

**Japan's Financial Intermediation Structure in the 1940s:
Estimation of the Flow of Funds Accounts from 1941 to 1948**

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Abstract

This paper estimates stock tables of the flow of funds accounts in the period from 1941 to 1948, for which previous research has not provided any data so far, and analyzes the structural change in Japan's financial intermediation from the prewar to postwar period. The results indicate that the structure of financial intermediation started to change from direct to indirect financing at the outbreak of the Second Sino-Japanese War, but that the ratio of the outstanding of financial assets to nominal GNP drastically fell just after the war and the ratio of cash in financial assets soared up.

Keywords: Japanese history, financial intermediation, flow of funds, direct financing, indirect financing

1 Introduction

Japan's financial structure is known as a 'main bank system,' which has contributed to its development after World War II. In the 1990s, the banking industry in Japan was reorganized due to the financial crisis after the bubble economy in the 1980s, but indirect financing through banks and other depository institutions still dominates the financial intermediation in Japan. According to the flow of funds accounts (FFA), the household sector holds more than half of its own financial assets as the form of bank deposits and the non-financial corporate sector raises funds primarily through bank borrowing.

However, this was not the case in the prewar period. The historical FFA estimated by Fujino and Teranishi [2000] illustrate that stock markets were at the center of fund raising in the 1920s and the 1930s. Hoshi and Kashyap [2001] describe how "in comparison with the postwar period, this era was characterized by the relatively low importance of banks in the financing of corporations." Thus, economic historians and financial economists have a lot of research on when and how Japan's prewar financial intermediation structure changed.

Hoshi and Kashyap [2001] summarize that "the late 1930s and early 1940s was the time when bank financing became the dominant funding source for most of the industrial firms in the war effort." However, FFA data is lacking for the war period. The historical FFA by Fujino and Teranishi [2000] terminate in 1940 while the Bank of Japan (BOJ) officially started to publish the FFA in 1953. There have been some trial estimations by Economic Planning Agency [1963] and Ministry of Finance [1978], but their estimations include some problems, and we cannot use this data without discontinuity.

Under these circumstances, Utsunomiya [2011] estimates the stock tables of the FFA from the end of the Fiscal Year (FY) 1949 to 1952, which maintains the continuity to the published data after 1953 and analyzes the feature of the financial intermediation structure of the period years after the war.

This paper estimates the FFA further retroactively from FY1948 to 1941. This makes it possible to integrate the officially published postwar data into consistent historical time series data for FFA from the prewar period. Although the estimated data relied upon many assumptions due to the restriction of data resources in the war period, we are sure that the structure of the financial intermediation is by and large featured by the FFA. This gives us an important data that compensates the argument on the historical change of Japan's financial intermediation.

The paper is organized as follows. Section 2 reviews prior research and describes

the position of this paper. Section 3 briefly summarizes the basic idea of the estimation and its method. Sections 4 and 5 outline the estimated FFA and discuss the historical feature of Japan's financial intermediation structure in the 1940s. Section 6 discusses the conclusions.

2 Prior research on Japan's financial intermediation structure in the 1940s

Regarding the facts of the financial condition in the war period, Ministry of Finance (MOF) [1957] describes the history in full detail based on archival materials in and outside the MOF. As more recent academic works, articles in Imuta eds.[1991] analyses various aspects on the financial intermediation structure in the war period. In particular, focusing on the events such as the establishment of special financial institutions such as the Wartime Finance Bank (WFB), the Southern Development Bank (SDB), etc. the expansion of the financial function of the Industrial Bank of Japan (IBJ), and the active absorption of government bonds and corporate bonds by the Deposits Bureau of the MOF, they illustrate the structure of financial intermediation as a 'long diverted financing route' from depositors to investors. Moreover, Yamazaki [2009] clarifies the fact that the WFB contributed to provide wartime high-risk money, and Shibata [2002] points out that not only the Deposits Bureau but also the government itself intervenes to finance ammunition industries on a large scale using its special accounts. Furthermore, Shibata [2011] broadly analyses the relationship between the financial structure and the regulation by the government during the war period based on the FFA estimated by Economic Planning Agency [1963].

On the other hand, after the bubble economy in the 1980s, a number of financial economists as well as economic historians have become interested in the origin of Japan's financial system featured as a main bank system. In particular, articles in Okazaki and Okuno eds.[1999] have attempt to show that "the many of the major constituent elements of the Japanese system were deliberately created during the war period that lasted through the 1930s to 1945" and sparked up a controversy. As for financial system, Okazai and Okuno [1999] points out the 'New Financial System' under the 'New Economic System' established in the early 1940s, which was modeled on the German wartime economic system and the socialist planned economy of the Soviet Union, concerned "the expansion of the system of indirect financing to replace direct financing." The turning point was the introduction of the Emergency Fund Adjustment Law in 1937, which regulated the finance for equipment capital, and then the control over financial institutions and markets had been steadily strengthened. The stock market stagnated and it became more and more difficult for industrial corporations to

raise funds at that time. Under these circumstances National Finance Control Association (Zenkoku Kin'yu Tosei Kai) established in 1942 began the facilitation of joint financing. Okazaki and Okuno [1999] describes, "the system introduced to resolve this problem (to raise funds) was the delegated monitoring or main bank system, which was designed to lower the risks attached to lending through the systematic delegation or monitoring." It also emphasizes that 'priority production,' which played a substantial role in economic recovery after the war, was backed by priority financing based on the 'priority listing for lending industrial funds,' and that this listing ranked "in almost exactly the same way as the financing arrangements based on the wartime Emergency Funds Adjustment Law." Hoshi and Kashyap [2011] follows this idea, the "wartime origin theory," that Japan's economic system in the postwar period has its origin in the war period.

Hara [1995] and Hashimoto [1996] argue against the "wartime origin theory" and emphasize the discontinuity between the war period and the postwar period. As for the financial system, Hashimoto [1996] describes how indirect financing in the postwar period was a result of the choice of financial assets by Japanese people, who had a low level of assets due to hyper-inflation and the democratic reform hitting wealthy individuals after the war. Ito [1996] takes a rather neutral stance, saying that the postwar financial system has various aspects, some of which originated from the wartime system, but concludes that its formation was decisively influenced by real depreciation of financial assets due to the hyper-inflation and diversification of asset holders caused by the 'democratization of stock market,' where shares held by large shareholders like Zaibatsu were sold off to the employees according to the Securities Holdings Restrictions Directive of December 1946¹. Sugiura[1996] also emphasizes the impact on Japan's postwar financial system by hyper-inflation and the economic policy of the General Headquarter of the Occupation Authorities (GHQ) while he admits the origin of Japan's postwar financial system was the controlled financial system in the war period. He uses the statistical data of deposits and finds that the outstanding of saving deposits deflated by the WPI decreased drastically after the war. Takeda [2007] finds that most of the bank lending just after the end of the war provided not equipment capital but short working capital by analyzing the lending data, and criticizes the 'wartime origin theory' for disregarding qualitative difference between the period just after the end of the war and the high growth era.

The prior research casts several aspects of the formation of Japan's postwar

¹ The Directive specified that employees should be given the highest priority in the disposal of shares.

financial system, but when and how it changed from the prewar system is not clarified quantitatively. The FFA do not conclude the origin of the postwar financial system by themselves, but they enable us to grasp the historical facts as a whole by the macro-balanced consistent time series data.

As for the historical FFA, Fujino and Teranishi [2000] estimates the stock tables on a simplified framework from 1871 to 1940, where private non-financial corporation sector and households sector are not separated. Therefore, following both estimation methods by Fujino and Teranishi [2000] and Utsunomiya [2011] that is in accordance with the current BOJ's estimation method, this paper estimates the same type of stock tables of the FFA as Fujino and Teranishi [2000] from 1941 to 1948. In spite of the restriction of source data, it keeps consistency to both of the tables by Fujino and Teranishi [2000] and Utsunomiya [2011]. As a result, this paper shows the historical FFA from Meiji era to the high growth era for the first time.

3 Estimation of the FFA

3.1 Basic idea of the estimation

The stock table (assets and liabilities table) of the FFA is a matrix that records the outstanding assets and liabilities held by economic entities at the end of a certain period. In a matrix columns into which economic entities are classified are known as 'sectors,' such as financial institutions, central government, etc. Items in the horizontal lines into which financial instruments (assets and liabilities) are classified are known as 'transaction items.' They consist of totaled items such as 'currency,' 'deposits,' and 'loans'.

In order to build historically consistent FFA, this paper adopts the estimation method based on Fujino and Teranishi [2000] and also keeps consistency to Utsunomiya [2011]. Unlike Utsunomiya [2011], the FFA here also integrate private non-financial corporation sector and households sector into one consolidated sector, and this makes impossible to directly analyze the money flow from households to non-financial corporation. However, the financial relationship between the financial institutions and the private non-financial sector is grasped by transaction item. This sufficiently illustrates the structure of financial intermediation.

Because the FFA estimated by Utsunomiya [2011] from 1949 to 1952 and published by the BOJ from 1953 to 1998 are based on the 68SNA, the classification of sectors and assets and liabilities are a little different from the current 93SNA based FFA. 'Share and other equities' are calculated based on book value contrary to the current FFA on market value. Trade credits are offset in the 'private non-financial'

sector and not shown in the tables. It should be also noted that assets and liabilities except for 'securities' and 'call' in the same sector are balanced out.

One of the problems in the prewar period is how to deal with the territorial boundary of the FFA. Fujino and Teranishi [2000] estimates the outstanding of financial assets and liabilities of 'private non-financial' sector within conventional Japanese territory principle, but calculates them on a case-by-case basis. So, this paper also aims to specify the outstanding held by sectors within conventional Japanese territory. However, Taiwan and Karafuto (Sakhalin) are not really eliminated because source data of 'banks' sector, which is a core of the FFA, includes data for Taiwan and Karafuto.

While the stock tables after 1943 show the outstanding at the end of each fiscal year, which lasts from April to March, those before 1942 are on a calendar year basis. This is because the accounting year of banks changed from calendar year to fiscal year in 1943. Some of the data for the central government is calculated based a fiscal year basis even before 1942.

