

Update from Asia

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XBRL Asia Round Table Chair



**EUROFILING XBRL WEEK
WARSAW 28-30 MAY 2018**



Update on XBRL Asia Round Table

XBRL Asia Round Table (XART)

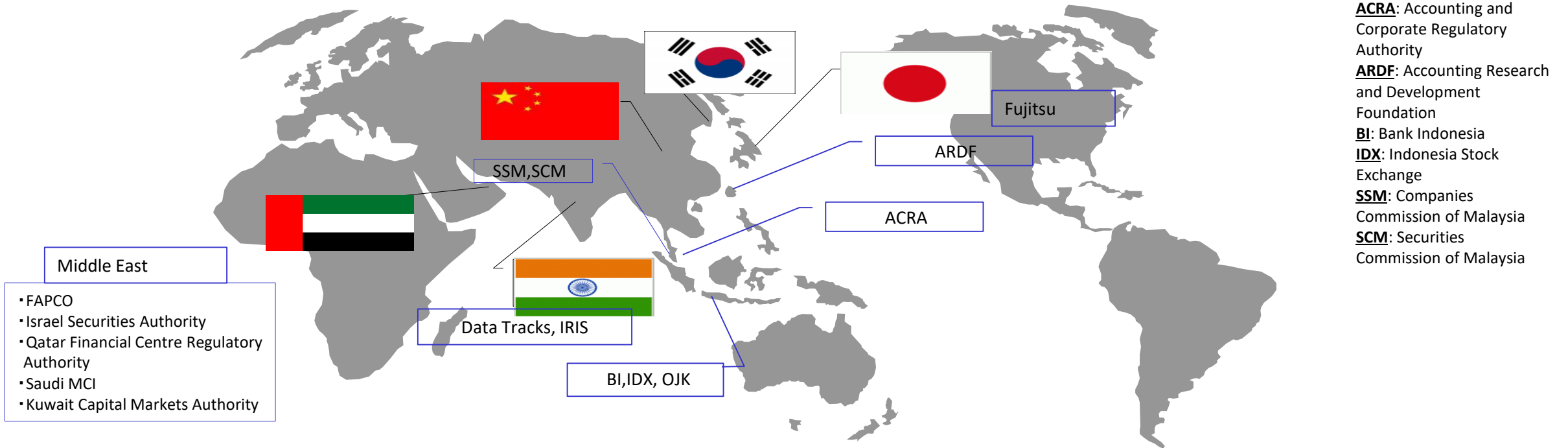


- The XBRL Asia Roundtable is an official activities of XBRL International.
- It has played an important role as a venue to brings together XBRL experts, project leaders and national regulators from throughout Asia and neighbor countries to discuss topics of common interest, including project updates and regulatory developments.
- It was started by the cooperation between the Member of Board of Directors of XBRL International, from China, India and Japan in 2010.

XBRL members in Asia and Middle East



5 Jurisdictions and 14 Direct Members



ACRA: Accounting and Corporate Regulatory Authority
ARDF: Accounting Research and Development Foundation
BI: Bank Indonesia
IDX: Indonesia Stock Exchange
SSM: Companies Commission of Malaysia
SCM: Securities Commission of Malaysia

In addition to above, other ASEAN countries including Thailand, Philippine, Cambodia, Lao P. D. R are also studying/planning to implement XBRL.

History of XART

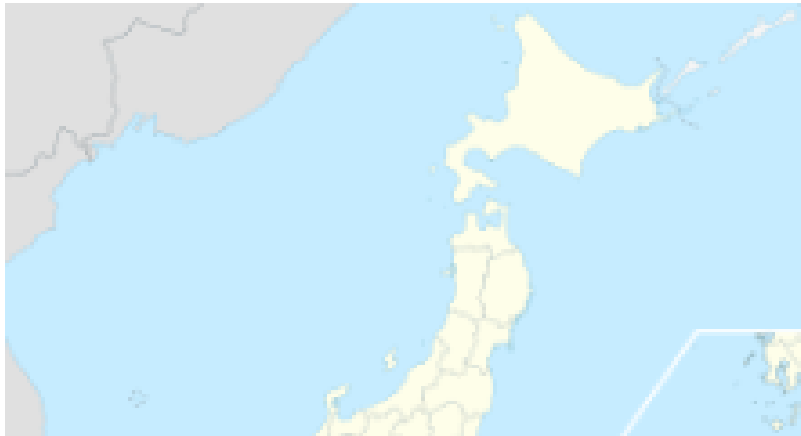


- 1st in Tokyo Japan, March 2010
- 2nd in Mumbai India, March 2011
- 3rd in Singapore, May 2012
- 4th in Suzhou China, May 2013

