Progress Report No.5

The Digital Currency Forum

April 2026

INDEX

Part 1

Introduction

The World Moving Toward Next-Generation Financial Infrastructure

Since the publication of our previous “Progress Report” (vol. 4) in October 2024, the global transition toward next-generation monetary and financial infrastructure has accelerated rapidly.

In November 2025 I had the opportunity to speak at two major Asian financial events—the "Hong Kong FinTech Week” and the “Singapore FinTech Festival.” At both events, “tokenization” was highlighted as a central theme, alongside generative AI. The goal of applying tokenization to financial infrastructure is to transform payment instruments, such as commercial bank deposits and reserves, as well as assets like government and corporate securities, into digital tokens. This enables them to be traded safely and efficiently on interconnected platforms.

This concept is supported by leading institutions such as the Bank for International Settlements (BIS), which has proposed a "Unified Ledger" where tokenized bank deposits, central bank reserves, and government securities are traded through synchronized platforms. As global initiatives in this direction gain momentum, banks and digitally tokenized deposits are expected to play a critical role as the core of this new financial framework.

As global initiatives advance, a shared understanding has emerged regarding the basic requirements for core payment and settlement instruments. Beyond value stability and technical capabilities like smart contracts, the BIS identifies three key requirements in its article, "The next-generation monetary and financial system": singleness, elasticity, and integrity[1].

"Singleness" refers to a state where the value of these instruments remains firmly stable relative to legal tender without a slightest deviation, allowing them to be instantly interchangeable at par with central bank liabilities. This ensures full fungibility and uniform creditworthiness across the system. Without singleness, there is a risk that users might prefer certain instruments over others or reject specific ones entirely. Such a lack of “singleness” could create significant social costs and reduce the efficiency of financial infrastructure, particularly for corporate

Source: Provided by Singapore Fintech Festival 2025

[1] https://www.bis.org/publ/arpdf/ar2025e3.pdf

payments. Historically, bank deposits have served as the core of this infrastructure because their convertibility at par is both institutionally and practically guaranteed.

"Elasticity" refers to the ability to provide payment instruments flexibly in response to economic growth and transaction volume fluctuations to meet the payment and settlement needs of the society. By leveraging credit creation within the two-tiered banking system and fractional reserves, banks supply deposits to the economy at scales that far exceed base money.

"Integrity" is also essential to maintain public trust by ensuring payment instruments are not susceptible to criminal misuse, such as fraud or money laundering. Banks —at the core of the financial system— have long been serving as the primary line of defense in preventing the misuse of accounts and transfers.

It is widely recognized that the functions of banks and the advantages of bank deposits must be fully utilized within future financial infrastructure. Consequently, there is a broad consensus that digitally tokenized deposits, enabled by blockchain and distributed ledger technology (DLT), should play a central role in this next-generation system.

While significant challenges remain in building such infrastructure, the ultimate goal of financial innovation is to enhance the efficiency and security of transactions, to support sophisticated economic activities and to contribute to the economy. Blockchain and DLT are promising tools to achieve these objectives; however, their application should be viewed as a means to an end rather than the goal of innovation itself.

To maximize the benefits of blockchain and distributed ledger technology (DLT), we need to develop economic activities that effectively leverage decentralized technologies. Potential applications are broad, including cross-border remittances, inter-firm payments linked to supply-chain management, international trade finance, government transactions, and local currencies. The trading of tokenized digital assets holds particular promise. By utilizing smart contracts, these markets enable efficient delivery-versus-payment (DVP) settlements between digital assets and payment instruments without the need for heavy centralized infrastructure. However, to fully develop these digital asset markets, further work is required to clarify the legal status of digital tokens, the rights and values they represent, and the legal frameworks governing their ownership and transfer.

If innovated deposits incorporating digital technologies are to play a central role in future financial infrastructure, it is essential—as with today's deposits—that they are usable across multiple banks. One vision, proposed by the BIS, involves central bank real-time gross settlement (RTGS) systems synchronizing with decentralized digital deposits. Alternatively, correspondent banking arrangements or the establishment of a settlement bank could serve this purpose. Initiatives for interbank settlement of tokenized deposits are already underway in the United Kingdom, France, and Switzerland (see Part 4 Column). Furthermore, China's "e-CNY" scheme was modified in late 2025 so that e-CNY provided through commercial bank wallets is now issued as commercial bank deposits, effectively enabling digital deposits to be used across multiple institutions.

Tokenization, as well as tokenized deposits and assets, will not replace all existing infrastructure. Because both centralized and decentralized systems offer unique advantages, we need to connect them to facilitate efficient and sophisticated economic activities. Additionally, combining generative AI with smart contracts will be vital for enabling innovative transactions and reducing operational costs.

If digital deposits with smart contract functionality become widely used for a variety of transactions including those across multiple banks, they could support advanced economic activities. Those may include payments and settlements automatically linked to the flow of goods and services as well as transactions of a variety of tokenized digital assets. Such an infrastructure would truly deserve to be called a “Digital Yen.”

Since 2020, the Digital Currency Forum has led efforts to innovate Japan’s payment infrastructure using new digital technologies and bank liabilities. Similar initiatives are now accelerating globally among major countries and leading financial institutions. We believe that the positive interaction among these initiatives will further accelerate innovation in financial infrastructure on a global scale.

The Digital Currency Forum remains committed to ensuring that Japan’s payment and settlement infrastructure ranks among the most advanced in the world.

Hiromi Yamaoka
Chair, Digital Currency Forum

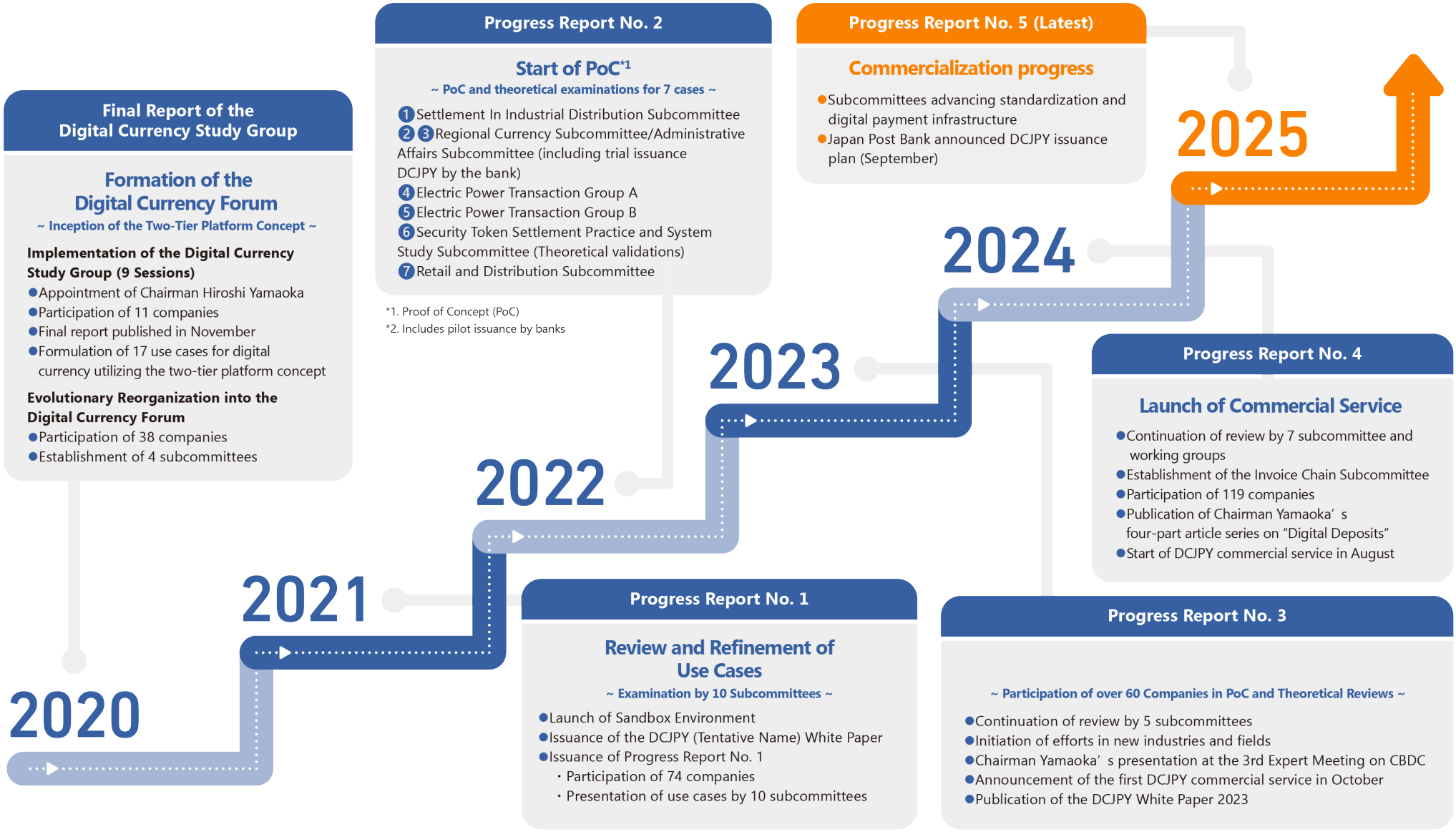


Figure 1: Progress of the Digital Currency Forum's Efforts Toward Social Integration of DCJPY

Key Theme Map in the Digital Currency Forum

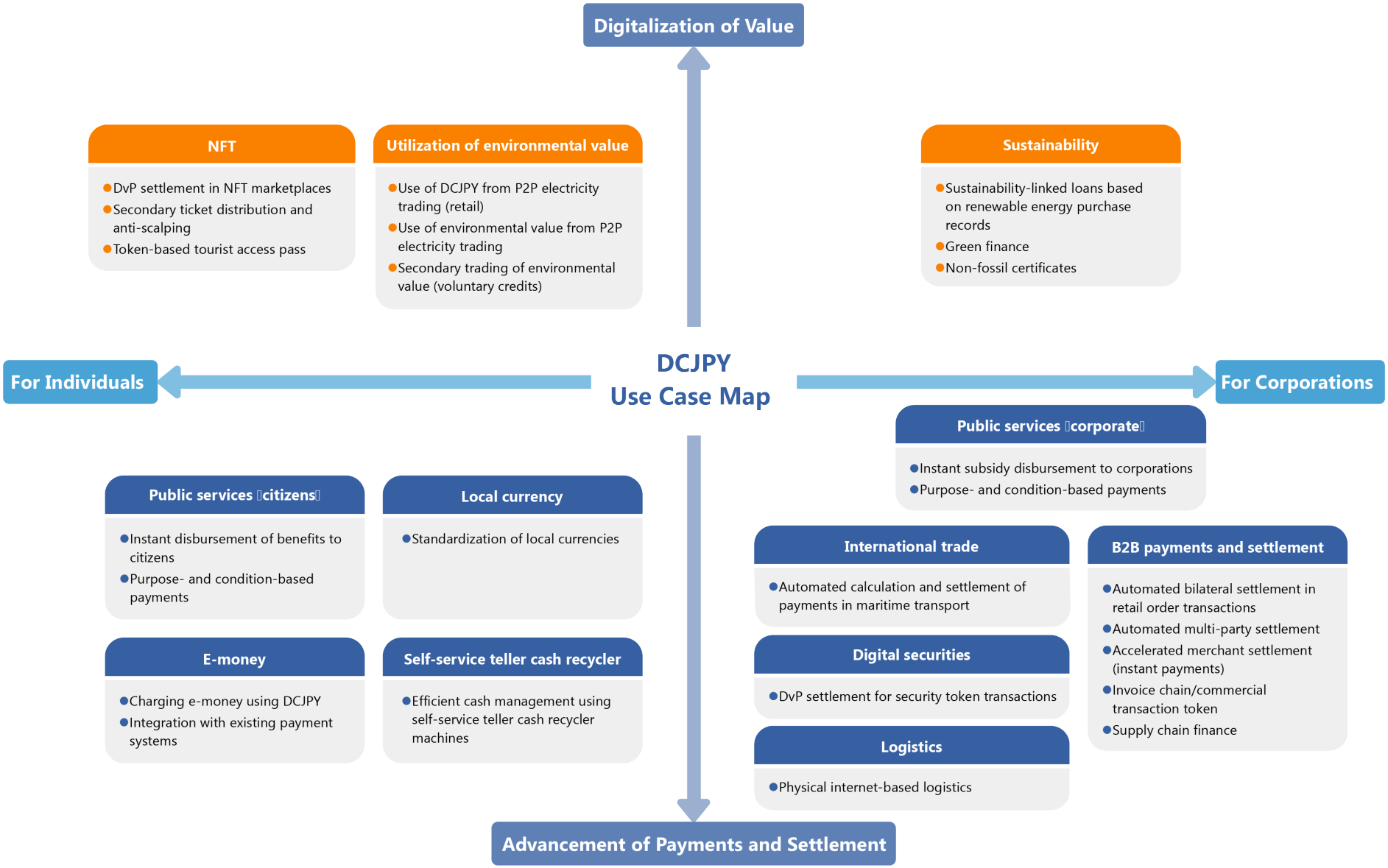


Figure 2: DCJPY Use Case Map in the Digital Currency Forum

Part 2 Initiatives Toward the Adoption of DCJPY in Society

1. Electric Power Transaction Subcommittee

Bringing Decarbonization into Everyday Life through Voluntary Credits

The Electric Power Transaction Subcommittee examines mechanisms that connect electricity and environmental value across the entire lifecycle—transaction, certification, settlement, and utilization—with the aim of realizing a decarbonized society. While renewable energy adoption continues to expand, challenges persist in handling electricity origins and environmental value. These challenges arise from fragmented information among stakeholders across multiple elements, including systems, contracts, certification, and settlement. To address these issues, the Subcommittee aims to enhance the transparency and reliability of transactions by utilizing blockchain and distributed ledger technology. This involves recording how electricity is generated, how it is evaluated in terms of environmental value, and to whom it is transferred and utilized, thereby enabling traceability. For settlement, the Subcommittee envisions the use of tokenized deposits (DCJPY) issued by commercial banks. By connecting the transfer of environmental value with economic activity, the goal is to evolve decarbonization efforts into a "cycle that generates further action."

