#### Jesper Koll

Tokyo, January 31, 2017

### **Tokyo Financial Center**





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

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# Financial Center

# Finance

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

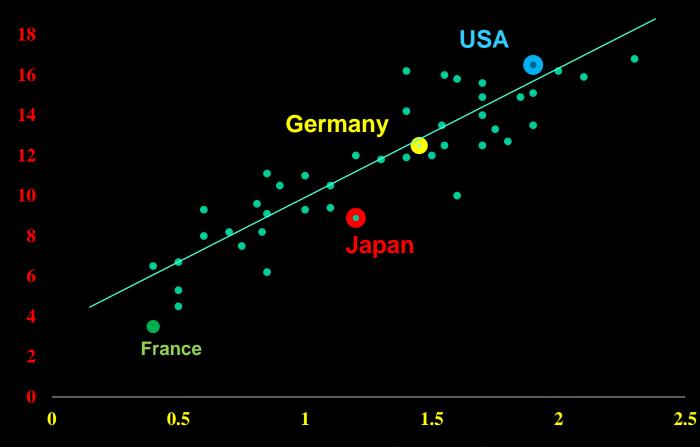
# Finance - Goal

\* Economic Growth

\* Industry Pride

# **Engine of Growth**

#### Share of Entrepreneurs versus Economic Growth



Jesper Koll

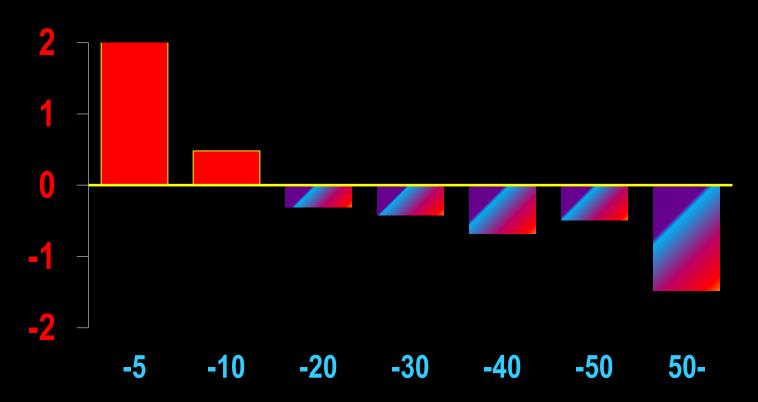
Note: Averages for 1995-2013

Source: OECD, Global Entrepreneurship Council; Jesper Koll

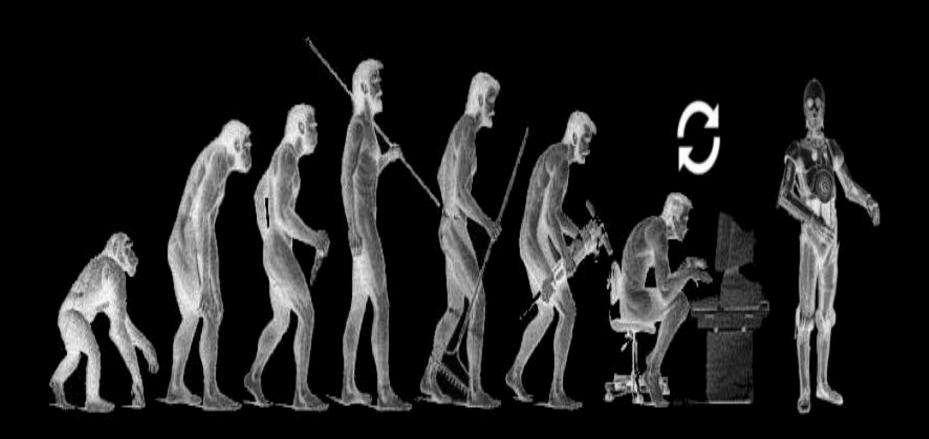
# Engine of Jobs

Full-Time Jobs Created by Age of Company

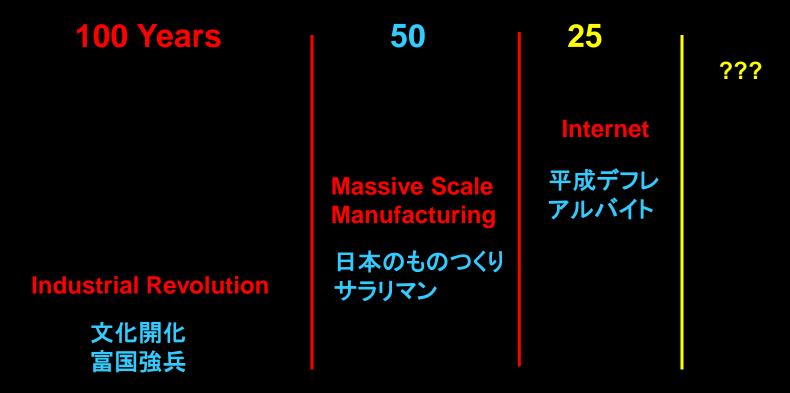
**Cumulative 2005-2015, Millions** 



## The Future of Finance



## Global MegaTrends



1845-------<u>1945-----1995-----2020</u>

## Faster...

#### Time to Reach 50,000,000 Users

Radio 38 years

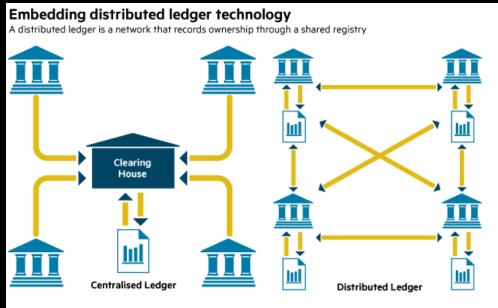
TV 13 years

iPod 4 years

Facebook 1 year

**Twitter 9 Months** 

#### **Future of Finance - Blockchain**



In contrast to today's networks, distributed ledgers eliminate the need for central authorities to certify ownership and clear transactions. They can be open, verifying anonymous actors in the network, or they can be closed and require actors in the network to be already identified. The best known existing use for the distributed ledger is the cryptocurrency Bitcoin

