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The future of ITFOR is in tandem with our regional customers. Unlocking our potential for resolving regional issues



now who want to work in rural areas than those days when we joined the Company. ITFOR also added options of fixed area employment and employment without transfer.

Yamazaki: I certainly had the impression that there were more people who opted for fixed area employment than I expected. People have come to give more importance to work-life balance compared to ten and several years ago, and the atmosphere of the Company has probably changed so that it is more easy to say that they want to avoid transfer due to reasons of their families.

Takagi: Telework has increased due to the COVID-19 pandemic, and people value personal time than before. The work style has changed significantly overall. We did not have web conferences at all in the past, but now our local bank customers can conduct telecommuting and web conference.

Yamazaki: However, I heard some juniors say that they have hard time during telework because then cannot consult. They probably also have a wish to work with coworkers nearby.

Ochiai: In the Kyushu Office, drinking parties revived after the COVID-19 pandemic. We actively use the Happy Hours System—"Let's refresh ourselves after the official work hours"—proposed by the President. Of course, communication is also active in occasions other than drinking parties.

Yamazaki: In the Tokyo Head Office, young people often gather and have a friendly talk. Then, an Executive Officer joins, whom they usually do not have much chance to talk with. I feel that the Happy Hours System is a very good idea when I see people of various positions and ages are talking around a table.

Takagi: Reinforcing teamwork in various occasions is important because the Company must grow in spite of changes of the work style such as reduced overtime.

Yusuke Yamazaki
Financial System Division
Section Manager of
2th Group, 1st Sales
Department



Prefecture, the population is declining because there are many young people who go to universities in Tokyo and do not return after graduation.

However, when I asked a customer in a bank of Ibaraki Prefecture the other day, "Isn't the population decline severe?," the response was "Not very," contrary to my expectations. For example, Ibaraki Prefecture in the Kanto area is similar to Hokkaido. It has unique items of produce and food, and it is near Tokyo. They are confident that these competitive advantages will not be lost despite some decline in population. This reminds me that prefectures close to major consuming areas are different from other prefectures.

Takagi: There is a strong trend of systematization also in customers in the areas that I in charge of. The number of employees is reducing, so they have to deliver results with a smaller workforce. They have trouble in human resource development such as teaching operational know-how to junior employees, so they are highly positive about automation and streamlining. Every task is related to a system nowadays, so banks are working to improve IT literacy by, for example, having all employees acquire the IT passport.

Ochiai: My section is in charge of Yamaguchi Prefecture, the seven prefectures of Kyushu, and the Okinawa Prefecture. Also, issues vary by region. In the Kyushu area, people are gathering in Kumamoto Prefecture seeking employment from a semiconductor factory that was recently set up by a foreign-capital company. The decision of building the second factory has already been made. However, the construction of infrastructure in the area is not catching up, so that commuter rush is as intense as Tokyo even now. I heard from a local bank in the area that their problem is that, although the demand on mortgages is rising rapidly due to the home construction boom, they cannot raise sales any more due to personnel shortage.

Yamazaki: I see that kind of a story in the media, and you are telling me that is actually happening.

Ochiai: Yes. People say it is worth working hard now because Kyushu is gaining special attention.

Takagi: The number one issue of local areas is finding ways to advertise attractive features of individual prefectures. People are probing for business chances by setting up regional trading companies.

Yamazaki: That is true. As for private sector projects such as the sophistication of banking business, an initiative of a bank in Chiba Prefecture is very interesting. With the enthusiasm to bring about a miracle in Chiba Prefecture, that initiative was launched in April this year, aiming for regional revitalization through businesses of agriculture, consulting, and trading.

Local financial institutions are very active in sending out information on features of their prefectures, and a bank in Yamanashi Prefecture has started tourism. Yamanashi Prefecture features Mount Fuji, Fuji Five

2 What are challenges for local financial institutions, our customers, to solve regional problems? Solving the problem of labor shortage by DX Active new businesses that leverage the charm of regions

Yamazaki: I am in charge of the Tokyo metropolitan area, the Tohoku area, and Hokkaido, and issues that customers have vary by area. The issue in the Tokyo metropolitan area is chronic shortage of workers. Competition among local banks is intense. For example, there are three local banks in Chiba Prefecture. So, their main needs are rapid streamlining and sophistication by systematization. On the other hand, in areas around Tokyo such as Yamanashi Prefecture and the Boso area of Chiba



Toru Ochiai
Financial System Division
Section Manager of
4th Group, 2nd Sales
Department

1 What are issues in Japan, viewed from ITFOR young section managers? Declining population and stagnation of local economy Significantly changed work style

Yamazaki: We are in charge of customers that are financial institutions in different regions, which are the main customer base of ITFOR, and as such, we were selected as the members of this round table discussion. How do you view your area in terms of the current situation and issues of Japan?

Takagi: I belong to the West Japan Office and mainly in charge of the Kansai area. As I visit customers in rural areas, I feel that the gap between rural areas and urban areas is spreading steadily. Reducing young people, shrinking vitality in town, and stagnating local economy

constitute one big issue. On the other hand, I feel that there are increasing initiatives in different prefectures to revitalize towns. In the Hokuriku region, for example, areas around stations have changed drastically due to opening of the Shinkansen line.

