

**TEAM FUKUOKA**

# **Direction of Global Financial Functions Attraction**

TEAM FUKUOKA Secretariat

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## 1. Current analysis for attracting global financial functions

# State of global economy and society, and situation in Fukuoka

### Current state of global economy & society

- Due to the Hong Kong National Security Law, there is an increasing **possibility of an outflow of human resources and capital from Hong Kong**, an international financial center.
- **Inter-city competition is intensifying globally** in the field of international finance and other economic activities, regardless of country, region, major or local cities.
- **New trends are emerging** in the global financial industry, such as FinTech and ESG investment, and **new business models are essential**, but **Japan is not competitive in this area**.
- Compared to Hong Kong and Singapore, **Japan has higher income and corporate tax rates**, and **restrictions** on residence status.

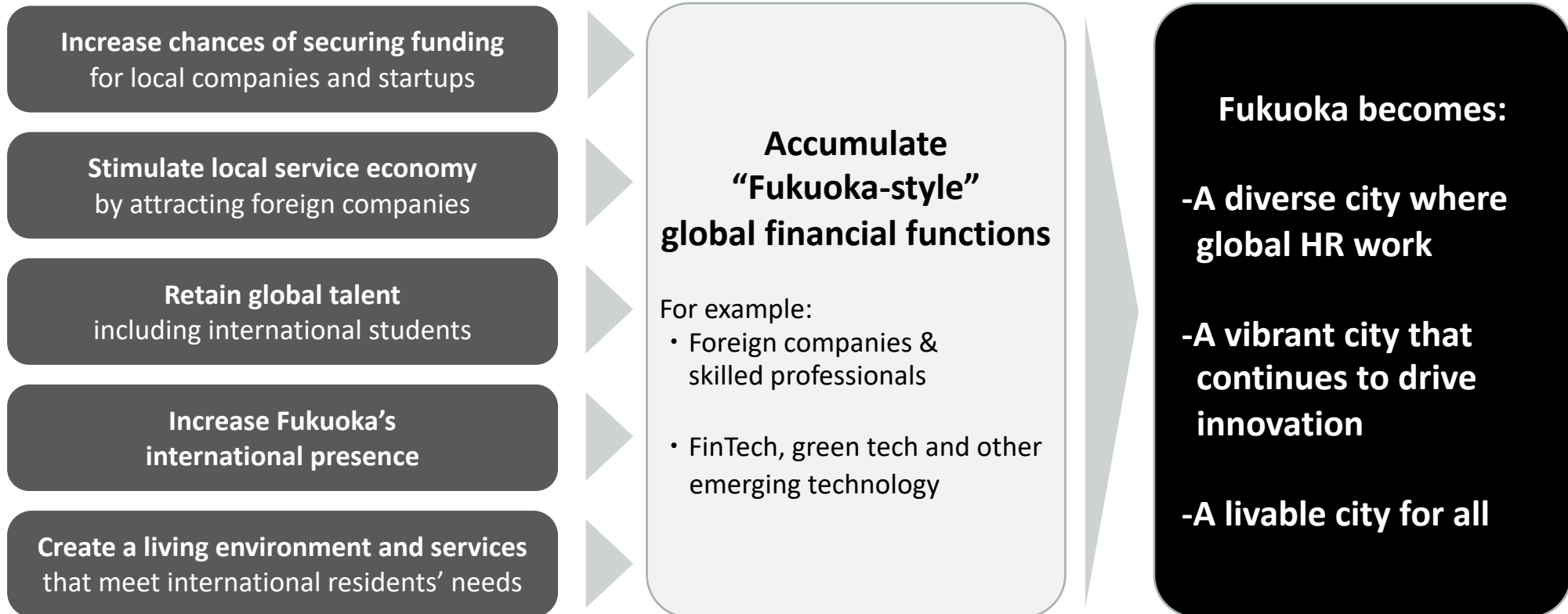
### Current situation in Fukuoka

- Fukuoka is **the closest major city in Japan to East Asian cities, and the only major city on the Sea of Japan Coast**, meaning it has a low risk of being damaged by natural disasters at the same time as other cities in Japan, a country with few security and political problems.
- The city has rich nature and well-developed compact urban functions and a **high quality of life (QOL)**. However, **the business and living environments to support international residents are lacking**, such as English consultations.
- It is designated as National Strategic Special Zone, and is **one and only startup city in Japan**. However, Fukuoka needs a **system that accelerates the growth of cutting edge industries**, such as promoting FinTech and improving IPO mechanisms.
- Fukuoka City and the surrounding Kyushu region has a **large population of talented STEM & international students**, but they move to big cities or other regions for work.

## 2. Fukuoka's goals

# Becoming an international city that continuously creates innovation by accumulating global financial functions in Fukuoka!

- ◆ Stimulate the local economy **by attracting international financial functions** such as foreign financial institutions and skilled human resources, and **accumulating FinTech and other new trends**.
- ◆ Aim to become a **global city where foreign companies and global talent continue to drive innovation**.



