



Keio Business School

Sugamo Shinkin Bank

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Sugamo Jizo Dori shopping street was crowded with a large number of people on May 24. It was the day of the Grand Festival of Togenuki Jizo (a deity statue that protects people from pain and illness) at Koganji Temple. The festival is held three times a year. Sugamo as known as “Harajuku for grannies” is a neighborhood of central Tokyo and extremely popular among elder women. Sugamo attracts a large number of seniors not only on special days of the Grand Festival. A short walk from the Japan Railway Sugamo Station or Sugamo Station on subway line brings you to the entrance of Jizo Dori shopping street. On the 4th, 14th, and 24th of each month, the street, a little less than 800 meters long, is lined with street stalls, attracting 40,000 people on weekdays and 80,000 people on weekends and holidays. Seniors relaxingly stroll along the street with ice cream cones in hand, joking and bargaining with the street vendors as they do their shopping. In the midst of these typical scenes of Sugamo, there is a bank that blends itself in there perfectly. It is Sugamo Shinkin Bank (hereafter Sugamo Shinkin).

On the 4th, 14th, and 24th of each month, Sugamo Shinkin opens the third floor to the public and provides original canned tea and rice crackers to the guests (Photo 1). At 11:30 a.m. and 1:30 p.m. performances of rakugo, traditional comic storytelling, are held. These events are so popular that up to 3,000 people visit there each time. Of course, these types of services require expenditures. Employees are sent from each division interact with the guests, and personnel expenses are incurred. The tea and rice crackers as well as exclusive merchandise that the bank gives away to the guests who collect special stamps give rise to merchandise costs. The performances require fees be paid to the performers. Sugamo Shinkin receives no direct returns through the provision of these costly services. From this perspective, it can be said that the bank provides “inefficient services.” In addition to the receptions and performances that represent only a small portion of the inefficient services, the bank also provides its customers numerous financial and non-financial inefficient services. Its financial footing, however, is quite solid with a high capital adequacy ratio, steadily increasing net income and a rising special reserves rate. Sugamo Shinkin has been achieving two opposing concepts—inefficient services and strong financial

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Junko Kimura, Professor of Faculty of Business Administration, Hosei University prepared this case study solely as the basis for classroom discussion. Cases do not contain any statements concerning the quality of management.

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performance (high profitability).

The Financial Hospitality Industry

5 What are inefficient services? Does it mean programs designed to contribute to local communities through performances of local festivals, cultural events, or sports activities? Social contribution activities are sometimes referred to as commitment costs. But should inefficient services even be considered as “costs”?

10 Gaining a proper understanding of the inefficient services provided by Sugamo Shinkin requires the perspective of organizational management principles.

15 What are the Sugamo Shinkin’s philosophical objectives? Why does the bank exist? Sugamo Shinkin has adopted “provision of hospitality that resonates with customers” as its philosophical objective. What exactly is “hospitality that resonates with customers”? Since its establishment was as Shinkin or credit union, the key concept has been “serving the local community.” Sugamo Shinkin does not simply believe, however, community-oriented services or contribution to the community are not sufficient to achieve hospitality that resonates with customers. It also requires sharing happiness as well as sorrow and pain of the local residents. The fundamental philosophy of credit unions is to grow with the community while supporting and encouraging the community members’ dreams for the future. Putting this philosophy into practice requires a long-term sight and construction of solid relationships with the local residents and companies based on their trust toward Sugamo Shinkin. By creating trusting relationships, Sugamo Shinkin would be able to retain customers throughout their entire lives and even into the second or the third generations. “Hospitality that resonates with customers” is the essential element for building mutual trusts with customers.

30 What are Sugamo Shinkin’s behavioral norms? It believes that hospitality spirit is essential to provide financial and nonfinancial services that resonate with customers. It can offer services that exceed customer expectations through hospitality spirit that derives from pure sentiment shared by all employees (Sugamo Shinkin Bank 2006a). The employees can feel pleasure to please their customers. Their acts with feeling happiness which arise from customers’ happiness are criteria for decision-making. The employees are encouraged to make decisions based on how helpful and thoughtful they are to the customers instead of on how much financial profit they make. Rather than doing whatever it takes to enhance financial performance, the employees act with sincere wish for customers’ satisfaction above their expectations. Sugamo Shinkin focuses not only on business income, but also on careful examination of how it can impart vitality to the community (Sugamo Shinkin Bank 2006b, p8).