- 5th in Jakarta Indonesia, August 2015
- 6th in Mumbai India, January 2016
- 7th in Singapore, November 2016
- 8th in Manila Philippine, October 2017



9th XART in Fukuoka Japan on June 21st, 2018



Agenda



Day1 June 18th	Day2 June 19th	Day3 June 20th	Day4 June 21st
Workshop on emerging financial innovations	ABMF	ABMF	XART

Over 100 people have registered from all over the Asia and Pacific* region, UK, EU and US.

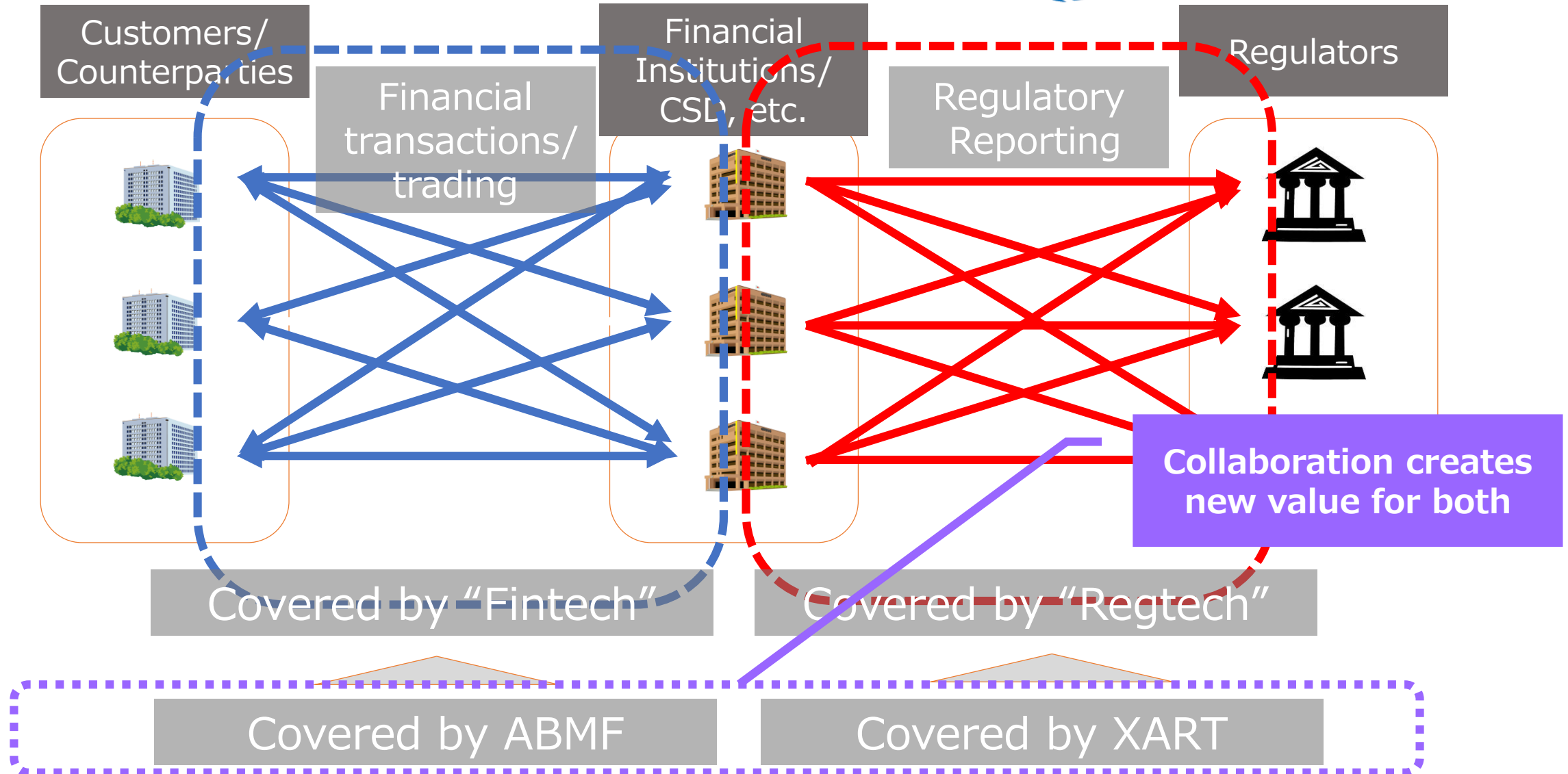
* ASEAN secretariat, Australia, Brunei, Cambodia, China, Hong Kong, India, Indonesia, Japan, Korea, Lao PDR, Malaysia, Mongolia, Myanmar, Philippines, Poland, Republic of Marshall Islands, Singapore, Sri Lanka, Thailand, United Kingdom, USA and Vietnam