3.2 Estimation method

The framework of the estimation basically follows the method currently adopted by the BOJ. That is, a matrix is created using a 'vertical approach,' which identifies figures for each cell by using the financial statements by sector, and 'horizontal approach,' which identifies figures by allocating aggregate data to each sector by using statistics on financial transactions. If we obtained the detailed financial statements for each sector, we could create a matrix only by the 'vertical approach.'

Most of the figures in the sectors within 'financial institutions' are specified using a 'vertical approach' because their financial statements in the prewar and the war period are generally available. Other sectors are set by a 'horizontal approach' rather than 'vertical approach.' For example, as the figures of financial institutions are fixed, corresponding items such as 'deposits' and 'loans in other sectors are specified by the 'horizontal approach.' As for securities, the total outstanding amounts in the market are allocated to the sectors according to available data such as the ratio to the total estimated by other data source.

Of course, we need several assumptions to estimate the numbers due to data restrictions. One of the problems in the above method is that no stock holder data exists before 1944. In this case, we assume that the ratio of stock holdings by sector before 1944 remained the same as for 1945, when the data is obtained from the survey research by the Tokyo Stock Exchange, and then allocate the total outstanding amounts of 'shares and other equities' to each sector. The data estimated above seems to be

reasonable in the sense that ratios of stockholding are close to the prior estimation based on large shareholders' distribution in 1936 by Shimura [1969].

There is no data on 'currencies' and 'trusts' other than financial statements of financial institutions. Because those held by 'public corporations and local governments' even after 1949 are small, we set 'currencies' and 'trusts' of this sector as zero before 1948. Accordingly, the outstanding amounts of these assets held by 'private non-financial corporations and households' are specified as residuals between the total and the subtotal of 'financial institutions.' Also, what we can do for 'overseas' is to balance out the matrix table by setting the data corresponding to 'external claims and debts' held by domestic sectors.

The estimated stock tables are shown in Appendix.

4 Overview of the financial intermediation in the 1940s

4.1 Overview of total assets and liabilities in the FFA

Table 1 outlines the financial assets and liabilities by sector. In 1941, private non-financial sector including non-financial corporations and households held 99.5 billion yen as financial assets such as 'transferrable deposits,' 'time and saving deposits' 'securities, etc.' while it owed 61.3 billion yen as liabilities such as 'securities' and 'loans,' which resulted in 38.3 billion as net worth. Its financial assets and liabilities comprised more than half of the total financial assets and one thirds of the total liabilities in Japan. On the other hand, 'central government' owed 38.3 billion yen as liabilities, which was one fifth of the total liabilities in Japan. Since financial assets and liabilities in other sectors were small, the FFA show that nearly 40 percent of the financial assets of private non-financial sector were used for 'central government.' Within 'financial institutions' 'private financial institutions' was dominant and had one third of the total assets and liabilities in domestic sectors.

This picture in the early 1940s had changed as the war situation became worse. That is, while the ratio of 'private nonfinancial corporations and households' to the domestic total declined to 46.9 percent in financial assets and 20.8 percent in liabilities respectively, the ratio of 'central government' in liabilities went up to 28.7 percent at the end of fiscal 1944. The outstanding amounts of financial assets of 'private nonfinancial corporations and households' were 229.8 billion yen and the net liabilities of 'central bank' were 150.4 billion yen. In other words, 60 percent of the private funds flowed to 'central government' while 'central government' raised its funds through government banks from occupied territories as explained later. Within financial institutions the ratio of 'public financial institution' relatively increased against 'private financial

institution' and reached more than 15 percent of the domestic total.

After the war, while 'private nonfinancial corporation and households' further lost its share in financial assets, it regained its share in liabilities up to 26.4 percent at the end of fiscal 1948. On the other hand, the ratio of 'central government' in liabilities went down to 19.2 percent. In the period from fiscal 1946 to 1947, the BOJ played a relatively important role and increased its shares both in financial assets and liabilities reflecting increase in 'Bank of Japan loans' in assets and 'currency' in liabilities. In brief, public sectors had become greater during the war period, and then, although the BOJ also increased their financial assets and liabilities just after the war, private sectors were revived in the late 1940s.

4.2 Fund management in private non-financial sector

Table 2 shows the change in the ratio of financial assets held by private on-financial sector, which includes non-financial corporation and households. In 1941, the ratios of 'transferrable deposits' and 'time and saving deposits' were 19.9 percent and 34.0 percent respectively. Before fiscal 1944, both of the ratios did not change a lot, although the ratio of 'transferrable deposits' showed a gradual increase. The turning point was fiscal 1945 when the ratio of 'transferrable deposits' rose by 14.7 percent point from the previous year. It continued to remain high until 1948. The ratio of 'time and saving deposits' fell drastically in fiscal 1946 and moved around 20 percent until 1948. The largest fluctuation was shown in the ratio of 'currency.' Before fiscal 1945, it increased gradually from 4.1 percent to 7.0 percent during the war period, but jumped up to 25.5 percent at the end of fiscal 1946, and hit the record of 32.1 percent at the end of fiscal 1947.

The ratio of securities was relatively high and recorded 32.7 percent at the end of 1941, in which 'shares and other equities' dominates with the ratio of 23.4 percent of the total. Then, the ratio of 'shares and other equities' decreased to 13.8 percent at the end of fiscal 1944, but, reflecting that the ratio of 'central government securities' and 'industrial securities and bank debentures, etc.' expanded their shares in 1942 and fiscal 1943, the ratio of 'securities' still remained high. It began to decrease after fiscal 1944. At the end of fiscal 1947, the ratio of 'shares and other equities' dropped to 7.5 percent, resulting in the drop of the ratio of 'securities,' which was 8.9 percent. The ratio of 'insurance' also remained the same level during the war period and began to decrease in the postwar period.

Regarding fund raising by private non-financial sector, Table 3 shows that the ratio of 'securities' and 'loans' were 55.4 percent and 44.4 percent respectively at the end

of 1941. Since then, the ratio of 'shares and other equities' decreased during the 1940s. At the end of fiscal 1944, 'loans' exceeded 'securities' and in the next year, fiscal 1945, the former was double the latter. At the end of fiscal 1948, 'loans' reached 85.3 percent and overwhelmed 'securities,' which fell to 14.7 percent.

4.3 Central government finance

As shown in Table 1, 'central government' became the largest fund raiser for the purpose of conducting the war. The outstanding amounts of 'central government securities' at the end of 1941 reached 36.2 billion yen, which was more than 'loans' by 'private non-financial corporations and households.' Moreover, table 4 shows that 'central government' also increased direct borrowing during the war period. To be specific, 'loans' soared at the end of fiscal 1944, reflecting direct borrowing from the special account for temporary war expenditure. Eighty percent of the borrowing from this special account was originated from fiat money issued in occupied territories.

The money flow using such a special account stopped in 1945 just after the end of the war. Then, borrowing from the BOJ increased. Firstly, the BOJ money was used to settle the borrowing from the special account for temporary war expenditure that was abolished after the war. Secondly, Japanese government needed to compensate for its revenue deficit. The BOJ that was reluctant to finance the government provided with short term loans, which were repeatedly refinanced contrary to the BOJ's intent.

4.4 Financial institutions

The FFA illustrate that fund raising and investment of 'financial institutions' changed in the 1940s. Table 5-8 shows a breakdown of financial assets and liabilities of 'financial institutions' by sector.

Table 5 shows that the ratios of 'loans' and 'securities' in the financial assets of 'private financial institutions' were almost the same at the end of 1941, and that 'securities' exceeded 'loans' at the end of 1944 due to the increase in 'central government securities.' Banks were obliged to absorb increasing central government securities in the war period. After the war the share between 'loans' and 'securities' reversed and 'loans' reached 65.7 percent of the total financial assets held by 'private financial institutions' at the end of 1948.

Regarding liabilities of 'private financial institutions,' the relative share between 'transferable deposits' and 'time and saving deposits' drastically shifted in the 1940s as shown in Table 6. At the end of 1941 the latter was more than the former, but the share reversed in 1943. Just after the war the former jumped up to fifty percent and increased

further while the latter dropped to less than twenty percent. As described below, it is easily understandable that people shift their deposits from long to short term deposits under hyper-inflation. It is also noted that the ratios of ‘industrial securities and bank debentures, etc.’ steadily increased from 1941 to fiscal 1943. This is because the IBJ expanded its role in financing ammunition industries by issuing bank debentures. Other than those above, it is remarkable that ‘Bank of Japan loans’ were high from fiscal 1945 to 1947. We will explain this point later.

Table 7 and 8 are breakdowns of financial assets and liabilities held by ‘public financial institutions.’ At the end of 1941 and 1942, postal deposits, which dominated ninety percent of liabilities, were the source of fund for investment in ‘central government securities,’ ‘local government securities,’ and ‘industrial securities and bank debentures, etc.’ Then, as the war situation deteriorated, loans by WFB and the SDB for ammunition increased, which were raised by issuing bank debentures. At the end of fiscal 1944, the ratio of loans in financial assets and external claims soared to more than forty percent. This reflected how, as I mentioned before, ‘central government’ borrowed money for military expenditures from SDB that issued fiat military currency in occupied territories. After the war, the WFB and SDB were disorganized, but Reconstruction Finance Bank (RFB) extended loans along the ‘priority production’ by issuing the RFB debenture. This is why the share of loans at the end of fiscal 1946 and 1947 went up further with the increase in the ratio of ‘industrial securities and bank debentures, etc.’ RFB also received capital injection by the government, which pushed up ‘shares and other equities’ in liabilities at the end of fiscal 1948.

5 Feature of Japan’s financial Intermediation structure in the 1940s

The previous sections outline financial assets and liabilities by sector of the FFA. In this section, we connect our data with the estimation by Fujino and Teranishi [2000] and Utsunomiya [2011] and the officially published by the BOJ, and discuss the feature of the financial intermediation structure of the 1940s.

5.1 Change in Japan’s financial intermediation

There still remains discussion about when and how Japan’s postwar financial intermediation system has been historically built up. Although the FFA cannot answer these questions alone, the data of FFA is the only balanced macro figure which consistently shows historical change in the financial intermediation structure.

As shown in Graph 1, the ratios of deposits including ‘transferrable deposits’ and ‘time and saving deposits’ and ‘shares and other equities’ respectively remained around

30-40 percent of the total financial assets until 1937, and then they began to diverge. That is, the former increased and the latter decreased. The change was gradual and continued during the war period. Graph 2 also shows the starting point of the change in the share of liabilities between 'loans' and 'shares and other equities. Around 1937-38, the former began to increase and the latter decrease. Compared with financial assets, the change was a little late and accelerated in 1943-44. The ratio of 'industrial securities and bank debentures' also remained around 10 percent during the 1930s and the former half of the 1940s.

