

# **Supporting Start-ups by Credit Guarantee/Supplement System in Japan**

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at AECM seminar, in Spain**

**Yasushi Onishi**  
Executive Director

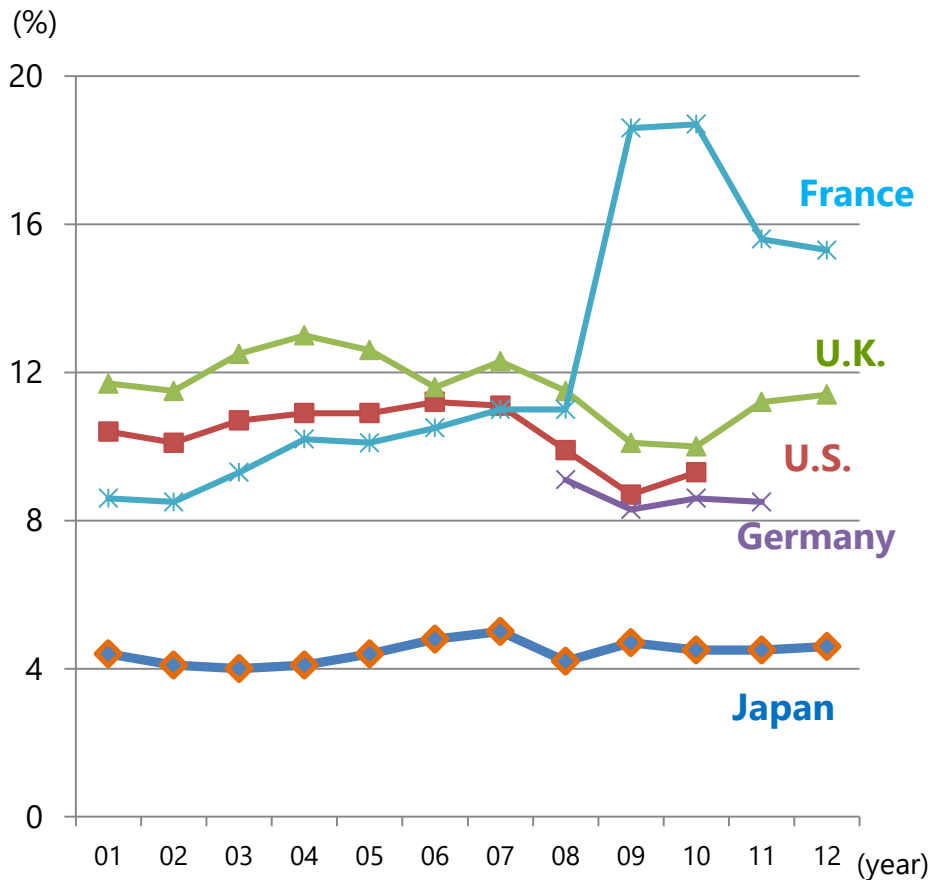


**日本政策金融公庫**  
JAPAN FINANCE CORPORATION

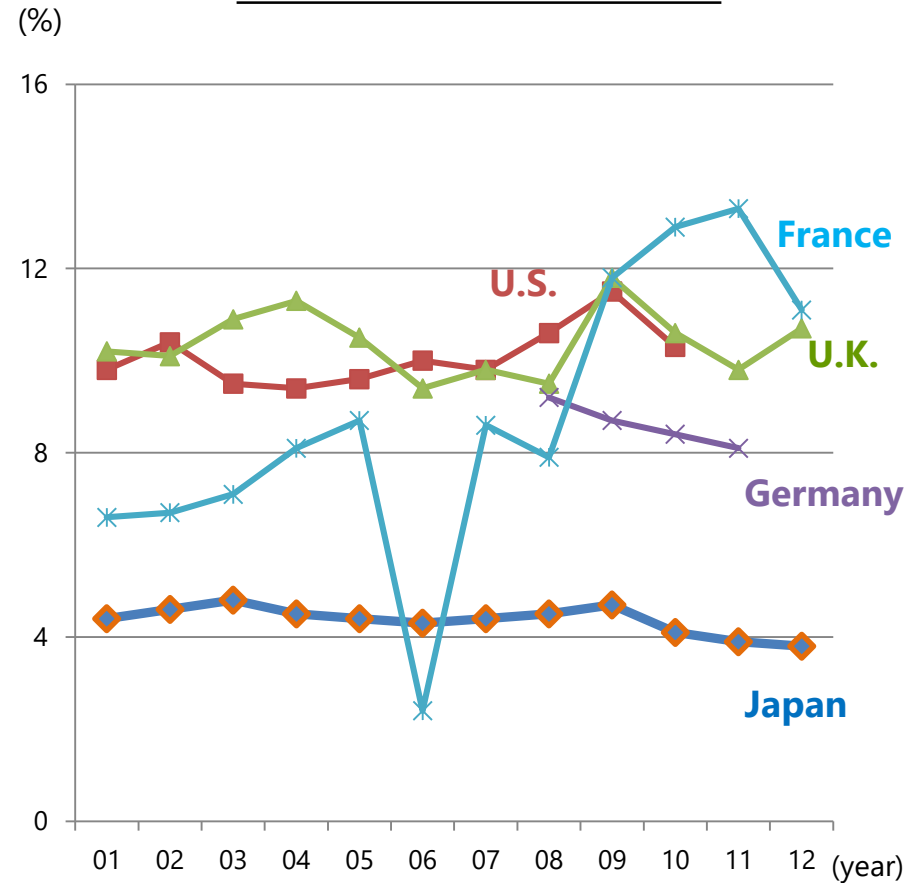
# 1. Japan's Low Rates of Business Entry and Exit

