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# Issues Related to Lifting of Digital Payroll Ban and Worker Protection

## Why have wage payment methods been expanded in the first place?

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### Summary

- The ban on digital payroll, which is provided by Funds Transfer Service Providers, will be lifted on April 1, 2023. Wage payment methods for workers have increased for the first time in about 24 and a half years since September 1998. There is growing public interest in the impact of digital payroll on domestic money flows starting from wages and financial businesses.
- The discussion of digital payroll developed primarily from the consideration of payroll cards for foreign workers. Japan's government started working in earnest toward the introduction of digital salaries in 2021. Considering actual procedures, it might take more than a few months after the ban has been lifted that workers can actually receive digital salaries.
- Behind the expansion of wage payment methods are: (1) improvement of convenience for workers; (2) improvement of financial inclusion; (3) wage robbery and theft and loss prevention measures; and (4) development of a level playing field and promotion of private innovation.
- The issues that need to be addressed seriously are the protection of workers, such as the preservation of funds and the securing of liquidity in the event of the bankruptcy of Fund Transfer Service Providers or the illegal use of funds.
- Various countermeasures are to be taken for worker protection. For example, qualified Fund Transfer Service Providers shall be designated by the Minister of Health, Labour and Welfare after satisfying eight requirements concerning worker protection and reporting systems, etc., in advance. It is important to carefully assess whether the measures for protecting workers are functioning properly and effectively.

#### Attention

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