The results above support 'wartime origin theory,' which emphasizes the establishment of Emergency Funds Adjustment Law (Rinji Shikin Chosei Hou) in 1937 and the following regulations as a starting point of the change in Japan's financial system. "With the outbreak of the Sino-Japanese War in 1937 resources needed to be directed to large-scale investment in munitions-related industries" (Okazaki [1993]). For example, the Corporate Profits, Dividends, and Capital Accommodation Directive (Kisha Rieki Haitou Oyobi Shikin Yuzu Rei) in 1939 regulated dividends paid by firms. "Dividend control had the effect of bolstering firms' internal reserves, but it was taken as bad news by capital markets, for dividends had long been of prime importance (Okazaki [1999]).

According to 'wartime origin theory,' in order to resolve the problem of financial misallocation after the implementation of a series of regulations, the main bank system was introduced in the early 1940s. More specifically, the Emergency Joint Lending Group (Jikyoku Kyodo Yushidan) was established in 1941, and the National Finance Control Association (Zenkoku Kin'yu Tosei Kai) formed on the basis of the Financial Control Association Directive (Kin'yu Tosei Dantai Rei) in 1942 began facilitating joint lending. This joint lending system is regarded as an origin of Japan's main bank system, "which was designed to lower the risks attached to lending through systematic delegation of monitoring"(Okazaki [1999]).

However, the results also indicate that the change in Japan's financial system was gradual, showing a little cautious view about the acceleration of the change in the financial system. At the end of 1943 the ratio of 'loans' to the total liabilities of 'private non-financial corporation and households' was just over 50 percent and 'shares and other equities' still remained high. As some previous research described (Teranishi [1999], Munitions Corporations Law (Gunju Gaisha Ho) that imposed the restrictions on shareholders' power in 1944 seemed to accelerated the change.

In reality, after the attack at Pearl Harbor in December 1941, both stock price and quantity indexes kept rising from January 1942 to January 1943 although the price

keeping purchase by the Japan Joint Securities Corporation (Nippon Kyodo Shoken Kabushiki Gaisha) established in 1941 sustained the stock price to a certain extent. In June 1943, the Tokyo Stock Exchange was reorganized and some big name stocks fell, but “stock prices still remained gradual upper trend reflecting new companies related to munitions industry emerged and replaced conventional companies” (Yamaichi Securities Corporation [1958]). It was July 1944 when the WFB comprehensively intervened into the stock market with a large scale.

It should be also noted that joint lending in the 1940s seemed to be different from the postwar main bank system that functioned effectively to finance long term equipment investments by mutual monitoring. “Joint lending system was used for equipment investment in the past. But it has been increasingly applied to working capital in recent days” (Kishi [1943]). “The most cases were joint lending to the controlled companies established as delivery organizations of munitions goods, where no production was made” (Ministry of Finance [1957])

In short, Japan’s financial intermediation system started to change due to the introduction of a series of regulation at the beginning of the war period, but full-scale transition from direct to indirect financing occurred under the deteriorating situation that operating funds were flowed to wartime delivery companies through banks in the final stage of the war.

5.2 Postwar hyper-inflation and the financial intermediation

When we discuss the origin of Japan’s financial system, one of the most controversial issues is ‘continuity and discontinuity’ between the wartime and the postwar period. Some prior research against ‘wartime origin theory’ emphasizes that the formation of postwar financial system was decisively influenced by real depreciation of financial assets due to the hyper-inflation and diversification of asset holders caused by the ‘democratization of stock market’ (Ito [1995], Hashimoto [1996]).

Graph 3 shows that the ratio of financial assets of private non-financial sector to nominal GNP fell in 1948 to 0.4, which is the lowest in the available data from 1871. At that time “general public lost the trust of all the financial assets including cash, deposits, etc. due to deposit freeze by Emergency Measures for Finance Directive in 1946 and had an increasing tendency to exchange money into goods’ (Mitsubishi Bank [1954]). ‘Most of the new yen money was absorbed in the rural area and hoarded under the mattress’ (Toyokeizaishinposha [1948]). The FFA quantitatively assures us that Japan’s financial intermediation system extremely contracted relative to the real economy under the postwar chaos by deposit freezing and hyper-inflation.

Focusing on the ratio of financial assets and liabilities to nominal GNP by sector, we find in Table 9 that ‘central government’ debts declined significantly in the postwar period. This responds to the reduction of financial assets of ‘financial institutions’ that held 74 percent of ‘central government securities’ in 1944. As for the decrease in assets of financial institutions, a great amount of their assets were written off because munitions corporations had special losses by the cutoff of ‘wartime compensation.’ ‘War time compensation’ was guaranteed by the government during the war, but its execution after the war was rejected by GHQ. In concrete the final loss was 44 billion yen, which means that 10 percent of financial assets of private financial institutions were written off in 1947. In particular the IBJ had 7.6 billion yen loss at that time and compensated the loss by cutting off its debenture as well as appropriating its reserve and capital.

The FFA also quantitatively demonstrates that the ratio of currency jumped in the postwar period. Graph 4 shows that the ratio of ‘currency’ remained 2-3 percent before the war period and gradually increased to 7 percent even at the end of fiscal 1945 just after the war. On monthly basis after the end of the war in August 1945 ‘currency’ increased rapidly, but this trend reversed in February 1946 because of deposit freezing at that time and settled down in March 1946. The effect of deposit freezing on the portfolio of private non-financial sector at the end of fiscal 1945 is shown as the sudden increase in ‘transferrable deposits’ and decrease in ‘time and saving deposits.’ Subsequently, however, the ratio of ‘currency’ soared and reached one third of the total financial assets of private non-financial sector. This obviously reflected people’s mistrust in deposits after deposit freezing and hyper-inflation. Under these circumstances, while banks suffered vast amounts of deposit withdrawals, corporations which faced financial difficulty in reconstructing their businesses had to rely on bank loans because they were not allowed to liquidate their freezing deposit. As a result, banks eventually borrowed their funds from the BOJ to extend their loans. This caused the relative increase in the share of the BOJ in the total financial assets as I mentioned the previous section.

To sum up, the FFA prove a strong impact on financial system at the end of the war. Only consistent and continual statistics from the prewar period to the postwar period enables us to grasp this point.

5.3 Roles of public finance

The roles of public finance in the war period and the postwar period are also an issue discussed by economic historians. As I outlined before, ‘public financial

institutions' had relatively great shares in financial assets and liabilities at those times. In the following we position their roles compared with 'private financial institutions' from longer perspectives.

First, Graph 5 shows that the ratio of 'public financial institutions' in financial assets to the 'deposits' total, which responded to the ratio of the postal saving, was around 10 percent in the early 1920s, and then, its share increased in the late 1920s and remained around 20 percent until the early 1940s. This reflected that, when people repeatedly faced closures and bankruptcies of private banks suffering the financial crisis in the late 1920, they shifted their deposits from risky private banks to post offices (Teranishi [1991]). In 1941, the maximum limit of postal savings was raised and the fixed amount savings was newly introduced under the nation-wide movement of saving promotion. Consequently, the ratio of 'public institutions' rose and reached 25 percent at the end of fiscal 1944. After the war it declined to 10 percent and continued to be in the same ratio in the post war high growth era in the late 1950s and the 1960s.

On the other hand, the ratio of 'public financial institutions' to the 'loans' total fluctuated drastically in the 1940s. Loans by the Deposit Bureau were limited, but as I mentioned the previous section, the WFB and other government banks made loans to the special account for temporary war expenditure. In particular the WFB expanded its share by lending high risk money to munitions corporations in 1943-44. This eventually resulted in the fact that more than 40 percent of the total 'loans' were provided by 'public financial institutions.' Its ratio dropped after the end of war, but revived to more than 30 percent in 1947-48 owing to the expansion of the RFB, which played an important role in finance along the 'priority production system' in the postwar period. After the 'Dodge Plan' that forced the RFB to stop its finance was implemented in 1949, the ratio decreased to around 20 percent. In the 1950s the Development bank of Japan (DBJ) and other public banks were established and some economists evaluate their loans as cowbells to lead private banks in high growth era. Even if it is true, the ratio of 'public financial institutions' in that era was much lower than in the 1940s.

The difference between the ratio of 'loans' and 'deposits' was caused by other financial transactions such as investment in central and local government securities, fund raising by bank debentures, etc. In the final stage of the war postal saving was not enough to finance munitions corporations. Therefore, the WFB issued its bank debentures and forced private banks to absorb them by their deposits from households. This was the framework of war finance known as 'long diverted financing route' (Imuta [1991]).

In 'wartime origin theory' the continuity from the wartime to the postwar period

is emphasized. In this regard the FFA provides the quantitative difference in the role of 'public financial institutions' between not only the prewar and the war period, but also the war and the post war period.

6 Conclusion

This paper estimates stock tables of the FFA in the period from 1941 to 1948 and analyzes the structural change in Japan's financial intermediation from the prewar to the postwar period. The FFA do not conclude the origin of Japan's financial system by themselves, but they statistically illustrate several features of historical change in the financial intermediation.

Firstly, the structure of financial intermediation started to change from direct to indirect financing in 1937 when a series of regulation began to be introduced under the outbreak of the second Sino-Japan war. This clearly supports 'wartime origin theory.' However, its transition finally occurred under the deteriorating situation that operating funds were flowed to wartime delivery companies through banks in the final stage of the war. Secondly, the ratio to nominal GNP of financial assets of private non-financial sector sharply fell just after the war and the ratio of cash in financial assets soared up. This proves a strong impact on Japan's financial intermediation structure, which indicates a discontinuity between the war and the postwar period to a certain extent. Thirdly, public finance played an important role during the war period quantitatively as well as qualitatively, which differs from not only the situation in the prewar period but also the postwar period.