FT graphic. Source: Santander InnoVentures, Oliver Wyman & Anthemis Partners

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



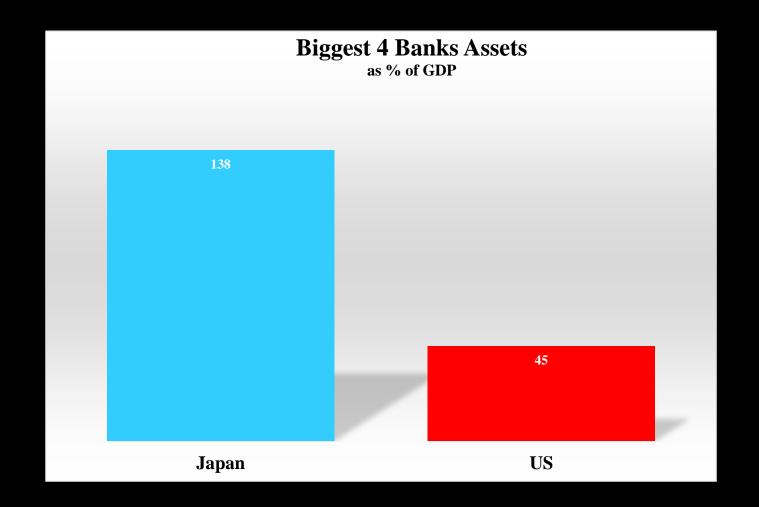
**Set Global Standard** 





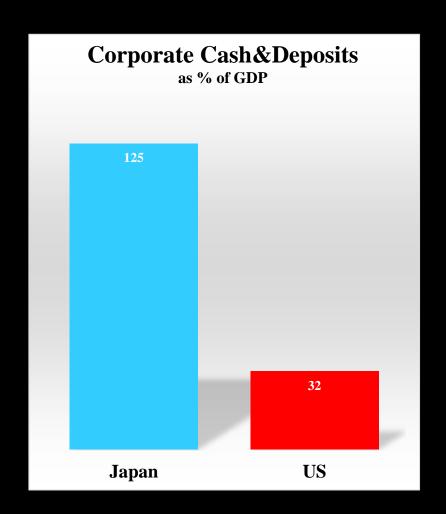
Jesper Koll

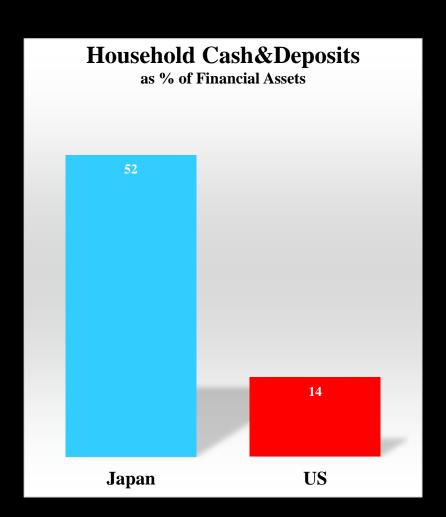
## In Japan, Banks are King



#### ....Because Cash is King

Private Sector Cash & Deposit Balances





#### **Asset Manager Performance**

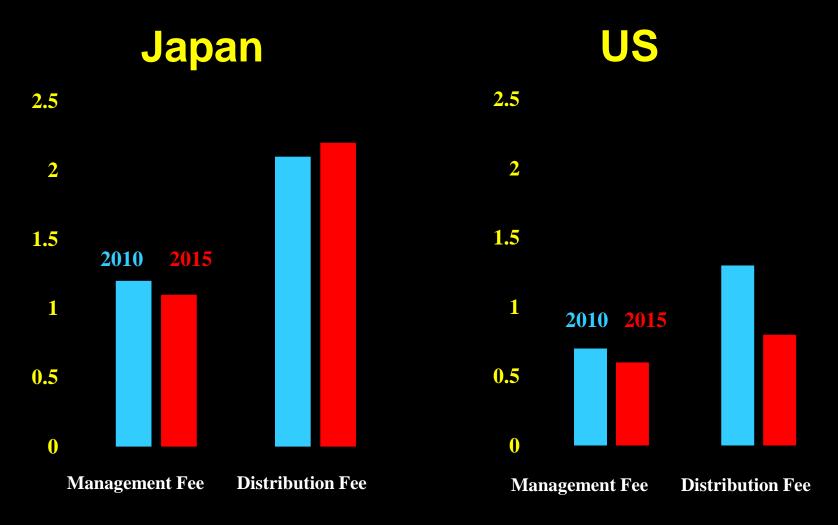
% of managers beating benchmark

	1-Year	5-Years
Japanese Managers		
Japanese Equities	54%	41%
International Equities	<i>35%</i>	12%
<u>US Managers</u>		
<b>US Equities</b>	25%	<b>12%</b>
International Equities	<i>53%</i>	<i>53%</i>

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



Jesper Koll

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





残高による収益

**Asset Management Revenues Now More Than 3-Times Trading** 

Net Revenues					
Year Ended December 31,			2015		
				%	
	Growth Rate			Tot	
	2014-2015		Amount	Re	
Asset management and administration fees		- 1		7	
Mutual fund and ETF service fees (1)	5 %	\$	1,479		
Advice solutions	7 %		898		
Other (1)	(3)%		273		
Asset management and administration fees	5%		2,650	4	
Net interest revenue				- \	
Interest revenue	125		2,657	42 9	
Interest expense	29/6		(132)	(2)%	
Net interest revenue	11 %		2,525	40 %	
Trading revenue					
Commissions	(4)		822	13 %	
Principal transactions	(12)%			1 %	
Trading revenue	(5)%		866	14 %	
Other	(4)%		528	5 %	
Provision for loan losses	175 %		11	-	
Net impairment losses on securities	(100)%			-	
Total net revenues	5 %	\$	6,380	100 %	

