

Section 10

Progress in Financial Transactions via Networks

1 Ubiquitous networks and finance

As seen in electronic wallets, online banking, and the Internet trading, financial services which take advantage of ubiquitous tools (such as contactless smart cards) and the Internet are gaining popularity rapidly. Through progress in electronic settlement using these ICTs, users can now easily access low-cost but highly convenient financial services.

2 Electronic settlement method

(1) Status of electronic money

The term “electronic money” refers to a method whereby users “charge” electronic monetary value to a smart card or a PC in exchange for cash or deposits in advance, and make payments for economic activities by transaction of the electronic monetary value.

Recently, the prepaid electronic money system is gaining popularity for a variety of reasons including (1) the advance in contactless smart cards has made information exchange between terminals speedy and the settlement smooth; (2) nationwide business deployment is now possible at low cost by collaboration with infrastructure-related businesses such as transportation and mobile-phone services; and (3) an increase in the number of participating companies and users has enhanced the network effect.

(2) Status of Internet banking

Concerning financial services using Internet banking, the total number of accounts of the four Internet-only banks was 2.66 million, and the total savings of the four banks were estimated at 1.0583 trillion yen. The number of accounts increased 33.5% from the previous year, and the total savings increased 47.0% from the previous year.

It is expected that Internet banking will continue to become more active through the spread of e-commerce.

3 Status of online trading

The number of accounts of Internet securities reached 7.91 million in September 2005 and the amount of transaction was 160 trillion yen (an increase of 38.1% over the previous year). The growth rate of online trading amount has always exceeded that of the total trading amount. The use of networks is growing in the stock market.

The use of networks in the stock market increases individual investors and makes their transactions more active due to the convenience of online trading. Individuals are now able to trade securities in ways that were not possible in the past, including obtaining real-time information via the network, exchanging opinions through a blog, and making investment decisions through self-analysis.

Section 11

Impact on Labor Economy

1 Networks and the efficiency in the labor market

The use of networks in the labor market is expected to reduce the distribution cost of information on job advertisements and job seeking in the labor market, as well as to increase the efficiency of job advertisement and job-seeking services. In other words, it is expected that those who seek jobs can increase job options, and that those who seek employees can have a diverse labor force which meets their needs and reduce the cost of searching and hiring. This is because a large amount of job-related information is accumulated on a network and

information search is possible. As a result of efficient matching between those who seek jobs and those who seek employees, it is expected that frictional unemployment will decrease, the period of unemployment will be shorter, and the rate of job separation will fall.

2 Networks and the change in the working environment

As laborers’ sense of value becomes more diverse, it is necessary that a flexible working environment be organized in order to secure a wide range of labor forces; the use of ICT can be an effective means to this end. In

particular, ICT will be more advanced in all areas including individuals and households in a ubiquitous society, so it is possible that various working forms will be produced.

The term “telework” refers to a “way of working by which workers use ICT and are not restricted to a particular place or time.” It is expected that telework would make it possible not only to bring a flexible working environment but also to supply a wide variety of potential human resources to the labor market, and to improve the productivity of office work. Also, in an age when the number of children keeps declining, telework is expected to enable men and women with small children raised or older people to keep a balance between work and home; it is further expected to ease the concentration of jobs in giant metropolitan areas.

3 ICT literacy of employees

The average number of years that employees have used personal computers is 10.5 years, and most are able to use common types of software, such as word processors, presentation software, spreadsheets, email software,

and the Internet. It has been pointed out that there is a positive correlation between the number of years of experience in using ICT and one’s income, which means that the more ICT-literate a person is, the higher his or her income may be.

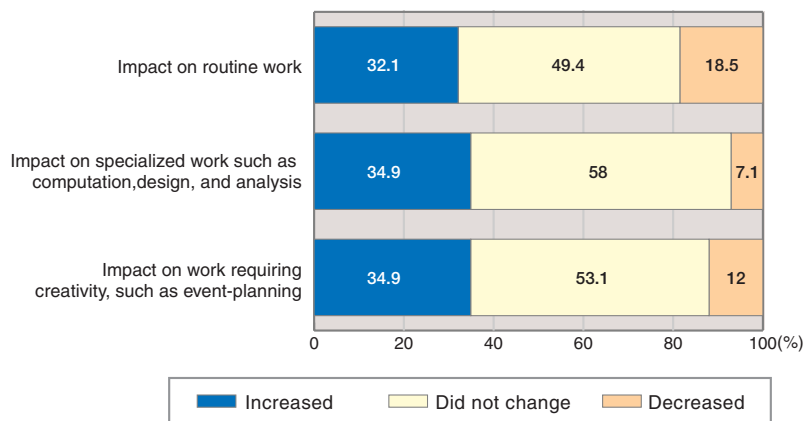
4 Growth in ICT and shift in labor demand

As far as routine work is concerned, the amount of work does not seem to be reduced by the use of the Internet and personal computers. In fact, many respondents said that the workload increased (**Figure 1-11-1**).

Even in those areas that require creativity and innovation, such as event-planning and specialized work, more responses stated that the workload increased than before.

The progress in ICT does not necessarily reduce the amount of routine work; it may in fact increase the labor demand for non-routine work, which will further increase the value of such labor.

Figure 1-11-1 Changes in work caused by PCs and the Internet



(Source: “Survey on ICT Use by Workers”)