In our activities to date, we have explored the linkage between electricity transactions and environmental value, as well as the potential for integration with settlement systems, with a focus on a peer-to-peer (P2P) electricity trading platform. Through the PoCs, we have confirmed the technical feasibility of linking transactions, settlements, and usage. For example, our PoCs in fiscal year (FY) 2021 saw individuals selling electricity generated from solar panels installed on their home roofs and using the digital currency earned from these transactions for everyday purchases. Another example was recorded in FY 2022: tokenized environmental value derived from renewable energy was connected to service usage. Furthermore, in FY 2023, focusing on the potential for secondary trading of environmental value, we identified challenges and conducted research. This was based on our vision of a business model where tokenized environmental value is traded in the market and digital currency is used as payment consideration, anticipating use cases where digitalized environmental value is held, traded, and utilized by companies and individuals.

Building on these accumulated discussions, from FY 2024, the Subcommittee has focused on voluntary credit (VC) business models. While discussions have also considered credits defined under existing schemes, such as non-fossil certificates and J-Credits, in FY 2025, the Subcommittee places particular emphasis on whether additional value can be created for voluntary environmental activities undertaken by regions, companies, and individuals.

VCs are characterized by their high degree of design flexibility, as they are not bound by formal institutional frameworks. This flexibility is expected to enable new forms of utilization based on shared values and empathy, such as promoting participation in social contribution activities, local events, and regionally driven environmental initiatives, as well as enhancing brand value for businesses. The Subcommittee will organize key issues around how such flexible credit mechanisms can be established as viable businesses, attract participants, and grow into sustainable markets.

Environmental activities are broadly categorized into three pillars: (1) decarbonization, (2) biodiversity, and (3) the circular economy. In the current fiscal year, discussions focus on decarbonization. While the VC study this year mainly targets individual activities, it also considers corporate initiatives as a future area for expansion.

The emphasis on individuals reflects the Subcommittee's view that expanding the base of decarbonization-related environmental activities and increasing participation by initiating changes in everyday choice behavior are critical first steps toward real-world deployment. By establishing mechanisms that evaluate individual decarbonization actions and the purchase of Green Transformation products and services and provide incentives in return, the Subcommittee aims to create conditions in which consumers can participate without undue burden and gradually shift their behavior on a continuous basis. This approach aligns with national initiatives that promote environmental improvement through the purchase of GX products and services. Indeed, this approach is intended to complement public and private sector efforts in advancing real-world deployment.

Regarding the targeted environmental activities within the decarbonization domain, the Subcommittee has organized them around three axes. The first axis consists of "Decokatsu Actions," defined by the Ministry of the Environment as part of a national movement. Initial efforts will focus on items that are relatively easy to measure and quantify, while also considering future systemization. The second is the purchase of decarbonized and low-carbon products and services. In this area, existing frameworks such as the private-sector "Decarbo Score" and the Ministry of Agriculture, Forestry and Fisheries' "visualization" labeling system (STAR rating) will be referenced when examining quantification methods. The third is the purchase of products and services related to carbon dioxide absorption and removal, for which discussions will proceed after rational calculation methodologies have been organized.

In addition, enabling the handling of diverse values—such as scores and labels related to low-carbon and decarbonization contributions, as well as carbon footprints—on a single platform is expected to facilitate comparison, understanding, and utilization. This, in turn, may promote broader use and encourage behavioral change. With respect to the certification of generated environmental value, the Subcommittee ultimately aims for third-party verification and scientifically based measurement. At present, the Subcommittee plans to begin with simplified certification and gradually enhance rigor in a phased manner as participation increases.

As for the envisioned business model, individual decarbonization actions are recorded and evaluated, visualized as VCs, and then returned to individuals as incentives by companies and other entities, including regional governments and local enterprises. Alternatively, environmental values aggregated by companies or regional governments may be purchased by third-party companies. Individuals who receive incentives can use them to purchase regional goods or services, and these expenditures flow back as revenue to local providers. In this way, a cycle of purchase, utilization, and provision is formed.

By linking environmental value not merely to holding but to regional economic activities and service experiences, the Subcommittee aims to develop a circular model that encourages sustained participation and promotes behavioral change.

Looking ahead, the Subcommittee will work toward incorporating a wider range of environmental values and expanding use cases, including corporate environmental activities. At the same time, with a view to establishing a many-to-many market involving multiple creators and purchasers, the Subcommittee will clarify the benefits for each player; design mechanisms for recording, evaluating, and certifying environmental actions; and articulate the significance of utilizing DCJPY. Through these efforts, the Subcommittee seeks to enhance the feasibility of real-world deployment of this circular model.

■ Participating Companies

- The Kansai Electric Power Company, Incorporated（Lead Company）
- Internet Initiative Japan Inc.
- ENERES Co., Ltd.
- KYOCERA Corporation
- DAIDO LIFE INSURANCE COMPANY
- Panasonic Holdings Corporation
- Hankyu Hanshin Holdings, Inc.
- BIPROGY Inc.
- YAMATO HOLDINGS CO., LTD.
- Lawson, Inc.

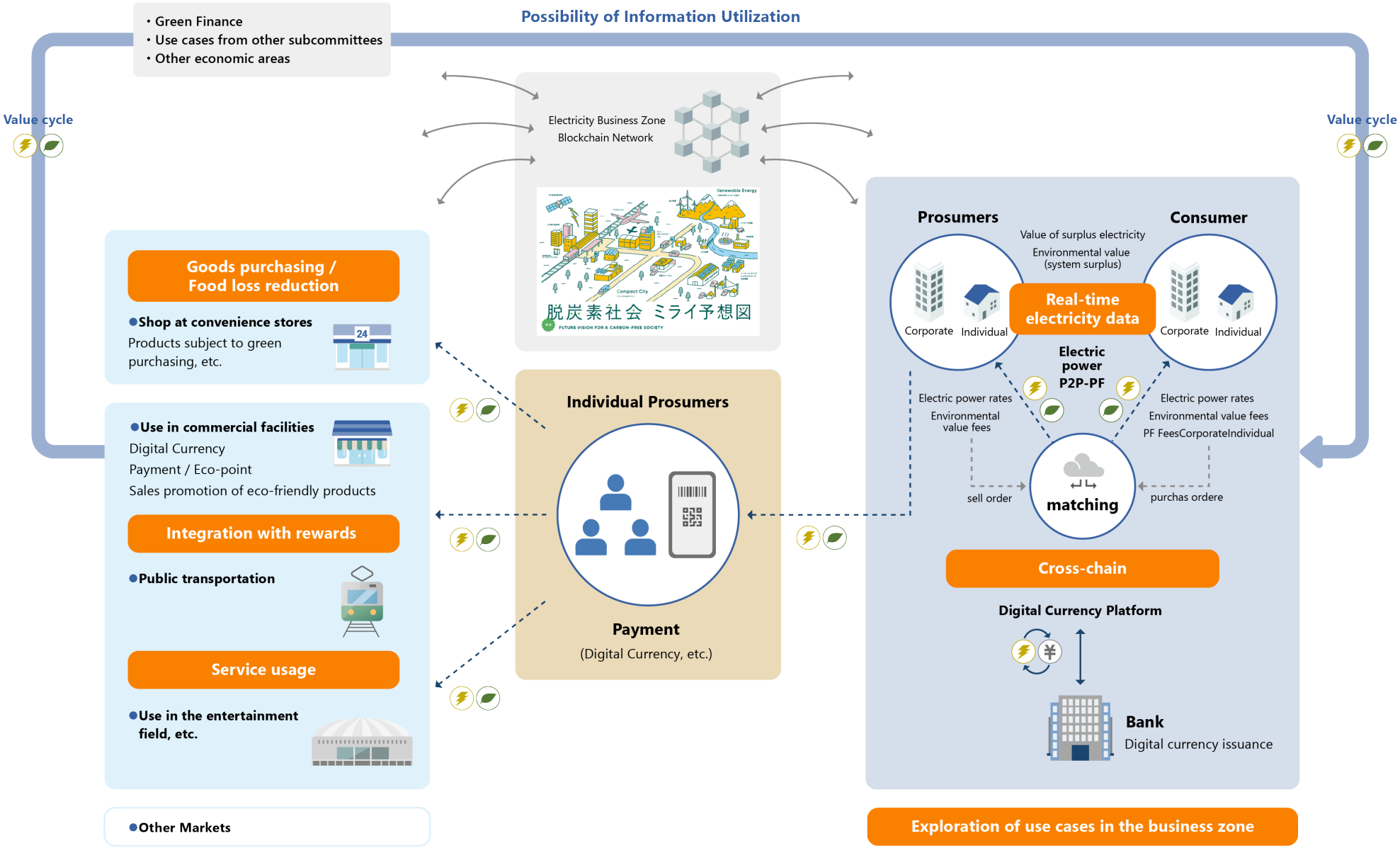


Figure 3: Vision of the Electric Power Transaction Subcommittee

Part 2

2. Initiatives and Future Direction of the Regional Currency Subcommittee

Toward the Standardization of Regional Currencies

The Regional Currency Subcommittee has continued discussions and examinations aimed at addressing regional challenges and revitalizing local economies using the digital currency DCJPY. The Subcommittee is exploring the potential of regional currencies as a mechanism that is easy for residents, businesses, and regional governments to use, and that can promote economic circulation within regions as well as behavioral change.

In its activities, the Subcommittee has positioned regional currencies as not merely a payment instrument but a policy and regional governance tool that can be linked with local initiatives. Based on this perspective, the Subcommittee has organized various use cases. Specifically, the Subcommittee has examined issues such as highly immediate benefit schemes triggered by subsidies and grants for residents, incentive designs that encourage consumption within the region, linkages with tourism circulation initiatives that attract inflows from outside the region, and improvements in intra-regional circulation and merchant settlement efficiency for businesses. These aspects have also been reviewed from a practical perspective through PoC and related activities.

Regional currencies are often introduced and operated in ways that are optimized individually for each regional government or business entity. As such, system specifications, operational rules, and data handling tend to vary significantly. This variation has impeded the horizontal expansion of initiatives to other regions or the promotion of broader regional collaboration. It can also lead to high introduction and operational costs and may limit the ability of regional governments to conduct effective policy evaluation or utilize purchasing data in line with policy objectives.

In response to these challenges, the Subcommittee has been examining the standardization of regional currencies since FY 2024. The concept of standardization does not depend on any specific service or provider. Rather, it aims to establish common organizing principles regarding the core functions of regional currencies, payment and settlement processes, approaches to data integration, and design concepts that allow connectivity with other services and regions.

The significance of standardizing regional currencies goes beyond simple efficiency improvements. With greater standardization, regional currencies can evolve from tools designed for individual initiatives into a flexible infrastructure that can support a wide range of policy objectives and social challenges. Furthermore, if purchasing and usage data can be appropriately utilized, regional governments can better understand the state of regional economies, verify policy effectiveness, and feed the results back into the design of subsequent initiatives. The standardization of systems, operations, and data can also reduce burdens on regional governments and businesses, improve clarity and usability for residents, and facilitate collaboration among stakeholders.

As a future direction, the Subcommittee will promote the development of use cases starting from players that have clear needs and motivations for regional currency standardization, as well as the utilization of purchasing data. Rather than

focusing on building technologies or mechanisms, the Subcommittee aims to develop use cases that directly address the challenges faced by regional governments and local communities. Through the accumulation of such cases, the Subcommittee seeks to foster social demand and gradually move toward standardization.

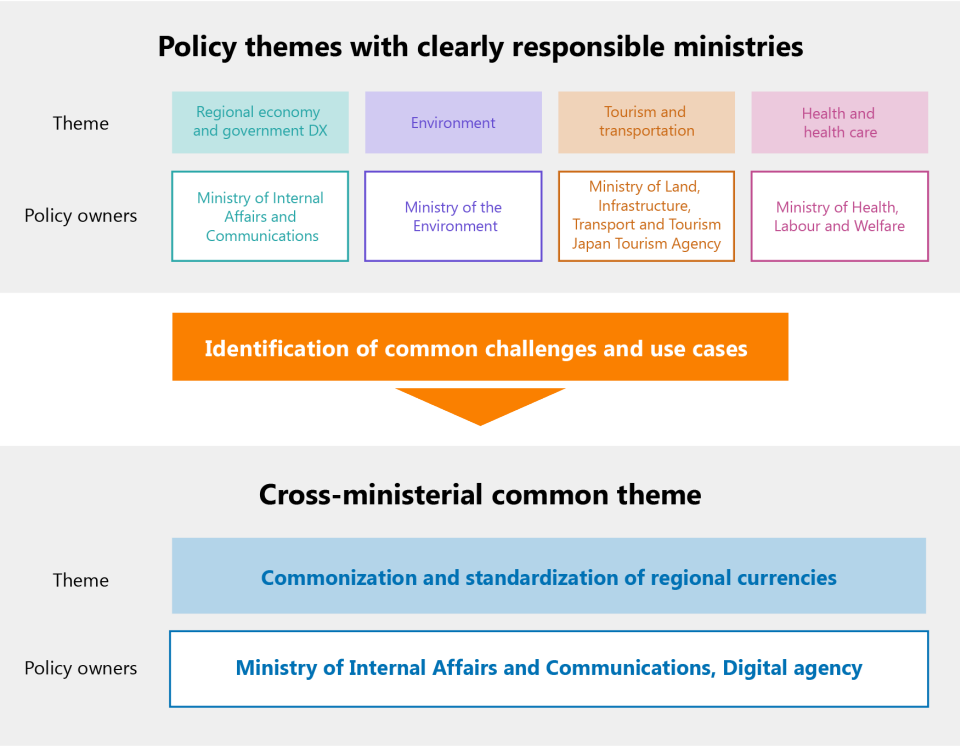


Figure 4: Overview of Policy Approaches by Central Government Ministries Related to Regional Currencies
Source: Excerpted from materials of the 37th Digital Currency Forum General Meeting, edited by DeCurret DCP Inc.

