

Japan's Experience and Its Implications for China — Monetary Policy and Financial System —

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Calligraphy Written by Bank of Japan's Former Governor Yasushi Mieno



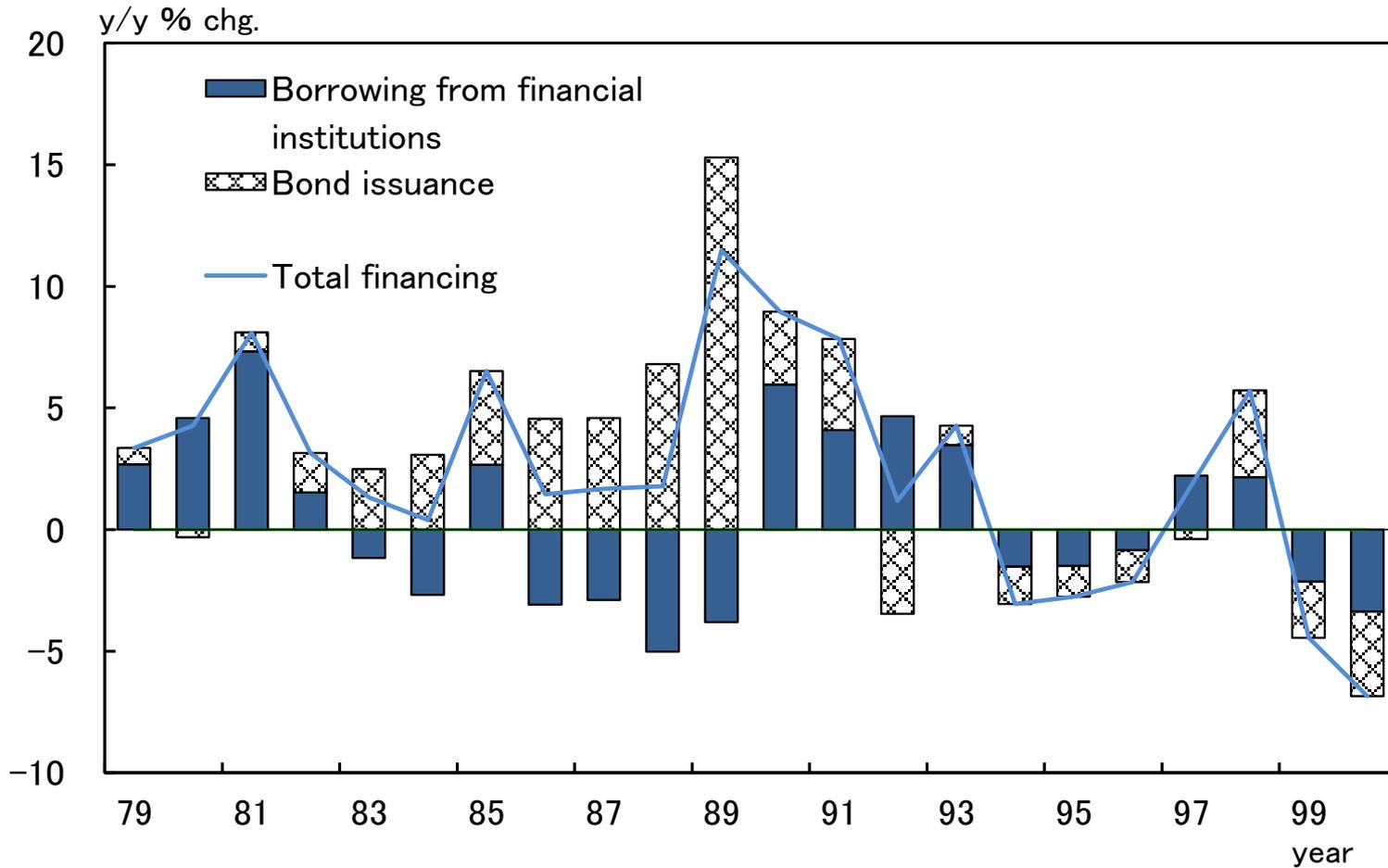
Executive Director Mieno and Deputy Governor Liu Hongru (1981)



Note: Executive Director Mieno is on the left, Deputy Governor Liu Hongru is in the middle, and Mr. Liu's interpreter Wang Yafan is on the right in this picture (titles are as of 1981).

