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Gap between information received by investors and disclosure of company information in Japan

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Research Question

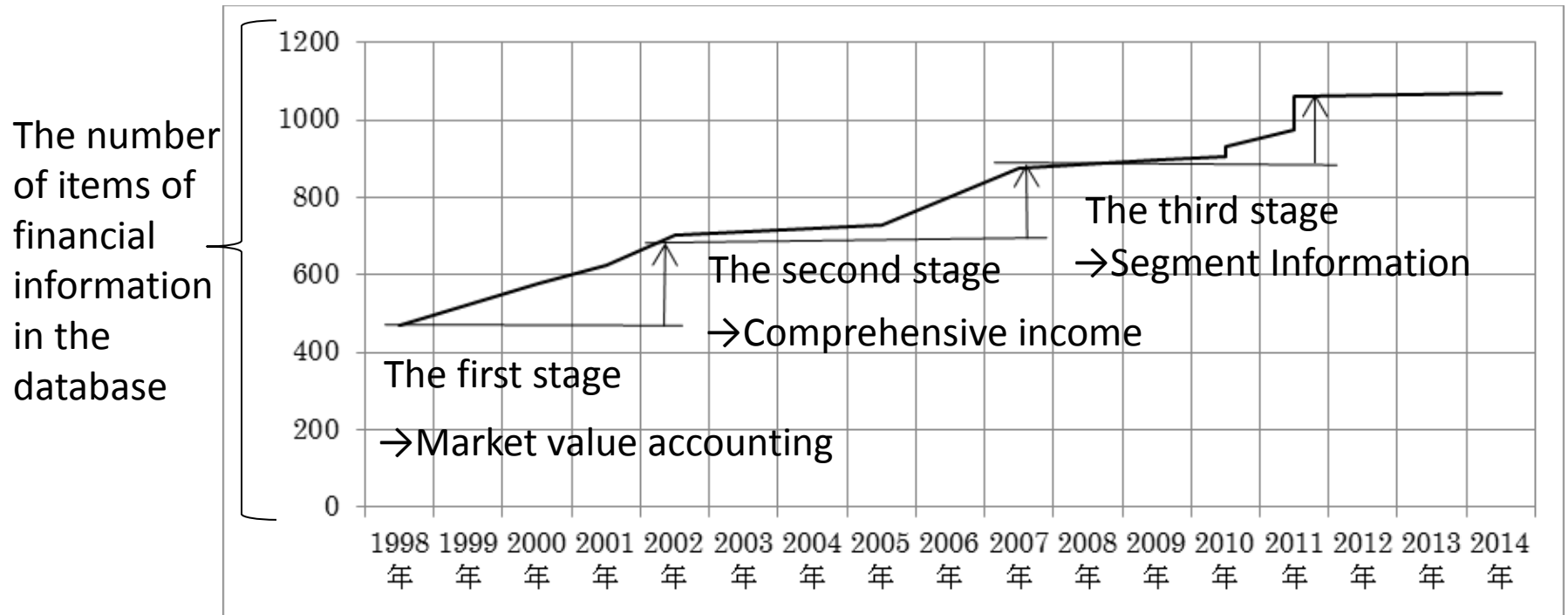
Does the value of financial information decrease?

Since the latter half of the 1990s, many studies have pointed out that financial information has been associated with declining value.



On the other hand, in Japan, most of the information that has been disclosed by the XBRL technology is financial information.

The number of accounts disclosed by Japanese listed companies seems to be increased after the 2000s



