

Opening a Bank Account in Japan for Foreign-Affiliated Companies

APO often works with foreign-affiliated startups, and when they launch their businesses in Japan, the first hurdle they face is opening a bank account.

In recent years, banks have strengthened their compliance systems due to regulations related to anti-money laundering and anti-terrorist financing, and have tightened their screening of account openings and foreign remittances.

Many of our clients attempt to open accounts with Japan's megabanks, which are commonly referred to as "city banks" (Togin) in Japanese because they are typically headquartered in Tokyo or Osaka. But these banks require numerous documents to be submitted at the time of application, and it often takes more than a month to complete the screening process and actually open an account.

Furthermore, the criteria for approval are not disclosed, and it is impossible to know the reasons for rejection—though it seems that if the company's legal representative is a nonresident, the application is often rejected.

APO's payroll service requires a bank account in the client's name for salary payments, so we offer account opening support as an additional service. In such cases, a major city bank is designated, and thanks to our strong ties with that bank, we have successfully opened accounts in some cases even when the representative was a nonresident. There is no guarantee of success, however, so it is still best to have a resident representative.

Regarding foreign remittances, we encountered the following situation the other day.

A client was able to open an account at a major city bank, but was unable to pass the screening process for using the foreign remittance function with its internet banking service. They were forced to go to the bank counter every time they wanted to make a foreign remittance.

Although the reasons for the rejection remain unclear, it is speculated that one may have been that the representative was a nonresident.

Foreign remittance procedures at the counter are extremely time-consuming. Numerous documents are required and, depending on the results of the review, the remittance may be rejected—a potentially fatal obstacle for companies engaged in international trade.

Internet-only banks do not seem to have such strict screening processes.

Another option is to open an account at a foreign bank's branch in Japan. However, many of these banks do not handle Japanese tax payments and do not have physical branches, which raises concerns about how they would respond if a problem arose.

If opening accounts and foreign remittances at major Japanese city banks becomes even more difficult in the future, we think it will be necessary to consider conducting business through internet-only banks.