

The Bank of Japan
from the Perspective of Business Operations

*Speech at the 2025 Spring Annual Meeting of
the Japan Society of Monetary Economics*

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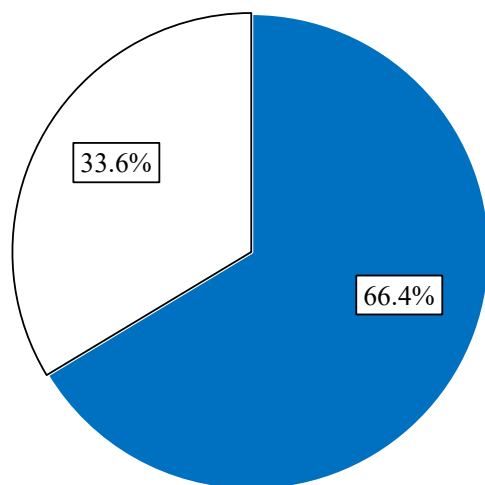
Introduction

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- III. Bank of Banks
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- VI. Unconventional Monetary Policy and the Central Bank's Balance Sheet
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News Articles About the Bank of Japan

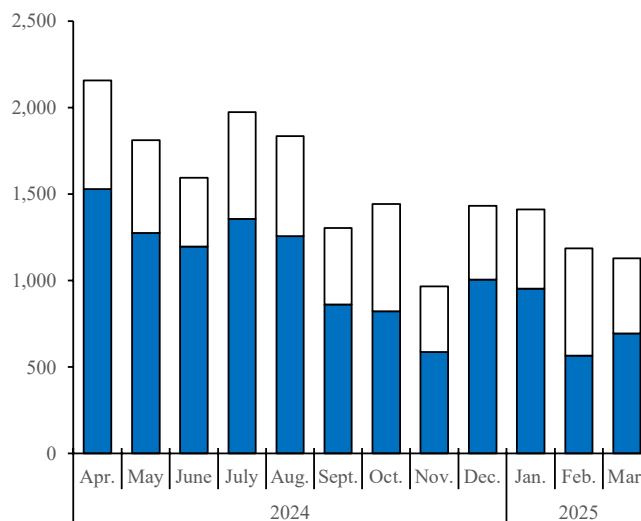
Fiscal 2024



- Articles on monetary policy
- Articles on other BOJ topics

Source: Bank of Japan.

