

# 1st Engine: Retail Business



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Senior Managing Executive Officer



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Managing Executive Officer

### Business Mission

Providing “reliable and thorough” financial services “safely and securely” to anyone and everyone throughout Japan.

### Main Business

Targeting customers who are mainly individuals in Japan, providing financial services, such as deposits, remittances/payments, salary/pension receipt, asset management, cashless services, and housing loans (brokerage), through nationwide directly managed branch offices and post offices as well as our ATM network and digital channels.

# RETAIL BUSINESS

## Strategy Outline

### Business Strengths

- Overwhelming number of real networks
- Largest customer base and deposit balance among Japanese banks
- Accumulated retail business know-how and specialized human resources
- Brand strength based on trust built with local communities since our founding

### Business Environment

- Advances in digital technology and growing needs for non-face-to-face transactions
- Lowering of barriers between banks and other industries
- Promotion of government’s “asset income doubling plan” and expansion of NISA system

### Basic Policies

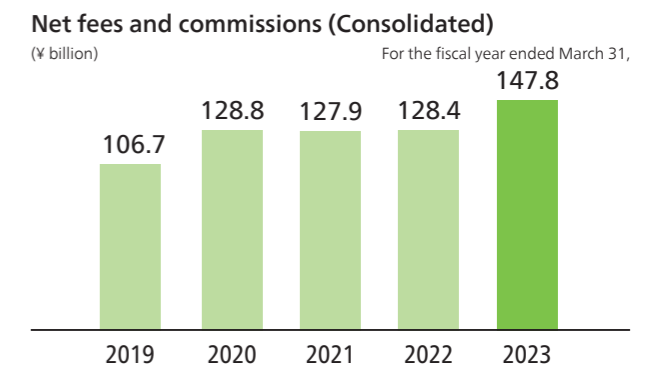
- Expanding digital services that are easy for all customers to use, with top priority placed on safety and security
- Leveraging store network to support customers’ use of digital services
- Starting from our digital channels, building a “co-creation platform” that provides optimal financial services to customers by collaborating with various businesses, including those in non-financial fields
- Strengthening our ability to make proposals through face-to-face channels and supporting asset formation through enhancement of digital channels
- Improving productivity of counter and back-office operations by utilization of digital technology

### Value Creation

- Customers**
  - Providing “safe and secure” financial services throughout Japan that leave no one behind
  - Supporting customers’ shift from deposits to investment
- Shareholders/ Investors**
  - Retail business earnings enhancement
  - Cost reductions
- Environment**
  - Reducing environmental impact by shift to paperless transactions

## FY2023/3 Performance

In FY2023/3, fees and commissions income, which are mainly equivalent to commission income in the retail business, increased by ¥19.3 billion year on year, to ¥147.8 billion. Due to the impact of the price revision implemented in January 2022 and an increase in the use of cashless services, foreign exchange/payment-related fees and ATM-related fees increased.



## FY2023/3 Results and Future Initiatives

### Digital Services Strategy

As of March 31, 2023, the number of accounts using the Yucho Bankbook App had increased to 7.45 million. The app enables customers to use their cellphone to perform basic banking transactions at any time, such as checking savings account balances and deposit/withdrawal details, sending money, depositing/withdrawing TEIGAKU/time deposits, purchasing investment trusts, and changing their address/phone number. In February 2023, we launched the Personal Financial Management (PFM) app Yucho Reco, which enables customers to use their smartphones to manage their financial assets and monthly income and expenditures. We also promoted cashless initiatives, such as the launch of Japan Post Bank Debit, which combines a Visa debit card with a cash card.



In addition to working to improve customer convenience by expanding digital services such as smartphone apps, in the years to come we will steadily promote operational efficiencies by completing various administrative tasks digitally.

### Asset Formation Support Business

With regard to investment trust products handled at the counter, in addition to carefully selecting simple and easy-to-understand products, we are reviewing our product lineup to be more customer-oriented, such as by launching the Yucho Fund Wrap, which provides optimal investment portfolios matched to customers’ life plans and changes in household finances. We are promoting consulting that is attuned to our customers through product and service proposals aimed at realizing our customers’ life plans.

With regard to cumulate-type Tsumitate NISAs, a tax-exempt system suitable for long-term, accumulated, and diversified investments from small amounts, we will also make proposals utilizing the post office network in addition to our directly operated branch offices nationwide, thereby supporting the customer shift from deposits to investments.