Sugamo Shinkin refers to its business as the “financial hospitality business.” The mindset, that is necessary for the definition of financial hospitality (i.e., the bank’s corporate identity), is that one feels happiness at the happiness of others. The type of words and deeds need to be customer contacts with sincere hospitality, warm kindness and the provision of customer service with a manner that exceeds customer expectations. The necessary customer relationship is the continuous provision of heartfelt hospitality that leads to customer satisfaction with Sugamo Shikin.

Each fiscal year, Sugamo Shinkin develops specific policies and puts them into action. In 2005, for example, it created a motto of “First Call, First Answer.” First Call refers to that when a customer has a trouble or inquiry, Sugamo Shinkin is the customer’s first-choice financial institution to consult. First Answer refers to that Sugamo Shinkin is the financial institution that responds to the customer’s inquiry faster than any other institutions.

What kinds of measures could be taken to achieve “First Call, First Answer”? Sugamo Shinkin believes that it could be achieved with the following steps. First, customers’ trust can be gained by providing services above customers’ expectation by the employees with a true hospitality spirit. Second, the continuous provision of the services from a long-term view will lead to high customer satisfaction. Third, if the customers are satisfied with the services provided by Sugamo Shinkin, they will engage in larger amount of transactions with it as their main financial institution. That is when Sugamo Shinkin has achieved “First Call, First Answer”.

The Key is “Inefficient Service”

1. Products and Services

Credit union products include both financial services and non-financial services, and Sugamo Shinkin offers both. Its product strategy is “offering services by challenging inefficiency.” Inefficiency, as Sugamo Shinkin uses the term, means “making life easier for customers even if it involves difficult tasks for financial institution.” Sugamo Shinkin provides services that are expected by customers and please customers even though they are inefficient for the bank.

(1) Finance-Related Inefficient Services

Among its finance-related services, Sugamo Shinkin is inefficient in terms of its ATM usage fees and operating hours, business hours, and products. Rather than offering services that are “efficient for the bank but inconvenient for the customers,” Sugamo Shinkin offers serves that are “inefficient for the bank but convenient for the customers.” Customers often ask themselves, “Why do I have to pay handling fee to withdraw my own money?” Charging ATM handling fees was proper among the financial industry, but it is not from the customers’ perspective. Sugamo Shinkin stopped charging handling

fees for deposits and withdrawals by customers who have an account with the bank. Customers also wonder why they cannot make deposits and withdrawals of their own money whenever they want. The limited ATM operating hour was proper among the financial industry, but it is not from the customers' perspective. Accordingly, Sugamo Shinkin's ATMs are available 365 days a year.

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Sugamo Shinkin offers teller services that are inefficient for the bank but convenient for the customers. The customers' ordinal business hour ends at five; however, financial institutions in Japan close at three. In 1998, Sugamo Shinkin established consultation desks known as Service Desk After
10 Three next to ATM in the branch that are open to customers after branches close at three (Photo 2). The bank personnel can perform routine tasks such as issuing replacement passbooks as well as answer questions about pensions and investments until seven. While the expense is several tens of millions yen annually, Sugamo Shinkin has been steadily expanded as "inefficient service that pleases customers."
15 Customers sometimes wait outside the financial institutions before they are opened at nine o'clock in the morning. In response, Sugamo Shinkin started offering a service called "Five Minutes for You" and shifted the opening time five minutes earlier.

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Product Strategy of Sugamo Shinkin is to make services more advanced, faster, and customized from the customers' viewpoint. One service that puts this into practice is "Home Delivery Banking." The catchphrase is "direct delivery to the customer with simple one phone call." Sugamo Shinkin consolidates the skills and competencies employees (more advanced), proactively goes to customer
25 residences or companies (faster), and offers financial services tailored to each customer respectively (customized).

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Home Delivery Banking is available to both individual and corporate customers. For individual
30 customers it offers "Back Scratcher Service." The name intends to suggest to the customers that it is a "service that reaches the itches you cannot reach yourself." The targets of this service are pensioners who use Sugamo Shinkin accounts for direct deposit of their pension receipt. Home Delivery Banking allows a customer to have Sugamo Shinkin's sales person or specialized staff member come to their
35 home in order to discuss pension-related issues by making a single phone call. "Pension Delivery Service" delivers benefits directly to the customer at home on each of the six annual benefit payment dates. Sugamo Shinkin also holds "Pension Appreciation Day" when customers, who come to the branch on benefit payment date, can receive a small gift. It also offers refunds of withdrawal handling fee to the
40 customers who pay handling fee for withdrawing money at ATM of other financial institutions.