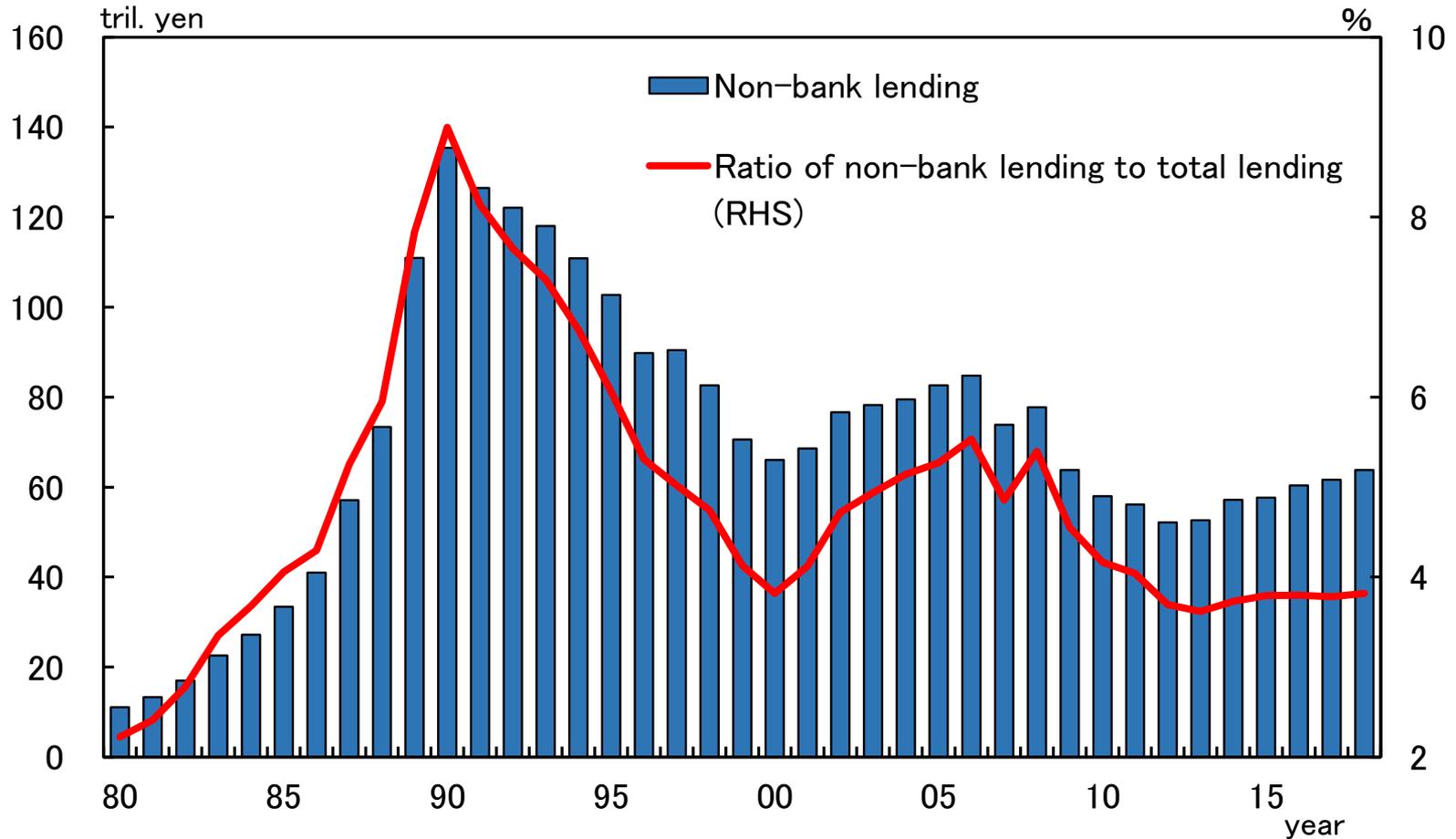
Source: Photo courtesy of Ms. Wang Yafan.

Financing Activity by Large Manufacturing Firms in Japan



Source: Japan's Ministry of Finance.

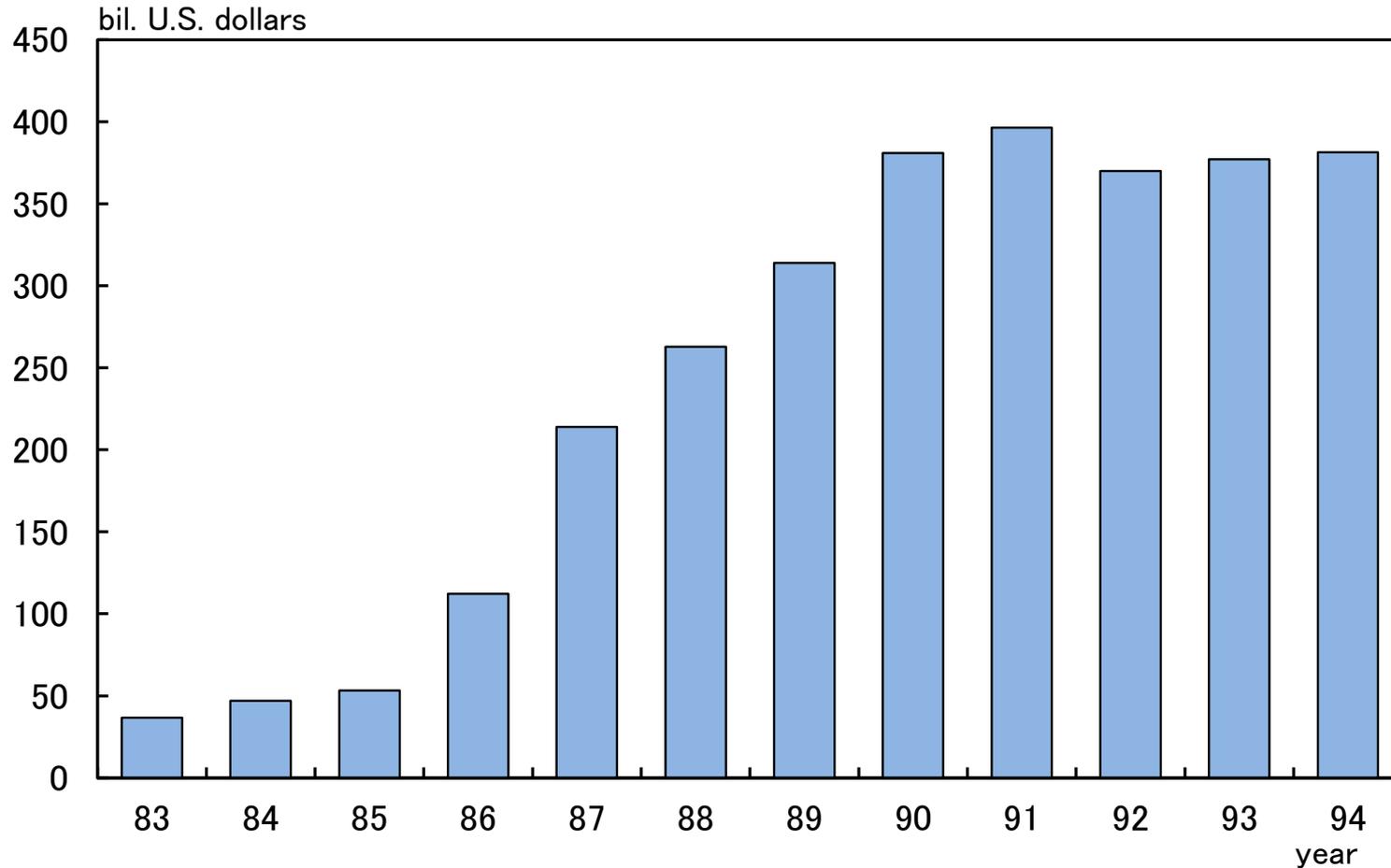
Non-bank Lending in Japan



Note: The figures for non-banks are the sum of finance companies and structured-financing special purpose companies and trusts.

Source: Bank of Japan.