### Initiatives for Investment Trust Digital Channels, etc.

In our digital channels, in addition to waiving commissions when purchasing investment trusts, we are expanding their functions, such as by adding investment trust trading functions to the Yucho Bankbook App. From October 2022, post offices nationwide also started online consultation and reception services for Tsumitate NISAs.



## 1st Engine: Retail Business

### Expansion of customer self-transactions

At our 233 directly operated branch offices, we have installed Madotab, self-service branch terminals, that enable customers to open accounts and complete other transactions by themselves. As of the end of March 2023, about 90% of new account openings were being completed via Madotab terminals rather than at a teller counter. In May 2023, we added three functions: for remittances, for QR code\* tax and public fee payments, and for cash card PIN re-registrations. In the years to come, we will expand the available procedures, improve customer convenience, and promote a reduction of the volume of administrative tasks carried out at counters. In our ATM network, we also proceeded with the deployment of ATMs that feature a bankbook carryover function.

\* QR code is a registered trademark of DENSO WAVE Incorporated.

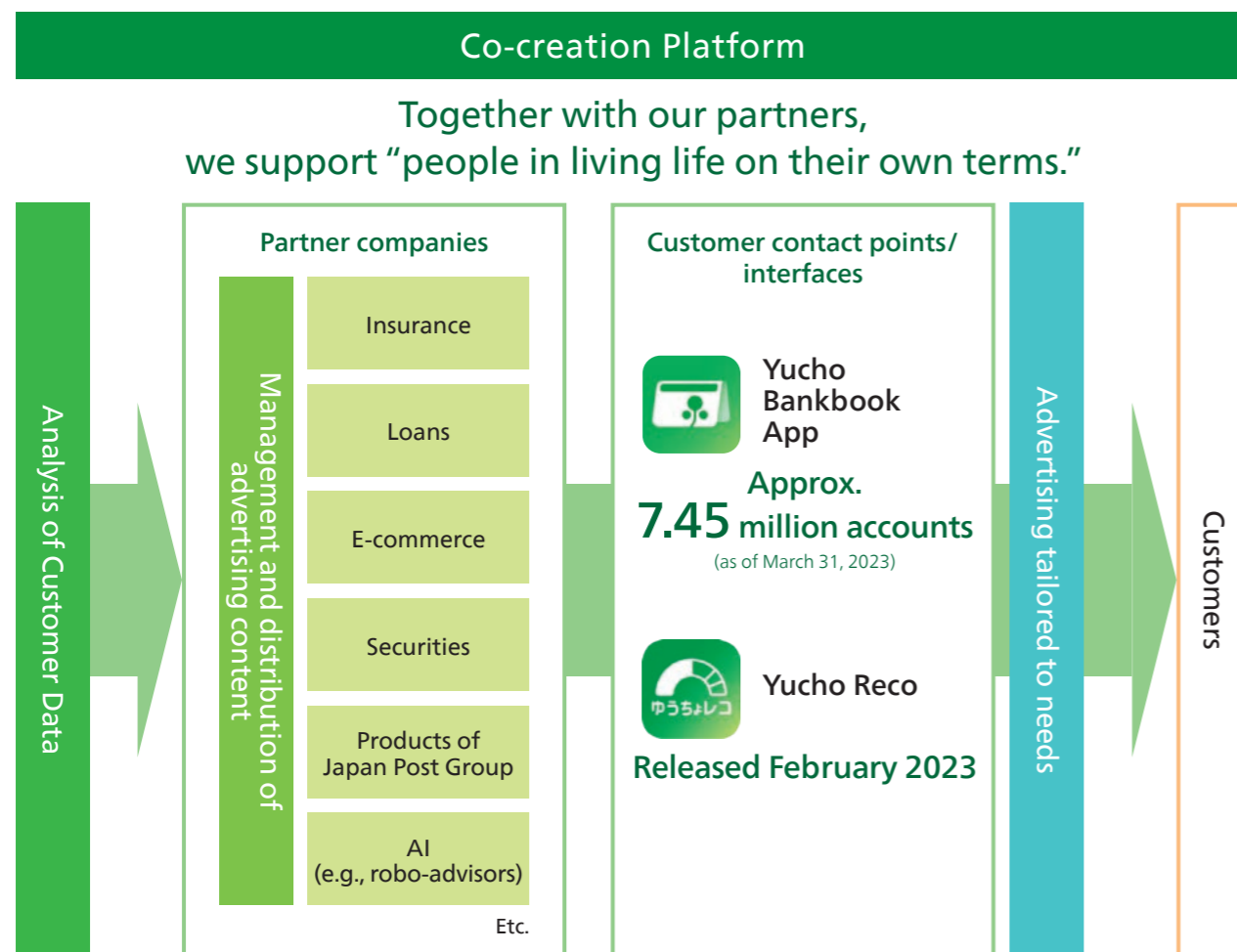
### Digitization of back-office operations