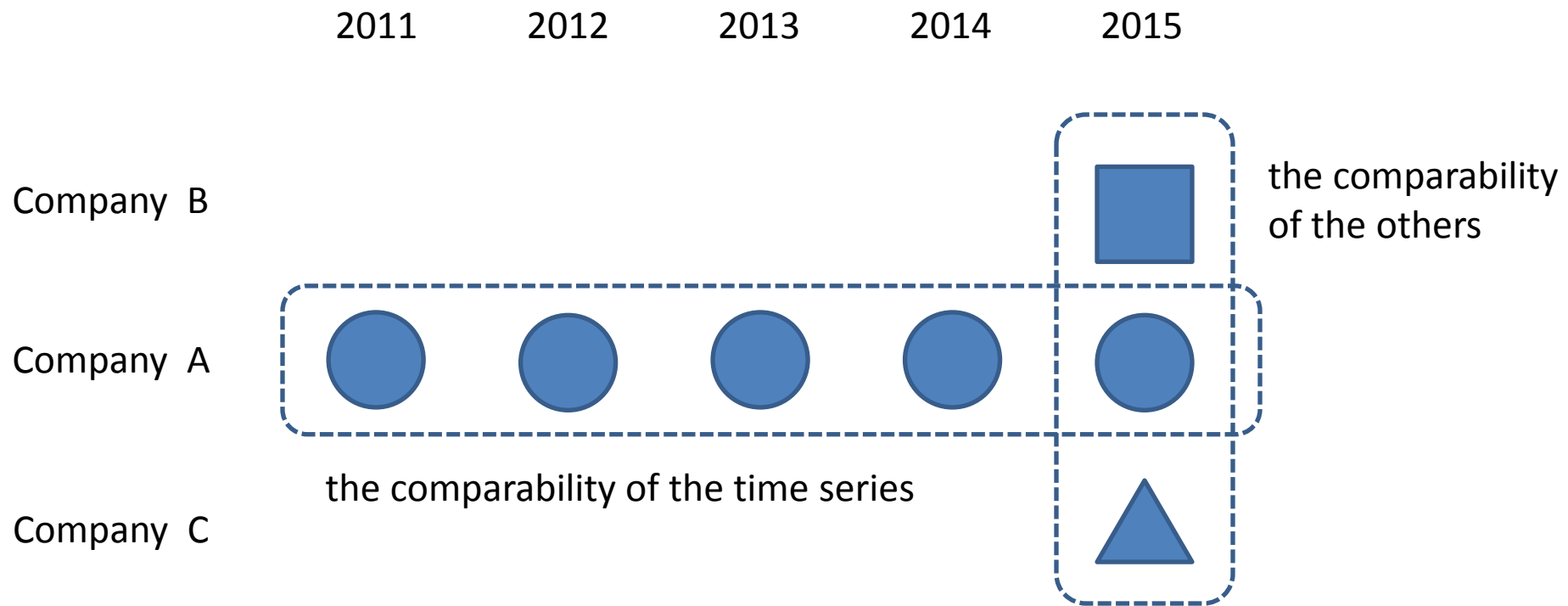
Hypothesis

The value of financial information does not decrease but the information disclosed by companies may not reach the requisite and interested audiences (e.g., investors) effectively.

