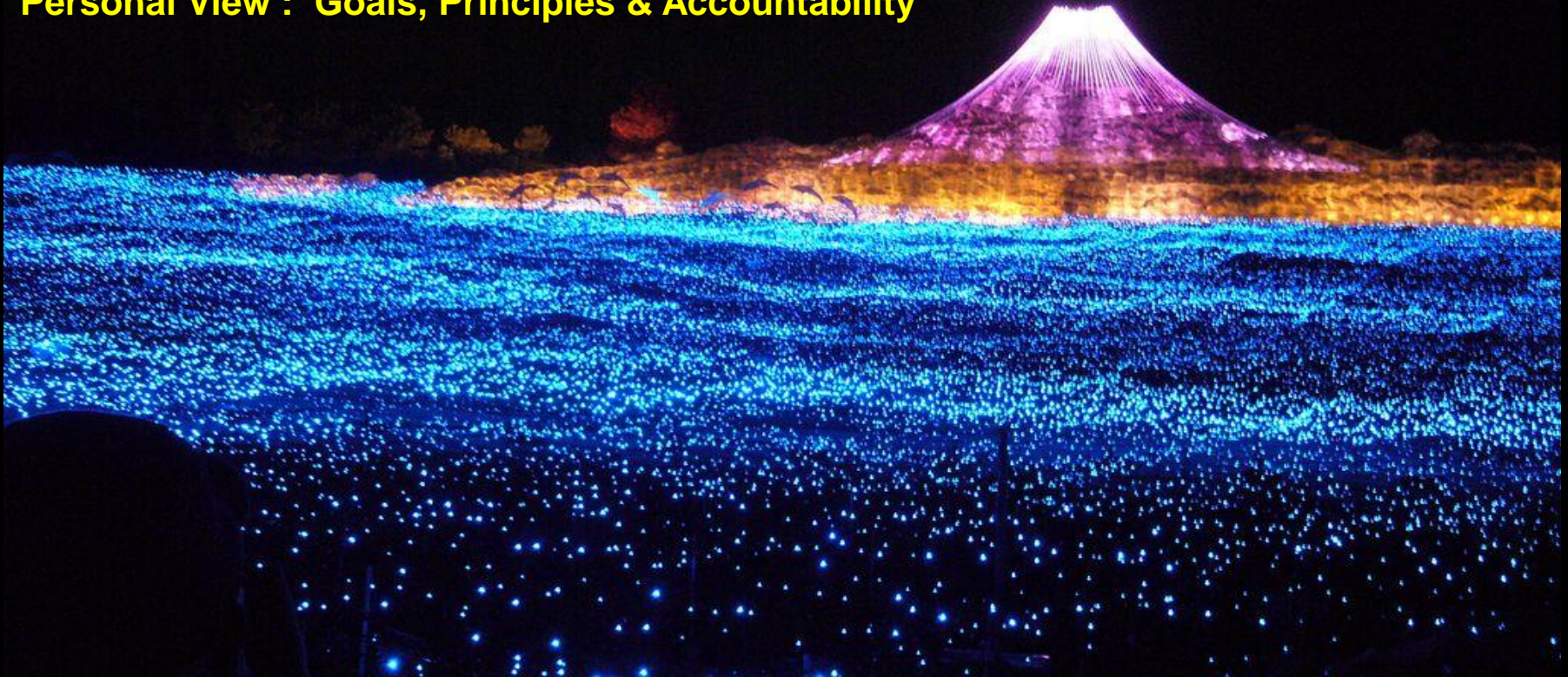


**Jesper Koll**

*Tokyo, January 31, 2017*

# Tokyo Financial Center

**Personal View : Goals, Principles & Accountability**





**Tokyo**  
**versus**  
**Wall Street**  
**?**

**You have to think anyways,  
so you might as well  
think big !**

Donald Trump

どうせなら  
大きいことを考えよう