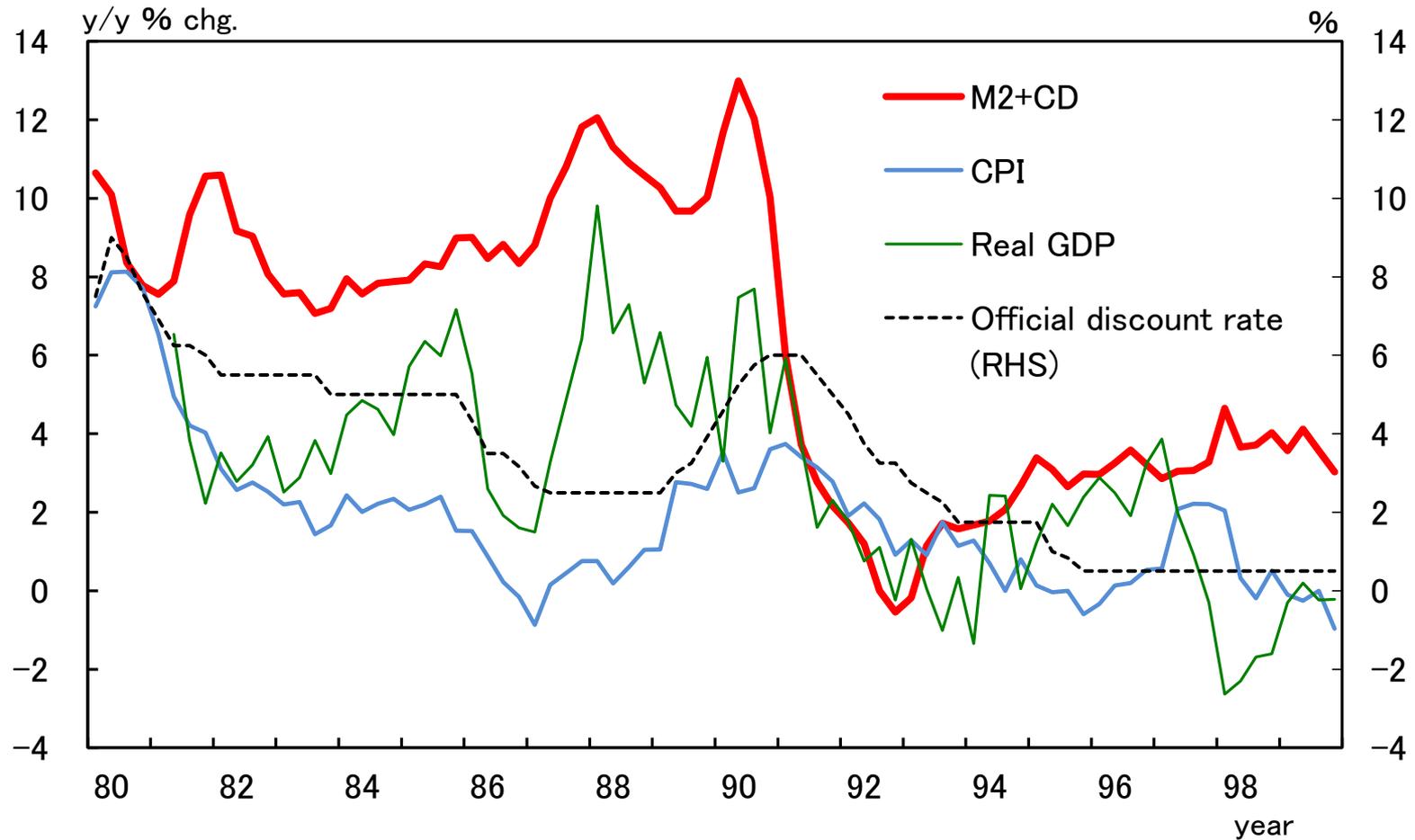
Outstanding Amount of Impact Loans in Japan



Note: The figures are the sum of foreign currency impact loans to residents, foreign currency loans to residents provided by overseas branches, and Euroyen impact loans to residents.

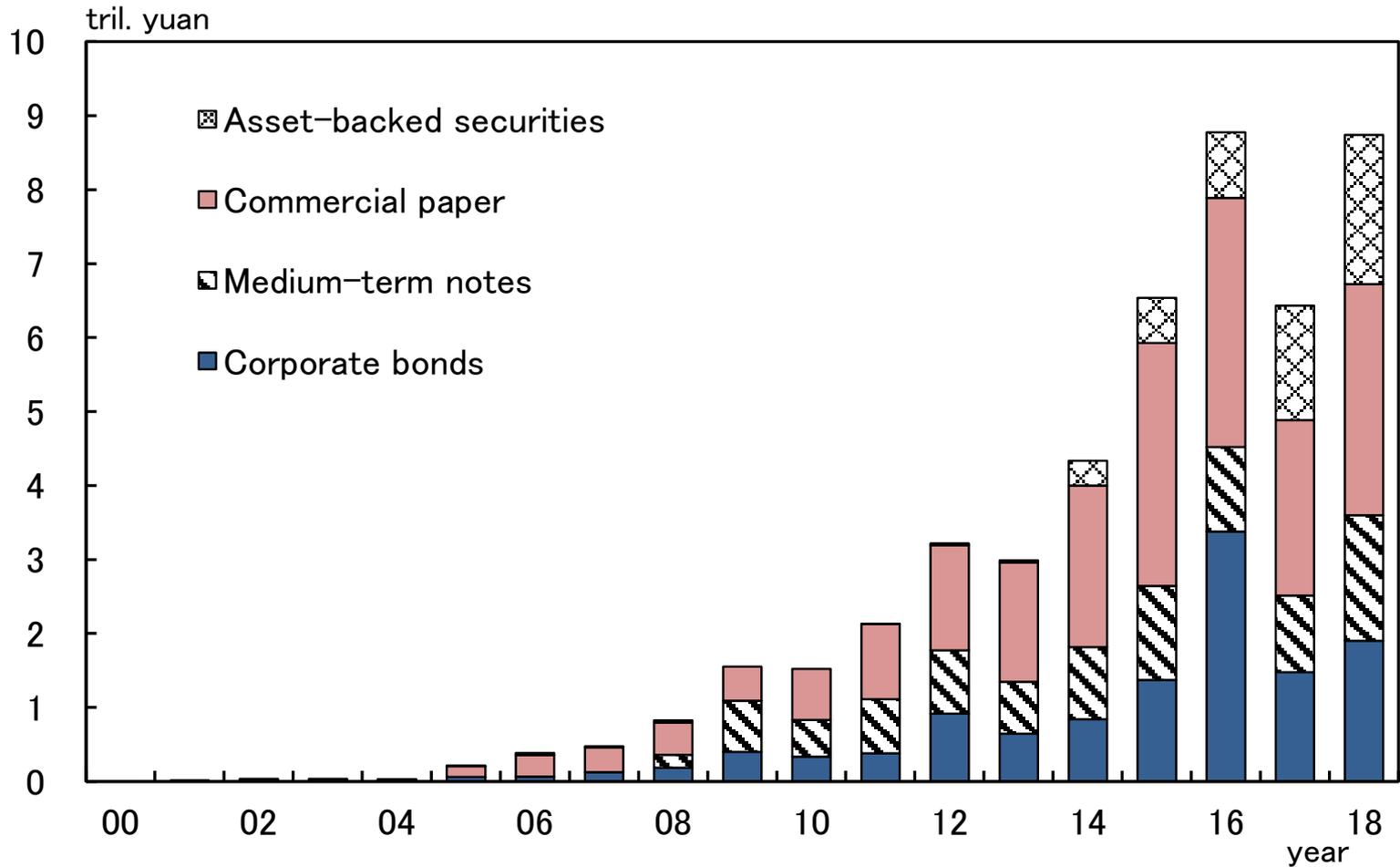
Source: *Gaikokukawasejyouhousha*.