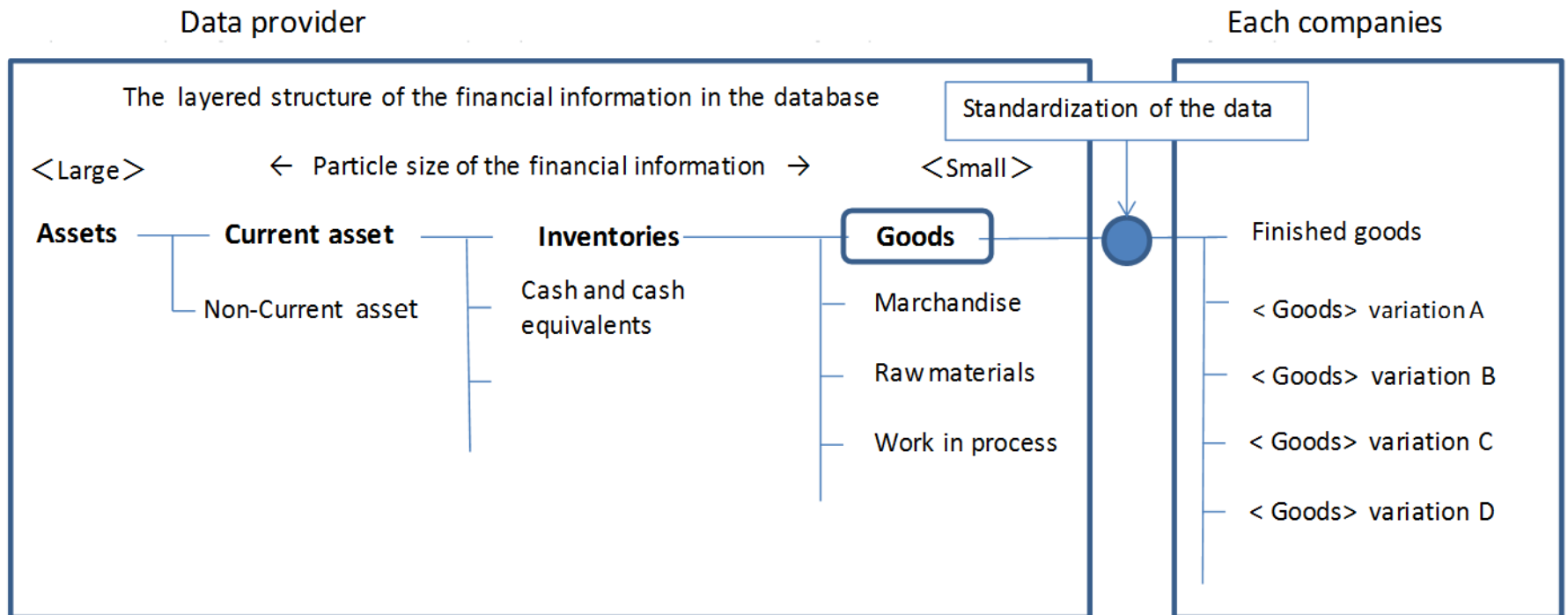


I consider the positions of companies, data providers, and information users (e.g., investors) in relation to these data issues.