ドナルド・トランプ

# Financial Center

# Finance

- \* Goal
- \* Science
- \* Technology
- \* Customer
- \* Ecosystem

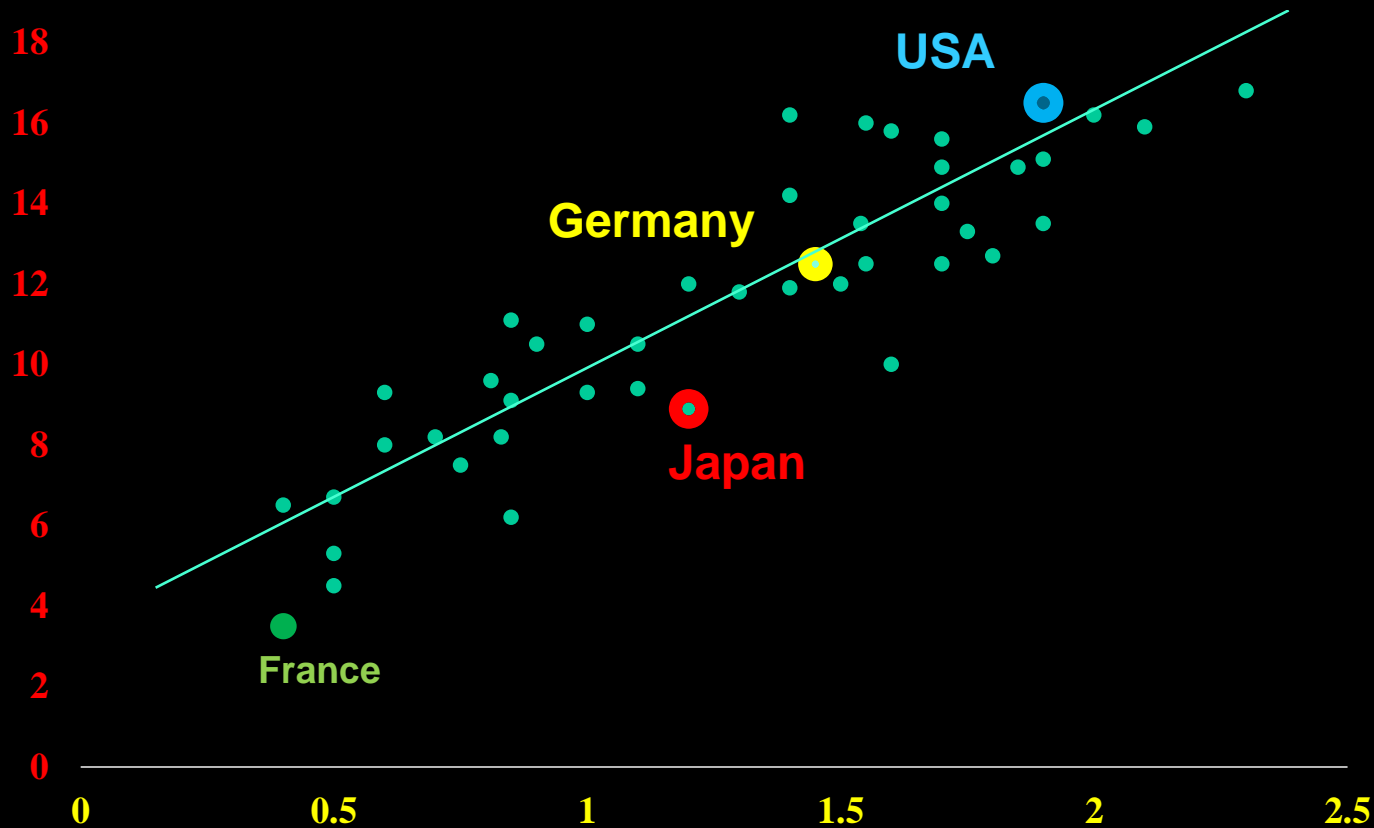
# Finance - Goal

- \* Economic Growth

- \* Industry Pride

# Engine of Growth

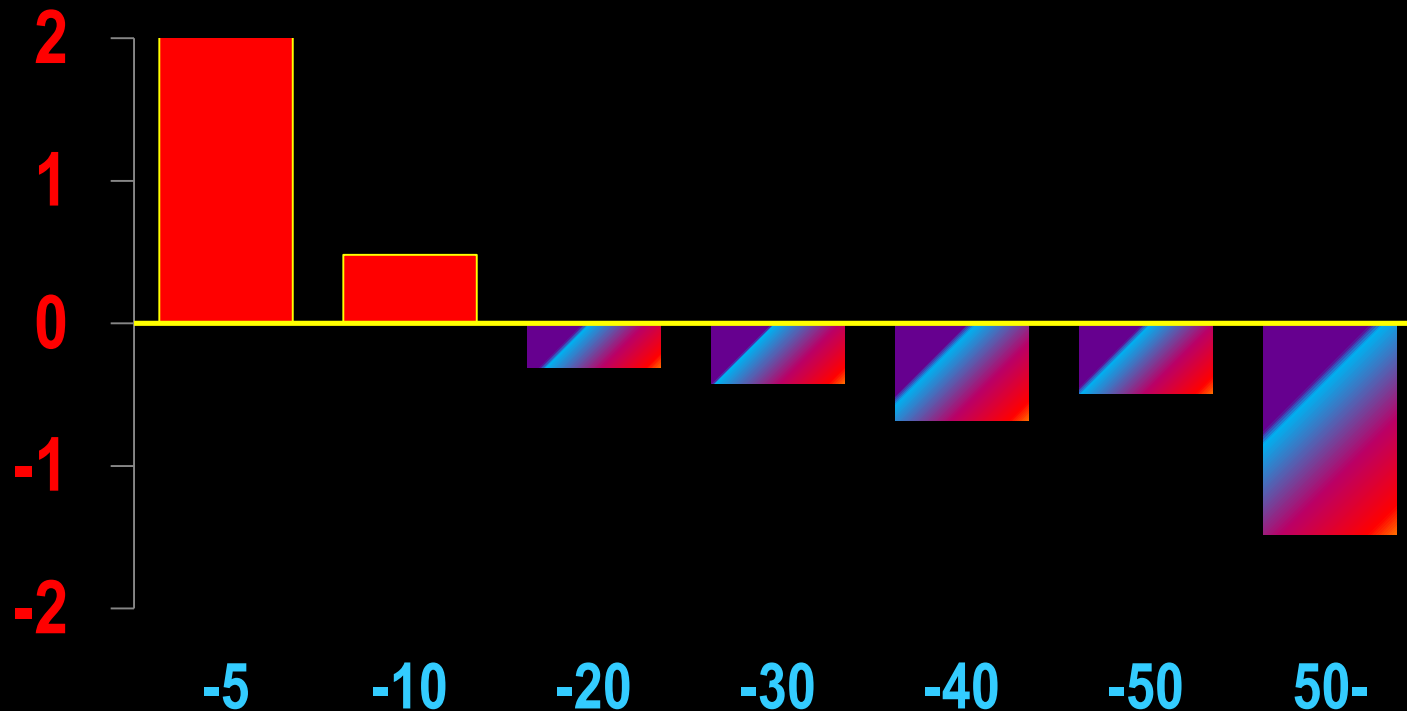
*Share of Entrepreneurs* versus *Economic Growth*