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Table1 Financial assets and liabilities by sector (ratio: %)

	Financial institutions						Central government		Public corporations and local governments		Private non-financial corporations and households		Total	
	Central bank		Private financial institutions		Public financial institutions									
	A	L	A	L	A	L	A	L	A	L	A	L	A	L
1941	3.5	4.1	33.5	34.0	7.9	6.2	1.4	21.0	1.4	2.7	53.9	33.7	100.0	100.0
1942	3.4	3.9	33.2	34.3	8.4	6.8	1.9	22.7	1.2	2.5	53.3	31.4	100.0	100.0
1943	3.7	4.0	31.2	31.5	11.1	10.4	2.7	26.1	0.9	2.3	52.2	27.6	100.0	100.0
1944	4.9	4.7	28.1	29.2	17.2	16.0	3.6	28.7	0.5	1.7	46.9	20.8	100.0	100.0
1945	5.9	6.1	30.8	34.1	17.5	9.3	2.4	27.8	0.9	1.2	44.3	23.3	100.0	100.0
1946	14.1	14.2	27.6	28.2	12.6	8.3	2.3	27.0	0.8	0.9	43.6	22.3	100.0	100.0
1947	17.6	17.5	25.4	26.0	13.0	9.3	2.8	24.8	0.9	0.9	41.9	23.2	100.0	100.0
1948	13.2	12.9	27.1	27.0	11.9	13.8	7.6	19.2	1.7	1.9	39.8	26.4	100.0	100.0

Table 2 Components of financial assets held by non-financial corporations and households (ratio: %)

	1941	1942	1943	1944	1945	1946	1947	1948
Currency	4.1	3.7	5.8	8.7	7.0	25.5	32.1	25.8
Transferable deposits	19.9	20.9	21.5	23.1	37.8	34.1	36.3	38.7
Time and savings deposits	34.0	34.4	33.6	34.7	30.7	21.4	18.6	20.8
Trusts	3.7	3.3	3.0	2.5	2.1	1.4	0.9	0.8
Insurance	5.6	5.3	5.5	5.4	4.4	4.1	3.2	2.3
Securities	32.7	32.3	30.6	25.6	18.1	13.5	8.9	11.6
Treasury discount bills	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Central government securities	7.5	8.7	9.2	8.5	4.2	2.9	1.4	1.5
Local government securities	0.2	0.5	0.7	0.2	0.2	0.0	0.0	0.1
Industrial securities and bank debentures, etc.	1.6	2.0	3.2	3.1	2.8	1.5	0.0	1.5
Shares and other equities	23.4	21.1	17.5	13.8	11.0	9.1	7.5	8.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Table 3 Components of financial liabilities owed by non-financial corporations and households (ratio: %)

	1941	1942	1943	1944	1945	1946	1947	1948
Securities	55.4	54.0	50.2	45.5	31.8	26.6	19.1	14.7
Industrial securities and bank debentures, etc.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Shares and other equities	46.3	44.5	40.3	35.3	24.4	20.6	16.2	13.3
Loans	44.4	45.9	49.7	54.2	67.8	73.1	80.9	85.3
External claims, etc.	0.1	0.1	0.1	0.3	0.4	0.3	0.0	0.0
Total	90.9	90.4	90.1	89.8	92.5	94.0	97.1	98.6

Table 4 Components of financial liabilities owed by central government (ratio: %)

	1941	1942	1943	1944	1945	1946	1947	1948
Securities	96.8	97.7	92.9	72.3	72.2	77.3	71.2	76.8
Treasury discount bills	2.3	1.9	2.5	1.3	1.5	11.7	12.9	23.1
Central government securities	94.5	95.7	90.4	71.0	70.7	65.5	58.3	53.6
Bank of Japan loans	0.0	0.0	0.0	0.5	3.3	6.2	16.7	14.9
Loans	0.0	0.0	6.2	26.9	24.0	16.2	11.9	8.2
External claims, etc.	3.2	2.3	0.9	0.3	0.4	0.3	0.2	0.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Table 5 Components of financial assets held by private financial institutions (ratio: %)

	1941	1942	1943	1944	1945	1946	1947	1948
Deposit with the Bank of Japan	0.7	0.8	0.5	0.6	2.2	3.0	2.7	1.3
Currency	4.6	4.4	2.2	1.2	1.1	3.0	5.9	4.3
Securities	45.9	48.3	51.1	51.3	42.5	34.7	32.2	28.2
Treasury discount bills	0.1	0.2	0.0	0.0	0.0	0.0	0.1	1.2
Central government securities	24.5	28.0	32.6	34.1	31.6	24.4	23.0	18.6
Local government securities	1.0	0.8	0.5	0.4	0.2	0.3	0.4	0.3
Industrial securities and bank debentures bank debentures, etc.	12.6	12.4	12.4	12.7	8.3	8.0	6.4	5.2
Shares and other equities	7.5	6.8	5.5	4.2	2.4	2.0	2.3	2.9
Loans	43.4	41.8	42.1	43.7	51.3	56.4	57.5	65.7
Others	5.3	4.6	4.1	3.1	2.9	2.9	1.7	0.4
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Table 6 Components of financial liabilities owed by private financial institutions (ratio: %)

	1941	1942	1943	1944	1945	1946	1947	1948
Transferable deposits	31.7	32.6	35.2	34.3	50.1	53.9	61.0	62.2
Time and savings deposits	38.8	37.3	34.8	30.6	19.6	13.0	15.1	19.7
Trust	5.9	5.2	5.0	3.8	2.7	2.1	1.5	1.2
Insurance	8.5	7.8	7.6	6.4	4.5	4.6	3.7	2.1
Securities	12.1	12.1	11.8	10.4	7.5	7.1	2.6	4.5
Industrial securities and bank debentures bank debentures, etc.	8.9	9.5	9.8	9.0	6.2	5.9	1.8	1.6
Shares and other equities	3.1	2.6	2.0	1.3	1.3	1.2	0.8	2.9
Bank of Japan loans	1.5	2.3	3.6	9.4	11.8	18.9	15.5	9.2
Others	1.5	2.6	2.1	5.1	3.7	0.4	0.6	1.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Table 7 Components of financial assets held by public financial institutions (ratio: %)

	1941	1942	1943	1944	1945	1946	1947	1948
Transferable deposits	0.0	0.1	0.1	0.0	0.4	0.1	0.6	0.4
Government deposits	0.0	0.2	0.1	0.4	4.9	0.1	0.1	0.4
Securities	85.5	85.4	75.7	50.1	52.6	53.8	39.8	32.0
Treasury discount bills	2.5	1.7	1.2	2.3	1.8	0.7	5.3	9.2
Central government securities	58.6	61.3	58.3	37.8	43.9	46.2	30.1	20.3
Local government securities	12.3	9.5	4.1	2.5	1.7	1.6	1.0	0.5
Industrial securities and bank debentures, etc.	11.7	12.5	10.8	6.6	5.2	5.3	3.5	2.1
Shares and other equities	0.4	0.5	1.3	1.0	0.0	0.0	0.0	0.0
Loans	10.1	9.8	24.1	49.4	40.6	44.4	59.5	67.2
External claims, etc.	4.3	4.5	0.0	0.0	1.5	1.5	0.0	0.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

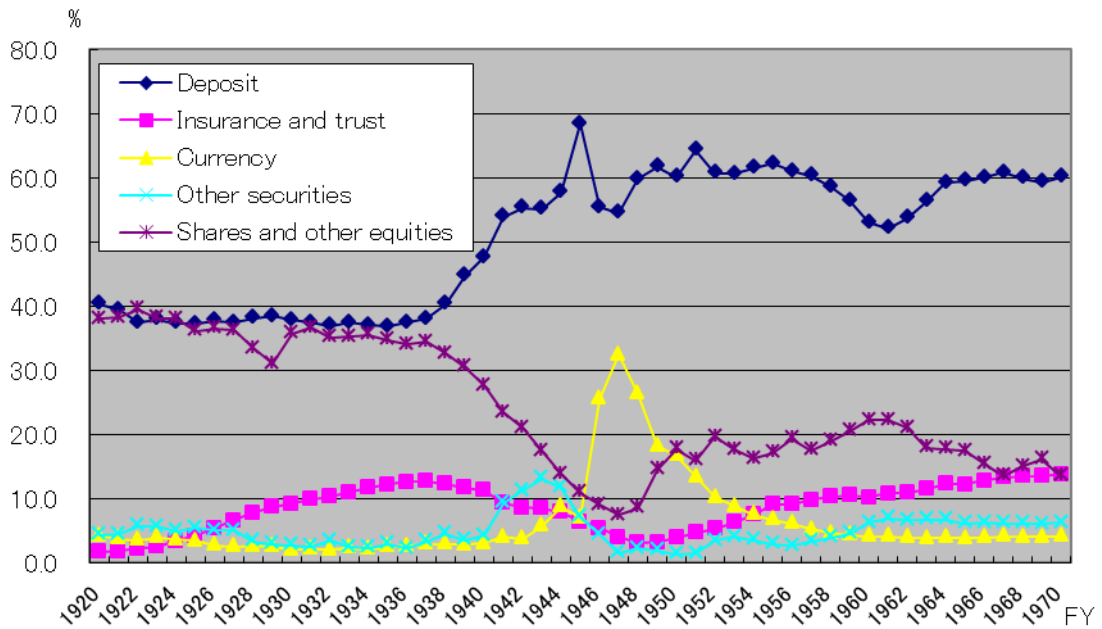
Table 8 Components of financial liabilities owed by public financial institutions (ratio: %)

	1941	1942	1943	1944	1945	1946	1947	1948
Transferable deposits	2.4	2.1	1.4	0.8	2.1	1.3	1.1	0.5
Time and savings deposits	87.2	86.1	63.3	39.3	74.7	69.1	41.7	22.0
insurance	2.9	2.6	4.5	3.1	4.6	5.9	4.1	2.4
Securities	0.1	2.3	5.3	4.2	9.6	15.1	47.0	67.8
Industrial securities and bank debentures, etc.	0.0	1.2	4.6	3.8	9.6	10.1	41.7	29.3
Shares and other equities	0.1	1.1	0.7	0.4	0.1	5.0	5.3	38.6
Deposits with the Deposit Bureau	7.4	6.9	13.6	9.2	8.9	8.6	6.1	7.3
External claims, etc.	0.0	0.0	11.9	43.5	0.0	0.0	0.0	0.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

