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# Research on the Illegal Loan (*Yamikin*) Market Differentiated from the Consumer Finance Market

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## Abstract

The revised Money Lending Business Law (MLBL) which entered into effect in June 2010 imposed on the non-bank market excessive regulations which cannot be seen in other advanced countries. As a side effect of the law, some of those who have difficulty borrowing from legitimate money lenders, including consumer finance companies, have been drained to the illegal loan (*Yamikin*) market in Japan.

However, unlike the form that was assumed before the law was revised, today's loan sharks (*Yamikin*) have built various business models that take advantage of the borrower's weaknesses by targeting their loans on the borrowers who have difficulty borrowing for specific reasons, to prevent the incidents from coming to the surface. For example, the illegal lenders that specialize in public servants and employees of established companies with stable incomes who have incurred multiple debts have created a business model that allows them to collect a portion (or all) of salaries and bonuses, while factoring in the occurrence of some delinquencies. In case of arrears, they psychologically threaten the borrower by sending a reminder to the borrower's workplace.

Moreover, since the enforcement of MLBL, loan sharks (*Yamikin*) disguised as legitimate private loans to women with attributes such as single mothers and housewives who have clearly had difficulty borrowing have proliferated on the Internet. But the reality is that it is an insidious loan shark that lends money on the condition of having sexual relations.

In other words, today's illegal lenders, evolving in various distorted forms, seek to evade police investigation by taking advantage of the weakness of their target clientele and discouraging them from filing charges against them. Based on interviews with investigators and court records, this paper reports on Japan's illegal loan market, which is infiltrating society as an atypical financial system.

# Overcoming the obstacles to entrepreneurship in Japan by shifting the reference point

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## Abstract

Since the 1990s, Japan has implemented a number of entrepreneurial support measures as part of its small and medium-sized enterprise policy. Inspired by the success of Silicon Valley in the United States, there was an expectation that small and medium-sized enterprises would play a role as a driving force for Japan's economic growth. However, even after that, entrepreneurship has not become more popular in Japan, and both the overall entrepreneurial activity index and the start-up rate are sluggish compared to other countries. What is the reason? The purpose of this paper is to elucidate this based on prospect theory and effectuation. The results of the Japan Finance Corporation's "2017 Survey on Entrepreneurship and Entrepreneurial Attitudes" reveal that there are two reasons why prospective entrepreneurs hesitate to start a business: first, they feel that they do not have enough of their own funds to meet the capital required for starting a new business, and second, even if they are able to establish a new business, if the business does not get on track, they are concerned that not only will they lose much of their invested capital, but they will also be burdened with debts and personal guarantees, which will cause trouble for their family and other close people. Regarding this point, this paper proposes that, as a result of Japan's small and medium-sized enterprise policy being centered on providing lateral support to small and medium-sized enterprises with advanced knowledge and technology, the focus on entrepreneurship has tended to be on venture companies, with little attention paid to small-scale entrepreneurship, and that, as a result of the decline in the population of 18-year-olds and the chronic labor shortage, the commitment between high schools, universities, and companies has deepened, leading to the strengthening of employment practices in Japan that assume the hiring of new graduates en masse and long-term continuous employment, and that the orientation of future entrepreneurship in the career development process has receded. Based on the discussion so far, it proposes, as a way to change the current state of entrepreneurship in Japan, to change the reference point from (1) "the goal of starting a business" to "the means required to start a business" and (2) from "occupation as a goal" to "occupation as a means," and to promote side jobs and dual jobs as a method of entrepreneurship suited to the actual situation in Japan.

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# **Corporate Scandals and Their Impact on the Social Lending Industry: A Study of Legitimacy Loss in an Emerging Financial Innovation**

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## **Abstract**

This study investigates legitimacy loss through corporate scandals in the social lending industry, an emerging financial innovation. Employing a single-case study methodology complemented by a content analysis of media reports, this research reveals how news coverage precipitated a negative societal perception of the entire social lending sector. This study makes two major contributions to existing literature. First, it extends the scope of corporate scandal research in Japan beyond focal organizations to encompass industry-wide repercussions. Second, it diverges from conventional innovation studies that typically examine successful enterprises, focusing instead on nascent industries, to explore the interplay between legitimacy acquisition and scandals during its formative stages. This approach provides insights into the challenges faced by innovative sectors in establishing and maintaining legitimacy amid potential misconduct.