# Engine of Jobs

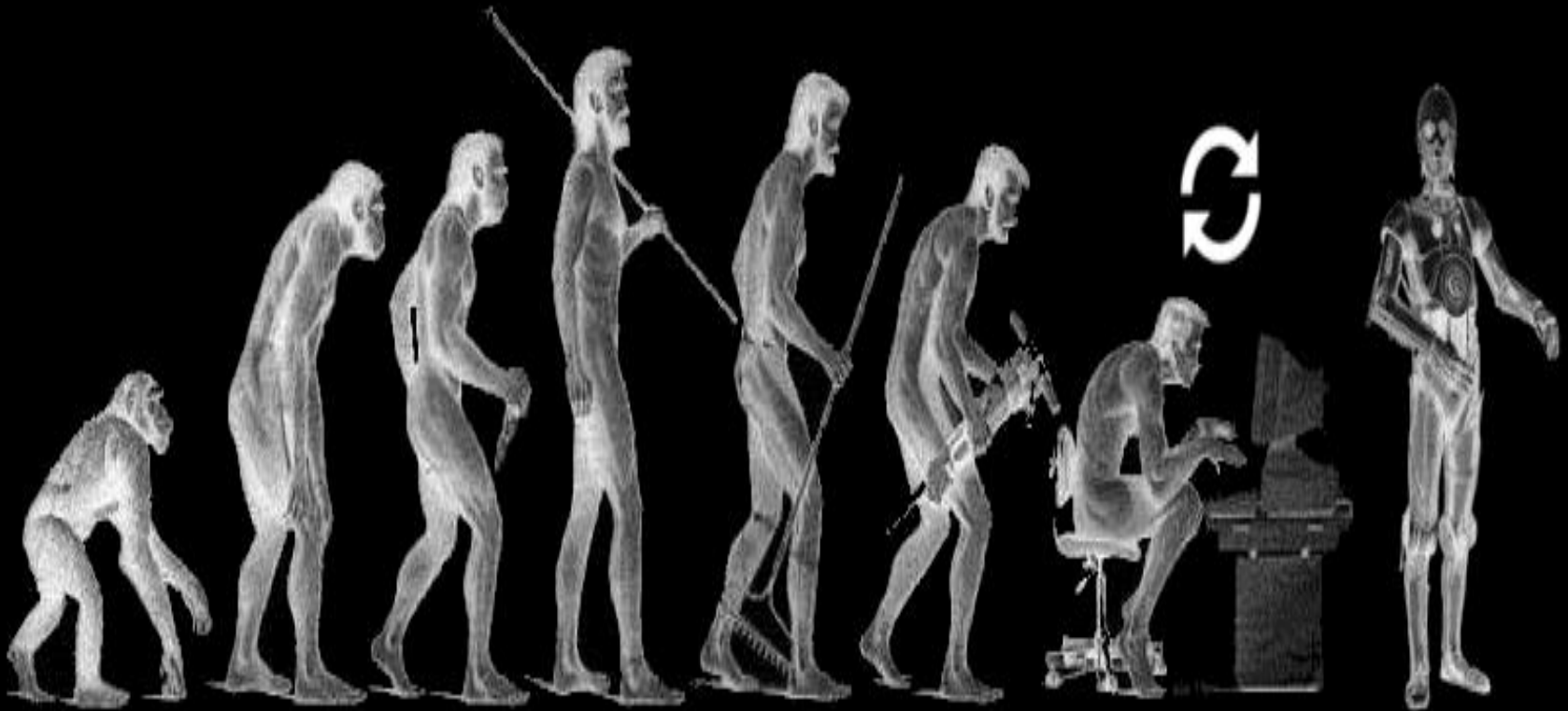
**Full-Time Jobs Created** by **Age of Company**