Collaboration with Asia Development Bank (ADB)



- XART has been hosted by member countries.
- It has contributed not only for regional networking but also enhancement of XBRL momentum in host countries.
- On the other hand, it becomes difficult to recruit volunteer host country/member and then we tried to develop a new collaboration with ADB.
- ADB has been playing an important role as a regional leader to enhance economic development in Asia.
- Asia Bond Market Forum (**ABMF**) is one of the example of such an activities to modernize Asia Bond Market, and XART started the collaboration with ADB to enhance efforts in both organizations.

Relation between ABMF and XART activities in market structure



An example : messaging to reporting

ISO20022 Transaction Message

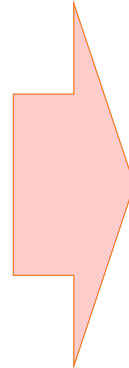
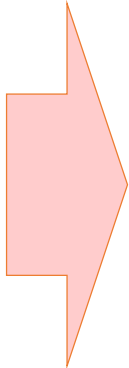
Transaction Data	No.	Item	pacs.008 FIToFICustomerCreditTransfer
	1	Receiver	Header (address target) , The country part of BIC Code (5-6 digits)
	2		CdtrAgt
	3		ry
	4		digits)
	5		DbtrAgt/ FinInstnId/ PstlAdr/ Ctry
6	Ordering customer	Dbtr	Dbtr/ FinInstnId/ BICFI
			Dbtr/ FinInstnId/ PstlAdr/ Ctry



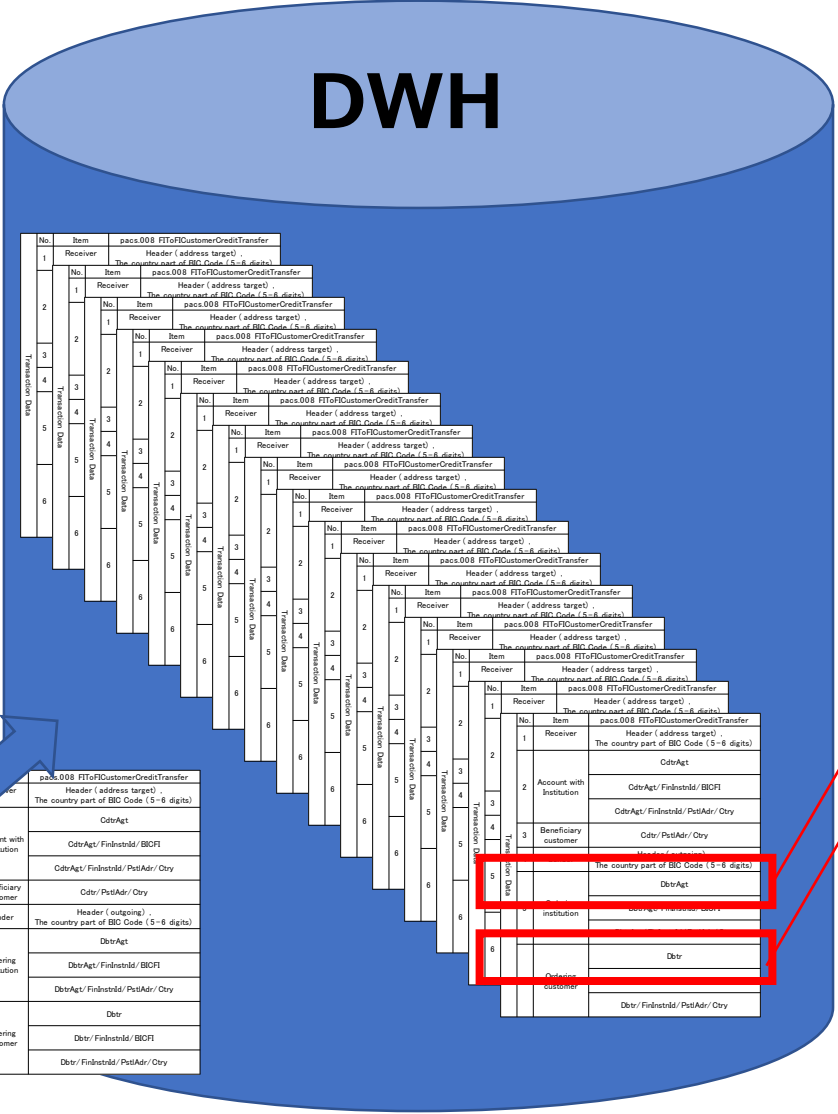
XBRL Transaction Report (summary)