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"Business Service Desk" is banking delivery service for corporate customers. All small- and medium-sized businesses in the region are eligible, regardless of whether they have accounts of Sugamo Shinkin. By making a phone call, the corporate customers can consult at their own offices with qualified

bank personnel including Financial Planners, Small - and Medium - Enterprise Management Consultants, real-estate transaction specialists, and pension advisors. The range of topics includes corporate establishment and new business launches, financing for new capital investment such as acquisition of plant, equipment, and land, securing operating capital, low-interest rate financing programs and other grant programs, business continuity and succession measures, doing business with overseas trading partners, and business diagnostics.

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(2) Non-Finance-Related Inefficient Services

Kazuhisa Tamura, the president of Sugamo Shinkin said, “Sugamo Shinkin is directly involved in the lives of many locals not by simply providing community-based services, but also by being a member of the community. Finances may be mere one aspect of the relationships. This is a true connection (Sugamo Shinkin Bank 2006a).” To provide true hospitality and to build trusting relationships with the customers, Sugamo Shinkin develops and offers the following non-finance-related services.

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The first is cooperation with society at large. Omotenashi Dokoro or hospitality reception was started with opening restrooms of its main branch for visitors to Jizo Dori shopping street where has a shortage of restrooms on festival days at Koganji Temple on the 4th, 14th and 24th each month. The second is support for culture and art activities. One example is the various club activities. Sugamo Shinkin holds the Sugamo Junior Soccer Club, Sugamo Golf Club, and other meetings and workshops that serve for local residents to interact and exchange information. The third is support for education. Sugamo Shinkin has sponsored one class of business administration as a part of the regular programs at the Rikkyo University graduate school since 2005. The fourth is cooperation with the government. Sugamo Shinkin main branch and the Nishinippori Branch created “Ward Resident Service Desks” where residents of Toshima Ward and Arawaka Ward can obtain documents such as certificates of residence from automated issuing machines.

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2. Personnel Training

Sugamo Shinkin teaches its employees that obtaining trust from customers is more important than obtaining loan applications.

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(1) Recruiting

Japan entered sluggish economy. Human resources that could serve as immediate assets and produce results in the short term were needed. In many financial institutions, personnel costs were cut. The trend intensified in corporate recruiting, and consequently, mid-career hiring increased. Even under these circumstances, Sugamo Shinkin hires only recent graduates with the assumption that they would remain employed for their entire careers. It believes that it is necessary for each employee to fully integrate the organizational culture that is centered on feeling pleasure to please customers.

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(2) Hospitality Note

Sugamo Shinkin utilizes tools for conveying to employees the shared sense of appreciation towards customers who come to branches and the feeling of pleasure to please customers. One example is a note called Hospitality Note which is provided to all employees (Photo 3). Each employee writes definition of hospitality on the note with his/her own words. Sugamo Shinkin holds meetings for discussion and presentation where employees share their thoughts on these values. Every six month, it holds regular gatherings for all 1,135 employees to participate in programs designed to promote shared corporate values. The yearly objective in 2008 was to become a bank that its employees want to do business with. One specific measure was “Stop ‘It is not possible’.” Whenever employees said “Sorry but it is not possible” to a customer, a colleague, a subordinate, or a supervisor, they wrote down the reasons and circumstances in their Hospitality Note and searched for ideas for reforming operations and developing financial and non-financial new products and services.

(3) President Kazuhisa Tamura

President Kazuhisa Tamura did not always intend to work in finance. One of the reasons that Tamura is committed to hospitality may be his unique experience. When he was in college, he wanted to bring to Japan auberge de jeunesse, a type of restaurant that originated in France and has hostel-like lodging facilities where guests can enjoy fine cuisine. After Tamura graduated in 1979, he started working at Tokyo Kaikan. Even now, Tamura remembers it was just yesterday when, in 1982 at the age of 25, he borrowed 15 million yen from Sugamo Shinkin to open his own restaurant. He said, “I was quite apprehensive when I borrowed money, and I felt a huge satisfaction when I repaid the loan. If I had not been a customer (borrower), I would never have known what feeling our customers have with us.” When he began working for Sugamo Shinkin in 1989 and was assigned to the new Itabashi Eki-mae Branch, he thought, “There is nothing more gratifying than having a large number of customers come to our branch right from the first day. I wonder if my colleagues here really understand this.”

