

# Fintech and Employment Situation for Japanese Banks

May 2018



**National Federation of Trust Bank Employees' Unions**



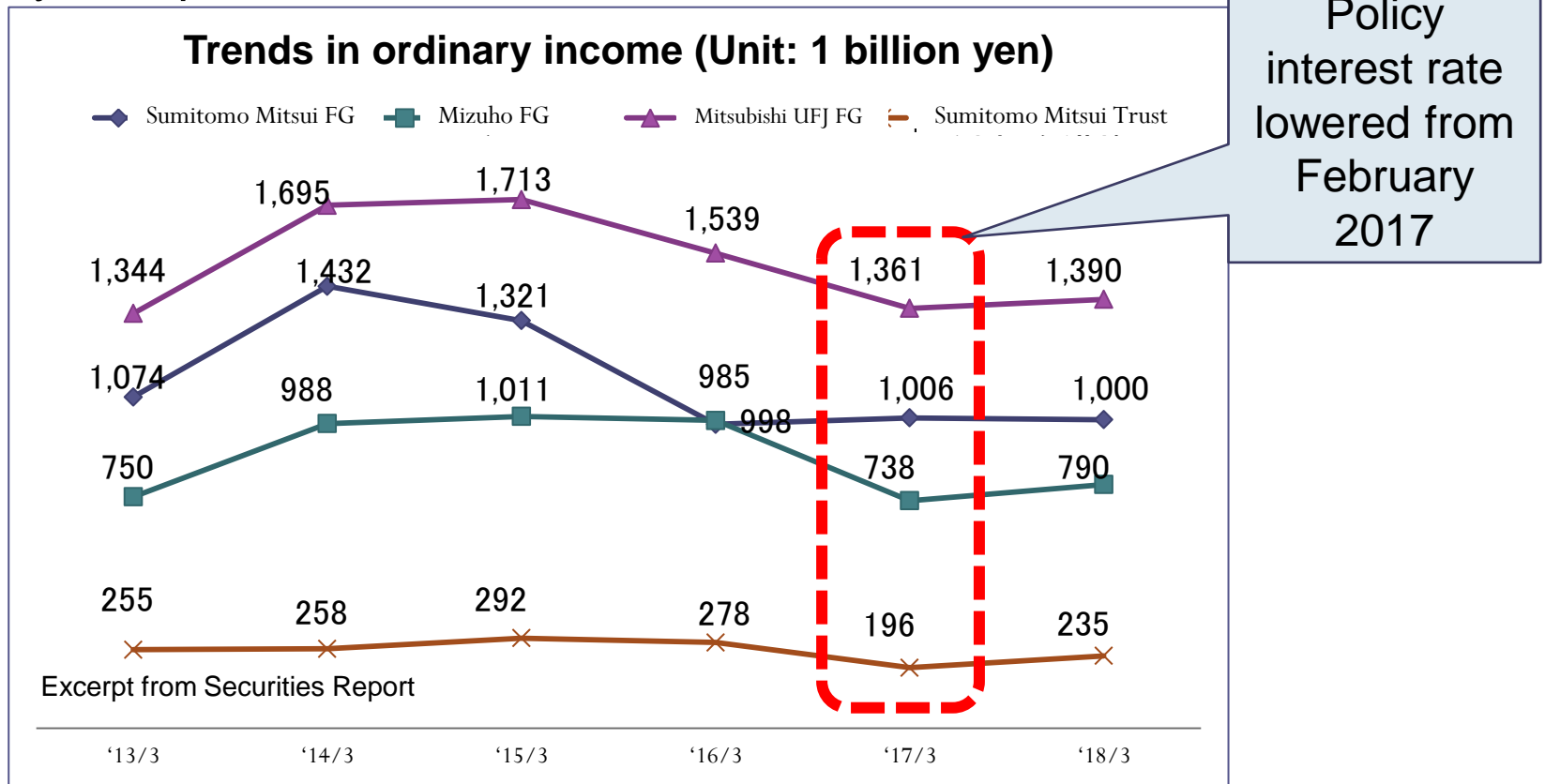
# Japan's Megabanks are Reducing Employee Numbers

- Work operations are decreasing due to AI and digitization and manned branches are also decreasing
- What is the background/reason for rapid advances in efforts to reduce employee numbers?