Regulators



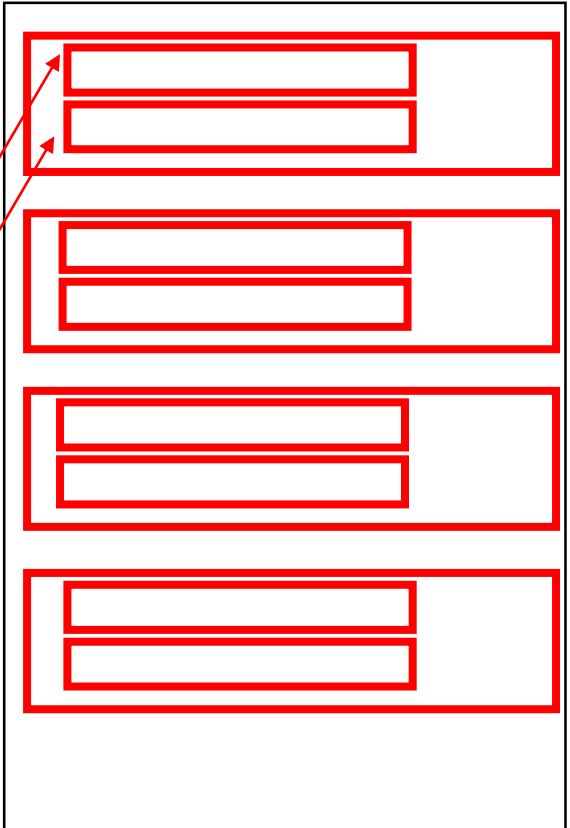
Collaboration with ADB



No.	Item	paac.008 FIToFICustomerCreditTransfer
1	Receiver	Header (address target) The country part of BIC Code (5-6 digits)
		Ctr/Ag
2	Account with Institution	Ctr/Ag/ FinInstId/ BICFI Ctr/Ag/ FinInstId/ PstAdr/ Ctry
3	Beneficiary customer	Ctr/ PstAdr/ Ctry
4	Sender	Header (outgoing) The country part of BIC Code (5-6 digits)
		Dbtr/Ag
5	Ordering institution	Dbtr/Ag/ FinInstId/ BICFI Dbtr/Ag/ FinInstId/ PstAdr/ Ctry
		Dbtr
6	Ordering customer	Dbtr/ FinInstId/ BICFI Dbtr/ FinInstId/ PstAdr/ Ctry

No.	Item	paac.008 FIToFICustomerCreditTransfer
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Picked up by logger system





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Update on XBRL based ESG Reporting in Japan

Investor's behavior---an example (1)



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Government Pension Investment Fund in Japan

Total asset \$1.46 trillion

Biggest Pension Fund in the World

Investor's behavior---an example (2)



Active Investment

Investment approach to realize better performance than the market average, using data analytics, algorithm, etc.



Passive Investment

Investment approach to obtain market average performance, such as market index.