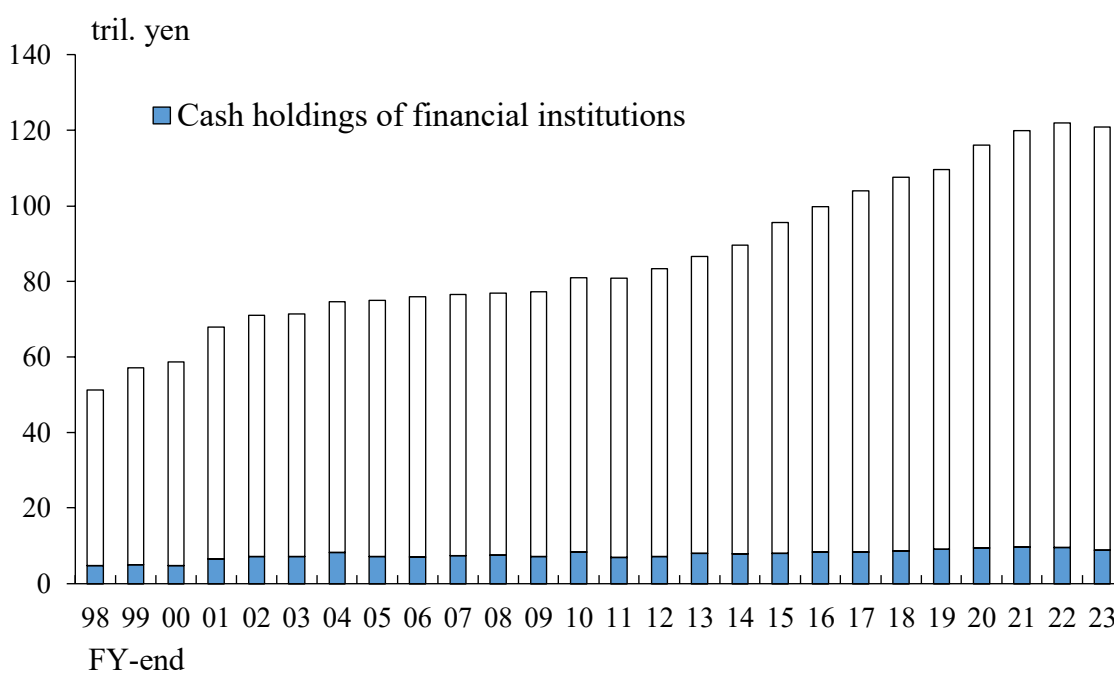
Monthly



- Articles on monetary policy
- Articles on other BOJ topics

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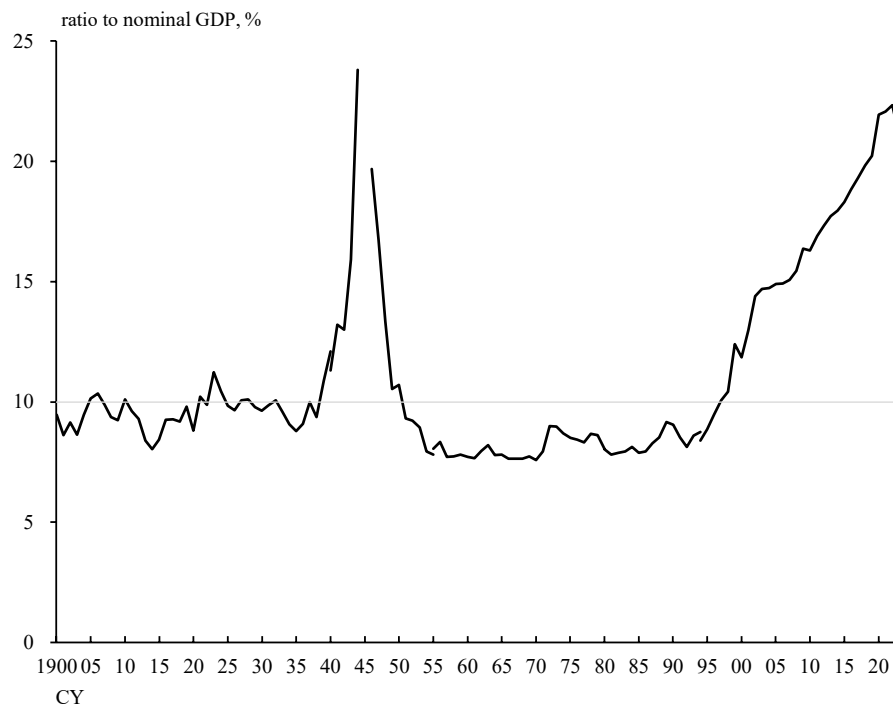
Amount Outstanding of Banknotes in Circulation



Source: Bank of Japan.

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Ratio of Banknotes in Circulation to GDP



Note: Figures for nominal GDP up through 1955 are from 'Gross National Expenditure at Market Prices' in Table 1-A of Ohkawa, K., Takamatsu, N., Yamamoto, Y., *National Income, Estimates of Long-Term Economic Statistics of Japan Since 1868*, vo. 1 (Tokyo: Toyo Keizai Shinposha, 1974). The figures from 1955 through 1980 are from total domestic expenditures in 68SNA, and those from 1980 through 1993 are from total domestic expenditures in 93SNA. The figures from 1946 through 1951 are fiscal-year based. Those from 1994 onward are from total domestic expenditures in 2008SNA.

Sources: Cabinet Office; Toyo Keizai; Bank of Japan.

Currency Denominations

(prior to the issuance of 2,000-yen notes)

Distribution of currency denominations

Optimal distribution, in theory= 3^K	1	3	9	27	81	243	729	2187	6561
Japan	1	5	10	50	100	500	1000	5000	10000
United States	1	5	10	25	100	500	1000	2000	5000

