

Research note

Who is Driving Financial Market Governance of Cryptocurrencies in Japan? Actors and Institutions behind Japan's FinTech Revolution

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Summary

The spread of FinTech around the globe has posed new challenges for financial market governance. As disruptive new products and technologies such as cryptocurrencies and blockchain reshape financial markets and lead to new forms of financial services, established financial institutions and government agencies alike face the challengers' new businesses. Among these are cryptocurrency exchanges and a variety of startups. Changes in countries' financial market governance have been the consequence, ranging from outright prohibition of new products and services to fierce competition in creating and fostering optimal conditions for the emergence and development of even more digital financial innovations. Despite a multitude of private sector and regulatory initiatives in Japan over recent years, the country remains a rather unexplored case—wrongly so, as the Japanese government has not only created comparatively comprehensive regulation of cryptocurrencies but has also devised new ways and means of integrating new market actors while attempting to hedge against the associated risks, each in close cooperation with private market actors. It is therefore worthwhile to examine the governance processes behind these changes and their effects on broader financial market governance in Japan and the country's political economy in general. The present paper contributes to this endeavor and sheds light on the actors and institutions behind Japan's FinTech governance.

Keywords: FinTech, cryptocurrencies, Japan, financial market governance, political economy, financial innovation, disruption

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