Investor's behavior---an example (3)



Investment Trend in GPIF

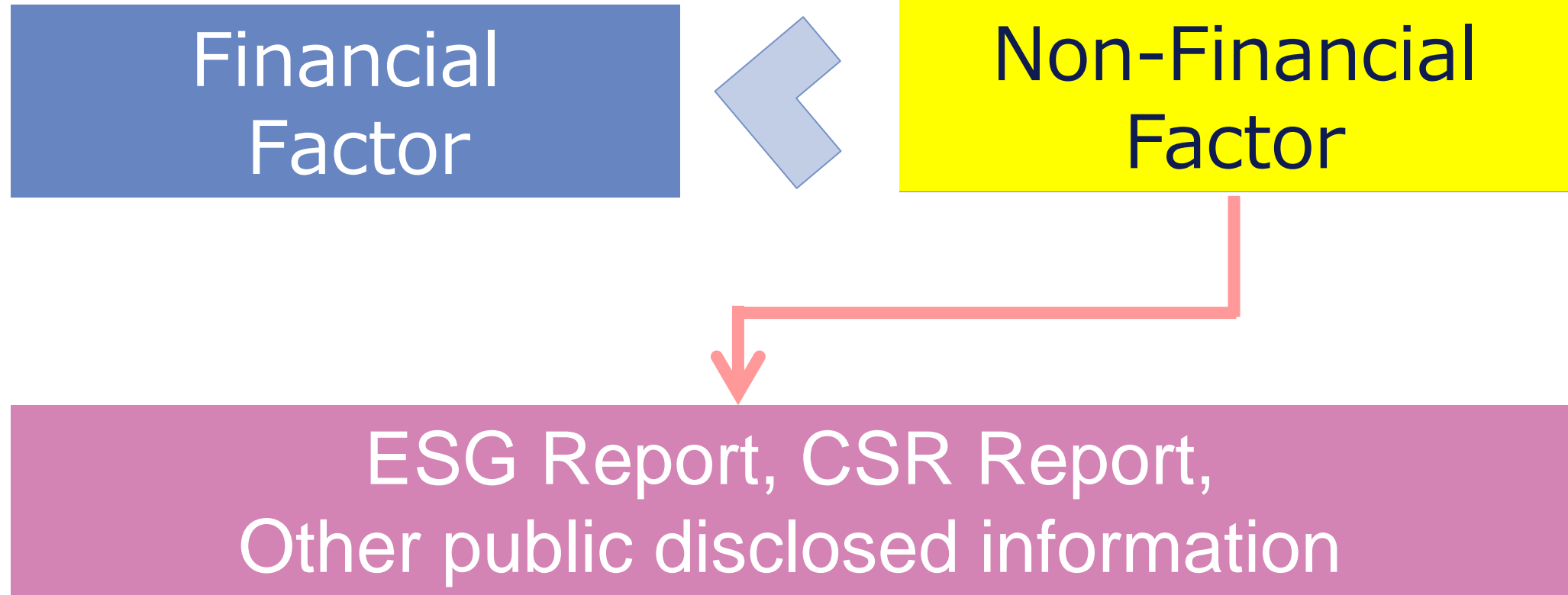
	FY2001		FY2015
Active	49.93%		20.72%
Passive	50.07%		79.28%

Active Investment



Passive Investment

Investor's behavior---an example (4)



Why?

Investor's behavior---an example (5)



In the passive investment era, investors try to build some index compatible portfolio.

In order to get the expected return, potentially risky or less viable portfolio should be excluded.

But unfortunately, there are plenty of cases that company which financially seems viable, but suddenly runs into fatal crisis.

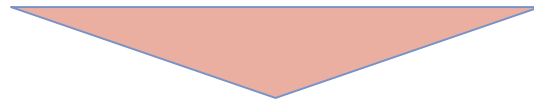
As a tool to find the hidden risks behind financial information, non-financial information becomes important for investors.

What's the problem with Non-financial Reports?



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Most of the Non-Financial reports are text type data



Analysts must read them



One possible answer is,



AI

Artificial Intelligence

But AI is Not
Almighty

Important reality



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Data format

In most cases, Non-Financial reports are published
in HTML or PDF



But computer can't understand these

Important reality



If the Report is recorded in a structured, standardized and machine readable format, such as XBRL, then text mining becomes easy, without super computer.