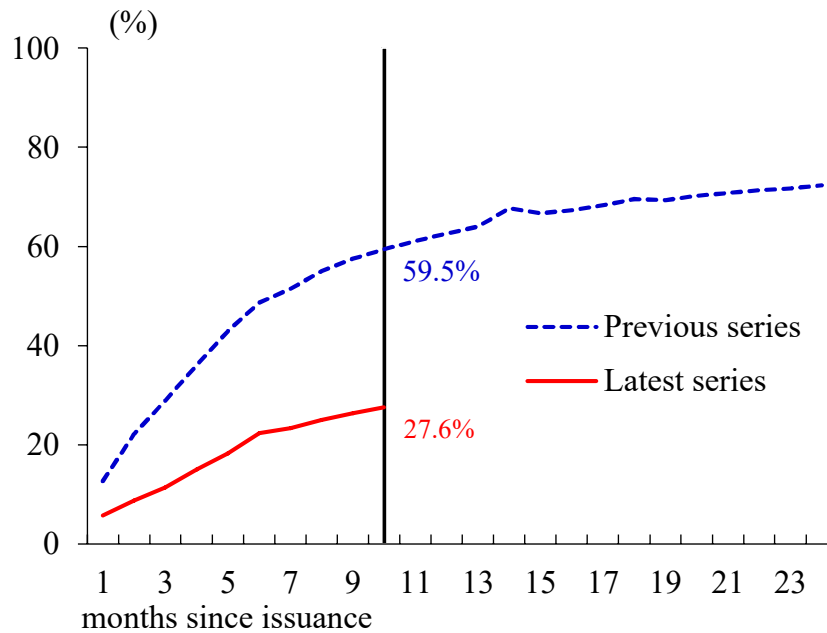
Cook Islands 3-dollar bill



Note: K is a progression of 3. Excluding US 50-cent coins and 2-dollar bills, as these are rarely used.

Source: Kitamura, Y., "Kahei no saiteki na hakkō tan'i no sentaku ni tsuite" [On the Choice of Optimal Currency Denominations], *Kin'yu Kenkyū* 18, no. 5 (1999).

Ratio of New Banknotes in Circulation



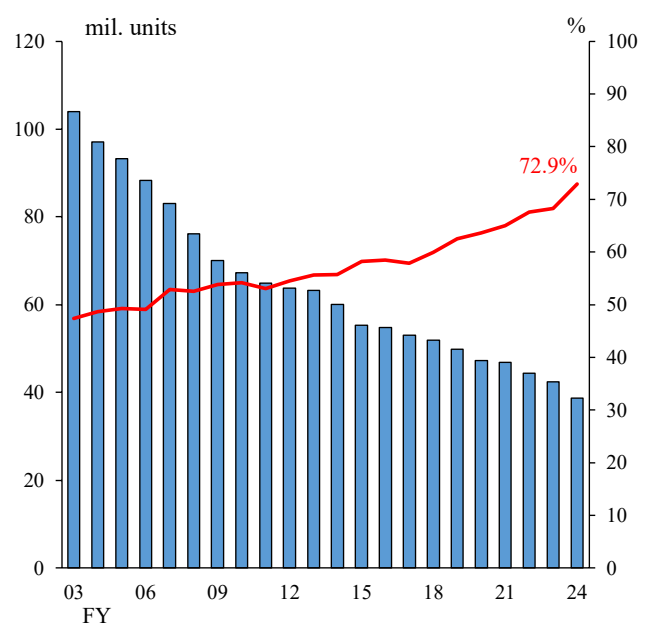
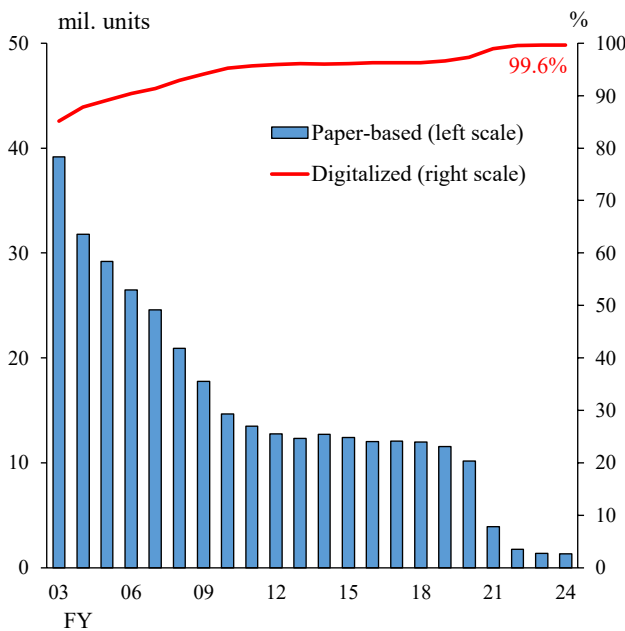
Source: Bank of Japan.