When Tamura became president in May 1997 at the age of 40, he changed the way of customer greetings and the tellers’ footwear from nurse sandals to pumps. The tellers had to stand up to greet customers and send them off. Many of the tellers complained that it was difficult to stand up and greet each and every customer while wearing pumps, but Tamura was firm in his decision. Today, all employees feel pleasure to please customers, and not a single employee has any doubts about standing up to greet the customers.

Searching for inspiration, Tamura also observes customer treatment in other service industries. The purpose of such experiments is to understand feeling pleasure to please customers by observing services at customer’s point of view. Tamura took his subordinates to observe staff at Imperial Hotel and Hotel Okura, the finest hotels in Tokyo, on Christmas Eve, one of the busiest

evenings of the year. What Tamura’s employees observed was the hotel staff who never failed to greet customers with a smile no matter how busy they were. The employees were moved and vowed to provide outstanding customer service.

In the financial industry, the most appreciated customer is the one who repays a loan exactly as agreed. In day-to-day operations, however, attention is focused primarily on new customers. Tamura decided to send small gifts to customers who complete repayment of their home loans. In the month that the final payment is made, the branch manager and the staff member responsible for the loan visit the customer’s home to give a small flower bouquet to convey their appreciation. Home loan terms are usually quite long; 25 or 30 years. During the period, the customer is likely to have experienced many difficult and unpleasant events. There are some customers who recall those events and are moved to tears when they see the flowers.

Sugamo Shinkin hires only recent graduates, and as a result, it has to teach new and young employees about relations with the local community. Today’s youth have been raised in environments where local communities have largely disappeared. Although the managers talk “strong community ties,” the young employees cannot behave; for example, they go out to buy tissue boxes for the office at large chain drugstore because it is closer and the price is less expensive. Tamura teaches the employees that shopping must be done in the local shopping district. What kind of impression will it create with local residents if the employees in their uniforms, although usually promise they will be the community member, carrying shopping bags from major chain stores, walk through the local shopping district? Tamura patiently teaches his employees about all such considerations.

(4) Sales and Teller Daily Report

Employees and managers use a diverse range of media to engage in close and detailed communications. One such medium, that employees use to report information to managers, is daily report. It has a column to describe how many times customers said “Thank you” to the employee.

(5) Bonus and Commendation

For employee bonus and commendation Sugamo Shinkin uses criteria whether employees provide customer service with hospitality spirit and performance comes out from the spirit.

The bonus system functions as follows. Like other financial institutions, Sugamo Shinkin has a personnel evaluation for bonuses that emphasizes performance. What Sugamo Shinkin means by performance, however, is not simply result-oriented such as the number of loans provided. It also looks to whether employees are working for customer development and engaging in conduct that contributes to the vitality of the local community. It is a process-oriented approach that places greater emphasis on

becoming useful to customers than making its own profits. There is no pursuit of results from a short-term perspective, a common issue with conventional result-oriented approach. Sugamo Shinkin also introduced “objective and task management system” and evaluates not only the result but also the process of accomplishing the objective. It directs its efforts on developing employees who can achieve customer satisfaction from a long-term perspective.

Commendations include the following. First is a Shungamo Festival. This is an awards ceremony held in an auditorium in Jumonji University, an institution with which Sugamo Shinkin has a longstanding relationship that extends back to its establishment. At the ceremony, commendations for branch performance and for individual sales performance as well as longtime employees are awarded. Second is a Champion Board. The board, located on the wall in the cafeteria at Otsuka Branch, is modeled after a champion board that might be found in the dining room of a golf club. The board has plates with the name of a salesperson and his branch for praising the best performance in that year as well as historical champions. Third is Hospitality Awards. It is for those who work in support positions rather than on salespersons or tellers at the front stage.

3. Empowerment

(1) Outside Sales

Under the earlier sales structure, salespersons were in charge of either among three different types of customers: individual customers, business customers and new customers based on geographic territory. It was changed, however, to a function-based system that assigns specialized sales personnel; individual customer sales personnel, business customer sales personnel, and business customer advisors, according to the characteristics of the customer’s needs and the transaction. The switch from geographic territory-based marketing to specialty marketing was inefficient, but Sugamo Shinkin can provide services that customers expect. It is a sensible service for customers, but requires sales personnel to spend much more time to speak with, get to know, and respond to each customer individually.

