GREAT EXPECTATIONS

E-Banking in Japan

Some Emerging Formats
Basis Research

- Sloan Foundation Grant to compare use of IT to improve competitiveness
- User strategies to gain competitive advantage through IT
- Identify Best Practice
E-banking Cases

- Traditional: Sanwa
- Foreign: Citibank
- Retailing Network: Ito-Yokado
Mixed E-Banking Strategies

- Each Strategy Distinct having many parts (Internet, Phones, Bricks & Mortar)
- Include others due trends Liberalization, IT, Globalization and multiple products
- Examples: Citi has partnering strategy with Ito-Yokado while IY projects to create an advantage include Sanwa
• Leadership IT Consumer Banking that now includes Tokai and Toyo Trust
• Life Cycle Model
Citibank

- Leadership International Consumer
- Build Model Branches - Historical Legacy
- E-Consumer part Multiple Access Strategy
- IT Intensive, but Consumer focused
- Scale Customization Segmentation
Citi Life-Cycle Model

- Target International Professional
- Start Credit Cards
- Evolve with Personal and Professional Life
- Mortgage and Savings Products
- Retire, Manage Assets, Private Banking
E-Consumer

- User Aligned, Driven - 2.8 MM accounts
- User Budget (Product, Function)
- Data Mining Analysis - 100MM Cards
- Call Centers: Response Time, Number Calls, Total Relationship (e.g. address, cards)
- M-phone Emphasis & Initiated Calls
Strategic Elements

- Security over Industry Trends, Competition
- Multiple Consumer Contacts and Flexibility
- Reject Bank Acquisition: Problems/Expense
- Capture Total Relationship but Client Choice
- Cross Selling (Citibank, Travelers, Salomon Smith Barney) and Benefits (FX, contacts)
Cyber-Marketing Results

- Enhance Group or Function Productivity
- Improve Marketing and Credit Decisions by linking products, markets, customers
- Reduce Errors and More Consistent,
- Better Customer Relations (merchants too)
- Constant Evolutionary Improvement
Partnerships

- NTT & DoCoMo
- IY Bank
- Postal Savings
- Nikko
- Fujitsu & KDDI
IY Case

- IT Intensive and Consumer Focused
- Convenience Stores as Payment Mechanism
- Multiple Delivery Channels
- Add-on Sales (Stamps, FX, Utilities, Books, Packages, Games, Caretaker Meals)
- Partnership Strategy
IY E-Finance Partnerships

- Banking - Sanwa, Mitsubishi/BOT, Citi
- Brokerage - Nomura and Nikko
- Insurance - Sony
- E-commerce - 7dream.com
- Internet Payments - Rakuten Ichiba
Partnering Benefits

- Flexible access IT and business experts
- Ability combine industry and IT expertise
- Expanded user base, low-cost borrowing capacity, cash flow support growth
- R&D
- Globalization Worldwide Reach
Emergence “E-retchu”

- Though not selected this basis case study firms have formed joint IT projects
- Alternative IT business model to Venture Capital (dot.com) or acquisition (Cisco)
- Toyota, NEC, IY, Citi, Sanwa, NRI, Nomura
Commonalties

- IT & Data Intensive but Consumer Focus - build core competencies, human contact
- Multiple Delivery Access, Results Oriented
- Quality, Low Cost (user-base), Convenience
- User Driven IT, Partnerships, Databases
- Security, Customized IT, Little Outsourcing
Conclusions

- Including Internet another set channels distribute & service financial products
- Partnerships access IT fast at low cost
- Path dependent using existing structures
- Importance of “clicks and bricks”
- Crossing and integration other strategies
E-BANKING in Japan

The Future Is Wide Open