Economic and Financial Conditions in Japan



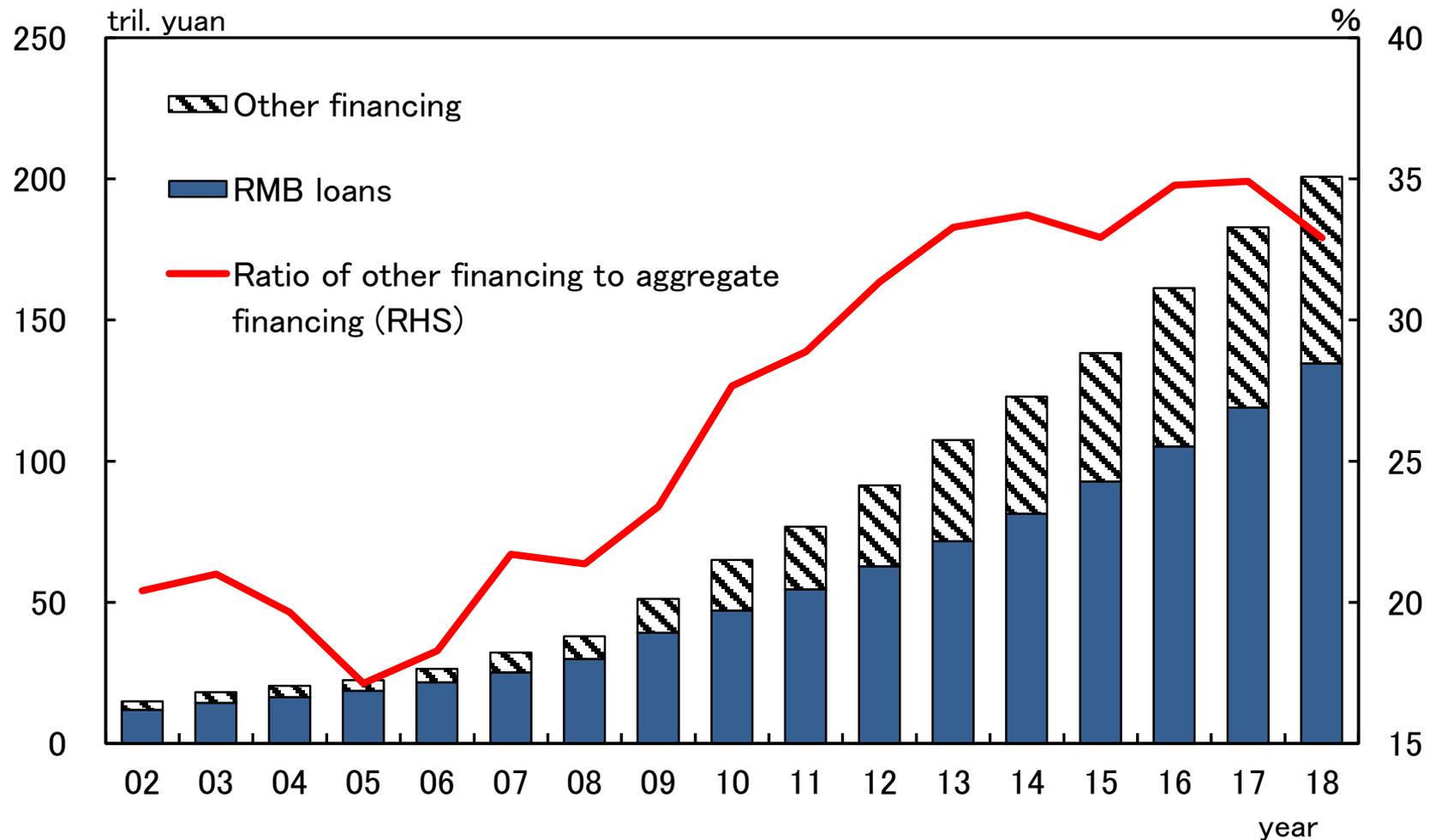
Sources: Ministry of Internal Affairs and Communications of Japan; Cabinet Office of Japan; Bank of Japan.