- ① Which part of the report has been changed from the previous year?
- ② Any changes in the frequency of negative word/positive word?
- ③ Any changes in the management policy when new CEO comes?
- ④ Any acknowledgement by the company of the critical changes in its business environment?
⇒ Especially in the case 3 and 4, if there is no significant changes in the report, that provides crucial clue to evaluate the business attitude of that company

In addition, there is another important reason to use XBRL for Non-financial reporting.

Merit of using XBRL for ESG/Non-financial reporting

ESG Data

Important feature is,

Questionnaire style

Text block



Comply or Explain

ESG Report			
Q1	Yes	No	
			Because
Q2	Yes	No	
			Because
Q3	Choose		
	A	B	C
	Because . . .		

Merit of using XBRL for ESG/Non-financial reporting



ESG Data

Highly suitable for XBRL, Formula-link

Questionnaire style

Text block

Comply or Explain		
ESG Report		
Q1	Yes	No
		Because...
Q2	Yes	No
		Because...
Q3	Choose	
	A	B C
	Because...	

Important reality



However, the availability of XBRL formatted Non-financial report is still limited.

Currently, Corporate Governance Report from Tokyo Stock Exchange is only available.

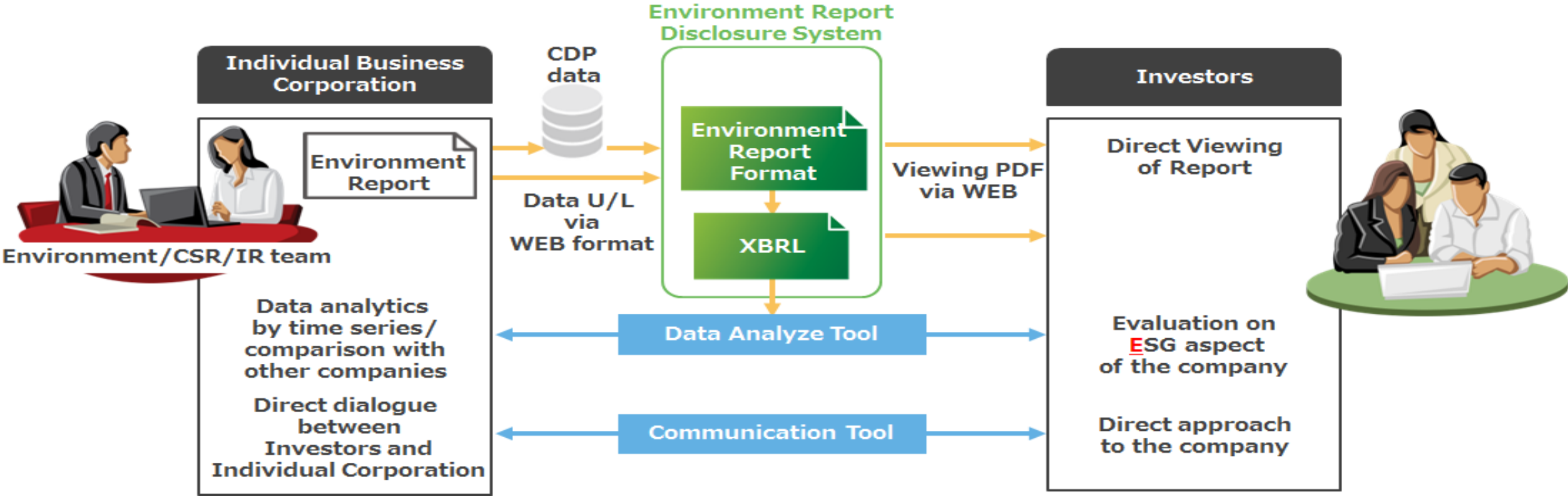
⇒ As the Non-numeric part of financial report, footnote is available in XBRL based EDINET data, but not covering ESG factors.

So, the XBRL based Environment report project started in 2013 and has been continuing to the target of live use in 2020.