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Ratio of Digitalized Treasury Funds Operations

Payment (Annual Expenditure)

Income (Annual Revenue)

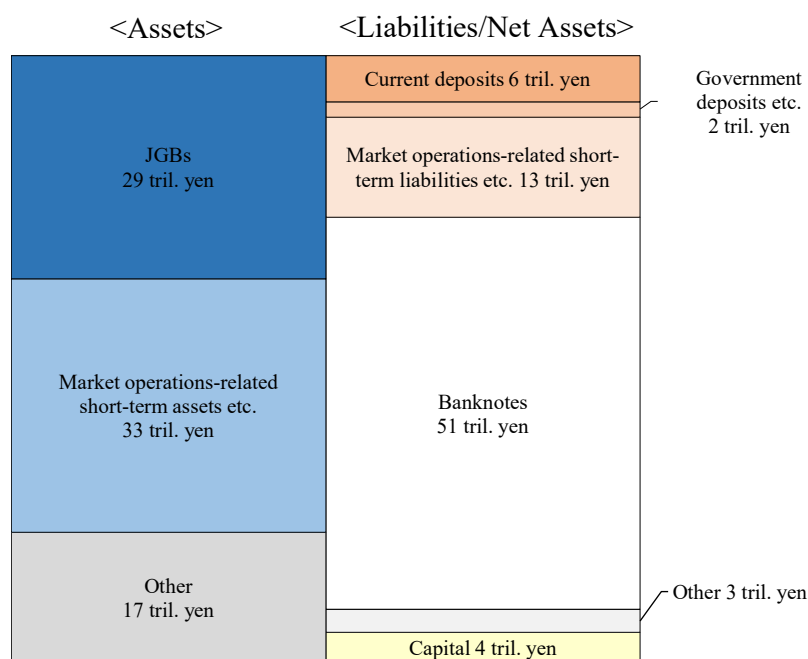


Source: Bank of Japan.

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The Bank of Japan's Balance Sheet

as of end of FY 1998: 79 tril. yen



Source: Bank of Japan.

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Two Key Phrases

A. Ensuring that people can use money with confidence

Issuer of Banknotes
(ensuring that banknotes are clean and that there are no counterfeit banknotes)

Bank of Banks
(price stability)
(stability of the financial system)

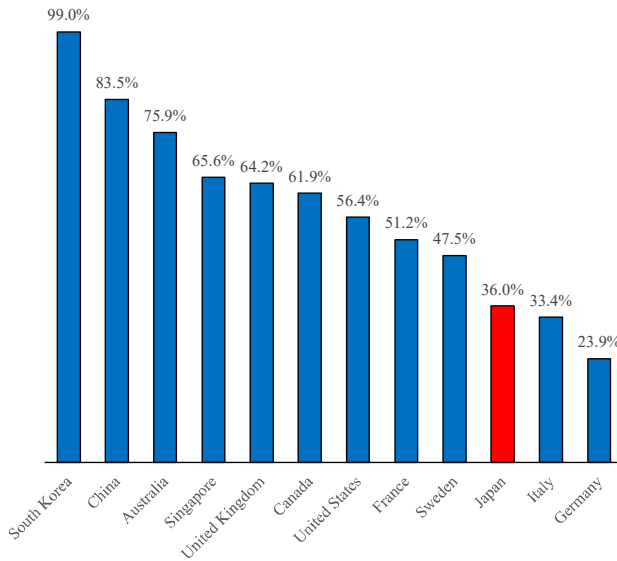
Bank of the Government

B. Providing payment instruments with settlement finality

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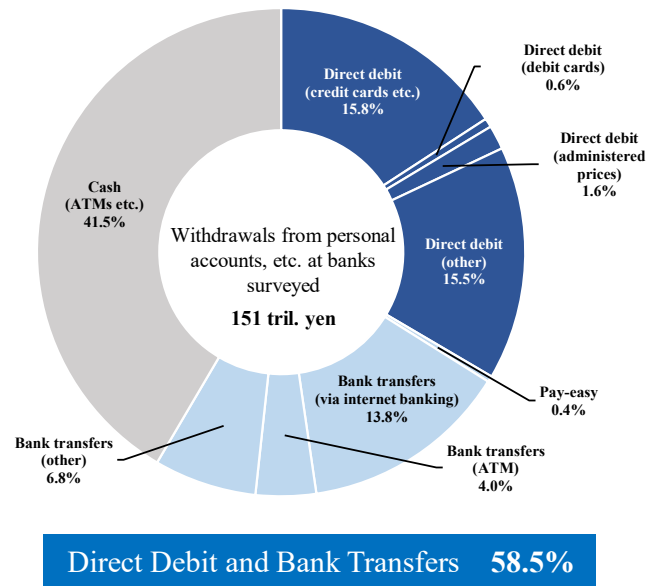
Ratio of Cashless Transactions

*Ratio of Cashless Transactions
in Major Economies (CY 2022)*



Source: Payments Japan Association, *Cashless Roadmap 2024*.