Bond Issuance by Chinese Firms



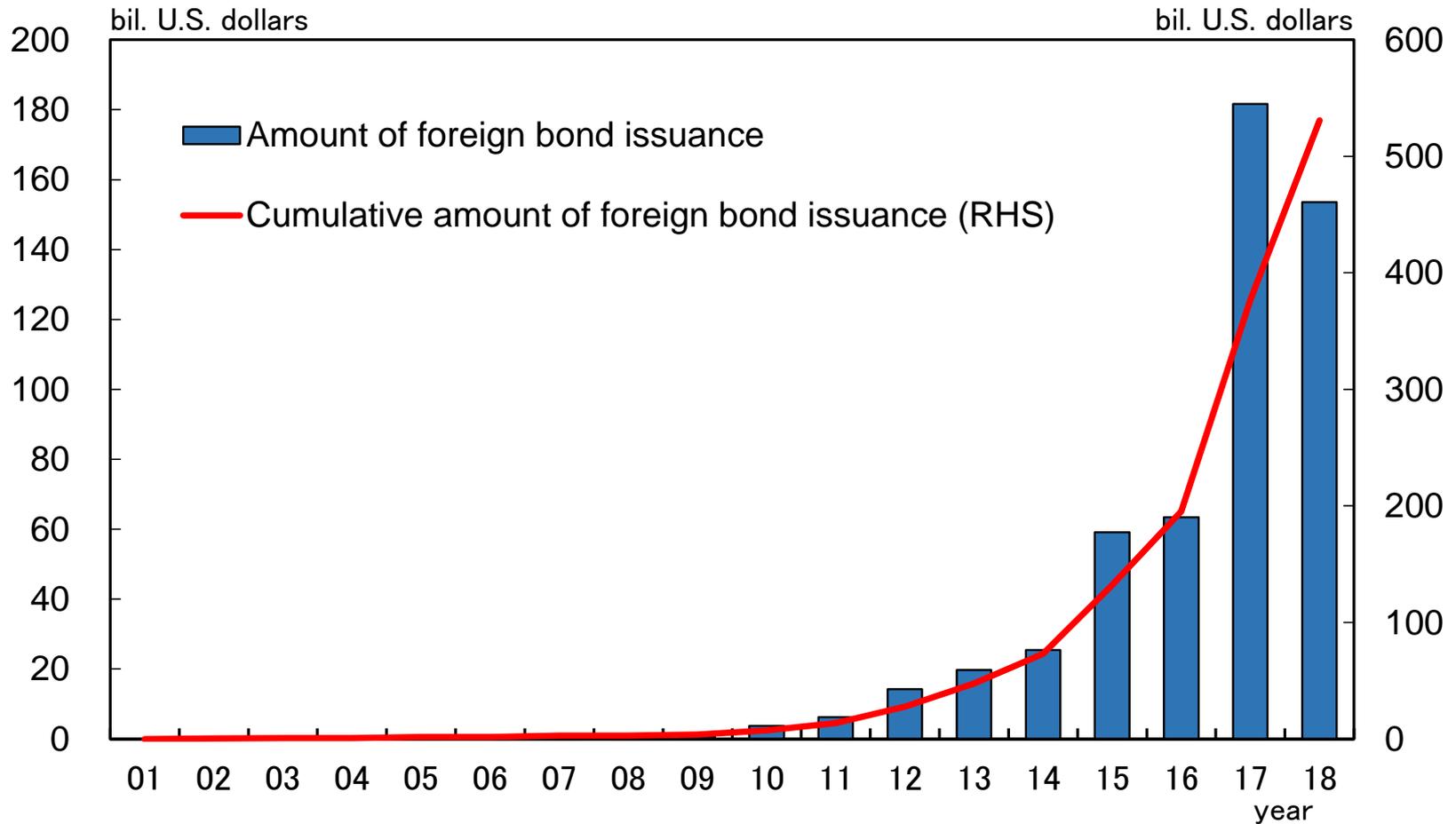
Source: Wind.

Aggregate Financing to the Real Economy in China



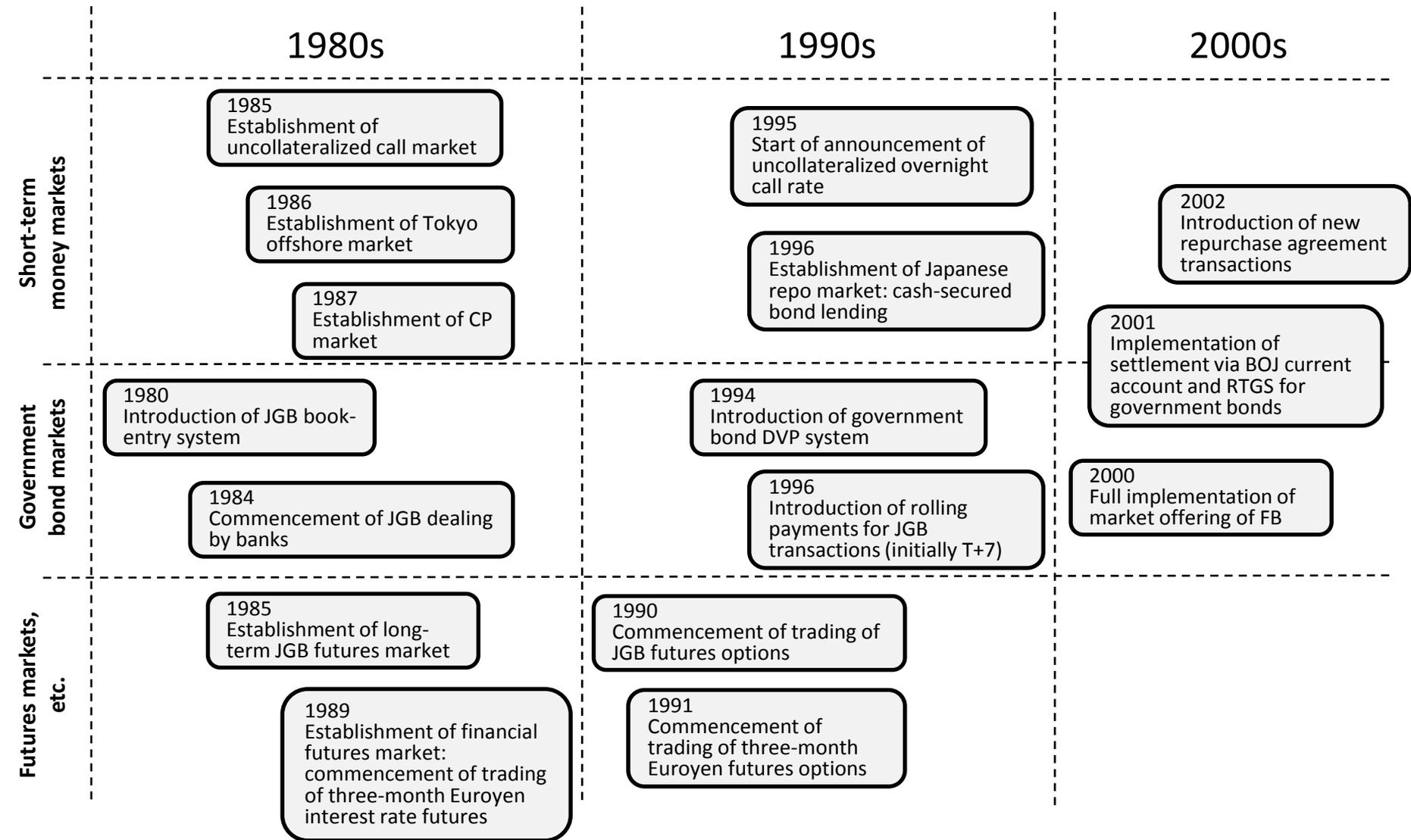
Source: CEIC.

