



## The first year for “NISA”: Increase of retail investors expected

“NISA” (Nippon Individual Savings Account) is a “tax exemption program for small investments in Japan” modeled after the ISA (Individual Savings Account) in the United Kingdom. By opening a “NISA” account with a securities house or a bank, all individuals are eligible for an exemption from the levy on capital gains, dividends and coupons from the financial products such as equities and investment trusts.

### Point 1

#### “NISA” application began with elderly and experienced investors Room for expansion of active “NISA” accounts

- “NISA” started in January 2014. The number of “NISA” accounts grew to about 7.27 million and through these accounts about 1.563 trillion yen was invested by June (FSA survey). Looking at the age profile of “NISA” account holders, while 60 years old and above count for 58.4, the younger generations of 50 years old and below count less. The ratio for 30s and 20s are only 8.2% and 3.2% respectively. In addition, out of about 4.63 million accounts held by 131 securities houses, only 12.2% are opened by investment beginners. Further expansion of investors’ base is desired.

### Point 2

#### Limit increase and introduction of “Junior NISA” “Junior NISA” would promote long term investment

- The Japanese government intends to increase the limit of annual investment amount for tax exemption from 1 million yen to 1.2 million yen per account, aiming further promotion of “NISA”. They also plan to introduce “Junior NISA” (tax exemption up to 0.8 million yen of investment) applying to the age of under 20 years old, from January 2016 after Diet deliberations next year.
- Parents and grand parents will open “Junior NISA” accounts for their children or grand children and will invest on their behalf. This scheme will promote long term investment as the money can not be withdrawn until children or grand children reach the age of 18.

### Future Outlook

#### Expectation on further investment by retail investors with the promotion of “NISA”

##### ■ Investment through “NISA” is increasing

According to the Japan Securities Dealers Association, number of “NISA” accounts of 10 major securities houses rose 1.5% m-o-m to about 4 million in November. Among them, the active accounts which have actually invested rose 6.7% m-o-m to about 1.61 million. The active accounts are 40.3% of the total accounts opened.



## ■ Expectation for increase of individual investors through “NISA”

If all of “NISA” accounts held by 10 major securities houses were utilised to their maximum amount, it would be about 4 trillion yen. However, the total investment made is about 1.196 trillion yen which is only approx. 30% of the maximum amount “NISA” holders can invest. The increase of investment amount and further penetration into individual investors are expected through the utilisation of unused tax exemptions and by opening new “NISA” accounts.

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