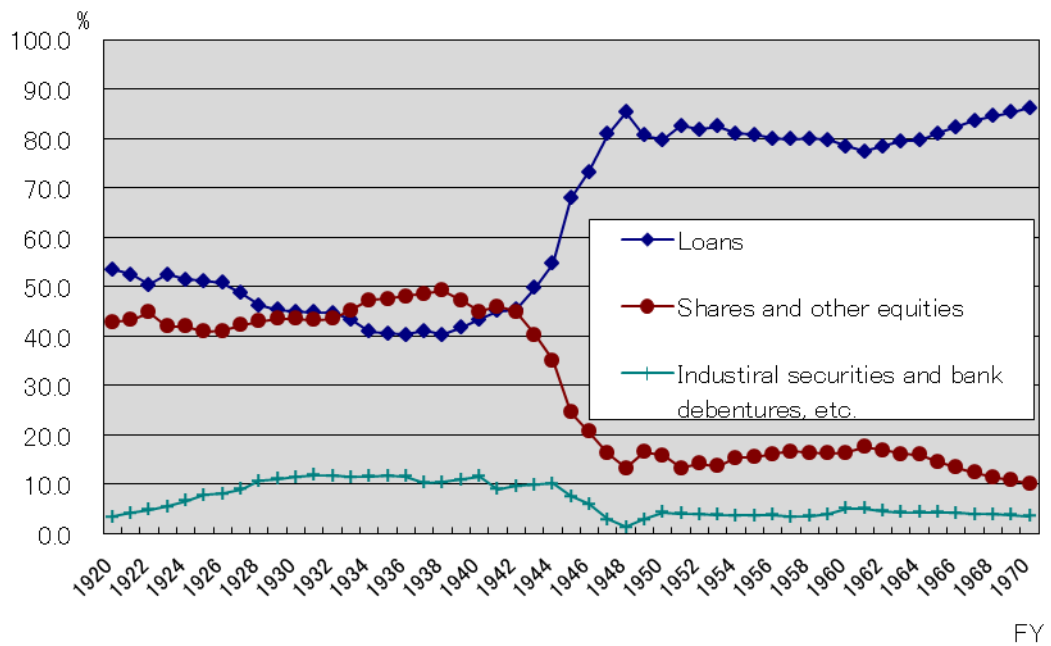
Table 9 Ratio of financial assets and liabilities to nominal GNP

	Financial institutions						Central government		Public corporations and local governments		Private non-financial corporations and households		Total		WPI 1934-36=1
	Central bank		Private financial institutions		Public financial institutions										
	A	L	A	L	A	L	A	L	A	L	A	L	A	L	
1941	0.1	0.2	1.4	1.4	0.3	0.3	0.1	0.9	0.1	0.1	2.2	1.4	4.1	4.1	1.8
1942	0.1	0.2	1.4	1.5	0.4	0.3	0.1	1.0	0.1	0.1	2.3	1.3	4.3	4.2	1.9
1943	0.2	0.2	1.6	1.6	0.6	0.5	0.1	1.3	0.0	0.1	2.7	1.4	5.1	5.1	2.1
1944	0.3	0.3	1.8	2.1	1.1	1.1	0.2	2.0	0.0	0.1	3.1	1.5	6.6	7.0	2.4
1945	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5.2
1946	0.3	0.3	0.6	0.6	0.3	0.2	0.0	0.6	0.0	0.0	0.9	0.5	2.1	2.1	19.8
1947	0.2	0.2	0.3	0.3	0.1	0.1	0.0	0.3	0.0	0.0	0.5	0.3	1.1	1.1	63.7
1948	0.1	0.1	0.3	0.3	0.1	0.1	0.1	0.2	0.0	0.0	0.4	0.3	1.0	1.0	155.0

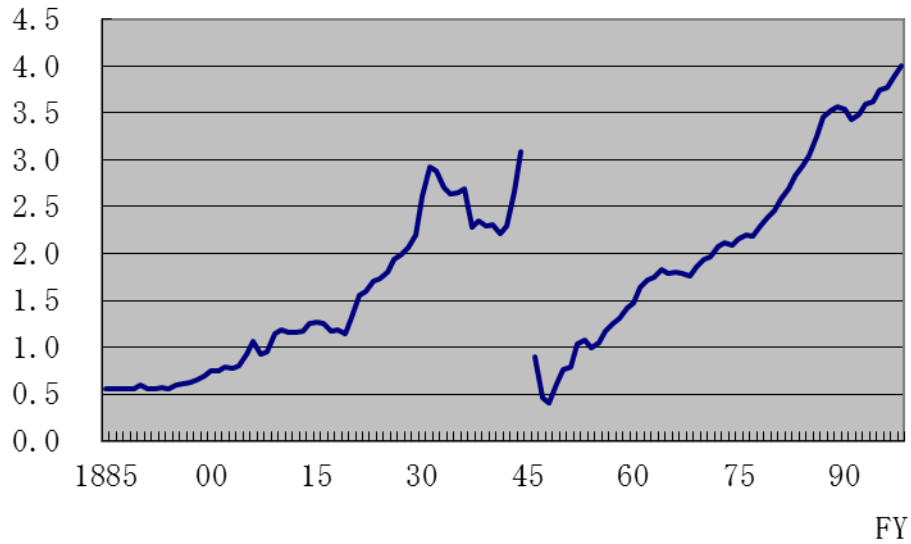
Graph 1 Components of financial assets held by non-financial corporation and households



Graph 2 Components of financial liabilities owed by non-financial corporation and households

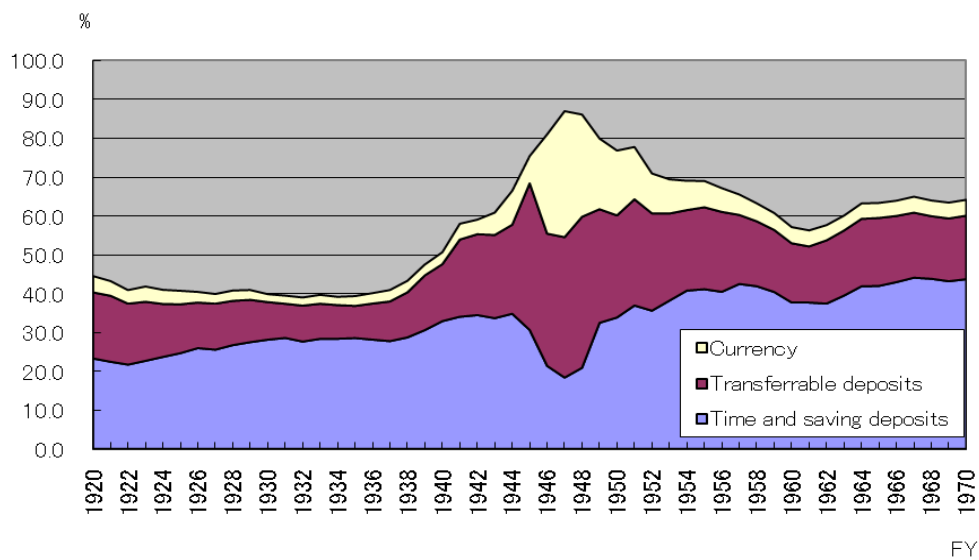


Graph 3 Ratio of financial assets held by private non-financial corporations and households to GNP

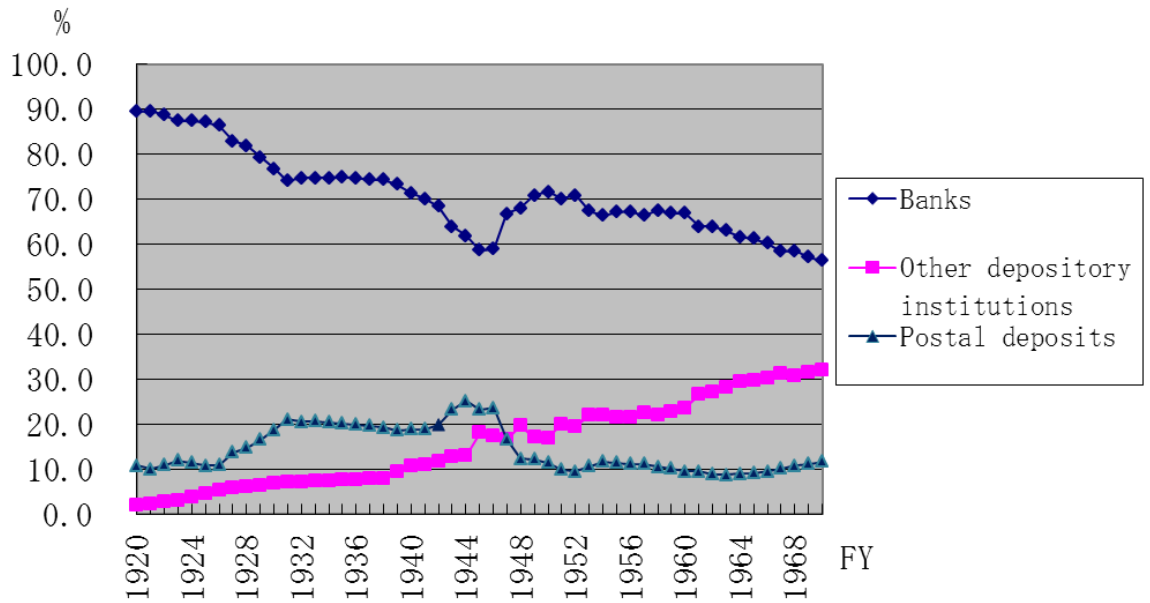


Note) The data of nominal GNP and financial assets before 1940 are respectively derived from Okawa et al. [1974] and Fujino and Teranishi [2000].