As one of these actions, the Subcommittee has paid attention to government actors, particularly central government ministries, and organized examination themes from the perspective of addressing policy challenges. Four key themes have been identified: regional economy and government Digital Transformation, environment, tourism and transportation, and health care and health. For each theme, the Subcommittee has developed hypotheses regarding the value that could be created through the standardization of regional currencies and utilization of data, subsequently deriving key discussion points. The Subcommittee is working to identify common challenges, required functions, and potential use cases across these themes, thereby clarifying the significance of standardization.

The examination of each theme is progressing along the following directions:

- Regional economy and government DX: Exploring the possibility of a platform that enables more seamless execution of government initiatives, including benefits and subsidies.
- Environment: Examining the value of mechanisms that visualize regional initiatives and encourage circulation within the region as well as behavioral change.
- Tourism and transportation: Exploring potential applications to address challenges faced by tourist destinations, such as demand management and the preservation of regional resources.
- Health care and health: Examining issues related to improving convenience for residents and visualizing policy effectiveness through institutional operation and data integration.

Going forward, the Subcommittee will verify these hypotheses through interviews and exchanges of views with relevant ministries and agencies. We will identify priority areas for further examination. In addition, by seeking feedback under the framework of a standard platform and making recommendations when appropriate, the Subcommittee aims to foster broader social demand.

Ultimately, the Subcommittee aims to establish a common foundation that enables regional currencies to be utilized across multiple policy themes. By allowing each region to select the functions it needs and appropriately utilize data, this common foundation will help strengthen regional economic circulation while enabling governments to continuously verify and improve policy effectiveness. The Subcommittee believes that establishing such mechanisms represents the social significance of pursuing the commonization and standardization of regional currencies. Going forward, discussions will continue with a focus on priority areas, expanding initiatives from individual cases to broader applications.

Regional Currency Subcommittee Related Columns:
Vol. 1: What is the Regional Currency Subcommittee that supports new regional value and economic revitalization through data utilization?
https://www.decurret-dcp.com/dc-forum/column/dialogue202503-1.html

Vol. 2: The Regional Currency Platform for a New Era — Supported by the DCJPY Network and Expanding to Include Government
https://www.decurret-dcp.com/dc-forum/column/dialogue202503-2.html

Part 2

3. Administrative Affairs Subcommittee

Promoting Government Digital Transformation through Digital Currency Demonstration at "Local Government & Public Week 2025": "Push-Style One-Stop Services with Tokenized Deposits (DCJPY): Beyond Government DX"

The Administrative Affairs Subcommittee examines how DCJPY can improve administrative efficiency and promote government DX, focusing on administrative procedures that involve the movement of funds, such as tax payments and the disbursement of various benefits and subsidies. As government DX steadily advances under national initiatives, the Subcommittee is working with participating companies to develop concrete use cases and realize services that go beyond simple digitization. It aims to implement the principles of "Once Only" and "Connected One-Stop" through the DCJPY Network.

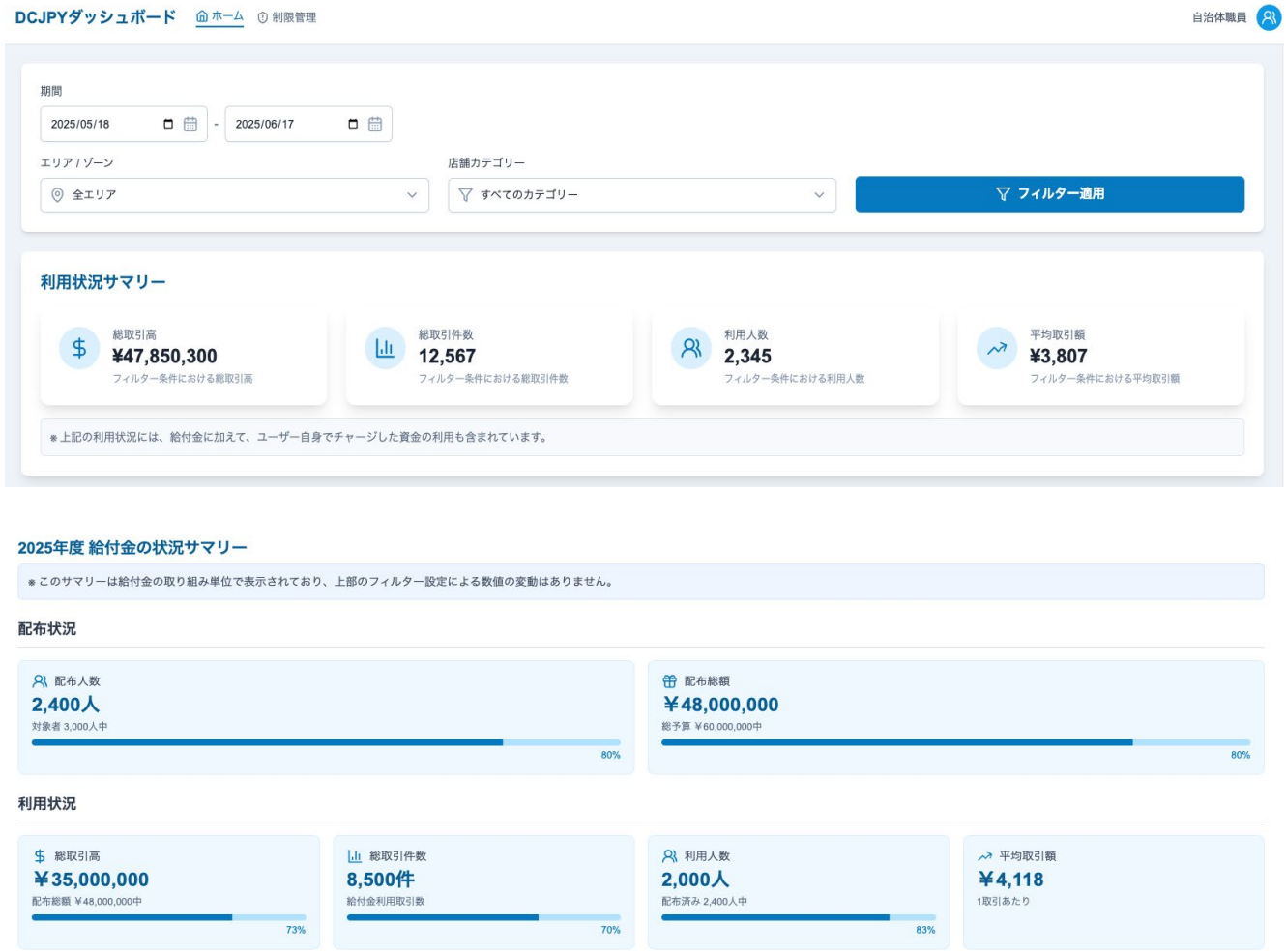
As part of efforts to develop concrete use cases, the Subcommittee conducted a demonstration at "Local Government & Public Week 2025," an exhibition for local governments and public-sector stakeholders held from July 2 to July 4, 2025. In previous years, the Subcommittee participated in two exhibitions that primarily featured concept-based panel displays. In contrast, Local Government & Public Week 2025 allowed visitors to directly experience the behavior and benefits of DCJPY through interactive demonstrations using computers and smartphones. The Subcommittee presented three types of demonstration.

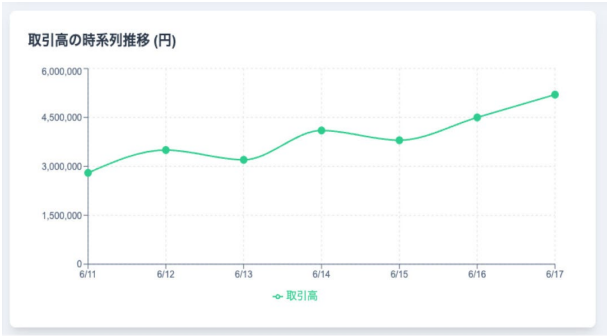
❶ Instant Push-Style Childcare Benefit Payments through an Administrative Portal App Integrated with DCJPY

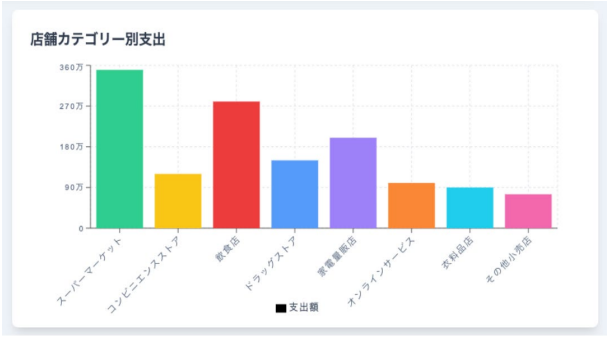
In recent years, some advanced regional governments have introduced administrative portal applications that provide personalized public services through a common touchpoint based on residents' attribute information. The Subcommittee integrated DCJPY with such a portal app to present a mock demonstration in which childcare benefits are delivered instantly to residents' smartphones through a seamless push-style payment.

❷ Visualization of Trace Data Showing the Utilization of Benefits

Using the traceability of DCJPY, the demonstration visualized how benefits are used after disbursement. As part of evaluating policy effectiveness, the Subcommittee presented the progress from benefit distribution to utilization and the locations and amounts of spending in an easy-to-understand graphical format.







❸ Tokenization of Vaccination Tickets and Automatic Settlement of Subsidized Costs

Blockchain technology has increasingly been used in regional revitalization initiatives, including the tokenization of local specialties, such as NFTs, and the operation of DAOs. The Subcommittee demonstrated a mock scenario in which vaccination tickets are issued as NFTs and distributed to citizens, as an example of blockchain application to government DX. Reception and vaccination records are registered to the NFT, and the subsidy payment to medical institutions is automatically settled based on that information. Citizens can present the NFT as proof of vaccination on their smartphones, while the flow of subsidy payments using DCJPY is displayed on a computer dashboard.

On the day of the exhibition, many visitors—including regional government officials and businesses engaged in government DX—attended the demonstration. By directly interacting with the devices, the visitors were able to experience the operation of DCJPY and potential impact of DCJPY on government DX.

During the exhibition, the Subcommittee obtained numerous insights and feedback. The exhibition also provided valuable opportunities for discussions with participating companies regarding the future development of use cases and planning of PoC projects with actual implementation environments in mind. For example, discussions included the possibility of implementing automatic subsidy settlement in advanced regional governments pursuing smart city initiatives, as well as tourism promotion and the creation of new relationships with non-resident populations using NFTs.

Moreover, discussions held during the exhibition led to collaboration with another Subcommittee participant company. Together, we are conducting a PoC in December in Bibai City, Hokkaido, using the region as a demonstration field to explore the realization of a creator economy in regional areas.[*1]

*1 Press Release (December 19, 2025):
"Realizing a Creator Economy through Tokenized Deposits: Verification of a New Revenue Model Leveraging Regional Assets"
https://www.decurret-dcp.com/pressrelease/pr-20251219.html

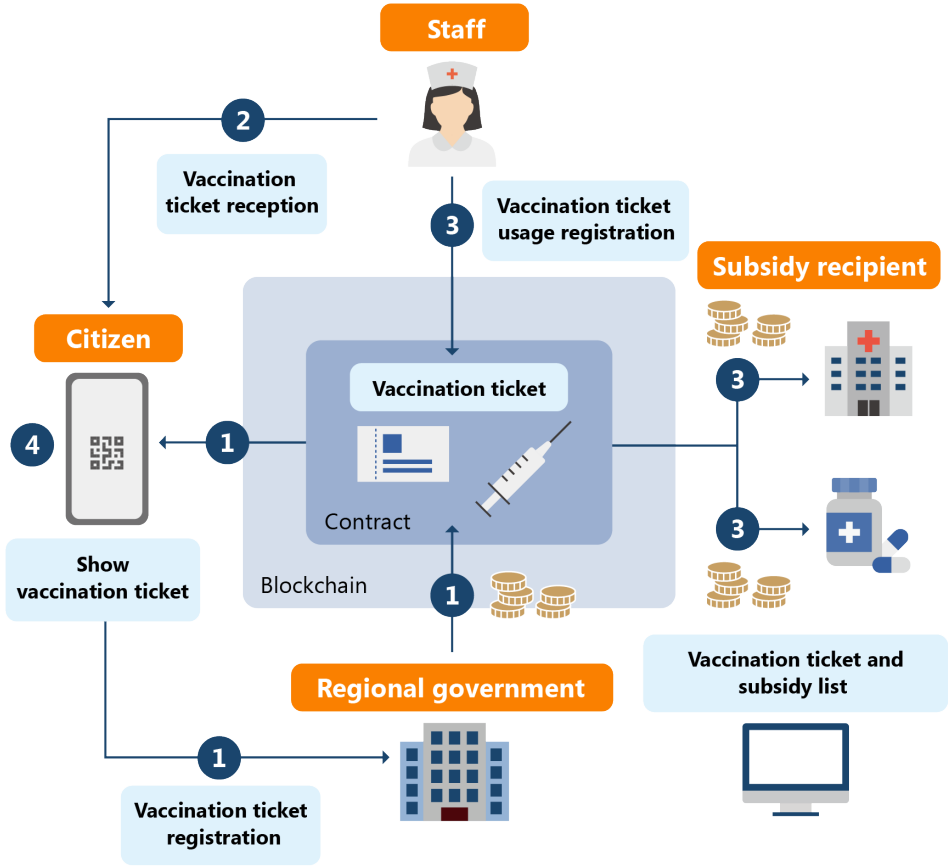


Figure 5: Tokenization of Vaccination Tickets and Automatic Settlement of Subsidy Payments

Part 2

4. Invoice Chain Subcommittee

The Invoice Chain Subcommittee aims to promote efficient business-to-business transactions and settlements in Japan by constructing a digital infrastructure that addresses existing challenges while ensuring interoperability with current systems.