*Ratio of Cashless Payouts
(first half of CY 2024)*



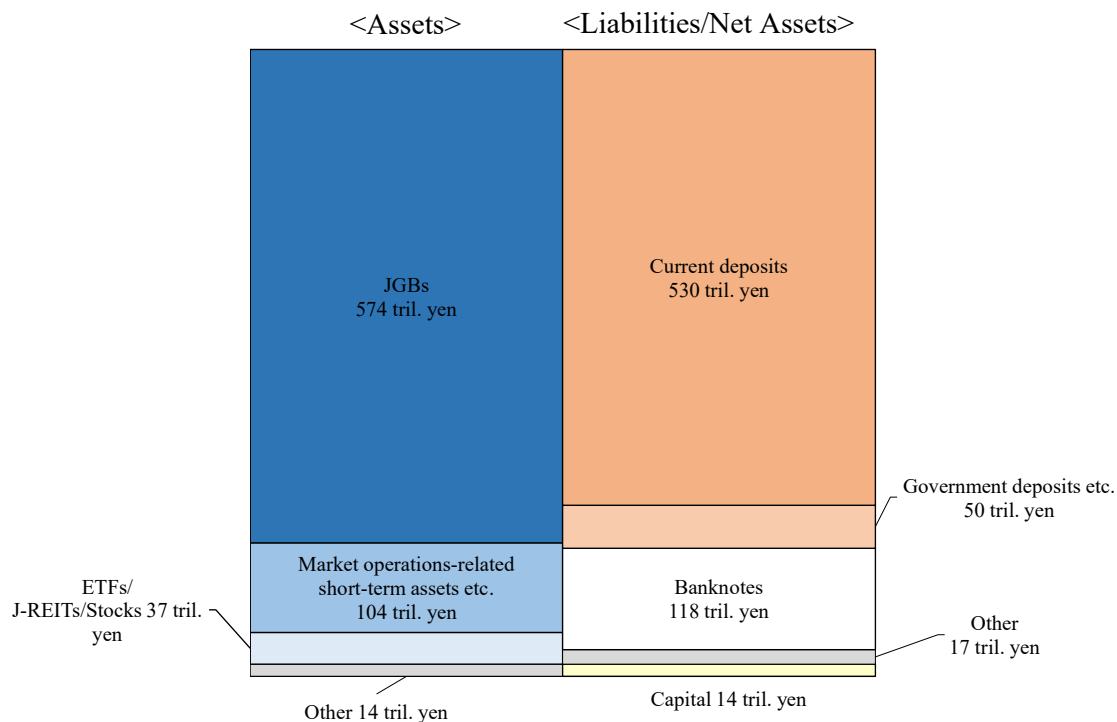
Note: Figures are ratios of account transfers and bank transfers to withdrawals from personal accounts, etc. at banks surveyed for the January-June 2024 period on a cumulative basis. The banks surveyed are: Mizuho Bank, MUFG Bank, Sumitomo Mitsui Banking Corporation, Resona Bank, Saitama Resona Bank, and Japan Post Bank.

Source: Japanese Bankers Association.

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The Bank of Japan's Balance Sheet

