

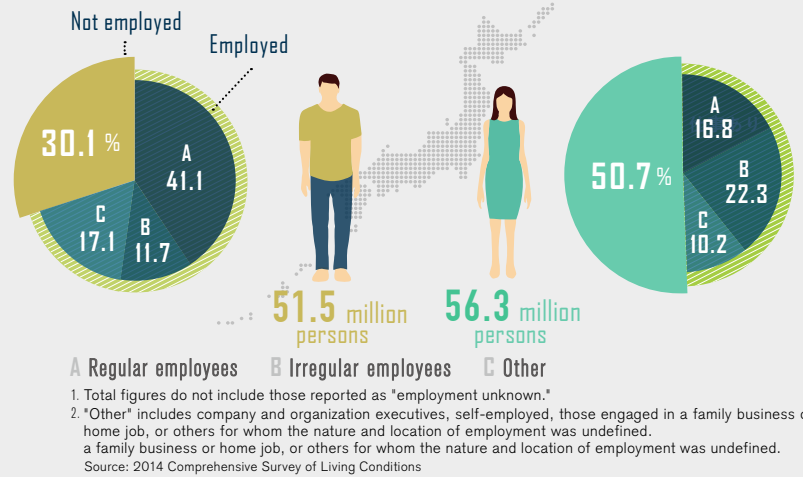
FINANCIAL INCLUSION IN JAPAN

Financial inclusion means that people from all walks of life have access to and can effectively use appropriate financial services.

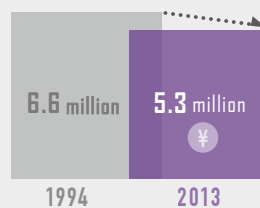
In recent years, Japanese people have been faced with issues such as a decreasing household savings rate, the inability to borrow money, financial concerns that affect quality of life, and growing poverty. As such, the need for financial inclusion in Japan is ever on the rise.

Growing Poverty in Japan

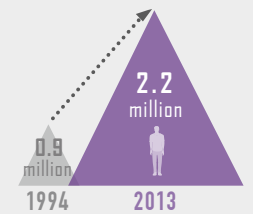
Employment by sex (age 15+)



Average income per household

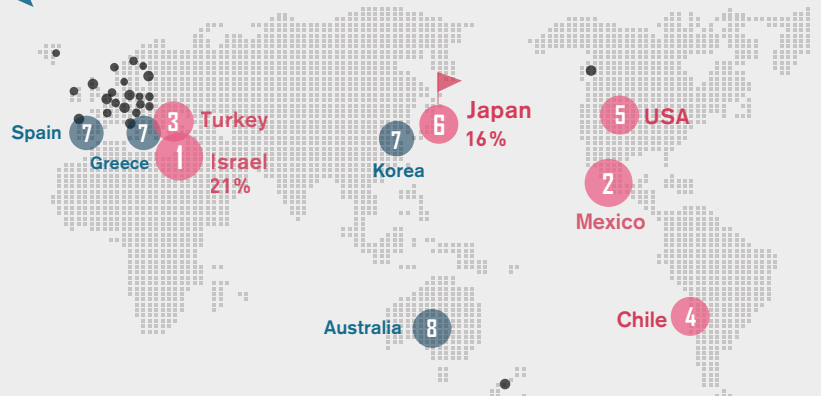


Recipients of Public Assistance



The average household income has been dropping over the last twenty years. This has led to increased numbers of low-income earners and more people receiving public assistance
Source: Comprehensive Survey of Living Conditions and Welfare Recipient Survey (1995-2014)

Ranking of Countries with High Relative Poverty



Of the ten countries with the highest relative poverty among the thirty-four OECD member countries (marked as black dots), Japan ranked sixth. Source: OECD Factbook 2014

Who is Affected by Poor Financial Health

Segments affected



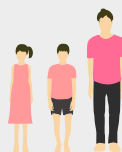
Women

- Large wage gap exists between men and women
- Single mothers in particular have a high relative rate of poverty



Elderly

- Affected by illness, nursing needs, etc., the relative rate of poverty tends to increase with age



Children and youth

- Relative rate of poverty in children is on the rise, in particular children with single parents.
- Youth have a high rate of unemployment



Foreigners in Japan

- Many foreign workers earn at a low pay grade
- Ability to open bank accounts is limited by length of stay and residency registration

Key factors

Financial factors

- Irregular or part-time work contributes to low wages
- Multiple debts prevent access to new financial services
- Advanced age or illness contribute to low income

Non-financial factors

- Living in a remote area prevents basic access to financial services
- Lack of confidence in financial knowledge inhibits decision-making and access to financial services

Where is the Financial Access Problem ?



Those with access to mainstream financial services and public-private loan systems



**Mainstream financial services
Public-private loan systems**

(Commercial banks, credit unions, regional banks, Labour Bank, etc.)



Loans from consumer finance and credit companies



There is a "Service vacuum" for those whose income level impedes access to mainstream financial services but is not low enough to qualify for public assistance.

Those eligible for social welfare and other safety nets



Public loan system for livelihood support, mother-and-child, widows, etc.



Public job referral and training services for unemployed; Public assistance/income support

Trapped in the "Service vacuum" between systems

People in need of financial inclusion are those trapped in the "Service vacuum" between existing systems in Japanese society. Above them are those who have comparatively high income and access to mainstream financial services and public-private loan systems. Below them are those who have low or no income and are eligible to receive public assistance and other social safety net support. This middle demographic is seldom recognized, and is not receiving adequate support.

Image: "Service vacuum" between existing loan and payment systems. Based on Japanese Consumers' Co-operative Union Training Materials.

FINANCIAL INCLUSION PROGRAMS IN JAPAN

MetLife Foundation is dedicated to advancing financial inclusion around the world. Its strategy is built on the following three pillars.

Access & Knowledge

Increase the readiness, willingness and ability of financially-vulnerable individuals and families to engage with the financial sector.

Access to Services

Advance the development and delivery of high quality financial products and services, such as savings, loans and credit.

Access to Insights

Invest in research and share knowledge with the financial inclusion community spanning the academic, public, private and nonprofit sectors.