Foreign Bond Issuance by Chinese Firms

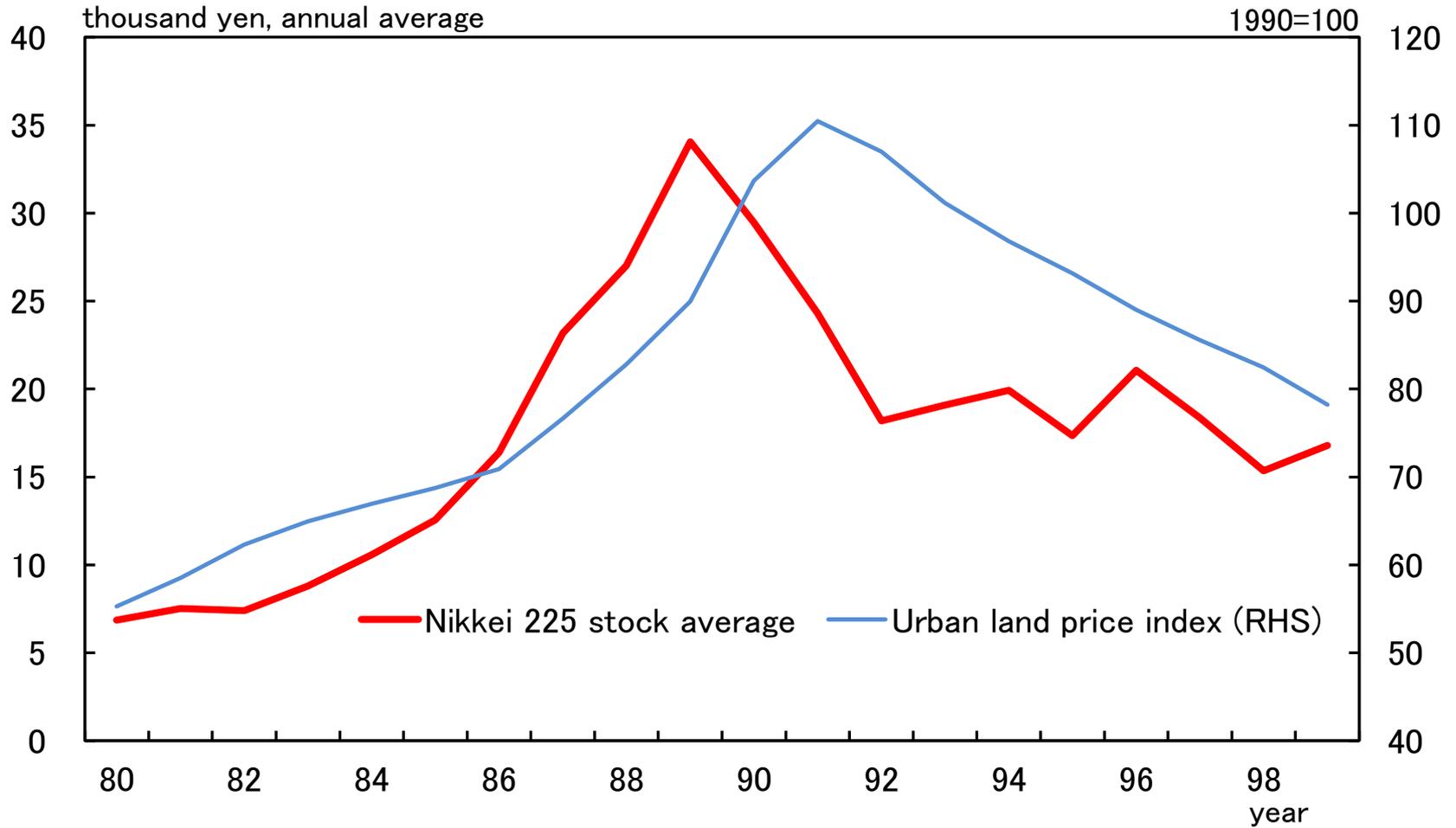


Note: Figures are those for foreign bonds issued by offshore entities of mainland Chinese firms.
Source: Bloomberg.