	Mitsubishi UFJ Bank	Sumitomo Mitsui Bank	Mizuho Bank	Sumitomo Mitsui Trust Bank
Net profit	1.8 trillion yen	1.7 trillion yen	1.3 trillion yen	0.4 trillion yen
Expense ratio	63.1%	49.1%	65.6%	60.7%
No. of employees (Group total)	34,000 (115,000)	29,000 (77,000)	30,000 (59,000)	14,000 (22,000)
Reduced work volume (Reduced employment)	-9,000 people (-6,000 people) 4 years from now	-4,500 people (- ? people) 2 years from now	-19,000 people (-19,000 people) 7 years from now	Not disclosed

# One Reason is Reduced Profitability

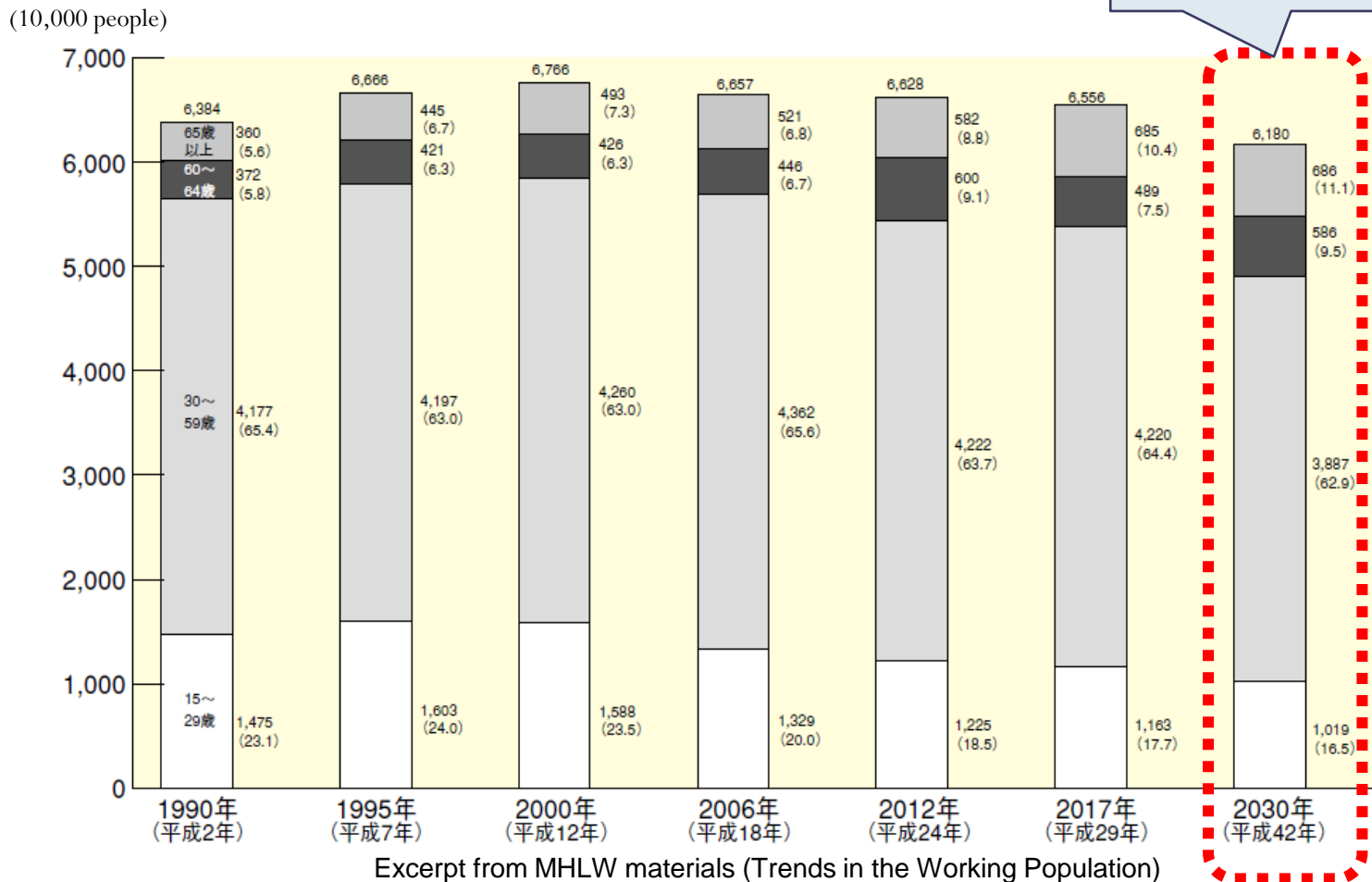
- In February 2016 the Bank of Japan lowered its policy interest rate, launching negative interest rates for the first time.
- This has led to reduced profitability for Japanese banks, which invest largely in Japanese Government Bonds.