Japan's rates of business entries and exits are very low, compared to other developed countries.

### Rate of business entries

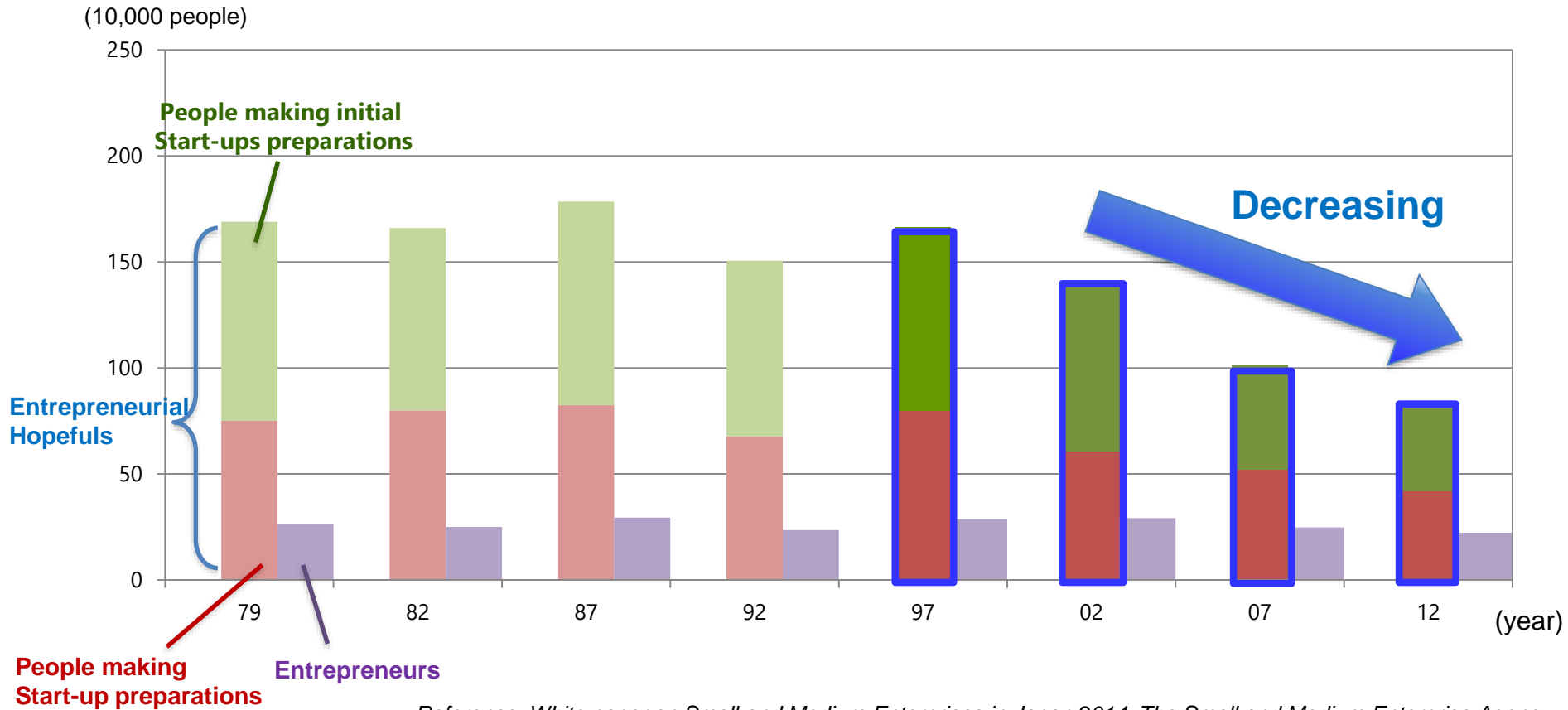


### Rate of business exits



## 2. Decreasing Entrepreneurial Hopefuls

Not only entrepreneurs are small, but those who considers start-ups are decreasing.



**To increase start-ups is one of the major Japanese policy objectives.**

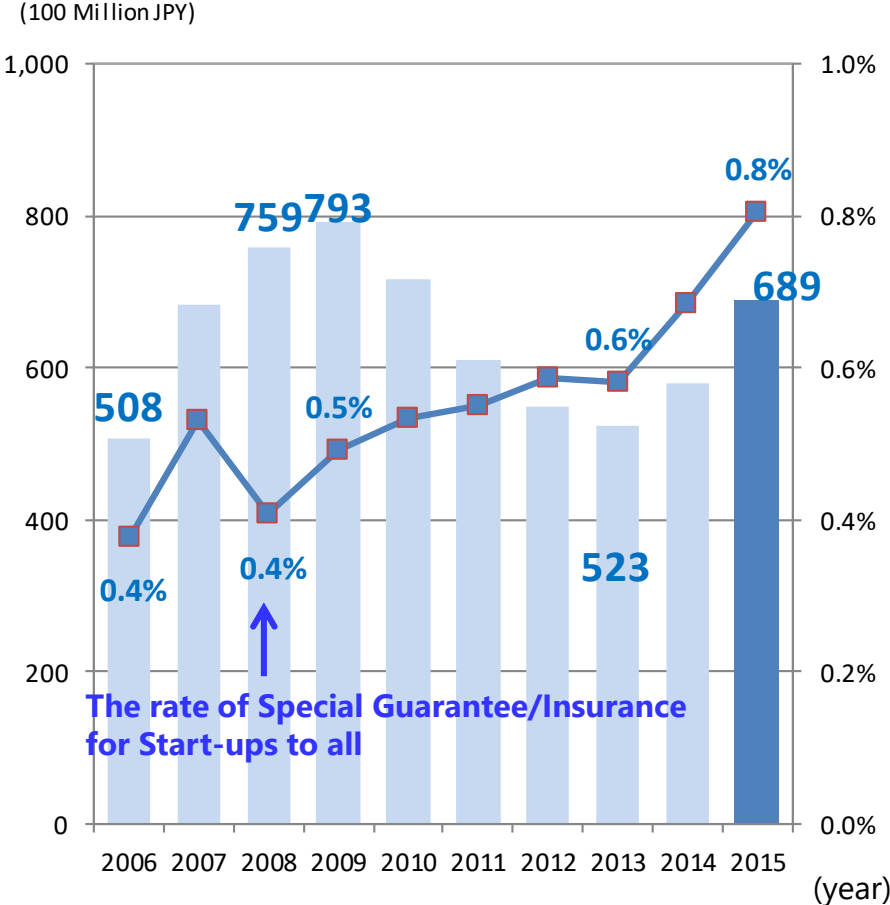
# 3. Scheme of Special Guarantee/Insurance for Start-ups

<b>Target SMEs</b>	<ol style="list-style-type: none"> <li>1. For SMEs which is <u>established</u> within 5 years</li> <li>2. For SMEs which is <u>planned to launch</u> (Enterprises; within 2 months, Individuals; within 1 month)</li> <li>3. For SMEs which <u>spin off</u> into a new company</li> </ol>	
<b>Usage of Funds</b>	for Start-ups	
<b>Max Amount of Insurance</b>	<u>10 million JPY (or 100K USD)</u> <u>(*planned to increase to 20 mil JPY)</u>	<u>15 million JPY (or 150K USD)</u>
<b>Insurance Term</b>	Up to 10 years	
<b>Insurance Premium Rate (p.a.)</b>	<u><b>0.29%</b></u> (*In contrast to normal <u>guarantee 0.25% to 1.69% according to the associated risk</u> )	<u><b>0.4%</b></u> (*In contrast to normal <u>guarantee 0.25% to 1.69% according to the associated risk</u> )
<b>Guarantee Coverage Ratio</b>	<b>100%</b> (*for normal guarantee 80%)	
<b>Other requirements</b>	<ul style="list-style-type: none"> <li>• Detailed business plan</li> <li>• No-collateral and No-Guarantor</li> <li>• Confirmation of business license</li> </ul>	<ul style="list-style-type: none"> <li>• Detailed business plan</li> <li>• No-collateral and No-Guarantor</li> <li>• Confirmation of business license</li> <li>• <u>Max amount of loan is up to own funds</u></li> </ul>