Development of Financial Markets in Japan

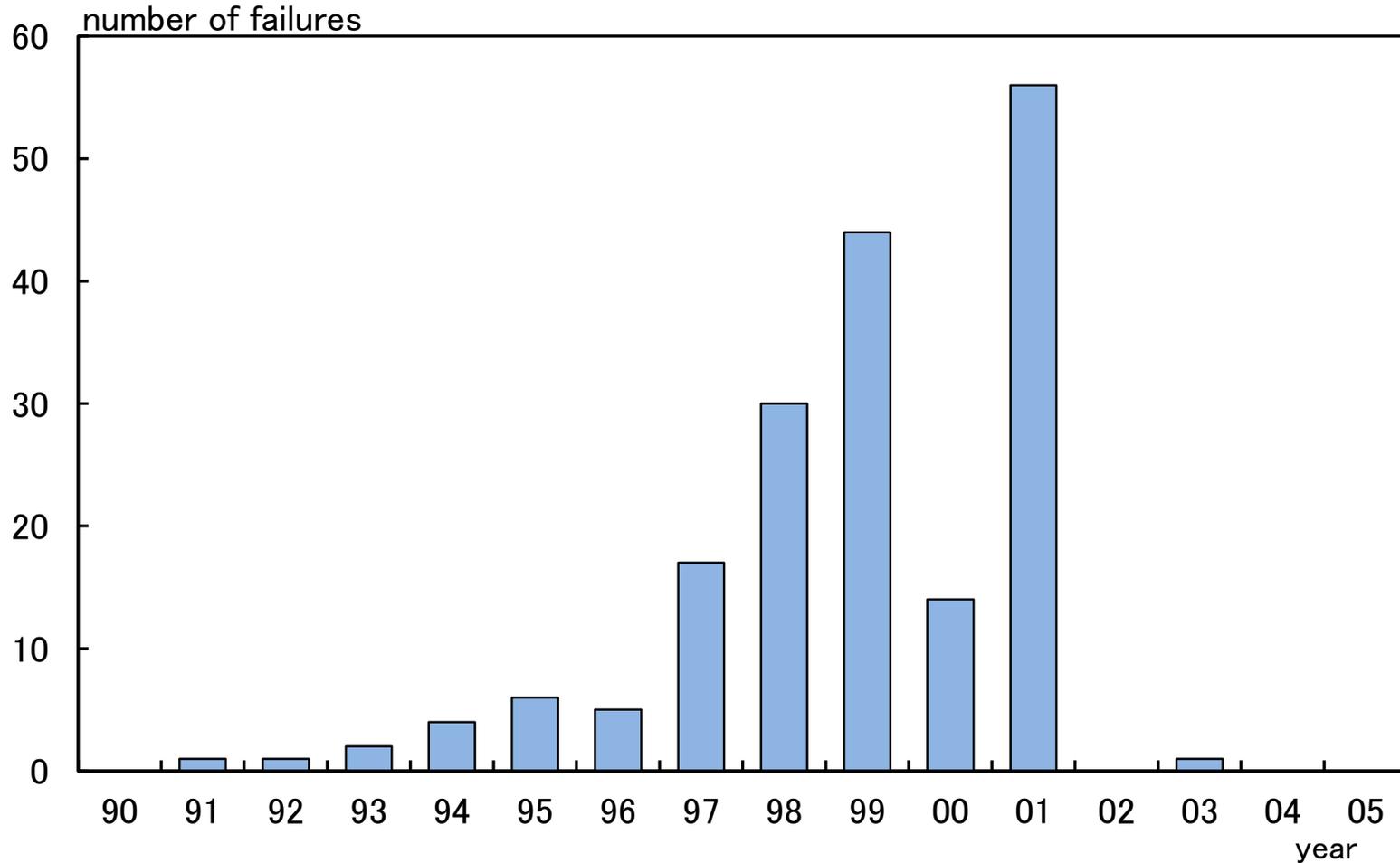


Asset Prices in Japan



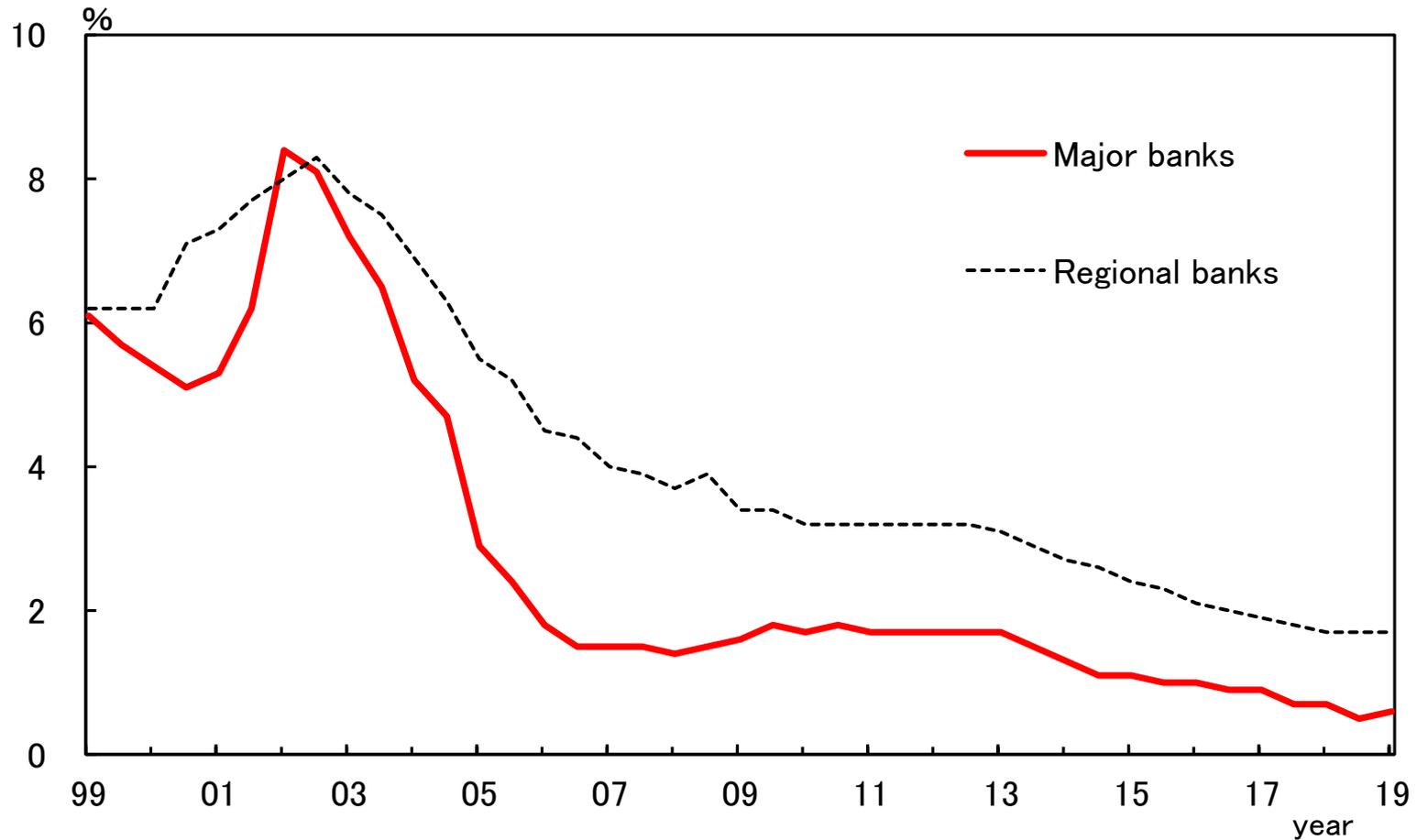
Sources: Nikkei Inc; Japan Real Estate Institute.