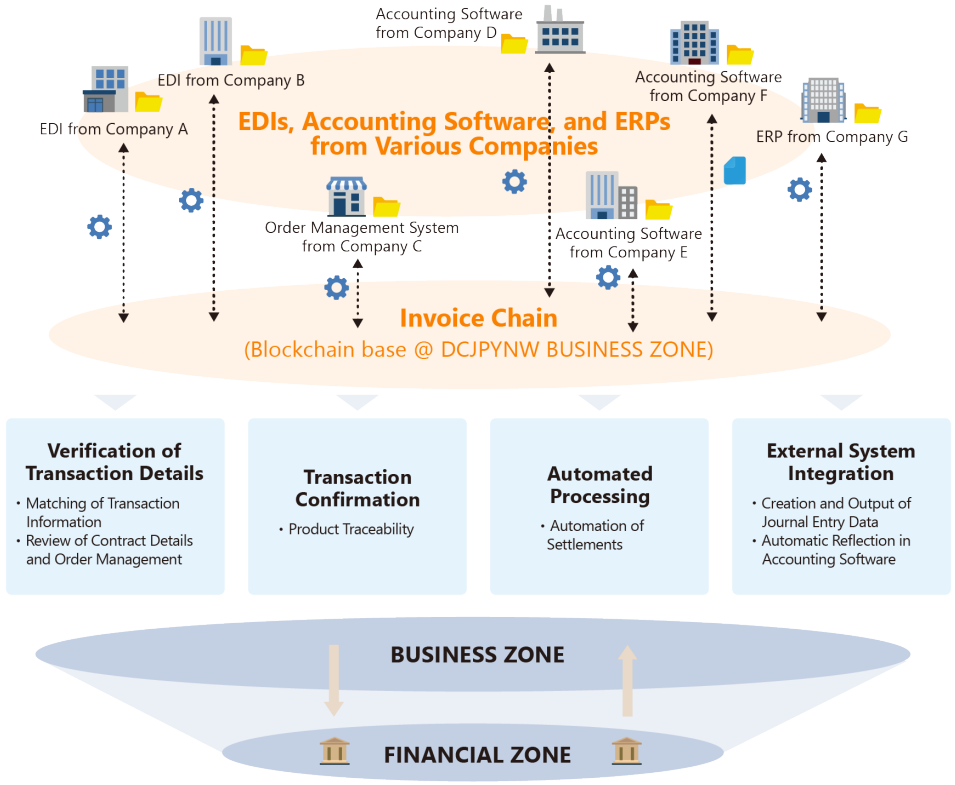


Figure 6 : The "Invoice Chain" that the Subcommittee Aims to Realize

Recognizing that accounting and payment services are currently individually optimized, the Subcommittee is examining unified standards and the potential of blockchain technology, combined with DCJPY, to resolve payment challenges.

■ Activity Structure

To realize the real-world deployment of the invoice chain, the Subcommittee operates under the goal of correctly linking transaction data and enabling processes from payment to clearing and accounting integration through a commercial transaction token.

Based on differences in industry, company size, and payment frequency, the Subcommittee is examining and investigating multiple themes in parallel. To accelerate implementation-oriented verification and investigation, the Subcommittee is organized into multiple teams. Each team verifies its own theme within the non-competitive domain, contributing to the identification of key discussion points and challenges necessary for realizing the invoice chain.

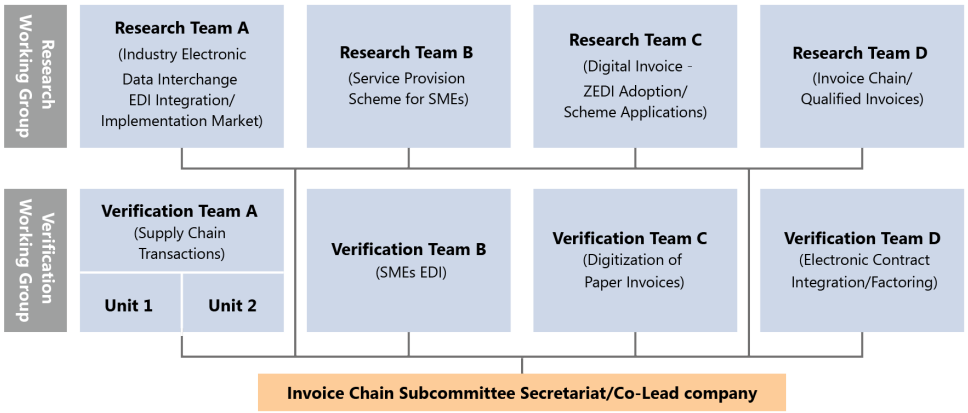


Figure 7: Organizational Structure of the Invoice Chain Subcommittee Working Groups

Key Focus Areas by Team

(Focusing on themes that progressed significantly in FY 2025) Verification Teams A, C, and D

Verification Team A (Unit 1/Unit 2)

Verification Team A examines two approaches in parallel based on different standard backgrounds. Unit 1 is based on an industry standard EDI *1 service, whereas Unit 2 is based on Business Message Standards *2. Both aim to clarify the requirements necessary for implementing the invoice chain. In both units, the shared objective is to organize data that connects payment processes with subsequent clearing and accounting processes through a commercial transaction token, thereby enabling future automation.

Unit 1: Examination of Integrating DCJPY in Industry Standard EDI

To reduce the manual work in invoice reconciliation, payment notification, and payment clearing, Unit 1 is examining the integration of DCJPY in an industry standard EDI service. The goal is to improve operational efficiency between manufacturers and wholesalers through data integration. In fiscal year (FY) 2025 , Unit 1 conducted interviews with invoicing (manufacturers) and paying parties (wholesalers). Through these discussions, the team clarified which processes still require manual work and identified opportunities for efficiency improvements.

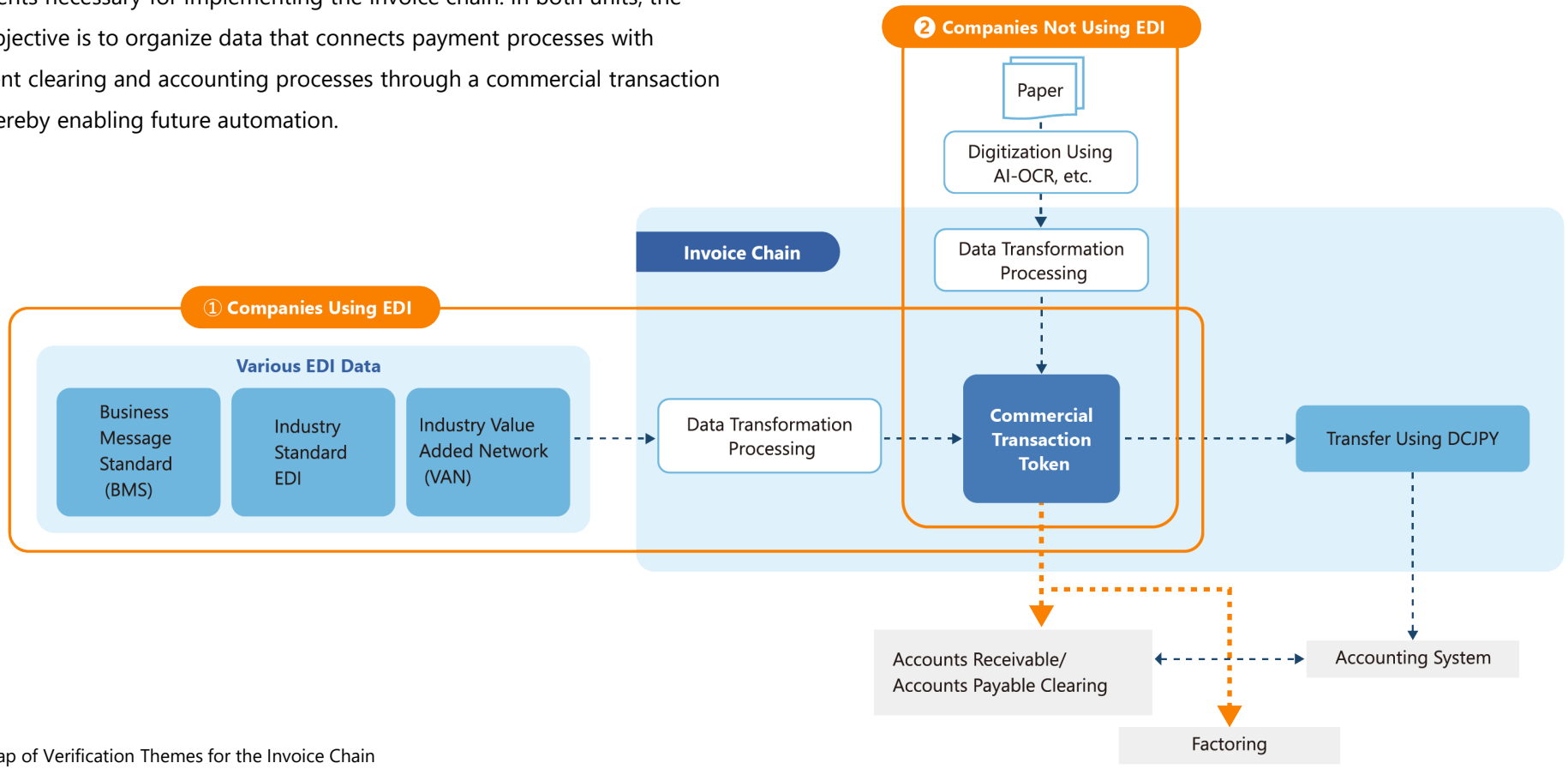


Figure 8: Map of Verification Themes for the Invoice Chain

Specifically, payment statements and payment notices sent by wholesalers were defined as payment data that can be linked to a commercial transaction token. Assuming a monthly closing cycle, Unit 1 organized candidate payment data items. In addition, Unit 1 considered alignment with the commercial transaction token data items being examined by Unit 2, particularly regarding the policy for linking the data.

Therefore, Unit 1 clarified the challenges and benefits for both manufacturers and wholesalers, and organized As-Is/To-Be business process flows. During discussions, concerns were also raised that daily clearing could increase operational burden owing to a higher number of discrepancies. Consequently, Unit 1 set weekly or monthly processing as being more realistic.