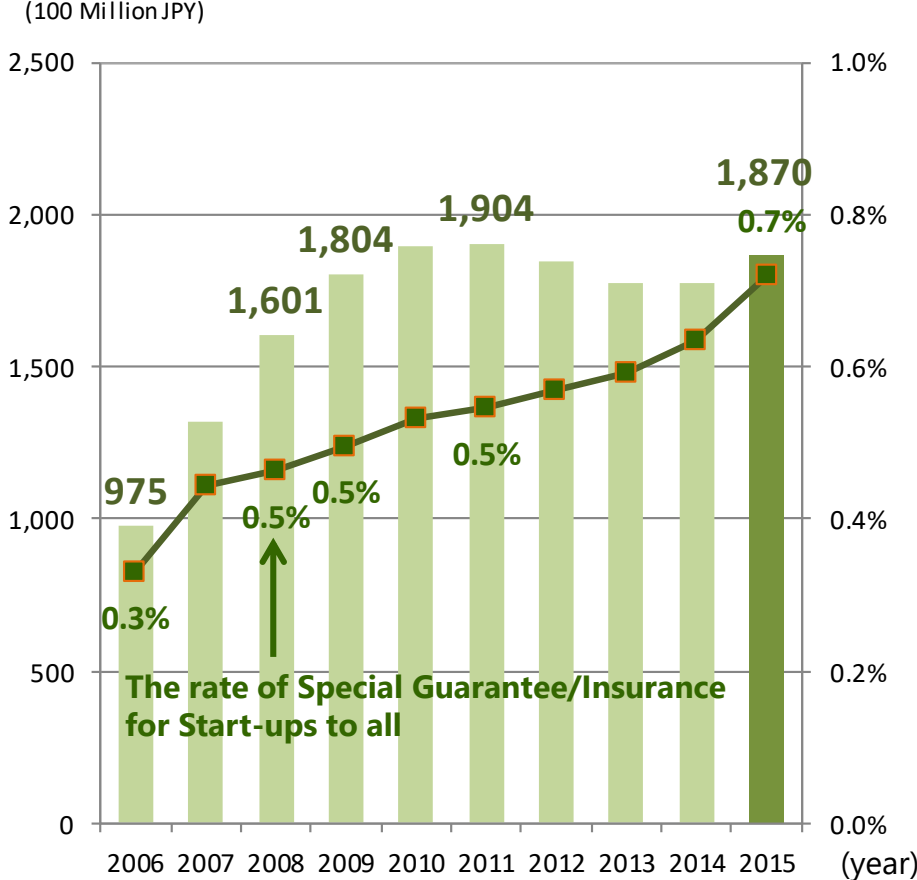
*In Japan, credit guarantee system is organized as i) CGC, credit guarantee corporations, guarantee the loans extended by private financial institutions and ii) what they guaranteed is reinsured by JFC. JFC reinsures 80% of the guaranteed for normal cases, including start-ups.*

