

“Timing is really important for initiating drastic transformational initiatives. Fujitsu, which was involved in Fintech from its earliest development stage, understood our thinking. Our partnership with Fujitsu was instrumental in creating the iBank that you see today.”

Kenichi Nagayoshi
CEO
iBank marketing Co., Ltd.

Driving ecosystem-based businesses by harnessing Fintech to attract younger customers.

At a glance

Country: Japan
Industry: Financial Services
Founded: 2007
Website: fukuoka-fg.com/en/

Challenge

Advances in information and financial technologies, shifting attitudes of younger customers, and new trends of direct banking put FFG under pressure to deliver drastic transformational initiatives. In order to be the bank of choice for its customers, it needed to go beyond traditional financial and brand concepts.

Solution

FFG developed a financial services platform called 'iBank', a smartphone application adopting FUJITSU Cloud Service Private Hosted LCP as well as FUJITSU Network Platform and Security Service, delivering operating quality and rapid response in the event of a failure.

Benefit

- Attracted younger customers, with 65% of app downloads coming from customers under 30
- Developed local ecosystem – consisting of the bank, individual customers, and business customers – contributing to regional revitalization

Customer

Headquartered in Fukuoka City, Fukuoka Financial Group, Inc. (FFG) is a financial holding company, having The Bank of Fukuoka, The Kumamoto Bank and The Shinwa Bank in its group. The group is one of the largest regional banks in Japan with total funds in excess of 13 trillion Japanese yen as of March 2016. It is also currently planning to integrate its business with The Eighteenth Bank, Ltd. in October 2017.

Products and services

- FUJITSU Cloud Service Private Hosted LCP
- Fujitsu's network platform and security service

Transforming the conventional finance business model to meet a changing financial environment

Despite its strong position in the market, FFG is facing external changes. "With a falling population, declining birth-rate and aging society, the market is expected to shrink in the future," says Kenichi Nagayoshi, CEO of iBank marketing Co., Ltd. and Assistant General Manager of the Sales Planning Division of Fukuoka Financial Group. Although business integration and the increase in fee-based business are giving positive impacts to its core business, FFG is under pressure from advances in information and financial technologies, shifting attitudes of younger customers, and new trends of direct banking.

According to Kenichi Nagayoshi, FFG must implement "drastic transformational initiatives" to continue providing its customers with financial services in line with its brand slogan, *'To be your Bank of choice'*. "The aim of the Group was to build loyal customers for the Fukuoka Financial Group by providing services that truly attract customers and go beyond the traditional financial and brand concepts," says Nagayoshi.

Partnering with Fujitsu to build cloud infrastructure for a new business model

To achieve these goals, the company needed an ICT platform that would enable younger customers easy access from their smartphones which they use at every moment. With this in mind, FFG founded iBank marketing in April 2016 to develop a financial services platform called 'iBank' for launching new businesses.

The iBank platform adopted FUJITSU Cloud Service Private Hosted LCP as well as Fujitsu's network platform and security service. Kenichi Nagayoshi points out, "This private cloud service complies with technical standards defined by The Center for Financial Industry Information Systems (FISC), while enabling firewall isolation of each segment within the data center." As such the group has high expectations for its operating quality, including rapid response in the event of a failure.

FFG has been actively participating in the Fujitsu-initiated Financial Innovation For Japan consortium since it was established in July 2015, as a place for connecting financial institutions and Fintech companies. "A place for open innovation like this was extremely helpful for developing iBank," says Nagayoshi.



Smartphone application successfully attracting younger customers

The iBank platform was developed over a period of around one year from mid-2015. The Wallet+ account management app and mymo+ lifestyle information service were both launched in July 2016, while the Debit+ payment card was launched in October 2016 as a cash alternative.

Nagayoshi says that the iBank platform has produced three main outcomes: attraction of younger customers, uptake of debit cards, and development of a partner ecosystem.

Eight months after the July 2016 service launch, the Wallet+ smartphone app had recorded 80,000 downloads. "Approximately 65% of accounts are customers aged under 30," says Nagayoshi, highlighting the success in attracting younger customers. Regarding its goal of increasing the use of its Debit+ debit card, the company issued 70,000 cards in the first five months. "Wallet+ enables users to check the balance of their debit card anytime. It also allows users to make small deposits from surplus into their special-purpose savings accounts with a single tap. These easy-to-use functions appealed to customers," explains Nagayoshi.

Relationships with the business partners who use iBank analysis data have also deepened. "Members can specify a category and name for each account of their special-purpose savings accounts," continues Nagayoshi. "Such accounts are set up for special purposes such as a trip to Hawaii. Tracking the savings patterns of these accounts allows partner companies to use the information to recommend their products and services at the best timing." FFG expects that its three-way local ecosystem – consisting of the bank, about 5.5 million individual customers, and around 220,000 business customers – will contribute to regional revitalization as well.

In addition to its core financial business, the Fukuoka Financial Group aims to expand into and deepen ties with other sectors, such as healthcare/insurance, childcare/education, and culture/public administration, by driving ecosystem-based businesses. Fintech and other cutting-edge ICT play an important role in enriching our lives and enhancing safety and security.

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Phone: +81-3-6252-2220