*Cumulative 2005-2015, Millions*





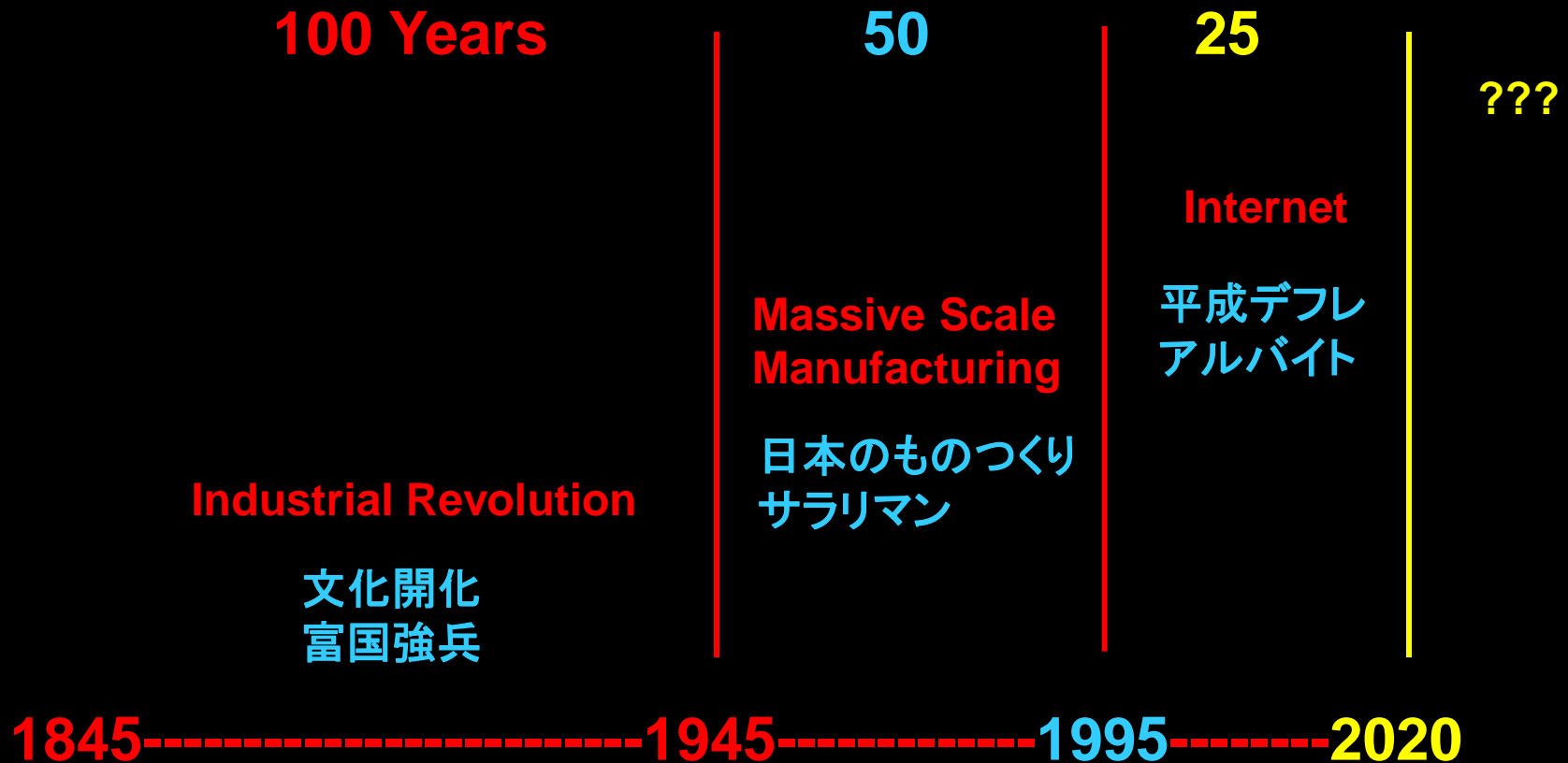
# The Future of Finance



# Jesper Koll

Source: picture from [jonelblog](#)

# Global MegaTrends



# Faster...

## Time to Reach 50,000,000 Users

**Radio** 38 years

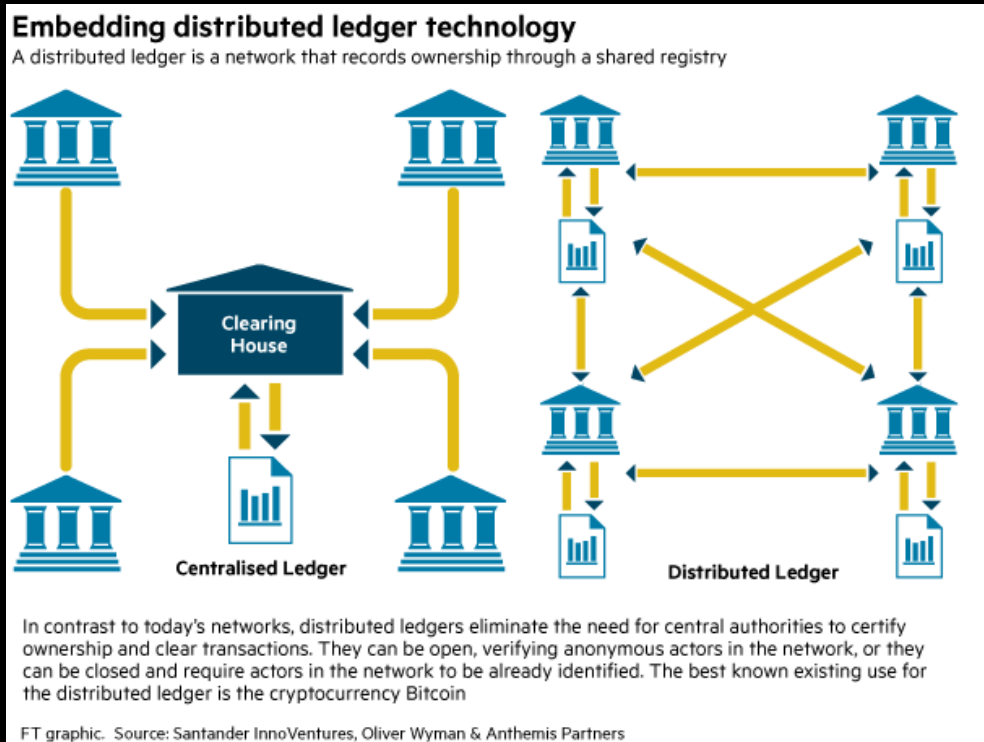
**TV** 13 years

**iPod** 4 years

**Facebook** 1 year

**Twitter** 9 Months

# Future of Finance - Blockchain

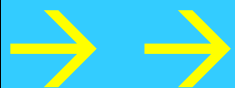


Blockchain is the new technology that will most likely transform all aspects of global finance.