*1 EDI: Electronic Data Interchange

*2 Business Message Standards (BMS): A standard specification for electronic data interchange in the retail distribution industry

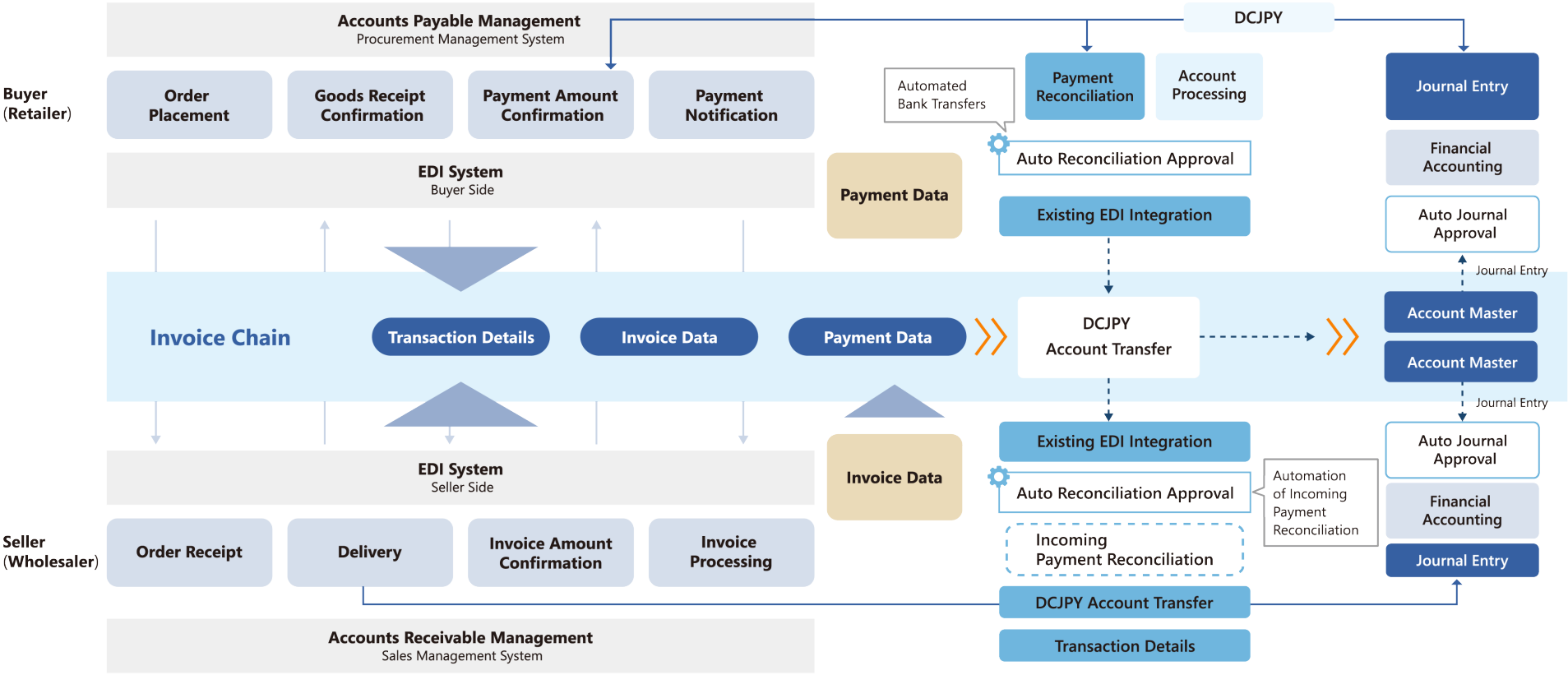


Figure 9: Conceptual Image of EDI–Accounting Integration and Automated Payment/Reconciliation Enabled by the Invoice Chain

Unit 2: Automating Settlement Based on BMS Messages

Starting from Business Message Standards (BMS) messages, Unit 2 examines how to automate processes from the generation of commercial transaction tokens to clearing and accounting integration. Using BMS, which are widely used in the retail distribution industry, the team extracts the data items required for commercial transaction tokens from electronic data interchange (EDI) data. By linking the invoice chain and DCJPY, Unit 2 aims to reduce and automate analog operations, particularly those related to accounts receivable and accounts payable reconciliation and discrepancy resolution.

Implementation is considered in two stages. In the short term, the objective is to promote IT-based support for human verification processes without significantly altering existing systems and operational practices. In the long term, the goal is to achieve automation and labor reduction from sales recognition through settlement.

In FY 2024 (STEP1*3), Unit 2 mapped BMS data items to the data items required for commercial transaction tokens. Based on the Peppol JP PINT specification, Unit 2 organized a data format linking downstream clearing and accounting processes. Based on this approach, the current phase focuses on PoC preparation, where challenges and required system functions are identified and scenarios and architecture are examined through theoretical validations.

In the PoC phase, the team plans to verify downstream processes, such as clearing and accounting function, using output data from the invoice chain. In addition, the team will examine the validity of the system configuration, feasibility of the invoice chain/DCJPY Network, adequacy of token data items, and potential challenges.

These efforts aim to prepare the necessary materials for commercialization decisions.

*3 Invoice Chain STEP1 Report
https://www.decurret-dcp.com/dc-forum/.assets/IC_report202502.pdf

No .	As-Is (Current Issues)	To-Be (Target State)	Required Functions
1	Creating FB/IB payment data and executing payment processing requires manual work and significant effort	Streamlining payment operations through DCJPY payments	DCJPY payment functionality
2	Accounts receivable and incoming payments are reconciled manually, requiring significant effort	Automatically reconcile accounts receivable with incoming payments	Accounts receivable reconciliation function
3	Reconciliation results are manually entered into the accounting system	System integration with the accounting system	Accounting system integration function
4	Receivables are manually reconciled with incoming payments, resulting in a high operational workload.	Receivables and payables managed in the accounts receivable/payable system are automatically matched and reconciled with incoming and outgoing payments.	Automatic receivables reconciliation
5	Payables are manually reconciled with outgoing payments, resulting in a high operational workload.		Automatic receivables reconciliation

Verification Team C

Digitalization of Invoice Information for Companies Without EDI

Verification Team C examines the feasibility of connecting analog information to the invoice chain and commercial transaction tokens by digitizing invoice information. The objective is to link invoicing operations with payment operations and enable automated clearing.

In FY 2025, Team C organized a method that uses OCR technology to connect paper-based or PDF invoices to commercial transaction tokens. Invoice information extracted through OCR is linked to the token and combined with DCJPY settlement. The team examines whether processes from clearing through accounting integration can be connected seamlessly.

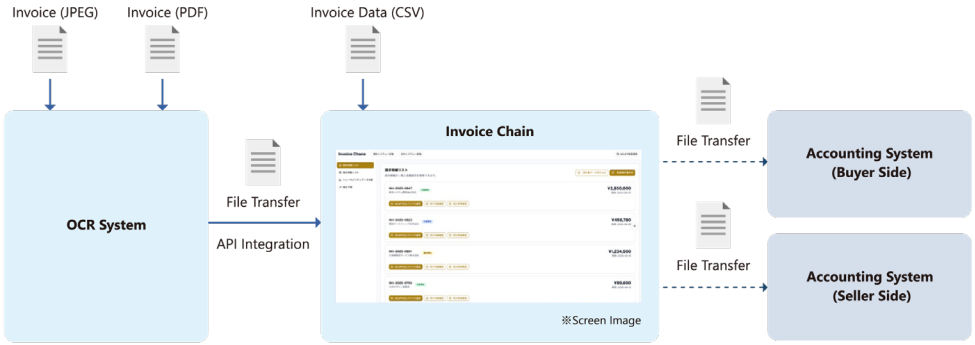


Figure 10: System Architecture Overview

Verification Team D

Factoring Functions Based on Commercial Transaction Tokens

Verification Team D is examining a factoring function aimed at enabling early financing for seller companies. Under this model, a third party pays the seller in advance, and the buyer later pays the third party. The objective is to facilitate smoother transactions without significantly altering existing operational flows, addressing both data and cash flow aspects.

A key point of this discussion is that commercial transaction tokens—traditionally based on a payer–payee relationship—must also accommodate processes in which a third party participates and assumes the position of creditor or debtor.

At present, the team is organizing key discussion points. These include structuring relationships with the rights and examining legal requirements for third-party enforceability. The concept will be further developed while leveraging the characteristics of blockchain technology.

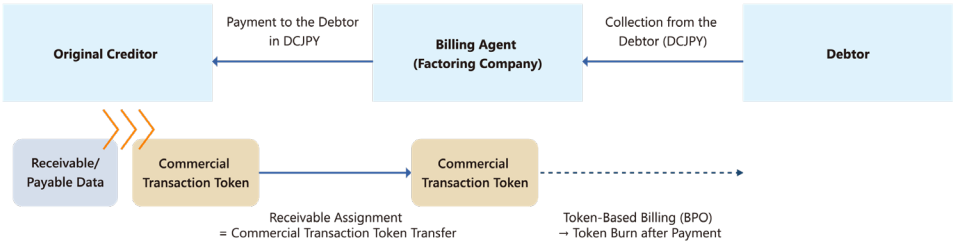


Figure 11: Factoring Model Using Commercial Transaction Tokens

[**Research Teams**]

Research Team A

Exploring applications across multiple industries toward early implementation

To identify markets where early implementation is feasible, Research Team A is examining whether the framework developed in STEP1—originally centered on the retail and distribution sector (Distribution BMS)—can be extended to industries beyond retail.

Research Team C

Structural analysis of DI-ZEDI*5/ZEDI*6 and identification of standardization issues

To enable an end-to-end process through payment reconciliation, Research Team C is analyzing the structure and usage of DI-ZEDI and ZEDI, the existing infrastructure for payment information. Specifically, the team examined the concept of attaching commercial transaction information (e.g., invoice issue date and invoice number) to bank transfer data to facilitate automated reconciliation. It also organized the overall usage structure spanning from Zengin-Net (Japanese Banks' Payment Clearing Network) to financial institutions, system vendors, and corporate users (including FB/IB systems and accounting integration).
The team will examine how reference information should be managed within the invoice chain and explore approaches for scaling the framework efficiently across the market.

5: DI-ZEDI: A framework for the standardization and circulation of digital invoices (qualified invoices, etc.)
6: ZEDI: A framework promoted by the Japanese Bankers Association that attaches commercial transaction information, such as invoice numbers, to bank transfer data to improve the efficiency of payment reconciliation.

Research Team D

Clarifying prerequisites related to qualified invoice requirements

To clarify the prerequisites for operating invoicing processes within the invoice chain, Research Team D is organizing the conditions required for an invoice to qualify as a Qualified Invoice under the invoice system. After confirming the assumption that invoices are issued through existing issuance systems (e.g., as paper, PDF, Peppol, or EDI), the team categorized the information transmission mechanisms in the invoice chain into two models:

-A method in which invoice information output by the issuing system is retained and transferred without modification

-A method in which the issuing system handles the issuance and transmission procedures, whereas the invoice chain retains and transfers only the information necessary for mapping identifiers and related data.

In both cases, the key principle is that the invoice chain does not independently issue invoices but functions as a "transport pathway" for invoice information, ensuring that the issued data elements remain unchanged.

As described above, the Verification Teams are organizing the requirements and preparing for PoCs based on specific use cases. The Research Teams are responsible for clarifying institutional and standardization-related prerequisites. Through these complementary activities, the Subcommittee is advancing discussions toward the realization of the invoice chain from multiple perspectives. The identified issues will be incorporated into PoCs, and the necessary groundwork will be developed to finalize requirements and support commercialization.

■ Participating Companies

Co-Lead Company

- OBIC BUSINESS CONSULTANTS CO.,LTD.
- Hitachi, Ltd.
- MIROKU JYOHO SERVICE CO., LTD.

Participating Companies

- IIJ Engineering Inc.
- ARATA CORPORATION
- AEON Smart Technology Co., Ltd.
- Internet Initiative Japan Inc.
- INTEC Inc.
- Infomart Corporation
- SCCC Real Time Management Promotion Council
- NTT Integration Corporation
- NTT DATA Japan Corporation
- Kao Group Customer Marketing Co.,Ltd
- KDDI CORPORATION
- 3rd Economy Inc.
- CYBERLINKS CO.,LTD.
- C Studio Co.,Ltd.
- TSUNAGU-IT Consortium
- TSURUHA HOLDINGS INC.
- Japan Association of Chain Drug Stores
- PALTAC CORPORATION
- Billing System Corporation
- Fast Accounting Co., Ltd.
- Planet, INC
- MUFG Bank, Ltd.
- Le-Techs Inc.

Part 3

Toward an Era Where Bank Deposits “Move” Through Digital Technology

What is a Tokenized Deposit?

The Digital Currency Forum has been advancing discussions on tokenized deposits, a method for issuing digital currency by banks. To date, more than 60 companies have participated, and over 10 PoCs have been conducted across use cases involving individuals, corporations, and local governments. In 2024, commercial use began in environmental value trading. In FY 2025, Japan Post Bank announced its intention to consider commercial issuance.

A tokenized deposit is a mechanism that represents bank deposits as tokens on a blockchain, enabling their use in digital environments. Importantly, a tokenized deposit is not a new form of currency or crypto asset; legally, it remains the same bank deposit as in the conventional system. It is issued by banks and treated as a deposit under the Banking Act, with its credibility deriving from the creditworthiness of the issuing bank.

Because tokenized deposits are provided as bank deposits, the mechanism operates within the existing framework of identity verification (KYC) and anti-money laundering checks conducted by banks at the time of account opening and beyond. This makes it easier to design transactions in which the parties involved are identifiable, enabling visibility into “who is transacting with whom.” This characteristic enhances trust and practical applicability, particularly in use cases where counterparty identification and governance are important.

	Tokenized Deposits	Stablecoins (Electronic Payment Instruments)	Crypto Assets
Overview	Bank deposits tokenized*1 using blockchain technology; legally and from an accounting perspective, equivalent to traditional bank deposits	Digital currencies designed to maintain price stability by being linked to fiat currency, typically implemented using blockchain technology	Assets that can be exchanged with fiat currency and transferred electronically, but are neither fiat currency nor denominated in
Regulatory Framework	Banking Act, Deposit Insurance Act, etc.	Payment Services Act, etc.	Payment Services Act, etc.*2
Legal Claim	Deposit claims	Trust Beneficiary Rights, etc.	Crypto assets*2
Backing	(Not backed by assets; the bank deposit itself)	Trust assets, etc.	None

Implications of Being Legally Recognized as a Bank Deposit

- ①**Deposit Insurance Coverage**
- ②**Accounting as Deposits**
- ③**Bank KYC Requirements**
- ④**Two-Tier Monetary System & Credit Creation**

Figure 12: Legal Characteristics of Tokenized Deposits

1: Tokenization refers to the process of converting physical or digital assets into tradable digital units.
2: Crypto assets are considered for regulation under the Financial Instruments and Exchange Act as financial instruments.

In addition, as it is a deposit, its face value is maintained and it does not carry price fluctuation risk. It is also highly compatible with existing banking transactions as well as accounting and tax frameworks, making it easy for both businesses and individuals to adopt without disrupting existing operations or user experiences.

From a technical perspective, representing deposit balances as transferable tokens allows payments and settlements to be controlled programmatically. For example, transfers can be executed only when predefined conditions are met. Moreover, settlement can be completed simultaneously with a transaction (DVP), and multi-party settlements can be automated. These capabilities are expected to improve efficiency in processes that have traditionally relied on manual operations and multiple systems.

