

**OECD/ADBI 7th Round Table on
Capital Market Reform in Asia**

**27-28 October 2005
ADB Institute, Tokyo, Japan**

SESSION 3: INVESTOR EDUCATION

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Financial Education conducted by Tokyo Stock Exchange (TSE)

- Activities by TSE Academy -



October 28, 2005

Toshitsugu Shimizu

Executive Officer

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1.Necessity of Financial Education in Japan

●Background

- Cash & deposits account for 50% of individuals' financial assets, compared with only 14% in securities
- Drastic changes in financial, labor, and social welfare systems
- Introduction of Pay-off system and 401k pension plan
- Interest rates at zero level
- Lack of financial and investment literacy

1-1. Necessity of Financial Education in Japan

● **Current status of school education**

- In the social studies field, time is spent on teaching history and geography, but not on economy or financial planning
- Lack of skilled teachers for financial education

1-2.Necessity of Financial Education in Japan

●Policy changes by the government

○ “From savings to investment” campaign

◇ Collaborative effort by the Cabinet, Ministry of Education, Culture, Sports, Science and Technology (MEXT), and the Financial Services Agency to promote economic education

➡ Development and implementation of systematic programs on economic and financial education

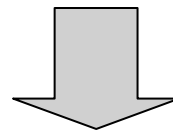
➡ Development of “train the trainers” program

◇ Tax benefits to capital gain and dividend in securities investment (10%)

1-3. Necessity of Financial Education in Japan

● Changes in financial management by individuals

- Shifting assets into risk-oriented financial instruments
- Increasing the number of individual investors
- Growing awareness of necessity of investment understanding



Established TSE Academy to promote economic/ financial education

2. Establishment of TSE Academy

Background

- ◆ TSE Academy was established to expand financial education for individuals as well as school teachers and students in April 2004.

Concepts and characteristics of TSE Academy

● For individuals

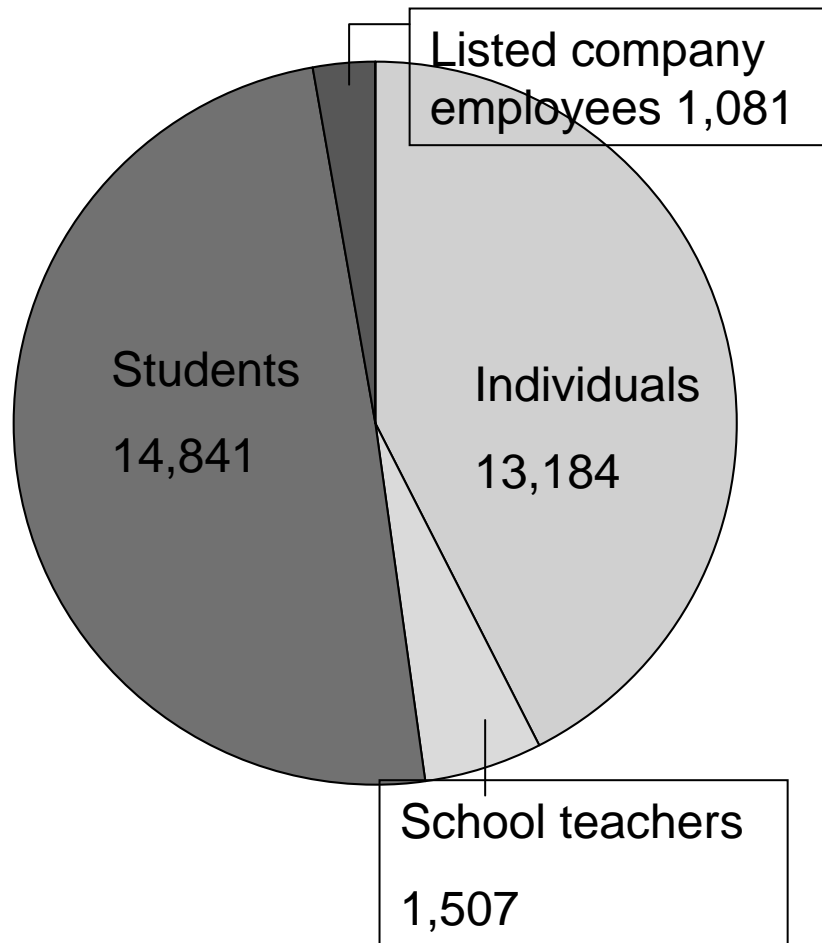
- ◆ Curriculum that places an emphasis on neutrality
- ◆ Support for participants who endeavor to learn on their own
 - Giving step by step curricula
 - Make preparation and review possible by utilizing multiple lectures, check lists, and Q&A by e-mail
 - Integrating the opinions of participants as much as possible