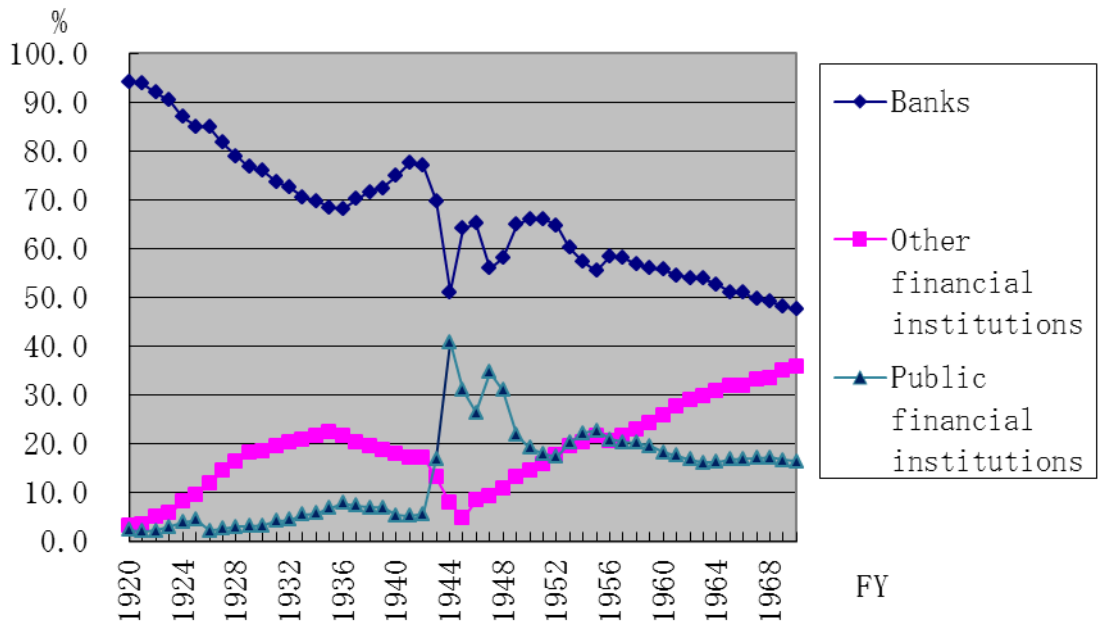
Graph 4 Ratio of currency and deposits held by private non-financial corporations and households



Graph 5 Composition of financial institutions in deposits



Graph 6 Composition of financial institutions in loans



Financial Assets and Liabilities (End of 1941)

(billion yen)

	Financial institutions		Central Bank		Private financial institutions		Banks		Financial institutions for small businesses		Financial institutions for agriculture, forestry, and fisheries		Insurance		Others		Public financial institutions		Central government		Public corporations and local governments		Private non-financial corporations and households			Total		
	A	L	A	L	A	L	A	L	A	L	A	L	A	L	A	L	A	L	A	L	A	L	A	L		A	L	
a	0.4	0.4		0.4	0.4		0.4																		0.4	0.4	a	
b		4.0		6.9	2.8		2.7		0.0		0.1		0.0				0.0		0.0		0.0		4.0		4.0	4.0	b	
c		19.9				19.6		16.0		0.0		4.1	0.5		0.1			0.3		0.0		0.1		19.8		19.9	19.9	c
d		33.9				24.0		21.6		1.9		0.6	0.1					9.9		0.0				33.9		33.9	33.9	d
e		0.0		0.0															0.0						0.0	0.0	e	
f		3.7				3.7							0.2			3.8				0.0			3.7		3.7	3.7	f	
g		5.6				5.3							5.3					0.3					5.6		5.6	5.6	g	
h	46.2	7.6	5.3	0.1	28.4	7.5	18.8	6.7	0.6	0.2	2.6	0.5	3.9	0.1	2.5	0.0	12.5	0.0	1.1	37.1	2.6	3.6	32.6	34.0	82.4	82.3	h	
h1	0.9		0.5		0.1		0.0										0.4		0.9				0.0		0.9	0.9	h1	
h2	28.6		4.9		15.2		12.8		0.1		0.7		1.3		0.4		8.6		36.2		0.1		7.5		36.2	36.2	h2	
h3	2.4				0.6		0.4		0.1								1.8				2.6		0.2		2.6	2.6	h3	
h4	9.5	5.5			7.8	5.5	4.6	5.4	0.3	0.1	1.5	0.1	0.8		0.6		1.7	0.0					1.6	5.6	11.1	11.1	h4	
h5	4.7	2.0		0.1	4.7	1.9	1.1	1.3	0.0	0.1	0.3	0.4	1.8	0.1	1.5	0.0	0.1	0.0	1.1		2.5	1.0	23.3	28.4	31.6	31.5	h5	
i	0.9	0.9	0.9		0.9		0.7		0.0		0.2								0.0						0.9	0.9	i	
j	0.6	0.6			0.6	0.6	0.6	0.2			0.4	0.0			0.0										0.6	0.6	j	
k	28.4				26.9		21.7		1.2		0.9		1.2		1.8		1.5		0.0		1.1		27.2		28.4	28.4	k	
l		0.8															0.8	0.8							0.8	0.8	l	
m	3.5		0.1		2.8		1.4				0.9		0.3		0.1		0.6		1.2		0.1		0.1		3.5	3.5	m	
n		0.3	0.1		0.4		0.5						0.1						0.7						0.7	0.3	n	
o		2.4		-1.0	0.0		-0.1		-0.3		-1.3		1.0		0.7		3.3		-35.7		-2.2		38.2		0.6	0.6	o	
t	80.0	80.0	6.5	6.5	61.9	61.9	45.7	45.7	1.8	1.8	4.5	4.5	6.3	6.3	4.5	4.5	14.6	14.6	2.6	2.6	2.6	2.6	99.5	99.5	184.8	184.8	t	

Financial Assets and Liabilities (End of 1942)

(billion yen)

	Financial institutions		Central Bank		Private financial institutions		Banks		Financial institutions for small businesses		Financial institutions for agriculture, forestry, and fisheries		Insurance		Others		Public financial institutions		Central government		Public corporations and local governments		Private non-financial corporations and households		Total			
	A	L	A	L	A	L	A	L	A	L	A	L	A	L	A	L	A	L	A	L	A	L	A	L	A	L		
a	Deposit with the Bank of Japan	0.7	0.7		0.7	0.7		0.7																	0.7	0.7	a	
b	Currency		4.7		8.1	3.4		3.3		0.1		0.1		0.0				0.0		0.0		0.0		4.7		4.7	4.7	b
c	Transferable deposits		26.1				25.8		20.7		0.1		5.6	0.5		0.1		0.0	0.3	0.0		0.1		26.1		26.1	26.1	c
d	Time and savings deposits		43.0				29.6		26.6		2.4		0.8	0.1					13.4		0.0		43.0		43.0	43.0	d	
e	Government deposits		0.1		0.1													0.0		0.1						0.1	0.1	e
f	Trusts		4.1				4.1							0.2			4.3				0.0		4.1		4.1	4.1	f	
g	Insurance		6.6				6.2							6.2					0.4				6.6		6.6	6.6	g	
h	Securities	60.3	10.0	5.8	0.1	37.6	9.6	25.3	8.7	0.9	0.2	3.6	0.5	4.8	0.2	3.0	0.0	16.9	0.4	1.4	51.3	2.8	4.5	40.4	39.1	105.0	104.9	h
h1	Treasury discount bills	1.0		0.5		0.2		0.0										0.3			1.0			0.0		1.0	1.0	h1
h2	Central government securities	39.2		5.3		21.8		18.0		0.3		1.1		1.9		0.5		12.1			50.3	0.1		10.9		50.3	50.3	h2
h3	Local government securities	2.5				0.6		0.4		0.0								1.9				3.2	0.7		3.2	3.2	h3	
h4	Industrial securities and bank debentures, etc.	12.2	7.7			9.7	7.5	5.7	7.4	0.5	0.1	1.8	0.1	0.8		0.8		2.5	0.2				2.5	6.9	14.7	14.7	h4	
h5	Shares and other equities	5.4	2.3		0.1	5.3	2.1	1.1	1.3	0.0	0.1	0.5	0.5	2.1	0.2	1.6	0.0	0.1	0.2	1.4		2.7	1.3	26.3	32.2	35.9	35.8	h5
i	Bank of Japan loans	1.8	1.8	1.8			1.8		1.6		0.0		0.3								0.0					1.8	1.8	i
j	Call loans	0.4	0.4			0.4	0.4	0.4	0.1				0.3	0.0			0.0									0.4	0.4	j
k	Loans	34.5				32.5		26.6		1.5		1.4		1.2		1.9		1.9			0.0		1.3		33.2	34.5	34.5	k
l	Deposits with the Deposit Bureau		1.1																1.1	1.1						1.1	1.1	l
m	External claims and debts	4.1		0.1		3.1		1.6				1.0		0.4		0.2		0.9			1.2		0.1		0.1	4.1	4.1	m
n	Others		1.4	0.2			1.7		1.7					0.1						1.9						1.9	1.4	n
o	Difference between financial assets and liabilities		1.7		-1.0		-1.5		-1.6		-0.2		-1.4		0.9		0.8		4.2		-48.0		-2.9		52.5		0.6	o
t	Total	101.9	101.9	8.0	8.0	77.8	77.8	57.8	57.8	2.5	2.5	6.1	6.1	7.3	7.3	5.1	5.1	19.8	19.8	4.5	4.5	2.9	2.9	124.9	124.9	234.3	234.3	t

Financial Assets and Liabilities (End of FY1943)

(billion yen)