Case in Japan---Environment Report in XBRL(1)



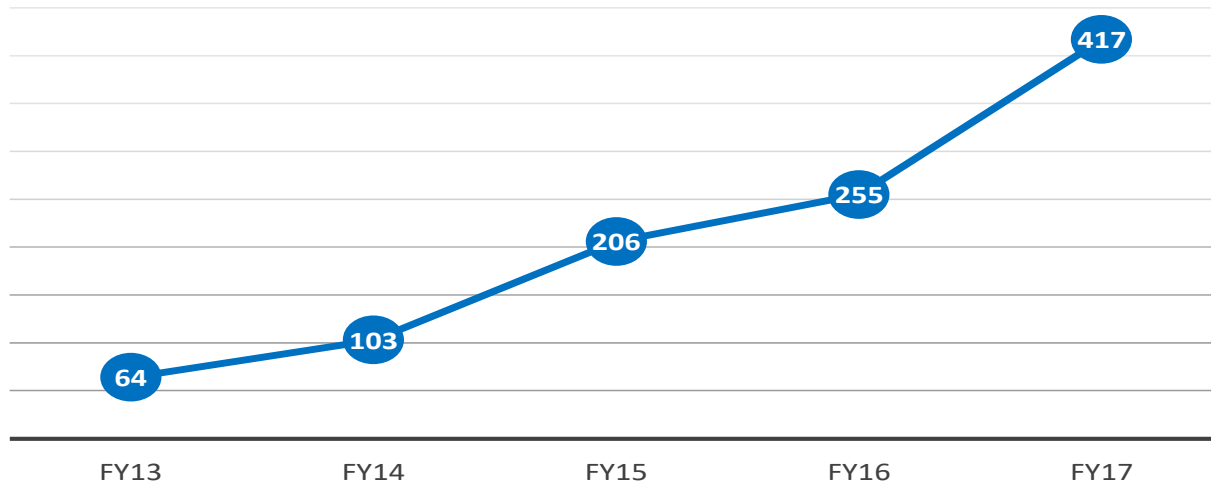
The world's first initiative that has succeeded in the acquisition and analysis of the environmental information as well as in direct communication at a practical level



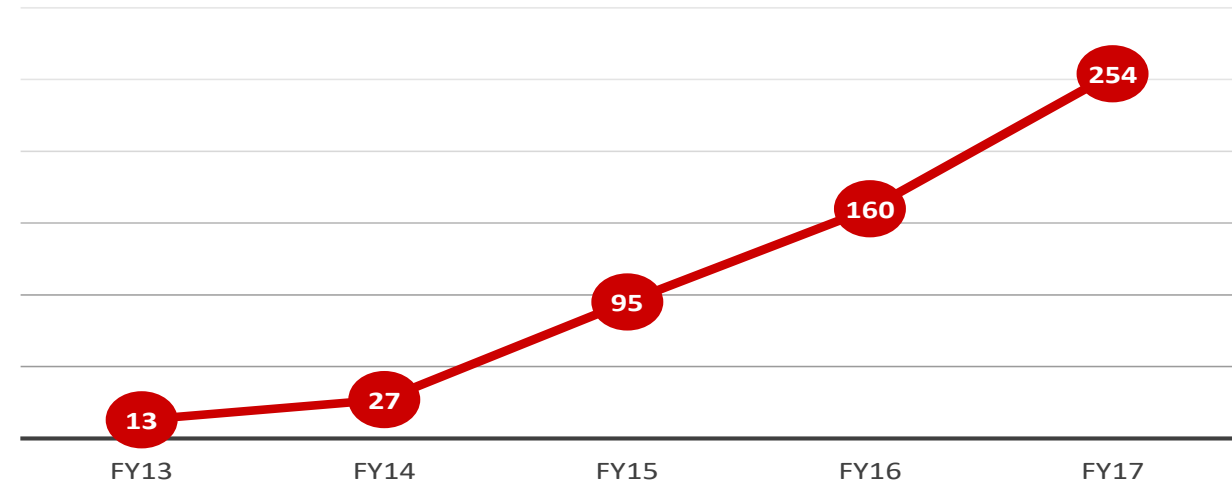
Case in Japan---Environment Report in XBRL(2)



Corporate sector



Investors



Case in Japan---Environment Report in XBRL(3)