The general process of investor's decision-making

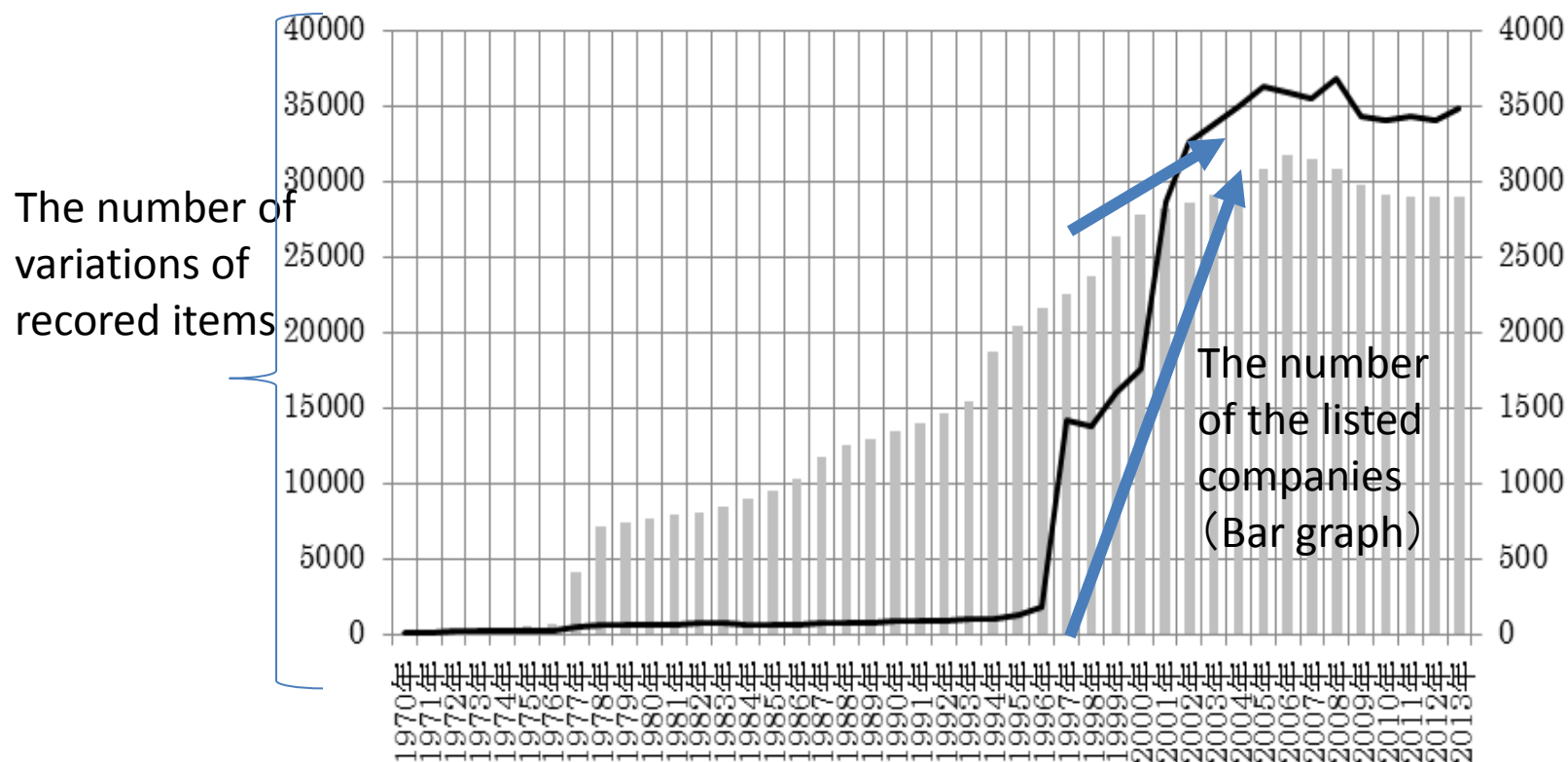


The course where financial information that the companies disclosed is recorded in the database



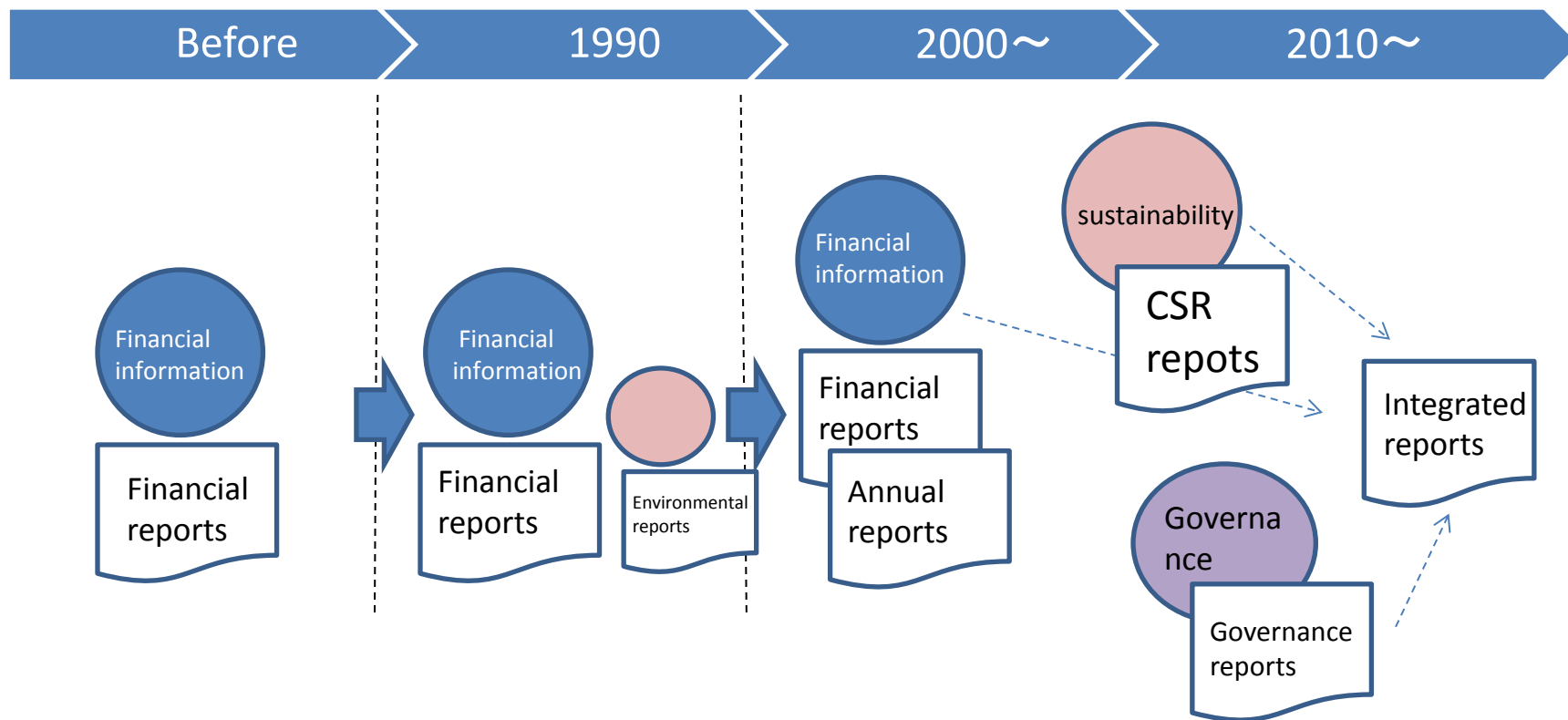
For example, “Goods” items are disclosed by various companies. Data providers record these items in the database as a single item by standardizing the various types of disclosed information.