	Financial institutions		Central Bank		Private financial institutions		Banks		Financial institutions for small businesses		Financial institutions for agriculture, forestry, and fisheries		Insurance		Others		Public financial institutions		Central government		Public corporations and local governments		Private non-financial corporations and households		Total			
	A	L	A	L	A	L	A	L	A	L	A	L	A	L	A	L	A	L	A	L	A	L	A	L	A	L		
a	Deposit with the Bank of Japan	0.5	0.5		0.5	0.5		0.5																		0.5	0.5	a
b	Currency		9.8		12.0	2.2		2.0		0.0		0.1		0.1				0.0		0.0		0.0		9.8		9.8	9.8	b
c	Transferable deposits		36.5			36.1		28.5		0.2		7.9	0.5		0.1			0.0	0.5	0.0		0.1		36.4		36.5	36.5	c
d	Time and savings deposits		57.0			35.7		31.3		3.1		1.4	0.1						21.3		0.0		57.0		57.0	57.0	d	
e	Government deposits		0.0		0.0													0.0		0.0						0.0	0.0	e
f	Trusts		5.2			5.2								0.1		5.2					0.0		5.2		5.2	5.2	f	
g	Insurance		9.3			7.7								7.7					1.5				9.3		9.3	9.3	g	
h	Securities	87.6	14.0	8.3	0.1	51.9	12.1	33.7	11.2	1.7	0.3	6.6	0.5	6.3	0.2	3.6	0.0	27.4	1.8	1.7	78.8	2.8	6.1	51.9	45.2	144.0	143.9	h
h1	Treasury discount bills	2.1		1.7		0.0		0.0										0.4			2.1			0.0		2.1	2.1	h1
h2	Central government securities	60.8		6.6		33.1		25.5		0.6		3.3		3.0		0.7		21.1			76.7	0.1		15.7		76.7	76.7	h2
h3	Local government securities	2.0				0.5		0.3		0.1								1.5				3.1	1.1		3.1	3.1	h3	
h4	Industrial securities and bank debentures, etc.	6.2	11.6			3.8	10.1	0.0	9.9	0.9	0.1	2.2	0.1	0.7				2.5	1.6				5.4		11.6	11.6	h4	
h5	Shares and other equities	6.1	2.3		0.1	5.6	2.0	1.3	1.3	0.0	0.1	0.0	0.4	2.5	0.2	1.8	0.0	0.5	0.2	1.7		2.7	1.5	29.6	36.2	40.1	40.1	h5
i	Bank of Japan loans	3.7	3.7	3.7		3.7		3.5		0.0		0.1									0.0					3.7	3.7	i
j	Call loans	0.4	0.4			0.4	0.4	0.4	0.1				0.3	0.0			0.0									0.4	0.4	j
k	Loans	51.5				42.7		35.9		1.9		1.3		1.3		2.3		8.7			5.3		1.5	44.7		51.5	51.5	k
l	Deposits with the Deposit Bureau		4.6																4.6	4.6						4.6	4.6	l
m	External claims and debts		0.2	0.1		3.7		1.0				1.3		1.2		0.2			4.0		0.7		0.1	0.1	1.0	1.0	m	
n	Others		2.1		0.3	1.8		1.9						0.1						2.6			0.0		2.6	2.1	n	
o	Difference between financial assets and liabilities		0.6		-0.9	-1.1		-2.9		0.0		-0.9		1.7		1.0		2.5		-76.0		-4.7	79.6		0.6	0.6	o	
t	Total	143.6	143.6	12.1	12.1	101.5	101.5	73.6	73.6	3.6	3.6	9.4	9.4	9.6	9.6	6.2	6.2	36.2	36.2	8.8	8.8	2.9	2.9	169.6	169.6	326.0	326.0	t

Financial Assets and Liabilities (End of FY1944)

(billion yen)

	Financial institutions		Central Bank		Private financial institutions		Banks		Finnacial institutions for small businesses		Financial institutions for agriculture, forestry, and fisheries		Insurance		Others		Public financial institutions		Central government		Public corporations and local governments		Private non-financial corporations and households		Total			
	A	L	A	L	A	L	A	L	A	L	A	L	A	L	A	L	A	L	A	L	A	L	A	L	A	L		
a	Deposit with the Bank of Japan	0.8	0.8		0.8	0.8		0.8																	0.8	0.8	a	
b	Currency		20.1		21.7	1.7		1.4		0.0		0.2		0.1				0.0		0.0		0.0		20.1		20.1	20.1	b
c	Transferable deposits		53.1			52.5		41.9		1.4		10.6		1.4		0.1		0.0	0.6	0.0		0.1		53.0		53.1	53.1	c
d	Time and savings deposits		79.7			46.9		40.2		3.0		4.0		0.4					32.8		0.0		79.7		79.7	79.7	d	
e	Government deposits		0.5		0.9													0.3		0.5						0.5	0.5	e
f	Trusts		5.8			5.8								0.0		5.8					0.0		5.8		5.8	5.8	f	
g	Insurance		12.5			9.9								9.9				2.6					12.5		12.5	12.5	g	
h	Securities	121.2	19.5	8.4	0.1	70.5	15.9	45.5	14.8	2.6	0.3	11.1	0.5	8.0	0.2	3.3	0.0	42.3	3.5	1.9	108.6	2.5	6.8	58.8	49.6	184.4	184.5	h
h1	Treasury discount bills	1.9		0.0		0.0		0.0										1.9			1.9			0.0		1.9	1.9	h1
h2	Central government securities	87.2		8.4		46.9		35.8		1.1		5.2		3.9		0.8		31.9			106.7	0.0		19.6		106.7	106.7	h2
h3	Local government securities	2.6				0.5		0.3		0.1								2.1				3.0	0.4		3.0	3.0	h3	
h4	Industrial securities and bank debentures, etc.	23.0	16.9			17.5	13.8	7.8	13.6	1.4	0.2	5.8	0.0	1.4		1.0		5.6	3.1			2.0	7.1	11.1	30.1	30.1	h4	
h5	Shares and other equities	6.6	2.5		0.1	5.7	2.0	1.5	1.3	0.0	0.1	0.0	0.5	2.6	0.2	1.5	0.0	0.9	0.4	1.9		2.5	1.7	31.7	38.5	42.7	42.7	h5
i	Bank of Japan loans	15.2	14.5	15.2		14.5		14.1		0.0		0.4								0.8					15.2	15.2	i	
j	Call loans	0.6	0.6			0.6	0.6	0.6	0.2			0.4		0.0		0.0									0.6	0.6	j	
k	Loans	101.8				60.1		52.1		2.2		1.5		1.6		2.7		41.7			40.5	2.2		59.1	101.8	101.8	k	
l	Deposits with the Deposit Bureau		7.7															7.7		7.7						7.7	7.7	l
m	External claims and debts		32.5	0.1		3.7		0.8				1.8		0.7		0.3		36.3		0.4		0.1		0.4	33.4	33.4	m	
n	Others		8.4		1.1	7.2		7.6						0.3						7.4					7.4	8.4	n	
o	Difference between financial assets and liabilities		-15.9		-0.9	-15.8		-17.6		0.1		-1.4		2.5		0.7		0.7		-132.9		-6.4		120.8		-1.1	o	
t	Total	239.7	239.7	23.8	23.8	137.4	137.4	101.2	101.2	4.8	4.8	14.6	14.6	12.5	12.5	6.5	6.5	84.3	84.3	17.4	17.4	2.6	2.6	229.8	229.8	523.0	523.0	t

Financial Assets and Liabilities (End of FY1945)

(billion yen)

	Financial institutions		Central Bank		Private financial institutions		Banks		Finnacial institutions for small businesses		Financial institutions for agriculture, forestry, and fisheries		Insurance		Others		Public financial institutions		Central government		Public corporations and local governments		Private non-financial corporations and households		Total			
	A	L	A	L	A	L	A	L	A	L	A	L	A	L	A	L	A	L	A	L	A	L	A	L	A	L	A	L
a	Deposit with the Bank of Japan	4.9	4.9		4.9	4.9		4.9																		4.9	4.9	a
b	Currency		22.1		24.6	2.5		2.1		0.1		0.3		0.1				0.0		0.0		0.0		22.1		22.1	22.1	b
c	Transferable deposits		122.4				121.5		88.8		1.1		33.7	2.0		0.2		0.5	1.4	0.0		2.7		119.7		122.4	122.4	c
d	Time and savings deposits		97.1				47.5		40.2		3.2		4.1	0.0					49.7		0.0		97.1		97.1	97.1	d	
e	Government deposits		7.3		13.5													6.1		7.3						7.3	7.3	e
f	Trusts		6.5				6.5								0.0		6.5				0.0		6.5		6.5	6.5	f	
g	Insurance		14.0				10.9							10.9					3.1				14.0		14.0	14.0	g	
h	Securities	162.2	24.7	3.0	0.1	93.5	18.2	57.9	16.2	2.7	0.2	21.4	0.6	7.6	0.2	3.9	1.1	65.7	6.4	2.1	142.9	3.8	4.8	57.4	52.8	225.4	225.3	h
h1	Treasury discount bills	3.0		0.7		0.0		0.0										2.3			3.0			0.0		3.0	3.0	h1
h2	Central government securities	126.7		2.3		69.6		50.5		1.3		12.7		4.0		1.1		54.9			139.9	0.1		13.2		139.9	139.9	h2
h3	Local government securities	2.4				0.3		0.3		0.0								2.1				2.9	0.5		2.9	2.9	h3	
h4	Industrial securities and bank debentures, etc.	24.7	21.4			18.2	15.0	6.0	14.8	1.4	0.1	8.5	0.0	1.3		1.0		6.5	6.4				9.0	12.4	33.7	33.7	h4	
h5	Shares and other equities	5.4	3.4		0.1	5.4	3.2	1.1	1.3	0.0	0.1	0.1	0.5	2.3	0.2	1.9	1.1	0.0	0.0	2.1		3.7	1.9	34.7	40.4	45.8	45.7	h5
i	Bank of Japan loans	35.2	28.7	35.2			28.7		28.4		0.0		0.2								6.6					35.2	35.2	i
j	Call loans	2.5	2.5			2.5	2.5	2.5	1.2				1.3	0.0			0.0									2.5	2.5	j
k	Loans	163.6				112.9		105.0		1.7		1.8		1.5		2.8		50.7			47.6		3.5		112.5	163.6	163.6	k
l	Deposits with the Deposit Bureau		5.9																5.9	5.9						5.9	5.9	l
m	External claims and debts	5.8		0.1		3.8		2.6						0.6		0.6		1.9			0.9		0.1		0.6	5.8	5.8	m
n	Others		2.8	3.7			6.6		6.9					0.4						1.8						1.8	2.8	n
o	Difference between financial assets and liabilities		35.2		-1.0		-22.3		-6.8		-0.1		-16.4		1.1		-0.1		58.5		-180.8		-2.0		150.9		-0.9	o
t	Total	374.2	374.2	42.0	42.0	220.0	220.0	174.9	174.9	4.5	4.5	23.4	23.4	12.2	12.2	7.5	7.5	125.0	125.0	17.1	17.1	6.5	6.5	316.8	316.8	#REF!	#REF!	t

Financial Assets and Liabilities (End of FY1946)

(billion yen)