Furthermore, because tokenized deposits are bank deposits themselves, they are positioned within the framework of credit creation, where bank lending and deposits are intrinsically linked. In other words, they digitally represent bank deposits—one of the key payment instruments supplied to society through credit creation—in a form that is easier to use in digital environments. This enables more flexible designs of digital transactions and payments while maintaining continuity with banks' traditional role in financial intermediation (deposit-taking and lending). This is an important feature, as it allows payment and financial functions to be designed in an integrated manner rather than treated separately.

In terms of use cases, tokenized deposits can be applied across a wide range of areas, including B2B transactions such as invoice settlement, administrative use, and payments and services for individuals. Examples include transactions involving digital tickets or rights transfers, payments in marketplaces, DVP settlement for digital assets, and conditional payments for specific purposes. In these scenarios, tokenized deposits can simultaneously enhance user experience and improve operational efficiency for businesses. From this perspective, tokenized deposits are not merely an advanced payment method but a foundation for building a digital payment infrastructure that integrates commercial transactions, payments, and accounting, making them a key theme for future real-world deployment.

Toward Broader Adoption of Tokenized Deposits

The digital currency platform provided by DeCurret DCP enables multi-bank (interbank) usage. However, to further accelerate real-world deployment, the authorities must converge toward a model that offers high usability for both users and businesses while remaining operationally sustainable, especially given the existence of multiple approaches to interbank connectivity and fund transfers.

Correspondent banking models—where banks process interbank transactions through balance adjustments—may be considered as one option. However, such approaches raise concerns regarding operational burden and liquidity management. Therefore, the key issue is not only the connection method itself but how to design an overall architecture that includes interbank settlement as part of next-generation infrastructure.

In this regard, overseas initiatives are increasingly being led by industry bodies that integrate experimentation and policy recommendations. In the UK, for example, UK Finance is leading the Great British Tokenized Deposits pilot, involving major banks. The pilot examines multiple use cases based on real-world scenarios, including payments in online marketplaces, mortgage refinancing processes, and digital asset settlement. Discussions are also underway regarding

the potential connection of tokenized commercial bank money to central bank infrastructure, to ensure settlement finality.

In Japan as well, achieving highly convenient multi-bank payments is essential for the widespread adoption of tokenized deposits. DeCurret DCP, as the operator of the Digital Currency Forum, is working with participating banks to explore multiple approaches toward realizing multi-bank payments in Japan. Building on insights gained from past discussions, including operational and institutional challenges, the Forum will continue to expand efforts toward the practical implementation of digital payment infrastructure using tokenized deposits to address industry and societal challenges. At the same time, it aims to contribute to the development of market environments and institutional frameworks, including policy recommendations for standardization, by deepening discussions with regulators, the financial industry, and stakeholders across various sectors and local governments, ultimately promoting broader real-world deployment.

Global Developments (as of January 2026)

	Stablecoins (SC)	Tokenized Deposits (TD)
United States	The Republican administration signed the GENIUS Act in July 2025, which requires U.S. dollar-denominated stablecoins issued domestically to be backed by high-quality liquid assets exceeding their face value. However, debates continue between the stablecoin industry, which is seeking more flexible issuance conditions, and the banking sector, which has raised concerns about an imbalance in financial regulation.	In January 2025, the Republican administration issued an executive order prohibiting the issuance, circulation, and further exploration of U.S. dollar-denominated central bank digital currency (CBDC) within the country. Meanwhile, major U.S. financial institutions, including JPMorgan and Citi, have been advancing initiatives to improve the efficiency of B2B and other settlement processes through the issuance of tokenized deposits and deposit tokens.
	To safeguard sovereignty over its own monetary policy, the country is promoting stablecoins and deposit tokens as a national policy in response to U.S. policies	
Europe	At the end of September 2025, ING, UniCredit, and other major European banks announced plans for the joint issuance of a euro-denominated stablecoin, targeting the second half of 2026. On October 10, BNP Paribas, Banca, MUFG, Deutsche Bank, and others also announced plans to explore joint issuance targeting 10 European banks. Stablecoins are being developed under MiCA, and further regulatory tightening for foreign stablecoin issuers is expected.	Banks in countries such as Germany, Italy, and France are advancing tokenized deposit initiatives (e.g., Germany's CMBT), which are expected to be connected to central bank RTGS systems to form an inclusive euro-based digital payment infrastructure.
United Kingdom	On November 5, 2025, the Bank of England (BOE) announced plans to establish a domestic regulatory framework for stablecoins in line with the implementation of the U.S. GENIUS Act. The regulatory framework is expected to be announced on November 10, with potential limits on holdings (e.g., GBP 20,000 for individuals and GBP 10 million for corporations).	UK Finance and the BOE are collaborating on a domestic multi-bank payment pilot, expected to begin in mid-2026. The initiative aims to enable real-time gross settlement access at the BOE and achieve 24/365 large-value payment services by 2030. This was announced on October 27, 2025.
Hong Kong	On November 3, 2025, the Hong Kong Monetary Authority (HKMA) announced "Fintech 2030" at Hong Kong FinTech Week. The initiative aims to position Hong Kong as a future fintech hub and outlines a comprehensive strategy under four pillars ("DART"), covering over 40 initiatives. DART includes enhancements to payment infrastructure, AI strategy, and efforts related to real-world assets. It also promotes legal frameworks for tokenized government bonds and explores tokenization of foreign exchange reserve. Payment systems are being designed to support e-HKD (CBDC), tokenized deposits, and stablecoins on blockchain, alongside pilot projects.	
Japan	On October 27, 2025, JPYC began issuing stablecoins in Japan as a first case. On November 7, 2025, the Financial Services Agency announced a PoC (PIP) involving three megabank groups jointly issuing stablecoins.	<DeCurret DCP> Japan Post Bank is expected to issue digital currency in the first half of 2026, enabling broad domestic retail coverage. Through collaboration between SBI Shinsei Bank and Partior, cross-border payments using digital currency are expected to become possible in the future.

Figure 13: Global Developments
Source: Compiled by DeCurret DCP based on publicly available information

Part 4 **Column**

Global Initiatives Toward Cross-Bank Use of Tokenized Deposits

Hiromi Yamaoka
Chair, Digital Currency Forum

Commercial banks play a critical role in financial systems, and bank deposits are widely used for a variety of transactions, including those across multiple banks. For example, a sender with an account at Bank A can seamlessly transfer funds to a recipient at Bank B. Bank deposits serve as the core of payment and settlement infrastructure because they satisfy the following key conditions.

- **Stability of Value**

The value of deposits remains strictly stable relative to legal tender. They can be exchanged at par and on demand for base money, such as cash and central bank reserves. This stability is supported by institutional frameworks, including banking regulations, deposit insurance, and the central bank's role as the lender of last resort (LLR). Consequently, deposits issued by different banks are always fungible.

- **Flexibility in Supply**

Supported by the fractional reserve system, Banks can supply deposits elastically through credit creation to flexibly meet the payment and settlement needs of the economy.

We should also note that interbank settlements are facilitated by infrastructure such as central bank RTGS systems, private netting systems, and correspondent accounts. This infrastructure ensures that bank deposits are usable for industry-wide transactions.

Tokenized deposits are expected to play a vital role in next-generation financial infrastructure. By incorporating blockchain and distributed ledger technology (DLT), tokenized deposits are programmable and can leverage advanced functions like smart contracts. Furthermore, as bank liabilities, tokenized deposits maintain the stability of conventional deposits and can be flexibly supplied through credit creation.

To ensure widespread adoption across industries, it is essential that tokenized deposits—much like conventional ones—be usable for payments and settlements across multiple banks. Consequently, several global initiatives are now underway to enable the use of tokenized deposits in a multi-bank environment.

■ United Kingdom – GBTD (Great British Tokenised Deposits)

Coordinated by the industry association UK Finance, the project of "Great British Tokenised Deposits" (GBTD), which is a pound-denominated tokenized deposit, has been underway since September 2025 in the United Kingdom. As of the end of 2025, six major UK banks—Barclays, HSBC, Lloyds Banking Group, NatWest, Nationwide, and Santander—are participating in the project.
The GBTD project builds on the work of the "Regulated Liability Network" (RLN), an initiative based on a concept originally proposed by several major financial institutions, including Citi.

The RLN proposed a "Shared Ledger" platform to integrate tokenized deposits and central bank deposits. This model allows the movement of tokenized deposits to be synchronized with wholesale central bank digital currency (wholesale CBDC)

to enable settlement across multiple banks. Building on these foundations, UK Finance has detailed several models for achieving interbank settlement using GBTD in its "Technical Report".

- Without wholesale CBDC: The GBTD platform would synchronize via API with existing interbank settlement systems, such as the central bank's RTGS system.
- With wholesale CBDC: Transfers of GBTD and wholesale CBDCs would synchronize automatically on the platform, as both incorporate blockchain technology.
- Fnality Option: Another alternative is using Fnality, an institution established in 2019 through joint investment by large financial institutions. Fnality aims to provide large-value settlement functionality based on blockchain and distributed ledger technology as a direct participant in the Bank of England's RTGS system.

These options demonstrate the United Kingdom's initiatives for enabling the use of tokenized deposits across multiple banks through diverse approaches.

Germany – CBMT (Central Bank Money Token)

In Germany, the German Banking Industry Committee is currently leading discussions on the cross-bank use of Commercial Bank Money Tokens (CBMT), which are euro-denominated tokenized deposits. The relevant working group for this initiative consists of five major banks—Commerzbank, Deutsche Bank, DZ Bank, Helaba, and HypoVereinsbank (UniCredit's German subsidiary).

Under one of the proposed schemes, when a CBMT transfer occurs from a sender (Customer X) with its account at Bank A to a recipient (Customer Y) at Bank B,

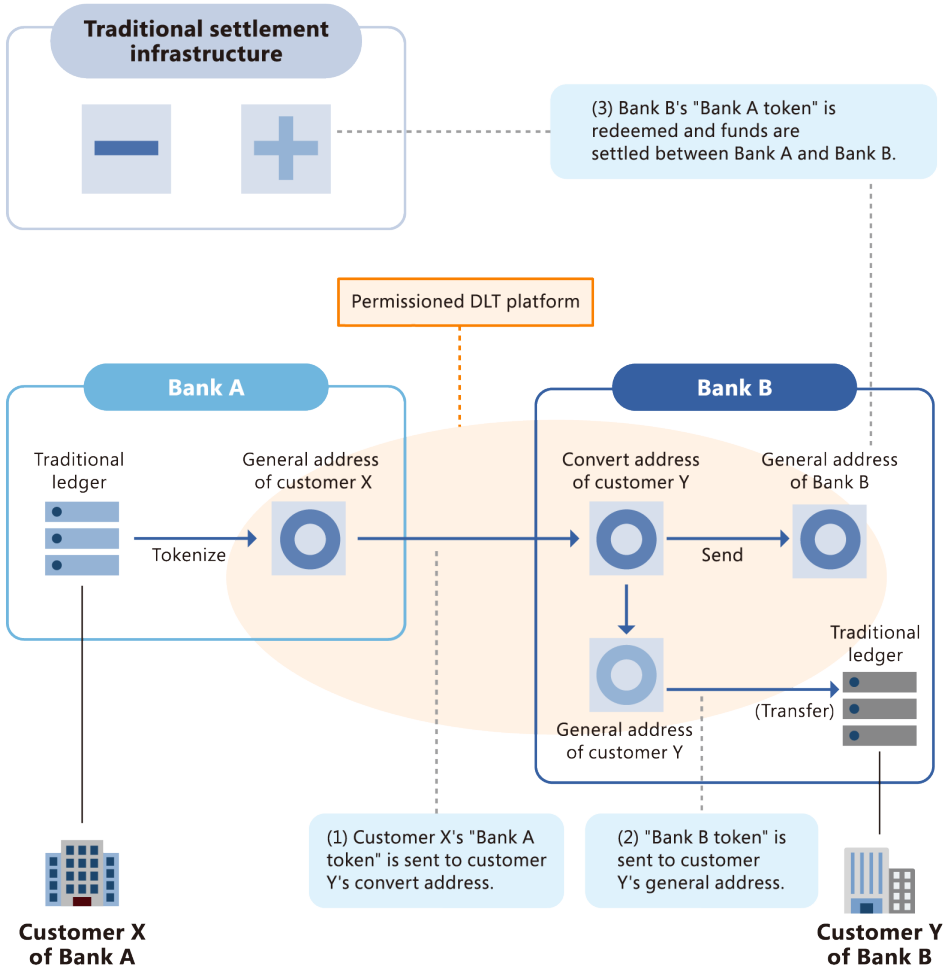


Figure 14: Proposed Scheme for Interbank Settlement of CBMT
Source: Prepared by the Secretariat of the Digital Currency Forum based on Deposit Tokenization: Survey of Overseas Initiatives (BOJ Review 2024-E-9), with layout adjustments.

Bank B would immediately exchange Bank A's CBMT for its own at par. Simultaneously, the corresponding amount would be settled between the two institutions using the existing interbank settlement system (see figure below).

It has been noted that the issuance of a wholesale CBDC could potentially lead to more efficient interbank settlements.

European Central Bank – Project Pontes

The ECB is currently proceeding with "Project Pontes," which aims to connect DLT-based platforms—including those supporting tokenized deposits—with TARGET, the ECB's RTGS system. This connection will enable interbank settlements for DLT-based transactions to be conducted through central bank liabilities, providing necessary settlement finality. A pilot project is expected to launch by the third quarter of 2026. Additionally, the Banque de France has announced its plan to issue tokenized wholesale CBDC by 2026 to support this project.
Furthermore, the ECB announced "Project Appia" in 2025. This initiative focuses on evolving the TARGET RTGS system to facilitate connections with DLT-based platforms. Through Project Appia, the ECB envisions the creation of a pan-European "European Shared Ledger," which will allow DLT-based transactions to be settled via central bank liabilities.