The compare between the number of variations of recorded items and the number of Japanese listed companies

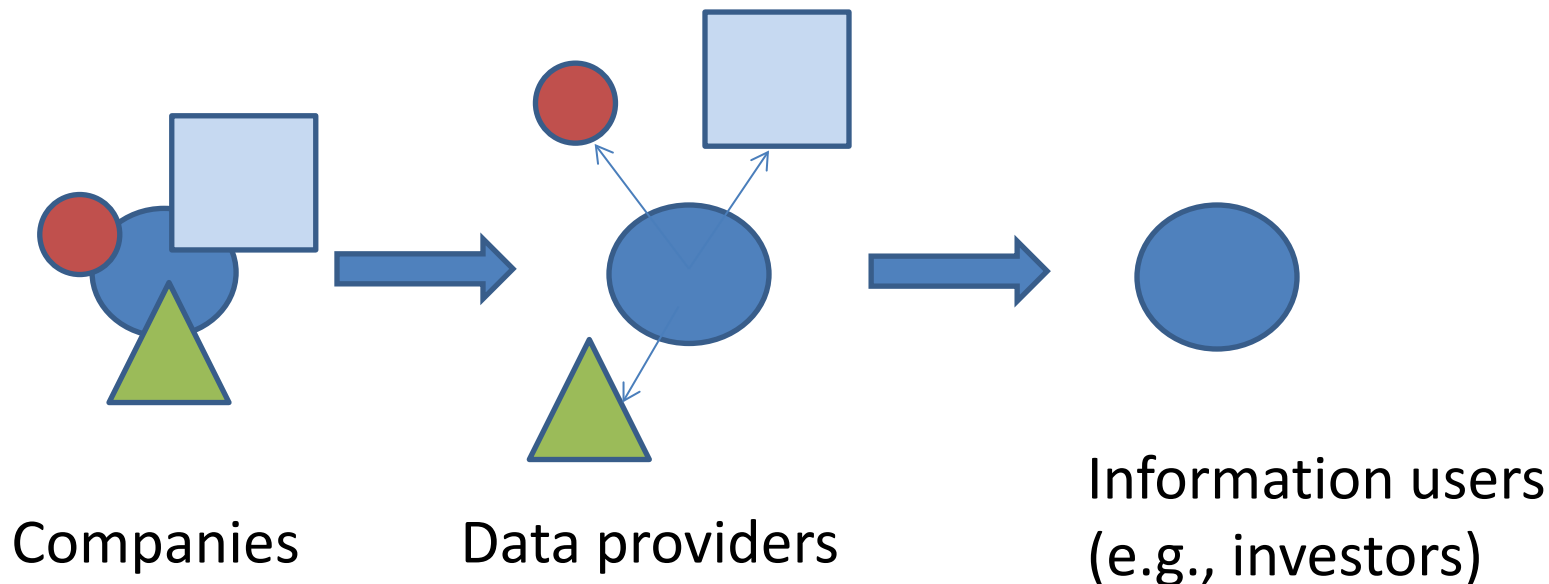


Compared with the increase in the number of companies that recorded items in the database, variations in the types of information disclosed by companies have rapidly increased since the late 1990s.

