Resona's Initiatives to Promote Digital Transformation (DX) —CDIO Message

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Group CDIO and Executive Officer
Resona Holdings

CDIO: Chief Digital Innovation Officer

The Resona Group has identified (1) innovating customer experience, (2) delivering new value to customers and (3) overhauling our cost structure as the three priority objectives of DX.

This means that digital technologies are principally a means to an end. Based on this premise, we are strongly focused on how we accomplish digital-driven corporate transformation (CX).

Realizing the Integration of Digital and Face-to-Face Channels

Since the 2018 release of the Resona Group App for individual customers, we have enhanced our digital channels, with our smartphone app at the center of this endeavor. Through the use of the customer perspective, we have designed this app with a strong emphasis on enhancing user interface (UI) and user experience (UX) and have since improved it on a constant basis. Thanks to these efforts, our Group App has become our most frequently used customer transaction channel. We have seen not only the widespread use of the app among individual customers but also emerging demand for an easy-to-use and convenient transactional interface for SME customers. With this in mind, we will take on the challenge of enhancing digital channels in the corporate transaction field as well.

On the other hand, Resona's foremost strength lies in its capabilities to provide face-to-face consulting and meticulously accommodate the needs of customers according to their differing circumstances. Moreover, in addition to practicing this consulting approach, each branch cultivates deep roots in its surrounding community, setting the Resona Group clearly apart from other banks. We need to further enhance our capabilities in this area.

It is also essential to enable both individual and corporate customers to choose from various channels based on timing, occasion, need, desired transactional type and objective. Previously, banks have striven to herd customers into specific channels based on their own convenience, but such an approach is outdated and no longer relevant. Today, it is essential to secure a robust structure that accommodates the transactional needs of customers through the channels of their choice, be it digital or face-to-face.
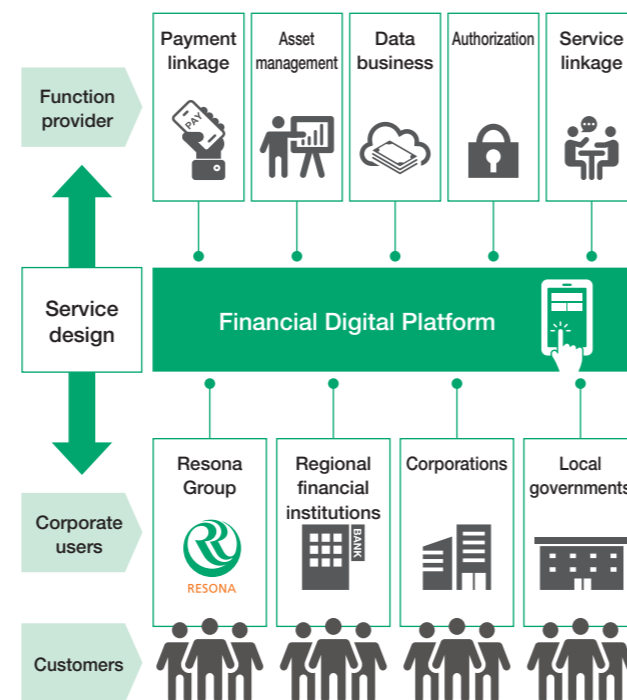
Pursuing Co-Creation with External Partners to Deliver Even Better Services to as Many Customers as Possible

The "money" handled by banks is merely a means for customers to, for example, obtain services or achieve other objectives. Accordingly, we need to maintain the ability to accurately understand how and why customers are using their money because, if we fail to grasp what they genuinely need, our role as a bank could become obsolete. We feel a strong sense of urgency in this regard.

We are thus developing an open financial digital platform that will be made available to a variety of corporations. Through this platform, we aim to achieve co-creation with external partners in a way that breaks free from the conventional finance framework.

Our efforts to build up this platform will also transcend constraints arising from in-house development and will help us form alliances with diverse partners, including those in non-financial sectors. In this way, we will enhance the content of our services aimed at supporting daily lives of individual customers as well as those aimed at helping corporate customers address their management challenges.

In addition, our collaborative efforts with regional financial institutions are backed by our aspirations to deliver excellent services to customers in regions around Japan and, to this end, consolidate access to functions afforded by players across the financial industry. Therefore, we will expand the scope of equal partnerships with regional financial institutions so that our platform can deliver even better services in a swifter and more efficient manner. This will, we believe, enhance the competitiveness of Japan's financial industry as a whole.

