

Shinsei IR Day

Innovation of Customer Experience Value – Strategy for Interfaces and Content

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Slide 1: Innovation of Customer Experience Value – Strategy for Interfaces and Content (cover page)

We have three retail banking businesses: a mainly branch-based asset management business, a transaction business that includes online banking and a residential mortgage business. Of the three, I will talk about our plans for the asset management business today.

We are also partnering with other companies in the Fintech space, but I will limit my presentation today to how we intend to deploy new technologies in our asset management business.

The theme of my presentation is “Strategies for Interfaces and Content” or, in simpler terms, how we plan to build channels and customer relationships.

Slide 2: Our Review of Current Asset Management Businesses in Japan

In addition to megabanks, regional banks and startup banks, nonfinancial companies have recently been entering the asset management business by partnering with Fintech companies or incumbent financial institutions. This trend, coupled with the global interest rate environment, poses challenges both offensively and defensively.

Our offensive and defensive initiatives to date are summarized on slides 9-10. The common thread running through them is, how do we expand our points of contact with customers? To do so, we have been focusing on strengthening our physical infrastructure, including our branch network, augmenting our product offerings and increasing the time spent engaged with customers by improving in-branch operations.

Slide 3: Our Retail Business’s Current Challenges

We are focusing on two issues at present. The first is that the channel through which we provide consulting services is limited to staffed branches. The second is that the time available for individual staff to serve customers in our branches is likewise limited.

If, for example, consultations take two hours per customer, our consultants would have time to consult with four customers per eight-hour workday. In other words, our daily consultation capacity would be limited to four times our consultant headcount. The challenge we face is how to surmount this limitation to provide high-quality services to more customers.

We have long recognized this challenge and have made considerable progress in addressing it. I will talk about a few of our initiatives today.

Slide 4: Shinsei Retail Business Vision

The diagram in slide 4 depicts our retail business vision. In its center circle, we have consulting capability, IT and customer data. “Consulting capability” refers to our staff’s knowledge and product recommendation skills, as well as information. While we can refine our consulting capability, our capacity is limited by time constraints and the number of branches we have. We will therefore utilize customer data and technologies such as AI to build relationships with more customers.

To do so, we will expand the channels that are our points of contact with customers, including not only branches but also videophone and chat apps.

Product-wise, it is important to make product recommendations that take into account Shinsei Bank customers’ risk profiles. The last piece is relationships with customers. How to build trust-based relationships with customers is the most important issue.

Based on our vision, we have adopted two policies. The first is, “Provide more customers with consulting services using remote channels as well.” The second is, “Rationalize and streamline consultation practices using technologies such as AI and robotics for real-time customer data.”

Slide 5: Initiatives to Improve Customer Experience Value using Data

When we talk about data use, we mean enabling our staff to access customers’ personal attributes and records of their previous contacts, transactions, including online ones, and visits to Shinsei Bank Group websites, all in real time while engaged with the customer.

By adding AI-based information analysis to the mix, we will better personalize our customer service while gaining more insight into customer behavior in the aim of boosting customer satisfaction and increasing the frequency and duration of customer contacts. This initiative is nearing completion. Advancing such initiatives is one of our strategies.

Slide 6: Initiatives to Improve Customer Experience Value using Multiple Channels

We currently provide consultations to customers who are in need of investment advice and come into our branches.

Of the two types of customers represented on slide 6, the first type is highly in need of advice but unable to visit a branch due to time constraints or lack of proximity. We know that a certain number of such customers exist. We will serve them through remote channels that they can access from their home, workplace or wherever, whenever they have time to do so. Alternatively, we may reach out to them through remote channels. The second type of customer has a latent need for advice but does not realize it yet. We will expand our target market to include such customers by offering convenient access to whichever of our channels they prefer.

Slide 7: What is Expected of Productivity Improvement

We consult with an average of 3.4 customers per consultant per day as of the current fiscal year. If we use remote channels and have customers finalize their transactions online, we could reduce the amount of time our consultants spend per consultation. Additionally, we aim to realize additional productivity gains by using data to more accurately individualize contacts we initiate with customers. Going forward in our asset management business, we must increase assets under custody instead of focusing on profitability. To do so, we will increase the productivity of our limited resources by utilizing data and providing convenient, user-friendly channels.