Number of Failures of Financial Institutions in Japan



Note: The number of failures of financial institutions is the sum of banks, *shinkin* banks, and credit unions.
Source: Deposit Insurance Corporation of Japan.

NPL Ratio of Financial Institutions in Japan

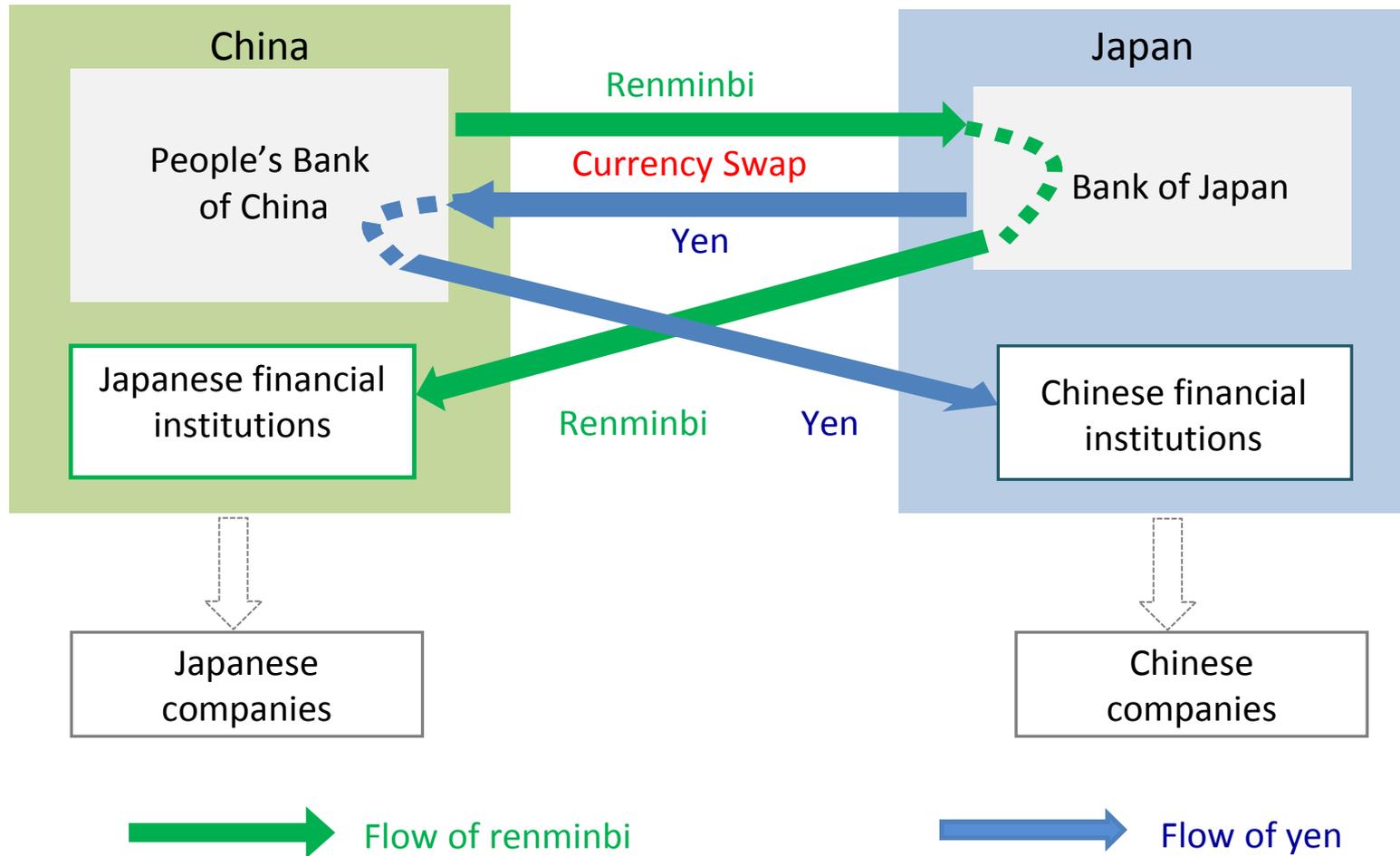


Source: Japan's Financial Services Agency.

Establishment of Financial Safety Net in Japan

1993	Revision of disclosure standards: financial institutions were required to disclose nonperforming loans
1996	Establishment of the Resolution and Collection Bank -- Reorganized into the Resolution and Collection Corporation in 1999
	Freezing on the payoff system
1998	Establishment of a temporary resolution framework, including the bridge bank system -- Made permanent in 2000
	Introduction of early corrective measures based on the capital adequacy ratio of financial institutions
	Start of self-assessment system by financial institutions
	Establishment of Financial Supervisory Agency -- Reorganized into the Financial Services Agency in 2000
2002	Start of the Financial Revival Program (halving the percentage of nonperforming loans held by major banks within two years)
	Review of standards for asset self-assessment system (introduction of DCF method)
2003	Establishment of the Industrial Revitalization Corporation to provide financial support for revitalizing firms -- Dissolved in 2007
2005	Removal of the full deposit guarantee
2013	Establishment of an orderly resolution framework, including the revision to the Deposit Insurance Act, based on the experience of the global financial crisis

Bilateral Local Currency Swap Agreement between the BOJ and the PBC



Source: Bank of Japan.

Words from Xunzi

君子之学、非为通也。
为穷而不困、忧而意不衰也、
知祸福终始而心不惑也。

The aim of learning is not for climbing the career ladder quickly, but to never become troubled in adversity, to never become depressed when worried, and ultimately to be able to guide yourself, through understanding misfortune and fortune, and ending and beginning.

("The Right-Hand Vessel," Xunzi)