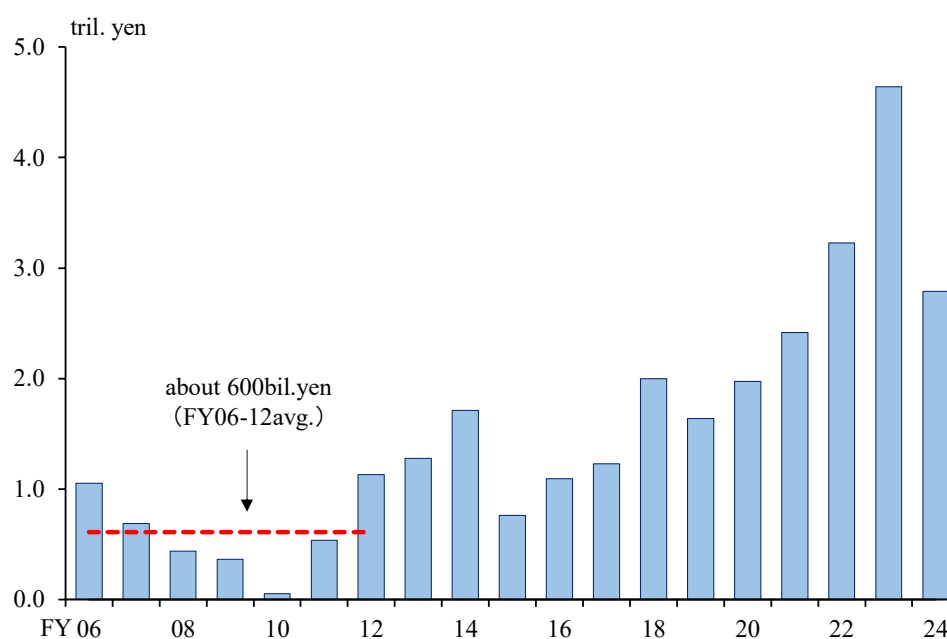
as of end of FY 2024: 729 tril. yen



Source: Bank of Japan.

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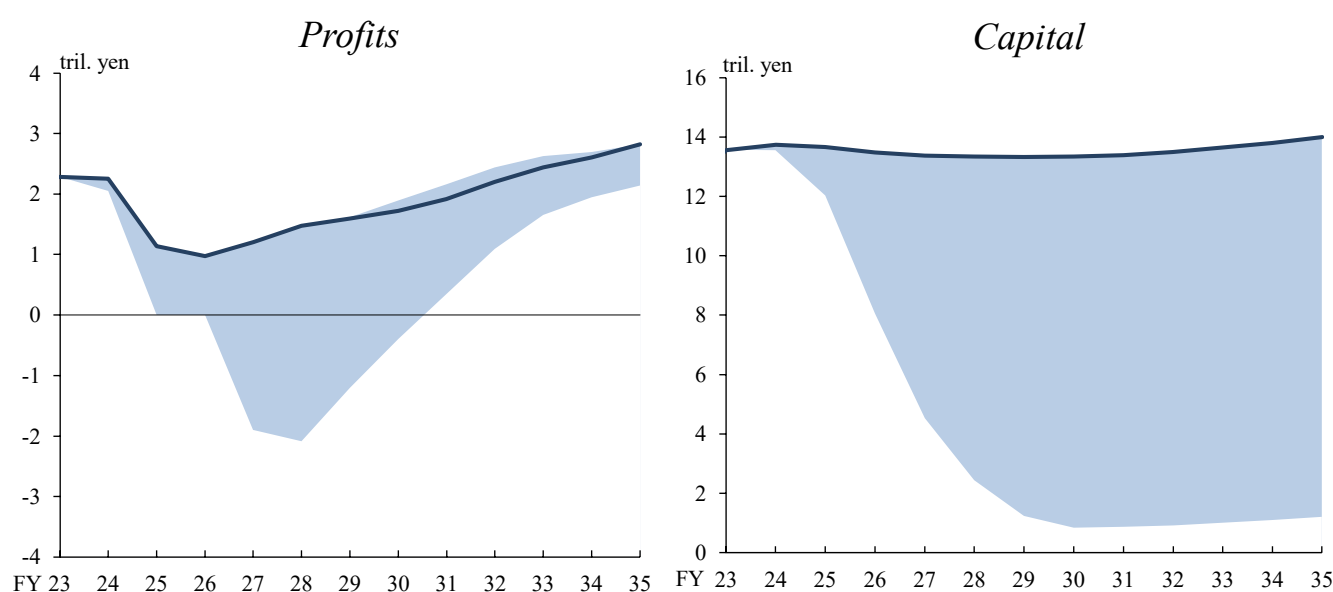
The Bank's Profits (Operating Profits)



Source: Bank of Japan.

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The Bank's Simulations for Profits and Capital



Note: The solid lines show the result of the scenario based on the path of interest rates priced in by the market rate as of the end of September 2024; shaded areas denote, in addition to the path of interest rates priced in by the market rate, the ranges of simulations that assume (a) short-term interest rates will range from 1.0% to 2.0% over the next few years and (b) the spread between long- and short-term interest rates will range from +0.25%P to +0.75%P. For details, see Policy Infrastructure Division, Monetary Affairs Department, Bank of Japan, "The Bank of Japan's Finances and Simulations for Profits and Capital," *Bank of Japan Review Series*, no. 25-E-1 (January 2025).

Sources: Bank of Japan; Bloomberg; QUICK.

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