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Potential of Emerging New Financial Platforms

Co-creation and competition for financial platforms in full swing

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Summary

- The utilization of blockchain technology is advancing in various financial fields. In Japan, the number of cases in which operating companies issue security tokens (ST) is increasing, and it is attracting attention as a new financing method or investment product.
- For ST, new financial platforms utilizing distributed ledger technology that differs from existing financial platforms for the issuance and management of securities, have been adopted, and major financial institutions are co-creating and competing for leadership in the platform business.
- On the other hand, financially advanced countries, particularly the United States, are increasingly co-creating and competing for financial platforms among financial institutions that are responsible for global financial and capital markets. At the same time, technology and science are advancing the unbundling of existing financial business models and financial platforms.
- Financial DX (Digital Transformation) is being promoted in order to transform the financial and capital markets into business models that demonstrate their intrinsic functions and are highly resilient. In such competition, the de facto standard (industry standard) of the financial platform is formed. It is not possible to shift to DeFi (diversified financial). Based on these considerations, this paper explores whether Japanese financial institutions' efforts to develop new financial platforms will make markets function and increase the resilience of their business models in the future.

Attention

This report is a summary translation. The official document is only in Japanese, included in the DIR Research Quarterly Review (Vol.47)