# Another Reason is Preparations for Reduction in the Domestic Workforce

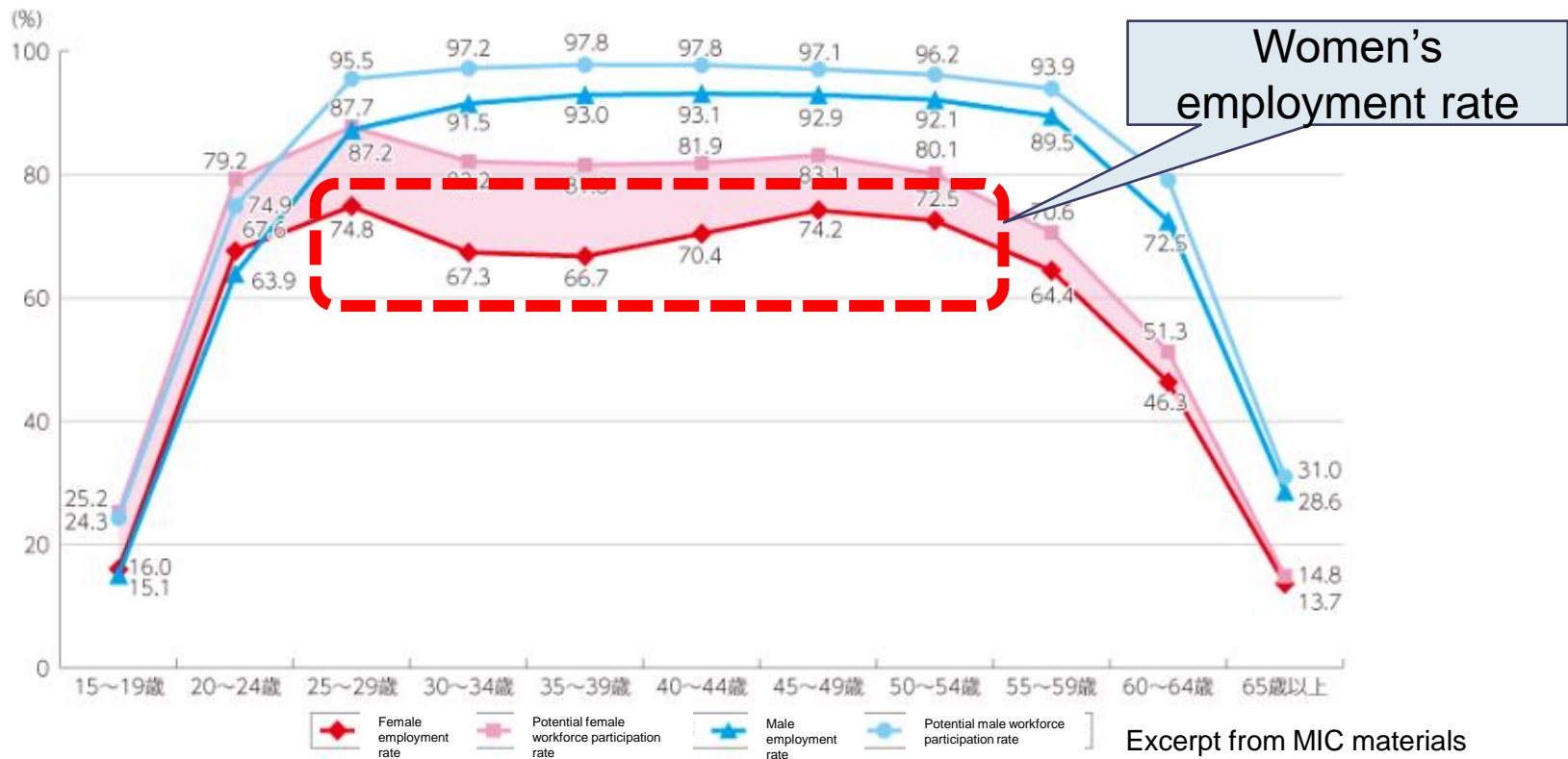
- Declining birthrate and advancing aging society
- The younger generation is already shrinking.

12 years from now:  
-4 million people  
-5.7%



# Raising Employment Rate for Women is a National Policy

- In terms of the social advancement of women, Japan ranks 28<sup>th</sup> out of 29 OECD members.
- In order to maintain the working population it is imperative to change society so that women find it easier to go to work.



Excerpt from MIC materials

\*Potential workforce participation rate=(No. of workers + Total no. of unemployed + Total no. seeking employment) / population (over 15 years)  
 \*Nationwide, excluding Iwate, Miyagi and Fukushima.

# Role of Bank Labor Unions

- Although banks are advancing measures to reduce staffing levels, this is being done through retirement-related measures and not through large-scale restructuring/dismissals.
- There is a possibility of facing a labor shortage.
- Existing employees are having to respond to digitization (=improve IT skills) or focus on remaining branch-based business (=improve communication skills).
  - Employees are calling on employers to provide enhanced training programs so they can respond to changes in their work roles.
- Many managers do not recognize that “companies cannot remain in business unless they create good working environments for women.”
  - Measures are being advanced to eliminate overtime, facilitate the taking of paid leave and encourage home-based work.

Thank you  
for your time and attention