# 5. Development of Guarantee/Insurance for Business Start-ups

- Annual Acceptance of Special Guarantee/Insurance for Start-ups



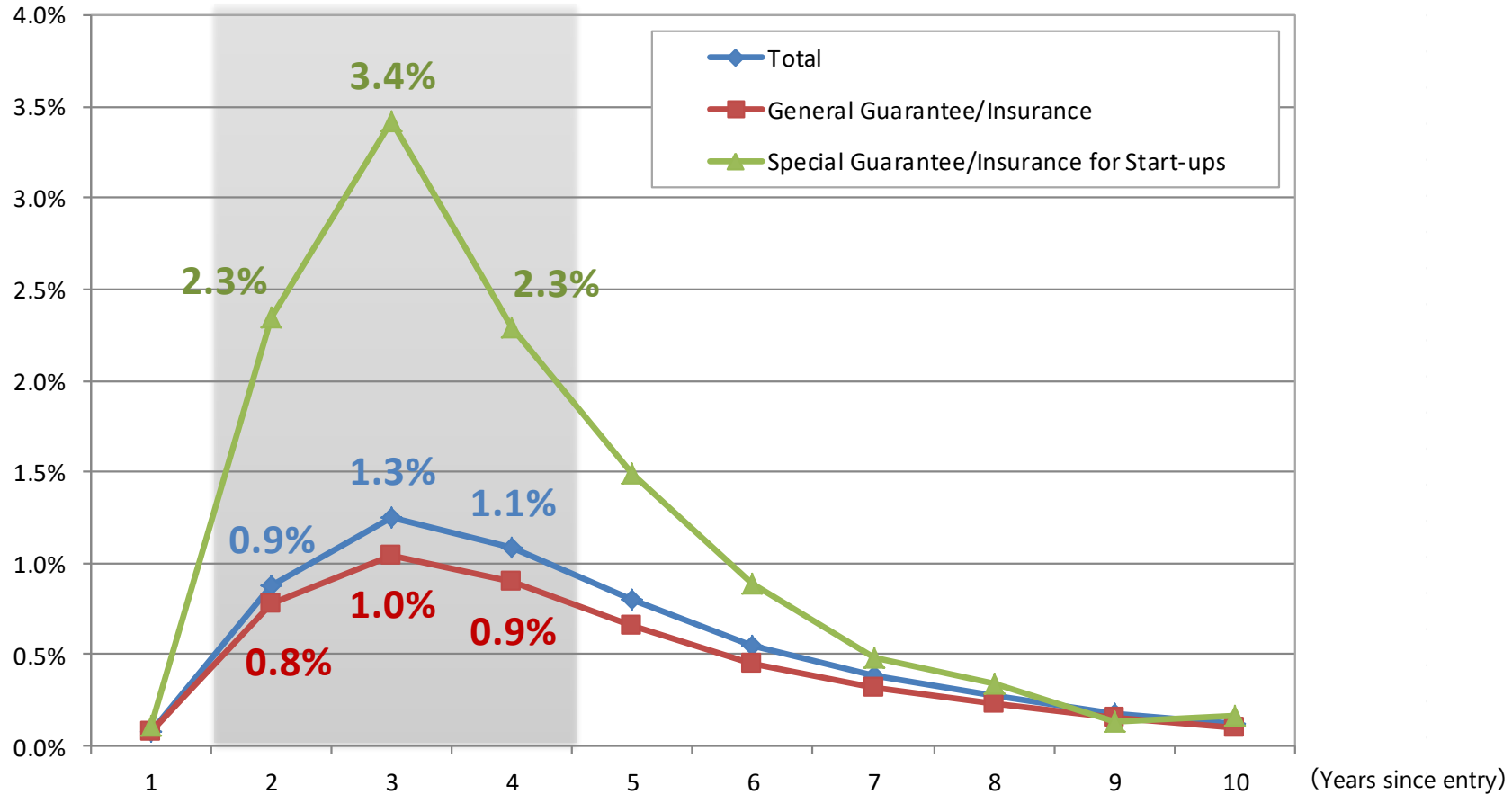
- Outstanding Liabilities of Special Guarantee/Insurance for Start-ups



\* 100 Million JPY = 8,430 EUR  
(as of end of March in 2017)

# 6. Default Rate of Special Guarantee/Insurance for Start-ups

Default rates by years from the start of guarantee/insurance



# 7. Importance of Non-Financial Measures

**Entrepreneurs have special knowledge/experiences for the sector which they try to enter, but normally they are lack in business knowledge and expertise.**

***The key to success is to provide business information and advise.***

According to the stages of start-ups,

## Prior to Start-ups

- Provide information to hopefuls (ex. holding seminars, editing and distributing "guidebook for start-ups")
- Intensive advise/ consultation by specialists to prepare the detailed start-up plan



## At the time to Start-ups

- Actual site visit with necessary advise
- Ask other financial institutions for co-financing



## After Start-ups

- Regularly visits to the company (up to 3-5 years) and make necessary advise, after obtaining financial information



# Q & A

The logo for JFC (Japan Finance Corporation) is centered on the slide. It consists of the letters 'JFC' in a bold, white, sans-serif font, set against a light green circular background. The 'J' has a distinctive white dot on its left side. The background of the slide features a large, faint, light green circle behind the logo.

# JFC

**Thank you for your attention!**

[https://www.jfc.go.jp/n/english/sme/op\\_credit.html](https://www.jfc.go.jp/n/english/sme/op_credit.html)