In back-office operations, we are promoting the automation and digitization of time-consuming, labor-intensive administrative tasks, such as responding to inquiries from administrative agencies and inheritance procedures. Having worked on the installation of a Business Process Management System (BPMS) that automatically processes paperwork in conjunction with our internal systems in FY2022/3, in FY2024/3 we will further improve productivity by expanding the tasks covered and increasing the number of bases running the system.

### Co-creation Platform Strategy

As a new retail business strategy, we will collaborate with a variety of businesses to gradually start implementing—via the Yucho Bankbook app and the PFM app Yucho Reco—a Co-creation Platform Strategy to introduce optimum products and services (such as the distribution of advertising content) tailored to customer needs.

### Business model concept for Co-creation Platform



## VOICE Digital Services Business Department (Co-creation Platform)

### I want to provide unprecedented new value through Yucho Reco



**Kouhei Shikata**  
Digital Services Business Department

**Yucho Reco is a PFM app that enables users to manage their financial assets and monthly income and expenditures. From now on, we will promote not only the household account book function but also a “Co-creation Platform Strategy” that connects the services of a variety of companies with customers, as we aim to remain an app that “together with our partners, supports ‘people in living life on their own terms.’”**

The period from project launch to release was less than a year, so development progressed at a pace I had never before experienced. Also, on account of each member having their own thoughts and preferences about the app, and due to the repetitious trial and error involved, there were times when I thought that we might not be able to meet the schedule. However, in the end, we somehow managed to make it in time for the release by having all of the members bounce ideas of each other from the perspective of “what kind of apps are the Bank’s customers looking for?”

### “I want to create a service that would have a special market presence.”

Before taking up my current position, I had experience working at our directly operated branch offices in Otsu and Kyoto as well as in corporate sales at headquarters. By coming into contact with many customers, regardless of whether they were individuals or corporations, I received a variety of feedback, such as on the Bank’s strongpoints and the areas that needed to be improved. Under such circumstances, on a routine basis I always maintained an awareness of any issues, asking myself questions such as—as a bank that is entrusted with ¥194 trillion of deposits from customers all over the country—what would be a better service for customers and what are JAPAN POST BANK’s strengths that set it apart from other banks? I would also wonder if there was more that we could do for our customers by taking advantage of those strengths.

After that, when I participated in the working groups for Yucho Reco and the Co-creation Platform Strategy, I thought that, if I were to be involved in a meaningful way, I should make use of the customer feedback I had seen and heard as well as my own experience. I had thus been working on an app development with the desire to create a service with a special market presence that only JAPAN POST BANK could provide.

### I want to provide “value” that cannot be achieved by JAPAN POST BANK alone

Since the attributes of JAPAN POST BANK customers are diverse, I would like a wide range of customers, regardless of their ages or occupations, to use Yucho Reco to help them save money, engage in asset formation, and become more aware of their household finances. We initially released Yucho Reco as a simple PFM app, but from now on we will analyze customer preferences and needs by collaborating with partner companies. By providing new experience value that cannot be achieved by JAPAN POST BANK alone, such as guiding customers to optimum services, I would like to play a role in helping customers design abundant lifestyles in ways that are truly attuned to them.

With regard to what kind of functions to add in the future, rather than adding this and that from the provider’s point of view, I would like us to listen to the feedback from actual customers and provide functions that meet the needs of the times and are truly desired by customers. To that end, I would like to unearth latent needs by providing opportunities to actually receive opinions from customers, proceed with the project in a way that does not restrict us to existing values, play a role in the financial consulting provided by JAPAN POST BANK and thereby develop Yucho Reco into an even more attractive app.