Bank for International Settlements (BIS)

The Bank for International Settlements (BIS) has proposed several models in which tokenized deposits can be used across multiple banks, with the resulting interbank settlements being processed efficiently. One proposal connects the movement of tokenized deposits to existing interbank settlement systems, such as central bank RTGS systems, via APIs (see Figures A and B). Another proposal is the "Unified Ledger" concept (Figure C), under which bank deposits, central bank reserves and government bonds are tokenized and transferred on interconnected platforms in a synchronized manner.

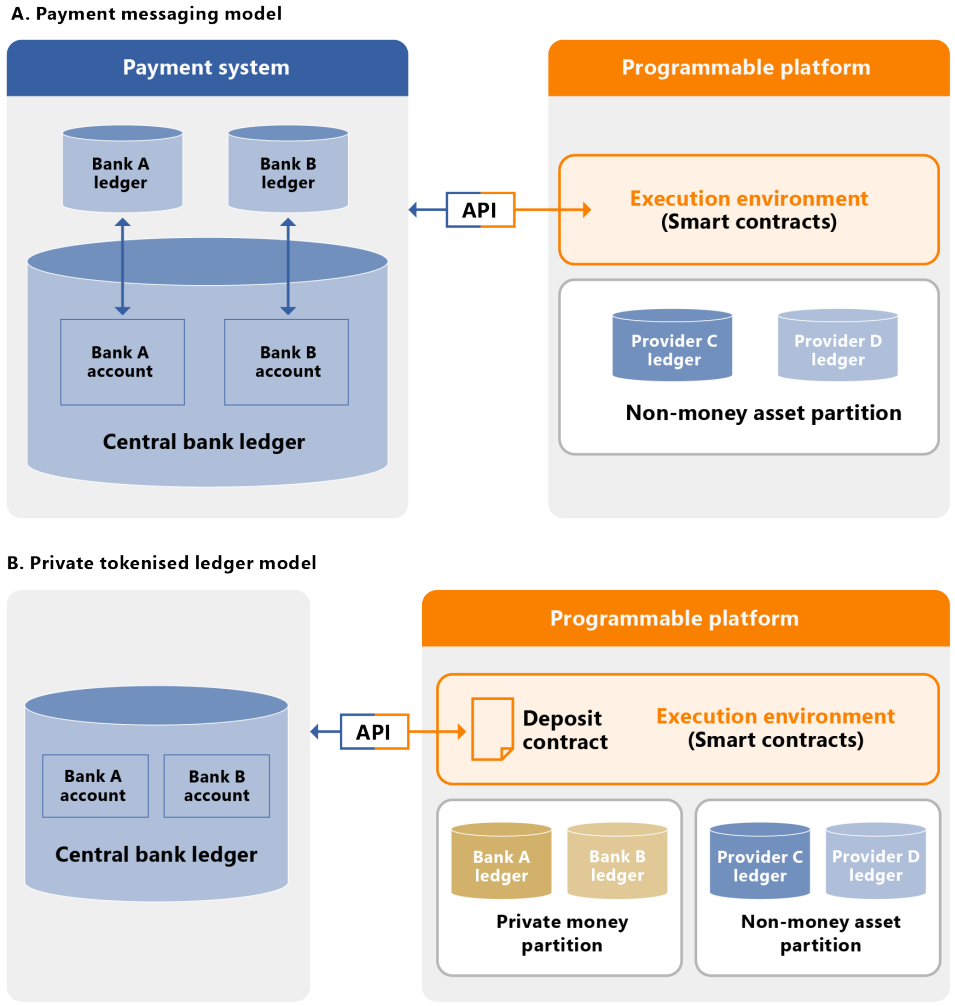


Figure 15: Interbank Settlement Models A and B (BIS)
Source: Bank for International Settlements

C. Fully fledged unified ledger

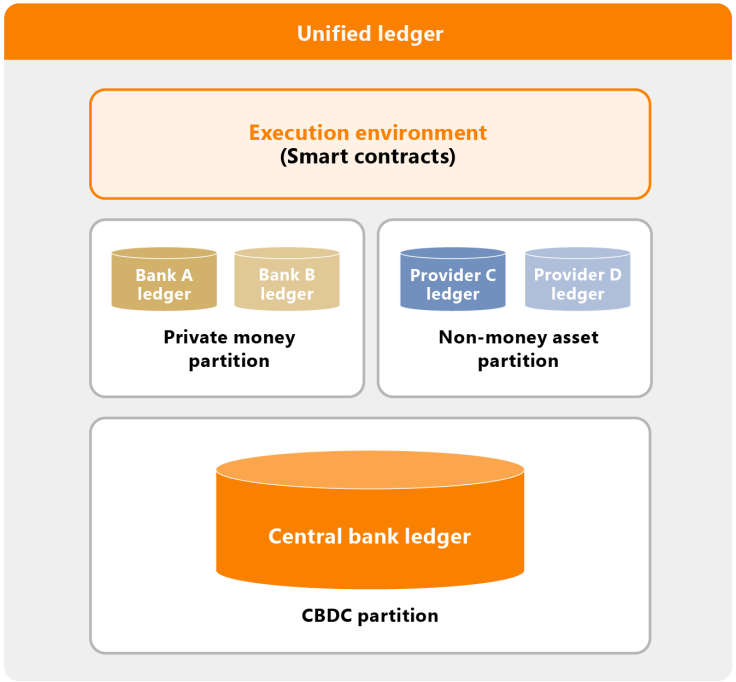


Figure 16: Interbank Settlement Model C (BIS)
Source: Bank for International Settlements

China – e-CNY

China, which has conducted research and pilot issuance of the retail CBDC entitled as "e-CNY" since 2014, announced a significant scheme change at the end of 2025. Since 2026, e-CNY provided through commercial bank wallets is no longer issued as central bank liabilities. Instead, these are issued as deposits, which constitute commercial bank liabilities.

As described above, many countries and international institutions are currently pursuing initiatives to enable tokenized deposits and other digitalized bank liabilities to be used across multiple banks by facilitating accompanying interbank settlements.

Several approaches have been proposed:

1.Connecting tokenized deposit transfers to existing interbank settlement systems via APIs.

2.Establishing an intermediary institution that holds account at a central bank to process interbank settlements stemming from the transactions with tokenized deposits.

3.Issuing wholesale CBDC based on distributed ledger technology and synchronizing its transfer with transfers of tokenized deposits.

Realizing interbank settlement of tokenized deposits would enable the provision of sovereign-currency-denominated digital payment instruments that can be exchanged at par with legal tender and can support a wide range of economic activities for both businesses and individuals.

The Digital Currency Forum will continue to monitor global developments, engage in dialogue and information sharing with overseas entities, and contribute to the innovation of Japan's monetary and financial infrastructure.

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Part 5

The Digital Currency Forum Members

Chairperson **Hiromi Yamaoka** (Managing Director, Future Architect, Inc. Former Head of the Payment and Settlement Systems Department, Bank of Japan)

Participating from the Digital Currency Forum

- Aioi Nissay Dowa Insurance Co., Ltd.
- Aizuwakamatsu City
- Accenture Japan Ltd.
- Asukoe Partners, Inc.
- ABeam Consulting Ltd.
- ARATA CORPORATION
- ALSOK Co., Ltd.
- AEON Co., Ltd.
- AEON Financial Service Co., Ltd.
- The Senshu Ikeda Bank, Ltd.
- Internet Initiative Japan Inc.
- INTEC Inc.
- Intelligent Wave Inc.
- Infomart Corporation
- ANA Group (ACD Inc.)
- SCCC Real Time Management Promotion Council
- SBI Holdings, Inc.
- SBI Ripple Asia Co., Ltd.
- SP.LINKS Inc.
- ENERES Co., Ltd.
- NTT Integration Corporation
- NTT Group
- Future Innovation Group, Inc.
- au Jibun Bank Corporation
- au Financial Holdings Corporation
- Osaka Digital Exchange Co., Ltd.
- OBIC BUSINESS CONSULTANTS CO.,LTD.
- Kao Group Customer Marketing Co.,Ltd
- KATAOKA & KOBAYASHI LPC.
- The Kansai Electric Power Company, Incorporated
- Keychain GK
- Payments Japan Association, Incorporated
- Kyushu Financial Group,Inc.
- QTnet, Inc.
- KYOCERA Corporation
- Kumamoto Prefectural Government
- xID Inc.
- KDDI CORPORATION
- Kesennuma city
- 3rd Economy Inc.
- CYBERLINKS CO.,LTD.
- SATUDORA HOLDINGS CO.,LTD.
- C Studio Co.,Ltd.
- Shizuoka Financial Group, Inc.
- JCB Co., Ltd.
- JPX Market Innovation＆Research, Inc.
- SIGMAXYZ Inc.
- The Shoko Chukin Bank,Ltd.

- Super City AiCT Consortium
- SUMITOMO CORPORATION
- SUMITOMO LIFE INSURANCE COMPANY
- Securitize Japan K.K.
- SECOM CO.,LTD.
- SettleMint Japan G.K.
- Seven Bank, Ltd. (Seven & i Holdings Co., Ltd.)
- SocioFuture, Ltd.
- Sony Bank Incorporated
- SoftBank Corp.
- Sompo Holdings, Inc.
- DAIICHIKOSHO CO., LTD.
- The Dai-ichi Life Insurance Company, Limited
- DAIDO LIFE INSURANCE COMPANY
- Dai Nippon Printing Co., Ltd.
- Daiwa Securities Group Inc.
- Daiwa Institute of Research Ltd.
- Chubu Electric Power Co., Inc.
- TSUNAGU-IT Consortium
- TSURUHA HOLDINGS INC.
- TIS Inc.
- DENTSU INC.
- Tokio Marine & Nichido Fire Insurance Co., Ltd.
- Tokyo Kiraboshi Financial Group, Inc.
- Tokyo Financial Exchange Inc.
- TOKYO METROPOLITAN GOVERNMENT
- TOPPAN Edge Inc.
- TOPPAN Holdings Inc.
- Transaction Media Networks Inc.
- THE NISHI-NIPPON CITY BANK, LTD.
- West Japan Railway Company
- NS Solutions Corporation
- The Mortgage Corporation of Japan, Limited
- Japan Securities Clearing Corporation
- Nippon Life Insurance Company
- Japan Association of Chain Drug Stores
- NEC Corporation
- Nomura Research Institute, Ltd.
- Nomura Holdings, Inc.
- HashPort Inc.
- Panasonic Holdings Corporation
- Hamamatsu City
- PALTAC CORPORATION
- Hankyu Hanshin Holdings, Inc.
- PwC Consulting LLC
- East Japan Railway Company
- Hitachi, Ltd.
- BIPROGY Inc.
- Himuka Distribution Network Co., Ltd.
- Billing System Corporation
- The Hiroshima Bank,Ltd.
- FastAccounting Co.,Ltd.
- FamilyMart Co., Ltd
- Fintertech Co. Ltd.
- BOOSTRY Co., Ltd.
- Fujitsu Limited
- Future Architect, Inc.
- Futurhythm Inc.
- Planet, INC
- Payroll Inc.

- Mizuho Bank, Ltd.
- MITSUI KNOWLEDGE INDUSTRY CO., LTD.
- Mitsui Sumitomo Insurance Co., Ltd.
- Sumitomo Mitsui Banking Corporation
- Sumitomo Mitsui Trust Bank, Limited
- Mitsubishi Corporation
- Mitsubishi UFJ eSmart Securities Co., Ltd.
- MUFG Bank, Ltd.
- Mitsubishi UFJ NICOS Co., Ltd.
- Mitsubishi UFJ Research and Consulting Co., Ltd
- MIRAI Inc.
- MIROKU JYOHO SERVICE CO., LTD.
- Meiji Yasuda Life Insurance Company
- Mori Hamada & Matsumoto
- YAMATO HOLDINGS CO., LTD.
- JAPAN POST BANK Co.,Ltd.
- Rakuten Edy, Inc.
- Le-Techs Inc.
- Resona Holdings, Inc.
- Bank of the Ryukyus, Ltd
- Lawson, Inc.
- Lawson Bank, Inc.
- Laurel Bank Machines Co., Ltd.

Total: 131 companies, local governments, and organizations

Observers

- Financial Services Agency, Japan
- Ministry of Internal Affairs and Communications, Japan
- Ministry of Finance, Japan
- Ministry of Economy, Trade and Industry, Japan
- Bank of Japan

Advisors

- Masakazu Masujima
  Partner, Mori Hamada & Matsumoto
- Tetsuya Inoue
  Senior Chief Reseacher, Nomura Research Institute, Ltd.
- Shunji Kobayakawa
  Professor, School of Political Science and Economics Meiji University
- Kenji Saito
  Professor, Graduate School of Business and Finance Waseda University
- Chikako Suzuki
  Certified public accountant

Senior Advisor

- Toshihide Endo
  (Former Commissioner of Financial Services Agency)

Part 6 **Closing Remarks**

On the Publication of Issue No. 5

The Progress Report has now reached its fifth issue. Since the inaugural issue in 2021, this report has been published annually with the aim of compiling the activities of participating companies in the Digital Currency Forum, sharing the knowledge gained, and contributing to the development of the broader economic and social landscape. Looking back at past issues during the preparation of this edition, we observe how each report reflects its own unique characteristics, while the discussions within each subcommittee have steadily become more concrete over time, clearly progressing toward practical implementation. In editing this report, we are always challenged by the question of what to include and how best to present it within limited space. Nevertheless, when viewing these initiatives collectively, we are encouraged by evidence of clear and tangible progress.