Ochiai: Kyushu, which I am in charge of, also seems to be polarized. Lusty areas are gaining more energy, while there are areas that are stagnating. The Kyushu Office is located in the Hakata Station area, which has a lively atmosphere due to redevelopment, but other major stations near Hakata Station are not very vigorous.

Yamazaki: There is an area in East Japan that I have been visiting for more than ten years, and I feel a downturn in population and economy in that area.

Ochiai: In April this year, the Population Strategy Council announced the list of districts in danger of distinction, but the listed districts were different from what I imagined.

Takagi: I had the same impression. But I think there are more people

Lakes, and castles, and foreign tourists are increasing rapidly in recent years. The local bank embarked on tourism with these backgrounds. There is a buzz of overtourism, but I think that is part of the reality if you want to boom the local economy.

Takagi: Toyama Prefecture has many sightseeing spots such as the Kurobe dam, Gassho-zukuri houses, and villages, and the number of tourists from Europe and North America is increasing. I recently came to know that collaboration started between the government of Toyama Prefecture and local banks to solve various issues of Toyama Prefecture such as the stagnation of local economy, disaster measures, reducing people who engage in agriculture, and finding successors of local firms. I think banks are looking to solve regional issues than ever by participating in initiatives instead of just providing loans.

Ochiai: Banks in Kyushu are also trying to engage in non-financial businesses. Some of them are putting effort into agriculture business. I was very surprised when I first knew it, but now we take advantage of it as an interesting and helpful example of initiative.

ESG management is a challenge also in rural districts in recent years, and in fact there is a local bank that provides a system for calculating CO₂ emissions of corporations. Of course, profitability is still an issue, but they are taking various challenges such as collaboration with a company in a different industry and diversification of business. The phrase “regional trading company” seems to have become common, as I hear talks of you two.

What ITFOR can do to support regional customers in taking challenges?

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**Facing regional issues more earnestly
The role of an IT company is to solve problems of customers**

Takagi: What we can realize now is the systematization of the procedure of home mortgages. Personnel shortage is serious in local banks, so streamlining of their operations is essential. I think this is where we should provide support. Also, they are actively promoting cashless transaction in their areas.

But I think strongly that they should not stop there and should move forward to solve local issues. In Toyama Prefecture, which mentioned earlier, ITFOR collaborates with local vendors to engage in a part of the proposal for solving issues and demonstration experiments.

We provide systems to support customers in taking various challenges, but it is not enough just streamlining their clerical tasks and payment processes. I want to do other things that we can do, and also want to provide added values. If we can accumulate experiences, those experiences can be applied to solving issues of other prefectures, and it may lead to the creation of a new business of the Company. I am thinking of creating such a new direction recently.

Yamazaki: ITFOR has been focusing its effort on package products, and has been placing value on proposing them in accordance with customer environments. However, the Company is recently taking a new direction other than package products. It started internal venture organizations and collaboration with other companies, and more people are now getting qualifications. I think these activities help to enhance the scope our capabilities to help customers. Furthermore, as being set forth in our management policy, I think we should always liaise not only with our direct customers that are financial institutions but also with

Keisuke Takagi

Financial System Division
Section Manager of
1st Group, 2nd Sales
Department



local people who use our systems so that we can make proposals that respond to their ever-changing needs.

Come to think of it, I hear that the Kyushu Office, which is the first office of the Company that started account-based sales, started visiting local governments and department stores. How things are going after starting this activity?

Ochiai: All right. We are starting it gradually. I feel it very important and valuable for us in the Financial System Division to hear voices of customers that are not financial institutions.

For the past 20 years or so, the strength of ITFOR has been its unique package products. However, according to what I hear from seniors, ITFOR did not have packages in the past. I often hear from the President that the Company has been repeating developing and providing new systems and tools responding to what customers want to realize. Now that we started account-based sales, I think this is the mindset that we should have. ITFOR is making positive results with its own products now, but stories of Yamazaki-san and Takagi-san reminds me that ITFOR will not survive unless we face customers’ issues earnestly.

Takagi: I agree. In that context, we should have deep consideration about regional problems and collect more information. Then, I think the next step to take in our role is to face issues earnestly to find out things that can be solved by IT and communication technologies, and create businesses of our company from them.

Yamazaki: The strength of ITFOR is among others to have direct dialog with bankers, and then offer proposals and make trial-and-error experiments. For example, through a challenge that we take with bank A, we gain the understanding of things succeeded and things failed. Then, we will be able to determine whether the same method applies to bank B or a different method is better. I think our company has the strength of being able to provide that kind of support.

Being able to make proposals to customers that are not limited by the patterns of packages is the best part of IT companies, and above all, it greatly motivates the front-line sales staff like us.

Ochiai: I want to create value together with customers, instead of just providing what customers want. I think that is what account-based sales aims at.

Takagi: You are right. Our office locations and responsible areas are different, but this kind of face-to-face discussion is interesting from time to time.

Ochiai: I have a feeling that a good project will be born by sharing information on characteristics of responsible areas and unique efforts for them.

Yamazaki: The door is open for us to grab many opportunities to revitalize regions across Japan. Let’s join forces to create the future of the Company and the future of regions.