

19 October 2022 (No. of pages:1)

Japanese report: 13 Oct 2022

Setting a Maximum Cumulative Amount Invested in NISA

Considerations based on systems in other countries and the target level of asset formation in Japan

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Summary

- Studies are underway within the governmental and ruling coalition parties for the "Major Expansion of NISA (Nippon Individual Savings Account)", and the maximum amount of cumulative NISA investment is cited as an issue to be considered.
- The larger the amount of cumulative NISA investment, the greater the flexibility of middle-class investors to invest. On the other hand, there are aspects in which high-net-worth individuals who are able to invest heavily receive preferential treatment, and it is necessary to seek a level at which both sides can be accommodated.
- Referring to similar asset formation support schemes in the United Kingdom, France, and the United States, the Asset Formation Support Scheme can cover the entire amount of financial assets held by households with financial assets ranging from the bottom to around 75-90% of the value of financial assets, and from the bottom to around 80-90% of the value of income. In light of Japanese financial holdings, it is implied that the maximum amount of cumulative NISA investment is around 16-34 mil yen.
- On the other hand, if a target level is set when working groups form assets with securities based on the balance of securities held by households investing with an average-income for elderly in Japan (realizable amount) and assets sufficient to cover the current average income and expenditure of an elderly household (required amount), then the maximum amount of cumulative NISA investment could be supported at around 10 mil yen.
- It is hoped that the government and ruling parties will make appropriate institutional designs that contribute to the formation of middle-class assets with reference to these levels.

Attention

This report is a summary translation. The official document is only in Japanese.