● For school teachers & students

Elaborated lectures in accordance with needs of respective schools

3. Participation by Target Group

Participation by target participant (number of persons)



- Totally 30,613 people attended from opening of Academy 2004 and September 2005
- Increased by 61% (5,186 persons) from April and September 2004

4.TSE Academy Programs for Individuals

【Basic course】

- ▶ **Night Course: Six 90 minute lectures**
 - ▶ **Day Course: Two 180 minute lectures**
- ▶ **Local Course: One 240-300 minute lecture**

【Selective course】

- ▶ **How to read financial statements: 4 lectures**
- ▶ **Stock trading & Margin transaction: 4 lectures**
- ▶ **Stock Price Indexes: 1 lecture**
- ▶ **Bond Trading: 4 lectures**
 - ▶ **Economic events and financial/securities markets: 4 lectures**
- ▶ **Investment theory: 4 lectures**
 - ▶ **How to manage a company: 5 lectures**

【Special program】 Commemorative lectures, etc.

5.TSE Academy Programs for School Education

TSE has been implementing financial education for schools since 1995 as a part of accepting visitors to TSE.

● **Programs by target group**

● **For school teachers;**

Various seminars and dispatch of TSE staff lecturers for teacher meetings

● **For university students;**

Lectures at TSE and at universities

● **For elementary and middle school children;**

Lectures with role playing at TSE and in the classrooms

5-1.TSE Academy Programs for School Education

● **Seasonal Programs**

- Lecture for children and their parents
- Special tour to financial institutions

● **Providing educational materials**

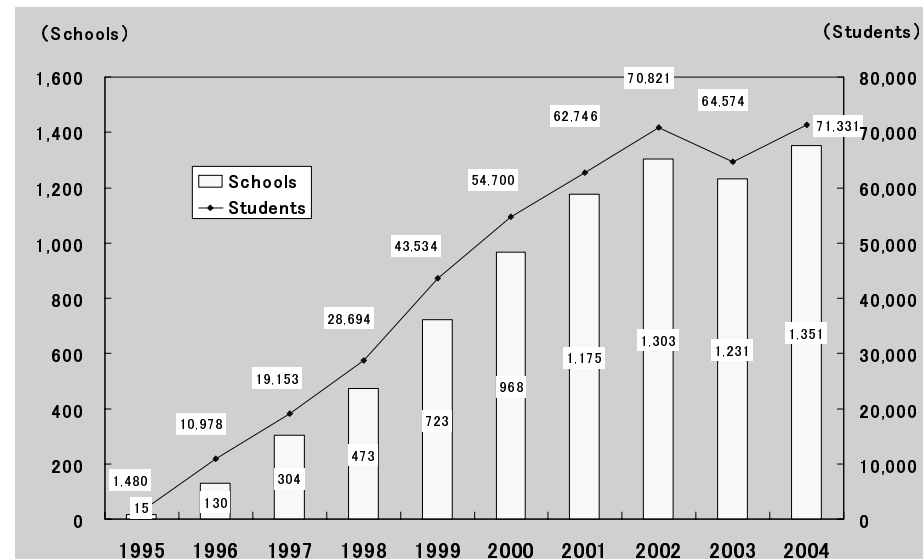
- Stock ABC
- Do you know TSE?

● **Collaborative activities with securities industry**

- Stock Trading Game
- Providing textbooks & videos
- Running website

5-2. Stock Trading Game

- Started in 1995
- Hypothetical stock trading game using real stock prices
- Competition between teams based on results of investments



6. Financial Education conducted by other institutions

- **Bank of Japan**
Seminars, dispatching lecturers, providing sub-textbooks & videos, campaigns and website for individuals, school teachers and students
- **Japan Securities Dealers Association**
Seminars for individuals and school teachers, dispatching lecturers and providing sub-textbooks & videos for individuals, school teachers and students
- **NPO Association for the Promotion of Financial Literacy**
Financial literacy training program by correspondence/e-learning for individuals, Assessment of financial literacy for those who finish the training program, Symposiums on promotion of financial literacy
- **NPO Japan Association for Financial Planners**
Seminars/consultation on savings, debt, insurance or pensions
Examination to certify financial planners