### 3. Fukuoka's vision as a global financial city

## A concentration of industries and business styles that match Fukuoka's characteristics!

#### Trends in global finance

##### × Fukuoka's characteristics

- **Potential outflow** of capital and talent from Hong Kong.
- **Highly skilled HR** prioritize QOL.
- US and UK asset management firms **disperse offices outside capital city**.
- **Kyushu has a growing global green finance market** and a **high ratio of non-fossil power sources**.

- Fukuoka is Japan's only **Startup City**.
- Fukuoka Prefecture has a **large population of STEM talent** and many computer engineers gather in Fukuoka City.
- Japan is **not competitive**.

- **Fukuoka is the only major city facing the Sea of Japan**, with a low risk of being struck by natural disasters at the same time as Tokyo and Osaka.
- **Arrival of decentralized society** amid the COVID pandemic.
- The city has a **high QOL** thanks to rich nature and compact city functions.

#### Ideas based on

trends and characteristics

- **Utilize the geographical proximity** to Hong Kong to attract **custodial services**, such as asset management.
- This will **create a new normal lifestyle in a city with a high QOL**, and create a city that is **distinctive from other large cities**.

- **STEM personnel and engineers will play an active role** to build advanced financial services with local financial institutions, and attract FinTech firms.
- This will **add value in a wide range of areas**, such as payments, asset management, blockchain, credit, and lending, and as a startup city, Fukuoka will **lead FinTech in Japan**.

- By utilizing the high QOL, Fukuoka will become more resilient to damage from disasters and pandemics, and enhance **backup functions in Japan and the rest of Asia**.

#### Predominantly targeted

industries and business styles

**Asset Management**  
Asset management firms, custody firms, etc.

**FinTech**

**BCP response operations**

Increase global presence and attract other foreign companies

## 4. Issues to be addressed by TEAM FUKUOKA

### Policy, Business and Living Environments, and PR Activities

Challenges	Proposed solutions
<p><b>Creating internationally competitive systems</b></p> <p>Need to address issues such as: higher tax rates; complex government procedures; and language barrier.</p>	<ol style="list-style-type: none"> <li>1. <b>Tax system</b> → 2021 tax reform (corporate, inheritance, and income tax)</li> <li>2. <b>Simplify and provide English support for government services</b> → Addressed by Financial Services Agency (FSA)</li> <li>3. <b>Relax residence status restrictions</b> → Under consideration by FSA and Ministry of Justice</li> <li>4. <b>Establish a one-stop support system</b> → Opened the Global Finance Centre inside Fukuoka City’s Fukuoka Growth Next (FGN) facility → Financial Market Entry Office was established by FSA</li> </ol>
<p><b>Providing comfortable work environment</b></p> <p>Need to: secure high-value-added offices; enhance communication infrastructure; develop Fukuoka International Airport routes; secure jobs for talented international students.</p>	<ol style="list-style-type: none"> <li>5. <b>Secure high-value-added offices</b> → Open cutting-edge office buildings through TENJIN BIG BANG and HAKATA Connected initiatives → Develop communication and ICT infrastructure in each city district</li> <li>6. <b>Secure English-speaking professionals</b> → Attract lawyers, accountants, auditing firms, etc.</li> <li>7. <b>Create local highly-skilled professionals for asset management businesses and FinTech</b> → Create new businesses and industries through industry-academia-government collaboration and retaining human resources</li> <li>8. <b>Enhance international routes from Fukuoka Airport</b></li> </ol>
<p><b>Providing comfortable living environment</b></p> <p>Need to: provide houses for international residents; and improve English support for education, healthcare and accidents.</p>	<ol style="list-style-type: none"> <li>9. <b>Secure housing for highly-skilled international human resources</b> → Develop apartment buildings in the city center → Low-carbon green urban development</li> <li>10. <b>Increase the number of international schools</b></li> <li>11. <b>Improve support in English for daily services (medical care etc.)</b></li> </ol>
<p><b>Promoting PR activities</b></p> <p>Need to strengthen network building and information dissemination.</p>	<ol style="list-style-type: none"> <li>12. <b>Utilize networks for promotion activities</b> → Fukuoka City appointed Global Financial Business Attraction ambassadors → Promote Fukuoka as a city with a higher proportion of non-fossil energy and a low cost of living → Create various PR opportunities through collaborating with companies and organizations</li> </ol>

## Move Fukuoka on to the next stage as a global city!

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- This initiative aims to make Fukuoka a global city that **continuously creates innovation while attracting international financial functions.**
- Fukuoka has developed an environment that encourages innovation and creates added value, through its status as a startup city and by accumulating knowledge-creation industries. The city aims to add the excellent management resources of international financial functions to this environment in order to stimulate the local economy, including overseas expansion of startups and local businesses.  
**To achieve this, we must address the challenges of enhancing IPO functions and creation of better mechanisms for funding.**



To take Fukuoka to the next stage,  
this initiative shouldn't be a one-off effort.  
**Constant effort is key to achieving our vision!**