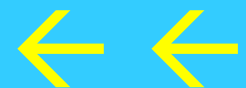
*J. Yellen*

Unique Opportunity to set the Global Standard :

Not Bit--Coin  
But Tokyo—Coin  
or Samurai—Coin



## Set Global Standard



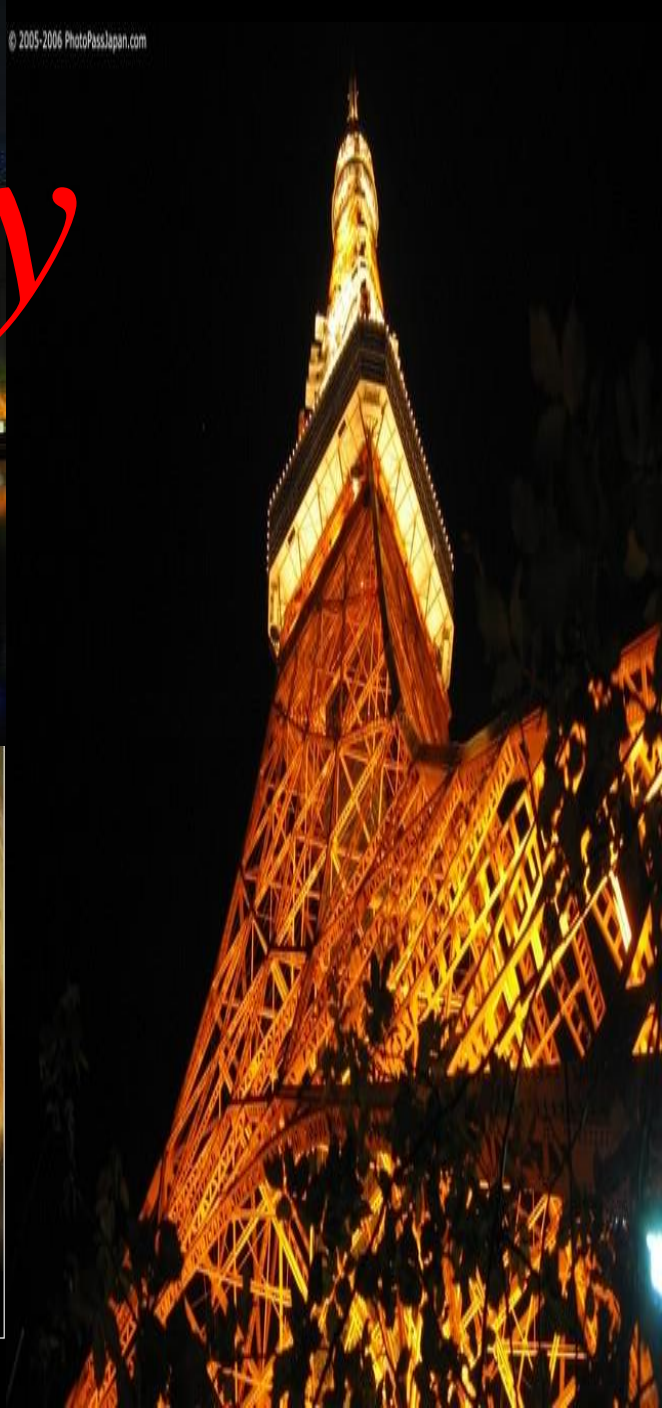


