default rate of CULSs is 17.83%, while the expected default rate of Non-CULSs is about 35%. However, the actual default rate of CULSs is too high to afford in general, so there are many things that need to be improved for RRD. Moreover, the decision scheme of CULSs' interest does not depend on credit ranking of borrowers but almost on its duration, causing a strong multiple collinearity between its interest and duration, this decision scheme also need to be modified for RRD.

Case Study on Damages of Illegal Lending (Yamikin) Disguised as Factoring

Hiroshi DOMOTO

Professor, Faculty of Informatics
Tokyo University of Information Sciences

Abstract

Since the revision of the MBL in Japan in 2006, occasions where Yamikin-related crimes came to surface seem to have decreased. However, when perusing the recent media report, we found Yamikin had been expanding the high interest rate damages by developing its scheme into varied and sophisticated ways that are difficult for the police to crackdown. For example, according to the Nikkei article on September 26, 2018, titled “Risky Financing Behind Bankrupt Companies”, a highly-illegal bilateral factoring, utilizing a traditionally-used factoring scheme, has been permeated behind the scenes as a new Yamikin, which resulted in spreading damages to more medium and small companies (SMEs) in financial needs. What is concerned on bilateral factoring is not only the difficulty of crackdown by the police, but there is no consistency in the court judgements over its illegality in several compensation claims filed by SMEs against their factoring agencies.

According to the article by Kyodo News on March 3, 2017, titled “Receivables Transaction is ‘Actually a Moneylending’ - the District Court Ordered the Refund of Overcharged Interest”, a judgment admitting the illegality of bilateral factoring was delivered. On the other hand, in my interview survey of SMEs that used bilateral factoring, there are cases where the courts did not admit illegality of bilateral factoring but on the contrary SMEs were ordered to pay a large penalty to factoring agents.

In light of limitedness in these judicial holdings, it is getting difficult to regulate bilateral factoring under the current laws. In addition, the enforcement of the Civil Law to be revised in 2020 will basically deregulate receivable assignments, which may conversely establish the environment for bilateral factoring. Also, from such perspective, the MBL should be revised after careful consideration of the reality of fund needs by SMEs and micro-entities, and adequate money loan market should be established in Japan.

A Study on the Relationship between Freight Consciousness and Use in Ride Share

Sachiyo KAMIMURA
University of Fukui

Takuji TAKEMOTO
University of Fukui

Abstract

In this study, we grasp the reality of a situation from case of ride-sharing in Japan. Also, we make clear the ride-sharing acceptability in areas where depopulation, aging and traffic are inconvenient. And, we show relationship between usage and fare.

As a result, the ride-sharing has improved the convenience of local mobility, but there was a problem with securing the operating range, time zone and driver. Moreover, user of Sasaeai Traffic was dissatisfaction with the fare. On another front, in the case of Nakatonbetsu ride-sharing is satisfied of the fare. There is no change in number of users to paid service. Based on these results and knowledge of overseas cases etc, tendency has been to give preference to convenience over fare. Additionally, we grasp framework and point of operational management.

Next, we conduct surveys in order to grasp local mobility of elderly by Eiheiji town, Yoshida county, Fukui prefecture. As the result, aged person is put the utmost importance on convenience than fare. They think that ride-sharing and regional transportation operation of mutual assistance type may fit in for the area. And they expect to be introduced in the area. Also, they choose types fixed about fare payment. However, based on the actual conditions of the precedent, it is necessary to devise a fare setting that users can satisfy.

For the above reasons, ride share is evaluated for convenience, paid service and fixed fare. we speculate the result are related for nudge of behavioral economics. Also, convenience is important for come into use of ride-sharing by people. On the other hand, fare payment of ride-sharing should types fixed according their value to get the satisfaction of the user.

Regulations on P2P Lending in China

Tong ZHAO
Tokushima University

Tomokuni MIZUNOUE
Tokushima Bunri University

Abstract

The market of Chinese P2P lending which enlarged 2000 times in the last ten years has become the largest in the world. Because of the rapid growing, however, more than two-thirds platforms of P2P Lending which have ever started business, went bankrupt. The most important reason for this situation is that the financial regulation agencies of China had taken a laissez-faire attitude towards the P2P Lending for long time, regarding it as a new financial innovation which must be protected and competed enough through the market. As the first administrative document on P2P Lending was promulgated in August 2016, the various changes in P2P Lending, such as the increasing of voluntary liquidation platforms or the centralization of transactions to leading platforms, show the end of rapid growth and the coming of stable growth. It is obvious that the new administrative document mainly protects investors and platforms and that lenders were few considered, so it is also obvious that the regulations on P2P Lending is far from perfect.