Changes in Japanese Disclosure Statements from 1990s

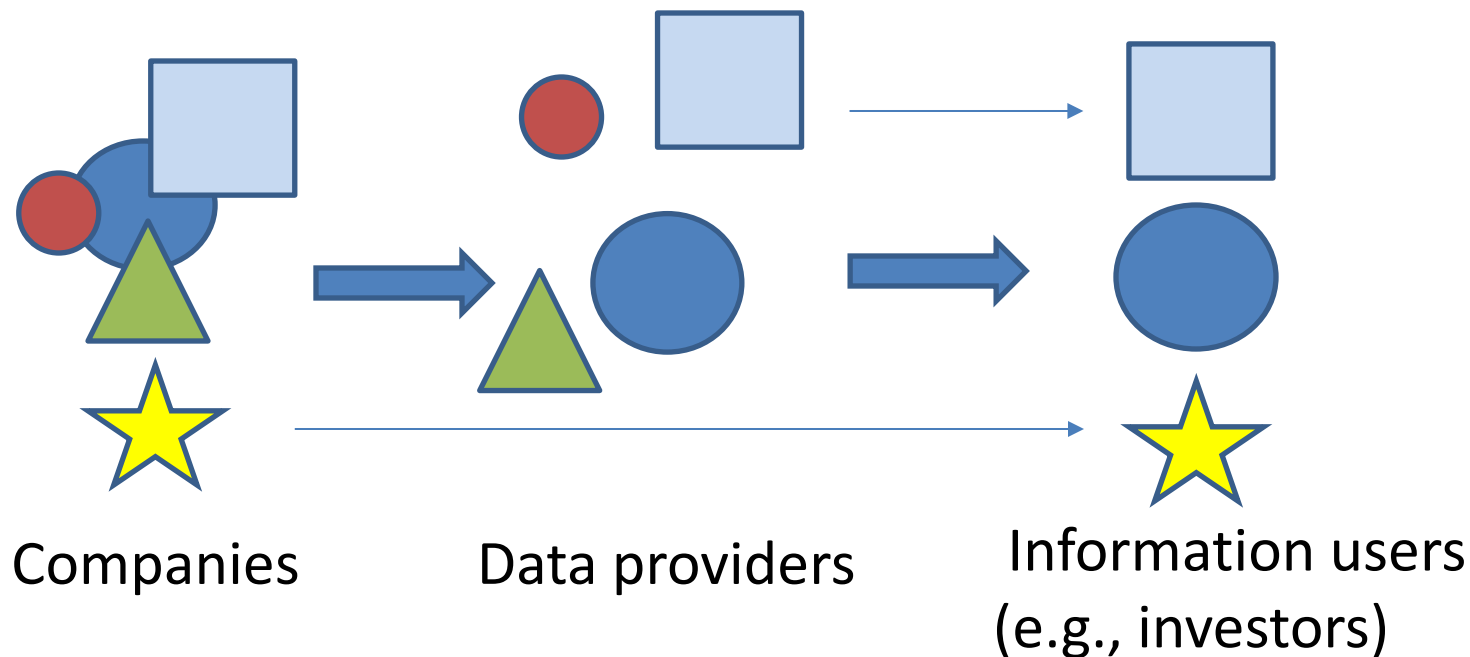


Gap between information received by investors and disclosure of company information



Aside from value considerations, is there a risk that the data that is being disclosed lacks relevance?

Means to fill the gap.....



- Dialogue between information users and information providers about financial information is necessary for making investment decisions.
- Through dialogue between users and companies, the latter disclose new information relevant to investment decisions.

Conclusion

- Increasing the accuracy and rate of financial information disclosure is important for Straight through Processing (STP) by XBRL.
- However, to achieve the goal of disclosing relevant financial information, it is necessary to provide information to information users after fully understanding the importance of it.
- Dialogue is important between companies, data providers, and information users in order to converge on a method for enhancing the quality of financial information.

Thank you all very much for your attention

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