© 2005-2006 PhotoPassJapan.com

Vladimir Zakharov © 2008



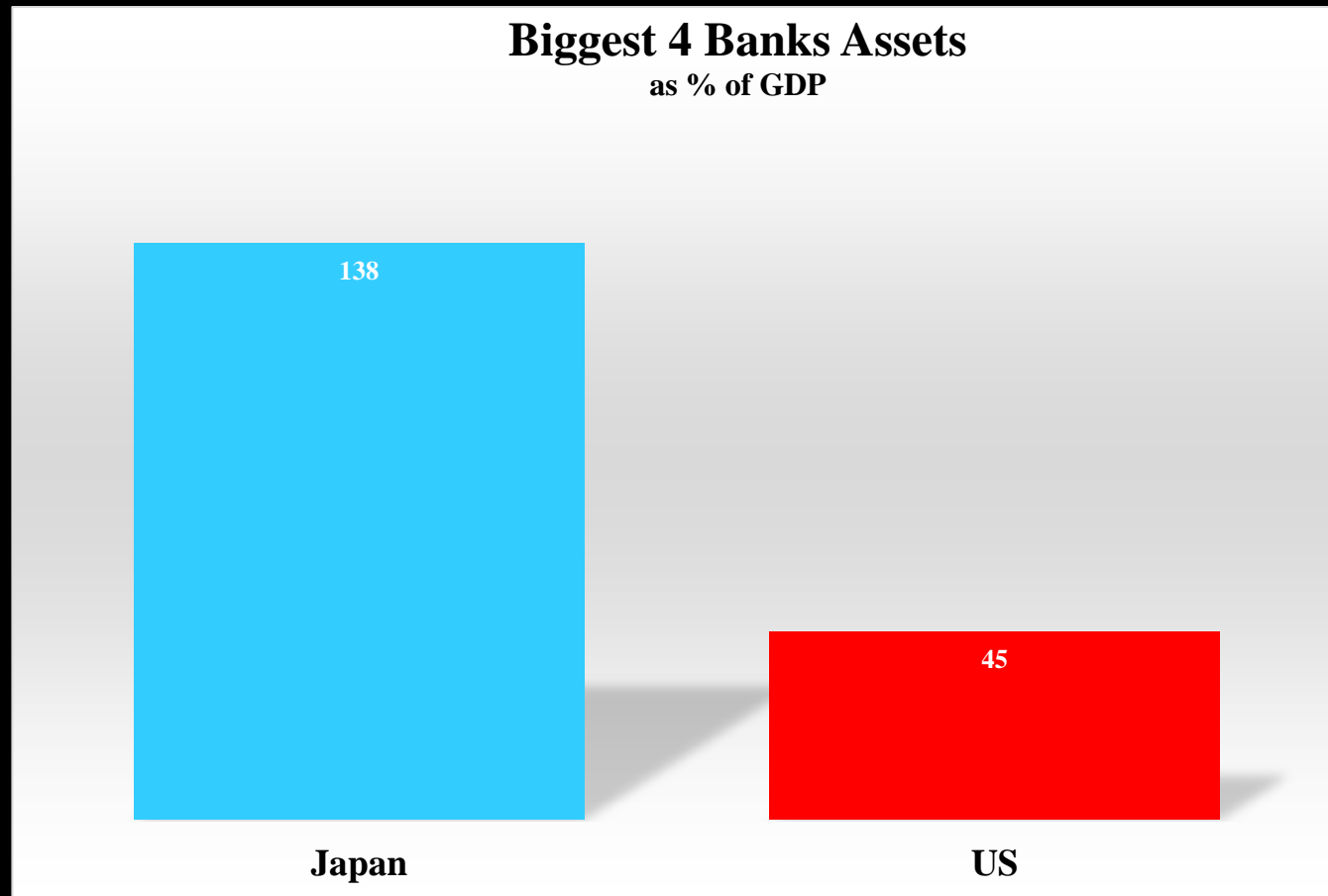
TOKYOLUV.COM



Jesper Koll

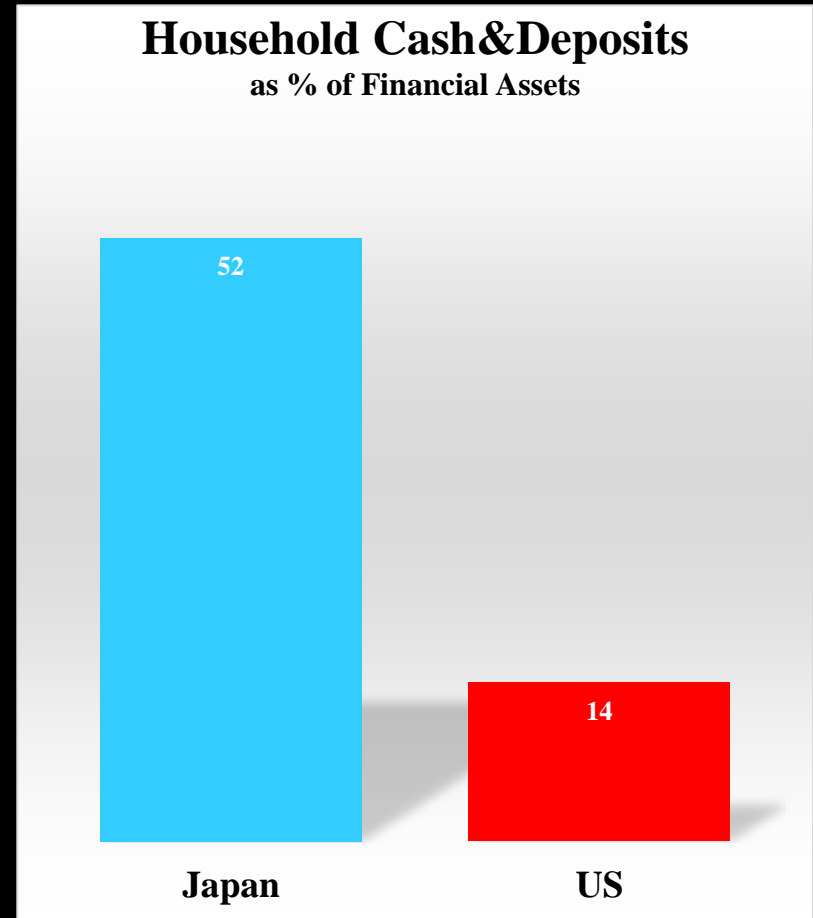
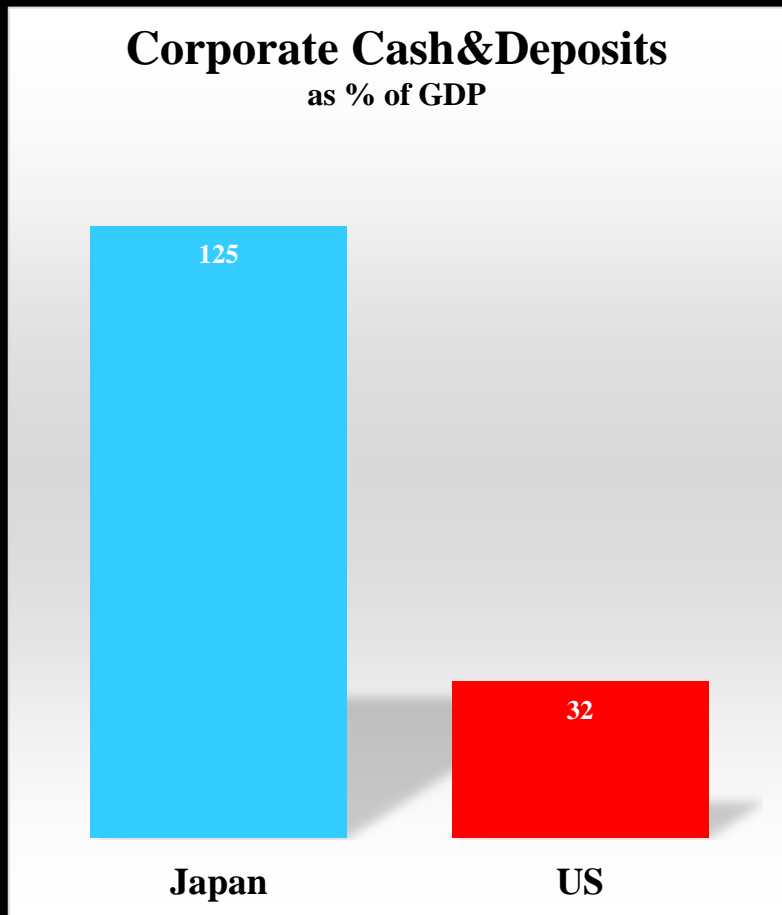