The environment surrounding digital currencies has undergone significant changes compared with last year. In the United States, for example, an executive order titled "Strengthening American Leadership in Digital Financial Technology" was issued on January 23, 2025, providing clear direction for policy. This development has likely had a considerable impact on market participants. In Japan as well, developments related to JPY-linked stablecoins have been widely reported, reflecting ongoing changes in both market dynamics and regulatory frameworks. Amid these developments, tokenized deposits and stablecoins—once discussed collectively under the broad term "digital currency"—are becoming more clearly differentiated in terms of their respective characteristics and roles, as practical use cases continue to expand globally.

One of the most notable aspects of the Forum's activities this year has been the development of working mock-ups tailored to actual use cases. These have enabled us to present solutions that are not only conceptual but operational. By visualizing discussions in the form of user interfaces and operational flows, we have been able to more intuitively convey what becomes more efficient and how processes are interconnected. At exhibition events, the presentation of UI/UX in an accessible manner has also helped visitors form a clearer understanding of potential use cases. This past year has reinforced the importance of moving beyond theoretical discussions and shaping ideas into forms that can be effectively communicated as we move toward implementation.

As the Secretariat, we will continue to support the Forum by fostering opportunities for discussion and enhancing our communications. We aim for the efforts of all participants to lead to meaningful outcomes. We also remain committed to contributing to the development of a more prosperous society and to sharing the progress and achievements of these initiatives in a clear and accessible manner with a broader audience.
Finally, we would like to express our sincere gratitude to Chair Yamaoka for his continued leadership of the Forum. We also extend our heartfelt thanks to the lead companies of each Subcommittee for their contributions to this report, and to all participating members for their ongoing support and dedication.

Secretariat
Digital Currency Forum

We would like to thank Editage (www.editage.jp) for English language editing.

Appendix① | Proof of Concept (PoC) Achievements as of February 2026

●March 2024 Regional Currency Subcommittee

Technical Verification of a Token-type Tourist Access Pass using DCJPY

https://www.decurret-dcp.com/dcforum/nl-20240516.html

Participating Companies: Panasonic Holdings Corporation, SocioFuture, Ltd., au Financial Holdings Corporation, TIS Inc.

on March 21, 2024. Specifically, we implemented a Tourist Access Pass

●May 2023 STC Subcommittee

Publication of Results of Verification of Order, Execution, and Settlement Operations for Security Token Transactions

https://www.decurret-dcp.com/dcforum/nl-20230531stc.html

Participating Companies: Nomura Holdings, Inc., Daiwa Securities Group Inc., BOOSTRY Co., Ltd..

●March 2023 Regional Currency Subcommittee

https://www.decurret-dcp.com/news/nl-20230303-chiiki.html

PoC Using Digital Currency in Aizuwakamatsu City

PoC 1: Using Digital Currency in the Health Business with Purchasing Data

PoC 2: Using Digital Currency for Business-to-Business Settlements in Food and Agriculture Matching Services

Mizuho Bank, Ltd. Aizu branch, Toho Bank Ltd., Aizu Shinkin Bank, Aizu Commerce and Industry Credit Cooperative, JAPAN POST BANK Co., Ltd.

●March 2023 Administrative Affairs Subcommittee

PoC using Digital Currency with the Tokyo Metropolitan Government

https://www.decurret-dcp.com/news/nl-20230329-gyosei.html

Participating Companies: TOPPAN Edge Inc., TIS Inc., Mizuho Bank, Ltd., Tokyo Metropolitan Government

●March 2023 Electric Power Transaction Subcommittee(Group A)

PoC for Digital Currency Settlement with Environmental Value Added on Buses Running on Public Roads

https://www.decurret-dcp.com/news/nl-20230227-electric-power-a.html

Participating Companies: THE KANSAI ELECTRIC POWER CO., INC., Internet Initiative Japan Inc., Chubu Electric Power Co.,Inc., Hankyu Hanshin Holdings, Inc., Lawson, Inc.

●February 2023 Electric Power Transaction Subcommittee (Group B)

PoC for Sustainability Linked Loans toward Carbon Neutrality with Digital Currency

https://www.decurret-dcp.com/dcforum/nl-20230215-electric-power-b.html

Participating Companies: ENERES Co.,Ltd., Tokyo Metropolitan Government, Sumitomo Mitsui Banking Corporation

●June 2022 Retail and Distribution Subcommittee

PoC using Digital Currency in the Distribution Supply Chain

https://www.decurret-dcp.com/pressrelease/pr-20220531-retail-distribution-poc.html

Participating companies: Seven Banks Ltd., INTEC Inc., Tsuruha Holdings Inc., and Hitachi Ltd..

●March 2022 Regional Currency Subcommittee, Administrative Affairs Subcommittee

PoC for "Coupon Benefits Using Digital Currency"

TIS Inc., Mitsubishi UFJ Research and Consulting Co., Ltd., TOPPAN Edge Inc.

https://www.decurret-dcp.com/dcforum/dcf-20220323.html

Appendix① | Proof of Concept (PoC) Achievements as of February 2026

●March 2022 Electric Power Transaction Subcommittee (Group A)

PoC in Commercial Services (Stores) for Digital Currency Used in Electricity Peer to Peer (P2P) Transactions

https://www.decurret-dcp.com/news/dcf-20220330.html

Participating Companies: THE KANSAI ELECTRIC POWER CO., INC., Chubu Electric Power Co.,Inc., Hankyu Hanshin Holdings, Inc., MUFG Bank, Ltd., Lawson, Inc.

●March 2022 Electric Power Transaction Subcommittee (Group B)

Cooperative Demonstration to Promote Decarbonization of SMEs (Desk-top Verification)

Participating Companies: ENERES Co.,Ltd., DAIDO LIFE INSURANCE COMPANY, Sumitomo Mitsui Banking Corporation

https://www.decurret-dcp.com/pressrelease/pr-20220331-electric-power-b.html

●January 2022 Settlement in Industrial Distribution Subcommittee

PoC of BtoB Trading Smart Contracts in Linkage with Digital Currency

Participating Companies: Mitsubishi Corporation, NIPPON TELEGRAPH AND TELEPHONE CORPORATION, Industry One, Inc.

https://www.decurret-dcp.com/pressrelease/pr-20220427-industrial-distribution-poc.html

Appendix② | Previous publications

■Reports

●FY2021

Progress Report of the Digital Currency Forum No.1：
https://www.decurret-dcp.com/.assets/forum_20211124pr.pdf
Digital Currency DCJPY(tentative name) White Paper:
https://www.decurret-dcp.com/.assets/forum_20211124wp.pdf

●FY2022

Regional Currency Subcommittee (Interim Report) “The Potential of Digital Local Currencies”
https://www.decurret-dcp.com/.assets/chiiki_report202202.pdf

●FY2023

NFT Subcommittee Study Report- Exploring the Utility of DCJPY in NFT Transactions and Potential Implementation Method
https://www.decurret-dcp.com/.assets/NFT_report202302.pdf
Progress Report of the Digital Currency Forum No.2：
https://www.decurret-dcp.com/.assets/forum_20230131pr.pdf
Progress Report of the Digital Currency Forum No.3：
https://www.decurret-dcp.com/.assets/forum_20230719pr.pdf

●FY2024

Progress Report of the Digital Currency Forum No4：
https://www.decurret-dcp.com/dc-forum/.assets/forum_20241016pr.pdf

●FY2025

Invoice chain Subcommittee STEP 1 Report
https://www.decurret-dcp.com/dc-forum-resources/.assets/IC_report202502.pdf

■ Subcommittee Dialogue

● FY2023 Progress Report of the Digital Currency Forum No.3

vol.1

vol.2

vol.1
https://www.decurret-dcp.com/dc-forum/column/forum-dialogue202310-1.html
vol.2
https://www.decurret-dcp.com/dc-forum/column/forum-dialogue202310-2.html

●FY2024 Administrative Affairs Subcommittee

vol.1

vol.2

vol.1
https://www.decurret-dcp.com/dc-forum/column/dialogue202412-1.html
vol.2
https://www.decurret-dcp.com/dc-forum/column/dialogue202412-2.html

● FY2024 Invoice chain Subcommittee

vol.1

vol.2

vol.3

vol.1
https://www.decurret-dcp.com/dc-forum/column/dialogue202509-1.html
vol.2
https://www.decurret-dcp.com/dc-forum/column/dialogue202509-2.html
vol.3
https://www.decurret-dcp.com/dc-forum/column/dialogue202509-3.html

Special Dialogue: Regulatory Frameworks and Challenges in the Digital Securities Sector, Including Security Tokens

vol.1

vol.1
https://www.decurret-dcp.com/dc-forum/column/dialogue202507-1.html
vol.2
https://boostry.co.jp/blog/dialogue-dcp02

Interview

●**FY2024** TOKENIZED DEPOSITS AND DCJPY

PART 1

PART 2

PART1 https://www.decurret-dcp.com/dc-forum/forum-interview202404-1.html
PART2 https://www.decurret-dcp.com/dc-forum/forum-interview202404-2.html

●**FY2025**

The New U.S. Administration and Digital Currency
https://www.decurret-dcp.com/dc-forum/column/forum-interview202503.html

BIS Annual Economic Report "III. The next-generation monetary and financial system"
vol.1 https://www.decurret-dcp.com/dc-forum/column/forum-interview202507-1.html
vol.2 https://www.decurret-dcp.com/dc-forum/column/forum-interview202507-2.html
vol.3 https://www.decurret-dcp.com/dc-forum/column/forum-interview202508-3.html
vol.4 https://www.decurret-dcp.com/dc-forum/column/forum-interview202508-4.html

Cross-Border Payments and Digital Currency

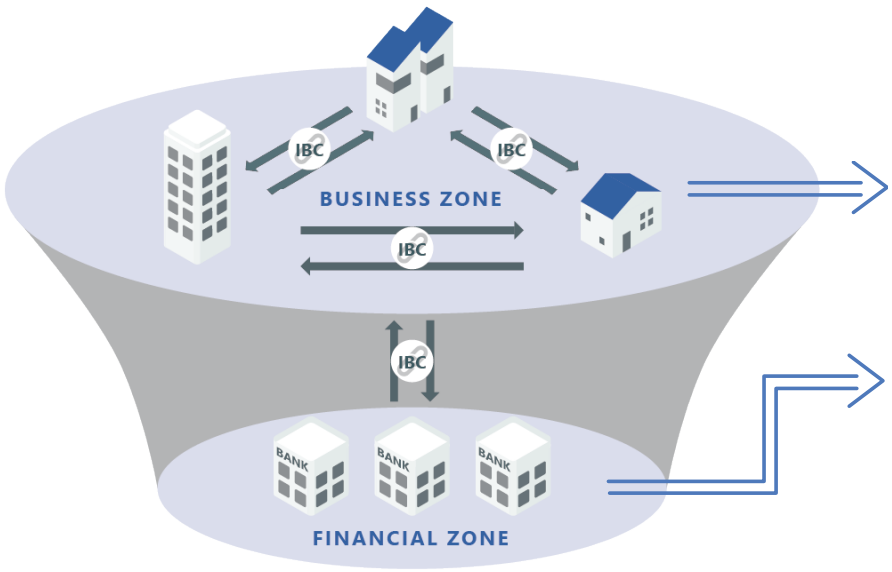
vol.1

vol.2

vol.1
https://www.decurret-dcp.com/dc-forum/column/forum-interview202511-1.html
vol.2
https://www.decurret-dcp.com/dc-forum/column/forum-interview202511-2.html

Appendix③ | Glossary

Overall View of the DCJPY Network



●DCJPY

- One of the digital currencies.
- A form of programmable money that is linked to a fiat currency (Japanese yen) issued by private banks.

●DCJPY Network

A system that connects two blockchains with interoperability: the Financial Zone, which handles the money flow through DCJPY, and the Business Zone, which handles the commercial flow.

●Business Zone

The area managed and operated by businesses as business operators.

- Blockchain handles the commercial flow on the DCJPY platform.

●Financial Zone

The area managed and operated by banks.

- Blockchain handles the money flow through DCJPY on the DCJPY platform.

● Digital Deposits

Deposits, which are liabilities of commercial banks, are transformed into digital tokens through the application of blockchain or distributed ledger technology. They are also referred to as "Tokenized Deposits."

●IBC

IBC（Inter-Blockchain Communication）
A mechanism for exchanging data and value between blockchains

●AMIC

The Core Element of DCJPY Network

・Asset

Refers to digitized assets such as NFTs and security tokens. Assets created on the DCJPY Network are transparently and securely managed and transferred by backing their value with blockchain technology and associating them with an ID on the DCJPY Network.

・Money

A form of programmable money that is linked to a fiat currency (Japanese yen). The money itself can be programmed with uses and contract terms through the smart contract described below. This allows DCJPY to be used more flexibly and effectively.

・ID（Identity）

An ID on the DCJPY Network is an identifier of ownership of money and assets. It is issued by commercial banks based on KYC (Know Your Customer: identification procedures at financial institutions) and reveals the identity of the trading participant.
The ID allows for secure transactions while confirming who the other party is.

・Contract

A program that defines the process to use money and assets and the terms of the transaction. Also known as smart contracts, this provides a secure and transparent trading environment.

Source: DCJPY Whitepaper 2023