Assets   Revenue   Fee   Assets   Revenue   Fee	Schwab money market funds	_	Client	2	2015		_		20	14				
Client Assets Revenue   Fee   Assets Revenue   Fee   Assets   Revenue   Fee	•		Client				_				2014			
before fee waivers \$ 161,381 \$ 947 0.59% \$ 164,564 \$ 957 0.589	•		Assets	Re	evenue		4	Client	Rev	venue	Average Fee			
Fee waivers         (672)         (751)           Schwab money market funds         161,381         275         0.17%         164,564         206         0.139           Schwab equity and bond funds and ETFs         102,486         217         0.21%         83,916         192         0.239           Mutual Fund OneSource*(1)         225,347         764         0.34%         236,003         805         0.349           Other third-party mutual funds and ETFs (1,2)         251,491         223         0.09%         241,314         210         0.09%           Total mutual funds and ETFs (3)         740,705         1,479         0.20%         725,797         1,413         0.19%           Advice solutions (3):         1,479         0.20%         725,797         1,413         0.19%	before fee waivers													
Schwab money market funds     161,381     275     0.17%     164,564     206     0.139       Schwab equity and bond funds and ETFs     102,486     217     0.21%     83,916     192     0.239       Mutual Fund OneSource®(1)     225,347     764     0.34%     236,003     805     0.349       Other third-party mutual funds and ETFs (1,2)     251,491     223     0.09%     241,314     210     0.099       Total mutual funds and ETFs (3)     740,705     1,479     0.20%     \$725,797     1,413     0.199       Advice solutions (3):		\$	161,381	\$	947	0.59%	\$	164,564	\$	957	0.58%			
Schwab equity and bond funds and ETFs       102,486       217       0.21%       83,916       192       0.239         Mutual Fund OneSource®(1)       225,347       764       0.34%       236,003       805       0.349         Other third-party mutual funds and ETFs (1,2)       251,491       223       0.09%       241,314       210       0.099         Total mutual funds and ETFs (3)       740,705       1,479       0.20%       \$ 725,797       1,413       0.199         Advice solutions (3):       1,479       0.20%       1,479	Fee waivers				(672)		L			(751)				
Mutual Fund OneSource <sup>® (1)</sup> Other third-party mutual funds and ETFs <sup>(1,2)</sup> Total mutual funds and ETFs <sup>(3)</sup> Advice solutions <sup>(3)</sup> :  225,347  764  0.34%  236,003  805  0.349  241,314  210  0.099  725,797  1,413  0.199	Schwab money market funds		161,381		275	0.17%	L	164,564		206	0.13%			
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Advice solutions (3):	Other third-party mutual funds and ETFs (1,	,2)	251,491		223	<b>◆ 0.09%</b>		241,314		210	0.09%			
	Total mutual funds and ETFs (3)	\$	740,705		1,479	0.20%	\$	725,797		1,413	0.19%			
F - L 1	Advice solutions (3):													
Fee-based \$ 1/2,302 898 0.52% \$ 160,721 840 0.525	Fee-based	\$	172,302		898	0.52%	\$	160,721		840	0.52%			
Intelligent Portfolios 3,274 N/A N/A N/A	Intelligent Portfolios		3,274		-	-		N/A		N/A	N/A			
Legacy Non-Fee 16,463 N/A N/A 15,794 N/A N/A	Legacy Non-Fee		16,463		N/A	N/A	L	15,794		N/A	N/A			
Total advice solutions \$ 192,039 898 0.47% \$ 176,515 840 0.489	Total advice solutions	\$	192,039		898	0.47%	\$	176,515		840	0.48%			
Other balance-based fees (2,4) 324,701 226 0.07% 297,499 234 0.089	Other balance-based fees (2,4)		324,701		226	0.07%		297,499		234	0.08%			
Other (2,5) 47 46	Other (2,5)				47					46				
Total asset management	Total asset management					_								
and administration fees \$ 2,650 \$ 2,533				\$	2,650		ı		S	2,533				

#### Must Have:

### Democratization of Finance

\* Full Transparency

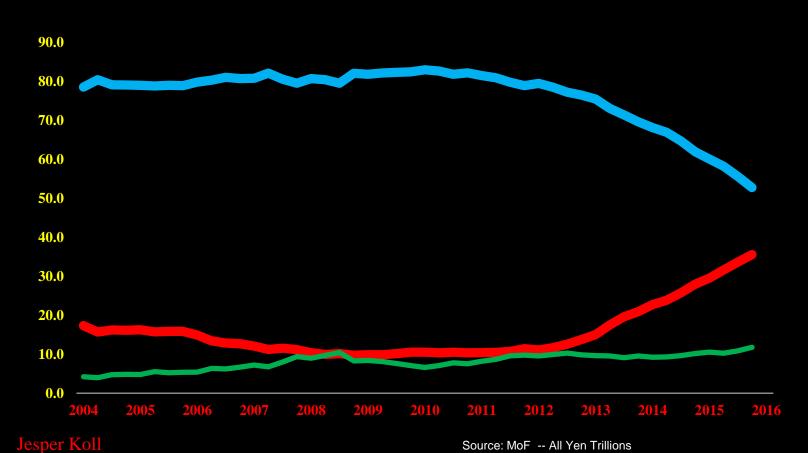
\* Customer's Interest = Broker's Interest

→ 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

Jesper Koll

Source: Internet

### Finance Ecosystem:

#### **Motivate Science & Academia**



#### Tokyo Finance Prize:

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

Jesper Koll Source: Internet

#### Finance Ecosystem:

#### **Motivate Media – Old & New**



#### Tokyo Finance Prize:

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

Jesper Koll Source: Internet

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# Vielen Dank

Thank You