# In Japan, Banks are King



# ....Because Cash is King

## *Private Sector Cash & Deposit Balances*



# Asset Manager Performance

*% of managers beating benchmark*

	<u>1-Year</u>	<u>5-Years</u>
--	---------------	----------------

## Japanese Managers

Japanese Equities	54%	41%
-------------------	-----	-----

<i>International Equities</i>	35%	12%
-------------------------------	-----	-----

## US Managers

US Equities	25%	12%
-------------	-----	-----

<i>International Equities</i>	53%	53%
-------------------------------	-----	-----

NOTE: International is ex-home market, i.e. ex-Japan for Japanese Managers and ex-US for US

Source: S&P Global – SPIVA Scorecards ; 1-year = 2016 ; 5-year – 2011 to 2016



# Cost to Consumers

*Average Fees Charged to Retail Investors for Fund Purchases*

## Japan



Jesper Koll

## US



Source: Bloomberg, Investment Trust Association, WisdomTree

# US Brokers Business Model

US Securities Companies have changed towards a fee-based rather than transactions based business model

手数料による収益



残高による収益

Asset Management Revenues Now  
More Than 3-Times Trading  
Revenues

Year Ended December 31,			
		2015	
	Growth Rate 2014-2015	Amount	Total Revenues
<b>Asset management and administration fees</b>			
Mutual fund and ETF service fees <sup>(1)</sup>	5 %	\$ 1,479	
Advice solutions	7 %	898	
Other <sup>(1)</sup>	(3)%	273	
Asset management and administration fees	5 %	2,650	
<b>Net interest revenue</b>			
Interest revenue	12 %	2,657	42 %
Interest expense	29 %	(132)	(2)%
Net interest revenue	1 %	2,525	40 %
<b>Trading revenue</b>			
Commissions	(4)%	822	13 %
Principal transactions	(12)%	44	1 %
Trading revenue	(5)%	866	14 %
Other	(4)%	328	5 %
Provision for loan losses	175 %	11	-
Net impairment losses on securities	(100)%	-	-
Total net revenues	5 %	\$ 6,380	100 %

Year Ended December 31,			
	2015		
	Average Client Assets	Revenue	Average Fee
Schwab money market funds			
before fee waivers	\$ 161,381	\$ 947	0.59%
Fee waivers		(672)	
Schwab money market funds	161,381	275	0.17%
Schwab equity and bond funds and ETFs	102,486	217	0.21%
Mutual Fund OneSource <sup>(1)</sup>	225,347	764	0.34%
Other third-party mutual funds and ETFs <sup>(1,2)</sup>	251,491	223	0.09%
Total mutual funds and ETFs <sup>(3)</sup>	\$ 740,705	1,479	0.20%
Advice solutions <sup>(3)</sup> :			
Fee-based	\$ 172,302	898	0.52%
Intelligent Portfolios	3,274	-	-
Legacy Non-Fee	16,463	N/A	N/A
Total advice solutions	\$ 192,039	898	0.47%
Other balance-based fees <sup>(2,4)</sup>	324,701	226	0.07%
Other <sup>(2,5)</sup>		47	
Total asset management and administration fees		\$ 2,650	