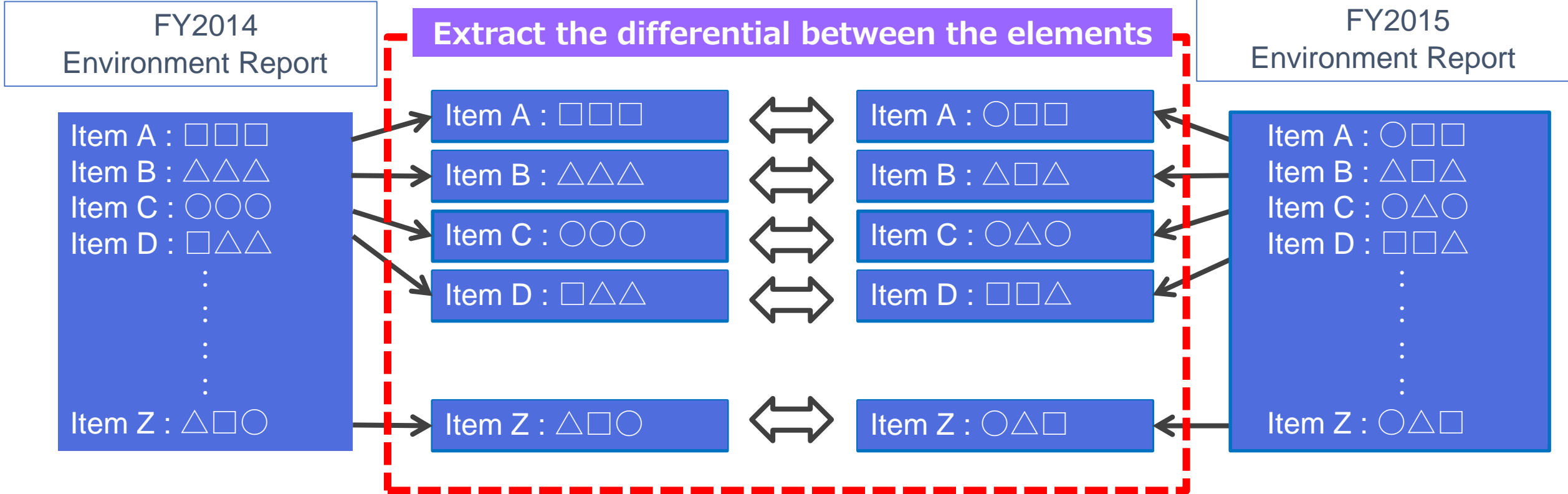


Case in Japan---Environment Report in XBRL(3)

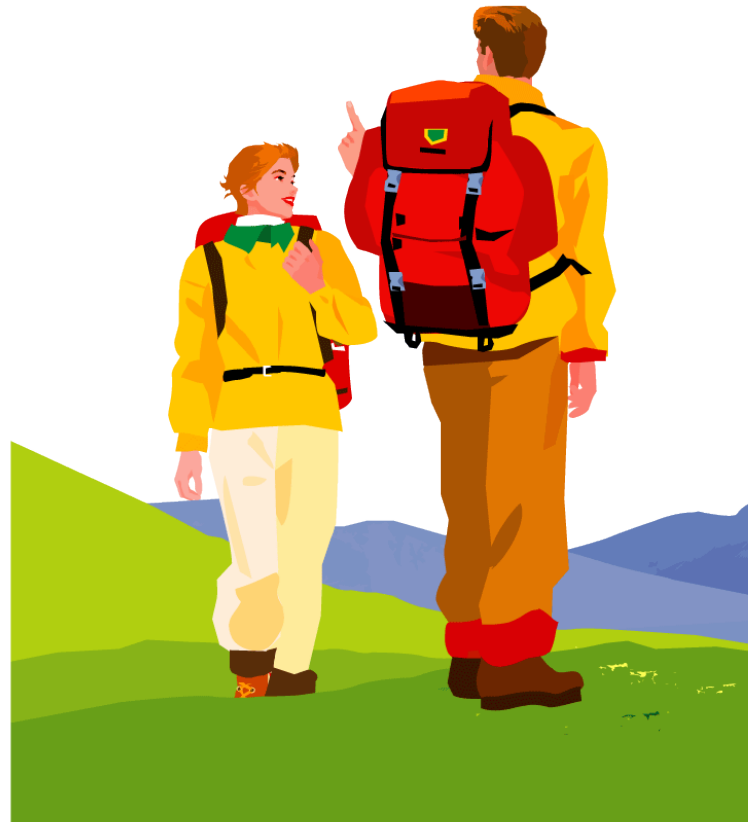


Special trial in 2018 project

Function for text block comparison/analytic



Our journey is still continuing



THANK YOU



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