Function provider: Payment linkage | Asset management | Data business | Authorization | Service linkage

Service design

Financial Digital Platform

Corporate users: Resona Group | Regional financial institutions | Corporations | Local governments

Customers

Resona's Initiatives to Promote Digital Transformation (DX) —CIO/CPRO Message

Mikio Noguchi
Group CIO, Group CPRO,
Director and Executive Officer
Resona Holdings

CIO: Chief Information Officer
CPRO: Chief Process Reengineering Officer

Breaking away from the inherently cost-intensive nature of our retail business has been an important management issue for the Resona Group. I therefore believe that the Group needs to promote the DX-driven, exhaustive overhauling of business processes.

Aiming for the DX-Driven Innovation of Customer Experience while Breaking Free of Dependence on Conventional Procedures

Currently, our branch-counter operations still include transactions that use paper documents and personal seals as well as banknotes and other physical instruments and are manually processed. However, we will push ahead further with DX to break away from conventional procedures, with the aim of delivering innovative and more convenient customer experience backed by the integration of branch-counter and digital channels.

We will also simplify and streamline our business processes to enable our customers to easily complete procedures at any of our branches while promoting paperless and cashless transactions via the widespread utilization of Resona Group tablets and teleconferencing-based consulting.

Meanwhile, we are accelerating initiatives to deliver solutions that reflect the combined efforts of all Resona Group members. To this end, we aim to establish universal back-office operational practices for the entire Group while rebuilding business processes. These improvements will maximize the time employees are able to allocate to the provision of face-to-face services through branch counters and to take action on behalf of customers.

Transition from a Traditional to an Open System Structure with an Eye to Leveraging Fast-Advancing Technologies

Currently, structural reforms promoting system generalization, openness and streamlining are under way. We refer these initiatives as "Resona NEXT." In conjunction with the launch of the new medium-term management plan (MMP) in FY2023, these reforms have entered the second stage.

The aim of "generalization" is to break away from dependence on dedicated terminals used solely by financial institutions through the DX of branch-counter operations. We are presently promoting the replacement of costly dedicated branch-counter terminals that cannot be used by anyone other than well-trained branch staff, with general-use PCs via the development of low-code tools. Thus far, approximately 70% of these terminals have been successfully replaced.

The aim of "openness" and "streamlining" is to develop a simpler system infrastructure that can be used not only by Group banks but also by external partners and that is easy to coordinate and connect with such partners' infrastructure. These efforts will involve the drastic streamlining of systems, low-code development and the enhancement of an agile development structure implemented in tandem with the overhaul of business processes and the integration of back-office systems in place at Minato Bank. We will thus establish a universal back-office operational practices for all Group companies.

Advancing IT Governance for Both Aggressive and Protective Governance Measures

As part of aggressive IT governance measures, we have formulated IT strategies aimed at realizing "Resona NEXT" and other priority initiatives. Our system development staffing, costs and schedules are now being determined by these strategies. Moreover, we proactively utilize AI and other new technologies while promoting such innovative workstyles as remote working.

To optimally allocate personnel in order to support strategic planning and execution, we are enhancing the IT skills of those at business divisions in addition to securing a robust pool of IT specialists and appropriately assigning them to each business unit. Measures now in place include those aimed at strengthening overall IT/DX skills of the entire workforce and better motivating employees to promote DX.

Meanwhile, because businesses around the world are subject to increasingly sophisticated cyberattacks with growing severity, we need to upgrade our risk governance by enhancing information security and other measures. We will properly respond to the growing call for robust cybersecurity measures by enhancing the Group's IT governance in addition to playing our part in Anti Money Laundering/ Countering the Financing of Terrorism (AML/CFT) and upholding the Act on Economic Security Promotion.

Generalization / Openness / Streamlining

Customers/employees: PC | Smartphones and tablets | Group tablet

API

Digital banking platform: Group App | Fund Wrap | VISA debit card | Cashless payments | ATM passbook entry | Customer data | Bank A | Bank B

API

API platform

Communication hub

Minato Bank | Bank A | Fintech firms

Accounting systems: Functions for settlement bookkeeping | Bank A ledger | Bank B ledger | Bank C ledger