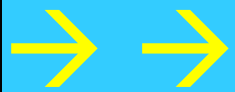
2014		
Average Client Assets	Revenue	Average Fee
\$ 164,564	\$ 957	0.58%
	(751)	
164,564	206	0.13%
83,916	192	0.23%
236,003	805	0.34%
241,314	210	0.09%
\$ 725,797	1,413	0.19%
\$ 160,721	840	0.52%
N/A	N/A	N/A
15,794	N/A	N/A
\$ 176,515	840	0.48%
297,499	234	0.08%
	46	
	\$ 2,533	

*Must Have :*

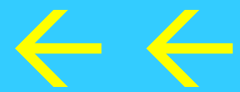
# Democratization of Finance

\* Full Transparency

\* Customer's Interest = Broker's Interest



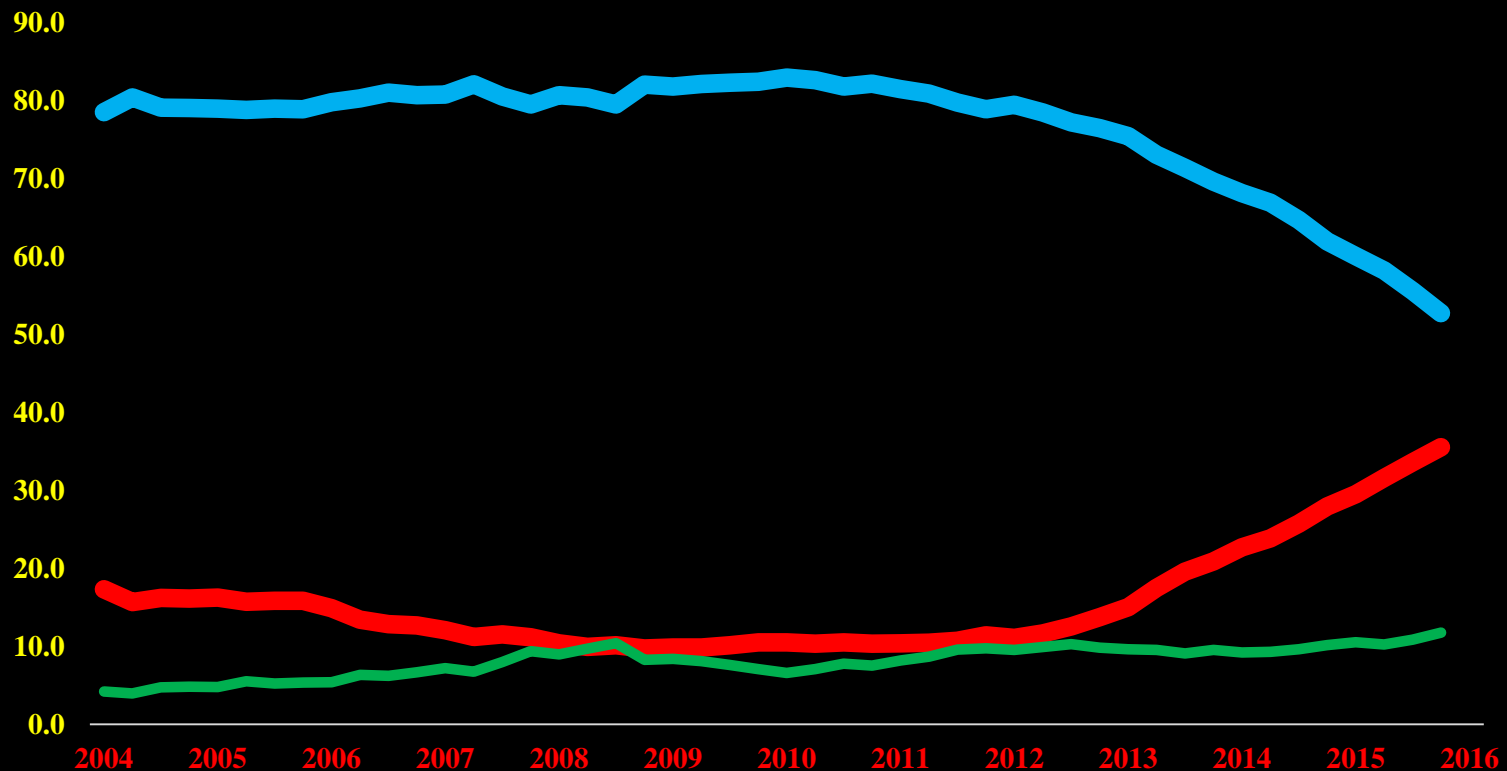
**Set Global Standard**



# Urgency :

*Debt Market Nationalisation.....Strangling Private Market*

**% Ownership of Public Debt Securities:**  
**Private Sector, BoJ & Foreigners**



# Finance Ecosystem

## Data Center, Data Analysis, Data Distribution



Tokyo Financial Data Center

- Japan
- Asia

Not just Japan Data, but  
Asia Data

# Finance Ecosystem : Motivate Science & Academia



Tokyo Finance Prize :

- Academic Research
  - -Finance
  - -Statistics
  - -Data Management
- Innovative Mass Product
- Smartest Solution



# Finance Ecosystem :

## Motivate Media – Old & New



Tokyo Finance Prize :

- Best Finance Coverage
- Best Corporate Analysis
- Best Financial Blogger

**You have to think anyways,  
so you might as well  
think big !**

Donald Trump

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大きいことを考えよう

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# Vielen Dank

Thank You