	Financial institutions		Central Bank		Private financial institutions		Banks		Finnacial institutions for small businesses		Financial institutions for agriculture, forestry, and fisheries		Insurance		Others		Public financial institutions		Central government		Public corporations and local governments		Private non-financial corporations and households		Total			
	A	L	A	L	A	L	A	L	A	L	A	L	A	L	A	L	A	L	A	L	A	L	A	L	A	L		
a	Deposit with the Bank of Japan	8.0	8.0		8.0	8.0		8.0																	8.0	8.0	a	
b	Currency		109.1		117.3	8.1		6.9		0.1		1.1		0.0				0.0		0.2		0.0		108.9		109.1	109.1	b
c	Transferable deposits		148.7				147.8		115.5		1.1		32.1	0.9		0.1		0.2	1.1	0.0		3.3		145.4		148.7	148.7	c
d	Time and savings deposits		91.3				35.6		26.0		5.1		4.4	0.0					55.7		0.0			91.3		91.3	91.3	d
e	Government deposits		9.2		9.3													0.1		9.2					9.2	9.2	e	
f	Trusts		5.8				5.8							0.0		5.8					0.0			5.8		5.8	5.8	f
g	Insurance		17.3				12.6							12.6					4.7					17.3		17.3	17.3	g
h	Securities	229.7	31.8	69.5	0.1	93.9	19.5	56.8	17.4	2.8	0.2	19.5	0.6	10.9	0.2	3.8	1.1	66.3	12.2	4.1	203.0	4.2	3.0	57.6	57.7	295.5	295.5	h
h1	Treasury discount bills	30.8		30.0		0.0		0.0										0.8			30.8			0.0		30.8	30.8	h1
h2	Central government securities	159.6		36.7		66.0		49.3		1.3		11.0		3.7		0.6		56.9			172.2	0.1		12.6		172.2	172.2	h2
h3	Local government securities	2.9				0.9		0.3		0.0								2.0				3.0	0.1		3.0	3.0	h3	
h4	Industrial securities and bank debentures, etc.	31.0	24.3			21.6	16.1	6.2	16.0	1.5	0.1	7.9	0.0	4.9				6.5	8.1			0.0	6.3	13.0	37.3	37.3	h4	
h5	Shares and other equities	5.4	7.5		0.1	5.4	3.4	1.0	1.4	0.0	0.1	0.1	0.6	2.3	0.2	2.0	1.1	0.0	4.0	4.1		4.1	0.0	38.7	44.7	52.2	52.2	h5
i	Bank of Japan loans	68.2	51.9	68.2			51.9		46.7		0.0		5.2								16.3					68.2	68.2	i
j	Call loans	1.1	1.1			1.1	1.1	1.1	0.5				0.6	0.0		0.0										1.1	1.1	j
k	Loans	207.1				152.5		135.0		3.3		9.4		1.8		3.0		54.7			42.6		5.8		158.7	207.1	207.1	k
l	Deposits with the Deposit Bureau		6.9																6.9	6.9					6.9	6.9	l	
m	External claims and debts	8.2		0.1		6.2		4.3		0.4				0.9		0.6		1.9			0.9		0.1		0.6	8.2	8.2	m
n	Others		3.1		3.5	0.4			0.0					0.4						2.1						2.1	3.1	n
o	Difference between financial assets and liabilities		38.0		-0.4		-4.1		6.0		0.2		-13.0		2.1		0.6		42.5		-240.4		-1.5		209.5		-1.0	o
t	Total	522.3	522.3	137.8	137.8	270.3	270.3	212.2	212.2	6.7	6.7	29.9	29.9	14.9	14.9	7.5	7.5	123.1	123.1	22.4	22.4	7.4	7.4	426.5	426.5	978.7	978.7	t

Financial Assets and Liabilities (End of FY1947)

(billion yen)

	Financial institutions		Central Bank		Private financial institutions		Banks		Finnacial institutions for small businesses		Financial institutions for agriculture, forestry, and fisheries		Insurance		Others		Public financial institutions		Central government		Public corporations and local governments		Private non-financial corporations and households		Total			
	A	L	A	L	A	L	A	L	A	L	A	L	A	L	A	L	A	L	A	L	A	L	A	L	A	L	A	L
a	Deposit with the Bank of Japan	9.7	9.7		9.7	9.7		9.7																		9.7	9.7	a
b	Currency		198.9		220.5	21.6		18.9		0.4		2.3		0.1				0.0		4.3		0.0		194.6		198.9	198.9	b
c	Transferable deposits		229.7			229.3		189.2		3.0		39.8		2.5		0.1		1.1	1.4	0.0		9.8		219.9		229.7	229.7	c
d	Time and savings deposits		112.6			56.8		40.2		11.8		4.8		0.0					55.8		0.0		112.6		112.6	112.6	d	
e	Government deposits		15.6		15.8													0.2		15.6						15.6	15.6	e
f	Trusts		5.7			5.7								0.0		5.7					0.0		5.7		5.7	5.7	f	
g	Insurance		19.2			13.8								13.8				5.4					19.2		19.2	19.2	g	
h	Securities	330.3	73.0	137.1	0.1	118.1	10.0	80.5	7.7	2.1	0.5	22.4	0.5	6.2	0.2	6.9	1.1	75.1	62.9	7.1	254.7	3.6	3.5	54.1	63.8	395.1	395.0	h
h1	Treasury discount bills	46.2		35.9		0.3		0.3										9.9			46.2			0.0		46.2	46.2	h1
h2	Central government securities	199.8		58.8		84.3		66.7		1.3		11.8		3.6		0.9		56.8			208.5	0.3		8.4		208.5	208.5	h2
h3	Local government securities	3.4				1.6		0.7		0.1		0.7						1.8				3.5	0.1		3.5	3.5	h3	
h4	Industrial securities and bank debentures, etc.	72.4	62.8			23.3	6.9	12.4	6.6	0.6	0.3	8.7	0.0	0.8		0.8		6.6	55.9				0.0	9.6	72.4	72.4	h4	
h5	Shares and other equities	8.5	10.2		0.1	8.5	3.0	0.5	1.1	0.0	0.1	1.2	0.5	1.8	0.2	5.0	1.1	0.0	7.0	7.1		3.3	0.0	45.6	54.2	64.4	64.4	h5
i	Bank of Japan loans	117.7	58.1	117.7		58.1		41.0		0.2		16.8									59.7					117.7	117.7	i
j	Call loans	2.1	2.1			2.1	2.1	2.1	1.1				1.0	0.0			0.0									2.1	2.1	j
k	Loans	323.2				211.2		181.1		10.5		12.9		3.7		3.0		112.1			42.6		9.9		270.7	323.2	323.2	k
l	Deposits with the Deposit Bureau		8.2																8.2	8.2						8.2	8.2	l
m	External claims and debts	2.7		0.1		2.7		2.5								0.2			0.1		0.9		0.1		0.1	2.7	2.7	m
n	Others		5.6		7.2	1.6			-0.9				0.7	1.4						4.6						4.6	5.6	n
o	Difference between financial assets and liabilities		47.4		1.7		-8.7		16.5		-2.5		-26.1		0.0		3.4		54.5		-318.2		-0.1		271.6		-0.9	o
t	Total	785.9	785.9	255.0	255.0	367.0	367.0	294.8	294.8	12.9	12.9	37.5	37.5	14.0	14.0	10.2	10.2	188.4	188.4	39.7	39.7	13.4	13.4	606.2	606.2	1,445.2	1,445.2	t

Financial Assets and Liabilities (End of FY1948)

(billion yen)

	Financial institutions		Central Bank		Private financial institutions		Banks		Finnacial institutions for small businesses		Financial institutions for agriculture, forestry, and fisheries		Insurance		Others		Public financial institutions		Central government		Public corporations and local governments		Private non-financial corporations and households		Total			
	A	L	A	L	A	L	A	L	A	L	A	L	A	L	A	L	A	L	A	L	A	L	A	L	A	L		
a	9.7	9.7		9.7	9.7		9.7																		9.7	9.7	a	
b		282.4		314.3	31.9		27.3		1.0		3.4		0.2				0.0		3.4		0.0		279.0		282.4	282.4	b	
c		456.9				456.5		368.5		6.7		87.3		5.4		0.6		1.3	1.8	0.0		39.4		417.6		456.9	456.9	c
d		227.7				144.9		98.0		31.2		15.7		0.0					82.8		3.3		224.4		227.7	227.7	d	
e		9.3		10.6													1.3		9.3						9.3	9.3	e	
f		8.9				8.9								0.3		9.1					0.0		8.9		8.9	8.9	f	
g		24.3				15.3								15.3				9.0					24.3		24.3	24.3	g	
h		522.9	288.2	211.5	0.1	207.7	33.0	129.0	24.8	3.0	1.0	30.3	5.8	12.0	0.4	33.4	1.1	103.8	255.0	145.0	400.2	3.6	4.4	125.5	105.7	798.2	798.4	h
h1		119.5		80.5		9.2		0.0										29.9			120.6			0.0		120.6	120.6	h1
h2		263.1		60.7		136.8		92.8		2.0		18.1		6.7		17.2		65.7			279.6	0.2		16.3		279.6	279.6	h2
h3		3.4				1.9		1.4		0.1								1.6				4.4	0.9		4.4	4.4	h3	
h4		115.4	121.1			38.4	12.0	33.2	9.8	0.8	0.1	2.9	2.1	1.1		0.4		6.7	110.0				16.7	10.1	132.1	131.2	h4	
h5		21.5	166.2		0.1	21.5	21.0	1.5	14.9	0.2	0.9	0.0	3.7	4.1	0.4	15.7	1.1	0.0	145.0	145.0		3.4	0.0	91.6	95.6	261.5	261.7	h5
i		145.5	67.9	145.5		67.9		61.4		0.0		6.5									77.7				145.5	145.5	i	
j		3.0	3.0			3.0	3.0	2.7	1.8			1.1	0.2			0.0									3.0	3.0	j	
k		701.8				484.1		407.6		31.6		34.7		4.5		5.8		217.7			42.6		47.2		611.9	701.8	701.8	k
l			27.3															27.3		27.3					27.3	27.3	l	
m		0.0		0.1		0.0		0.0										0.1		0.9		0.1		0.1	1.0	1.0	m	
n			20.6		15.8		4.8		7.5			1.6	4.3							21.1					21.1	20.6	n	
o			-43.4		6.5		2.0		14.2		-3.3		-49.7		11.3		29.5		-51.9		-315.0		-5.4		361.9		0.3	o
t		1,382.9	1,382.9	357.1	357.1	736.3	736.3	576.2	576.2	35.6	35.6	68.4	68.4	27.0	27.0	39.7	39.7	324.1	324.1	206.3	206.3	46.3	46.3	1,079.6	1,079.6	2,717.2	2,717.2	t