Sales personnel are empowered and granted decision making. Empowerment is management style that provides information, compensation, knowledge, and authority to employees who have direct contact with customers. Empowerment enables such employees to respond better to customer’s needs and expectations (Fisk, et als. 2004). Business customer advisors at Sugamo Shinkin are granted so much discretion that, when they develop new business, they can target any companies. It means that they are encouraged to come up with their own innovations to create better results.

One business customer advisor commented:

Business customer advisors are given complete authority over a rather large territory. It also means that we work largely under our own discretion. Supervisors and sales personnel set objectives together, but how we achieve them is left entirely up to us. All that matters is whether we reach the goal. We can change how we work whenever we like ... What

is necessary is obtaining useful information about customers. For this reason, I set daily goals of obtaining some kind of useful information. I can request managerial decisions and transform the information obtained into a proposal. This method of doing things is rather different from a salesperson who is in charge of customers in his geographic territory. Because of this, the work is very meaningful to me (Sugamo Shinkin Bank 2006b).

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From this comment, it is clear that sales personnel, who are selected based on their suitability and capability and receive the specialized training necessary for sales work, enthusiastically practice financial hospitality.

The existence of backstage support is what makes empowerment of outside sales personnel possible. Supporting the outside sales force is a specialized team at the main branch. Highly-specialized and qualified staff members such as Financial Planners and Small - and Medium - Enterprise Management Consultants stand at the ready to provide supports to outside sales personnel through business partners sections and customer service desks.

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Switching the outside sales approach from collecting money visits to problem solving marketing resulted in an increase in time that sales personnel spend for visiting each client. This means that it is not possible to visit the same number of customers as in the past. What makes up for this kind of an inefficient outside sales force is customer service desk.

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(2) Customer Service Desk

At customer service desks, tellers are customer contact points. In the same way that the outside sales force was changed to a new structure, the customer service desk sales structure was also changed to sales for consultation and problem solving. First, time that tellers spend talking with customers was increased. In the past, when tellers consulted with customers, they recommended same products under sales promotions to everyone. By switching to problem solving sales, the employees can spend time conversing with customers to provide individualized service even if the customers do not sign a contract that day or even the next.

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Second, Sugamo Shinkin performs tasks other than the ordinal transfer and direct deposit procedures. After the outside sales structure was redesigned, the outside sales force spends more time by consulting with customers and making customized proposals to them. This makes it necessary for them to ask customers with whom they have long-standing relationships to visit a branch. In these cases, the outside salesperson notifies the branch to expect the customer. When the customer arrives at the branch, the teller is able to welcome him/her warmly by calling name.

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The presence of backstage support is also what makes empowerment of customer service desk

sales personnel possible. For example, Sugamo Shinkin has meisters (means experts in German) that was introduced in April 2000. Particularly outstanding female employees are selected among the tellers and posted to serve as on-site role models of practices, that tellers cannot learn from manuals. Just as an apprentice learns from observing a master in the trades, the fundamental purpose of the meister program is for the tellers to learn and grow by observing the practices of the meisters. Second, there is Empowerment Accounts which are started January 2006. Each branch has an annual budget of 100,000 yen. Although there are no specific provisions on budgets, the general usage is to expend 1,000 yen to 2,000 yen per person or per matter. For example, when a customer's daughter is to give birth, a teller will give the customer a charm for safe childbirth. If a customer is losing her hair because of the side effects of a medical treatment, a teller will give the customer a summer hat. If a teller learns during the course of conversation that a customer is going to take cash home by bicycle, the teller will give the customer a safety alarm. Flowers are sent to a customer's wife who underwent surgery. Each is only a small gift, but the tellers can obtain hints during their casual conversations with customers and please them by giving surprising gifts. The tellers put into practice the spirit of feeling pleasure to please others while making use of Empowerment Accounts.

4. Management Reforms

Most financial institutions exist within the framework of market principles and economic rationality and view things from the perspective of the bottom line. Objectives are decided with a priority on earnings by increasing efficiency to raise income. Efficiency is increased through three approaches. First is higher efficiency with respect to time costs. Outside sales personnel are responsible for many customers. As a result, they spend most of their time for collecting bills. From the customer's perspective, this type of interaction results in sales personnel leaving as soon as the bill is repaid, and customers are prevented from asking questions, even when they have an issue, because the sales person seems to be too busy. Second is higher efficiency with respect personnel costs. Financial institutions have aggressively reduced personnel through restructuring. Personnel reassignments take place frequently too. For customers, relationships with sales personnel are about finances only and are one-sided. Third is higher efficiency with respect to operational costs. Customer contacts are automated and mechanized to raise efficiency. Numerous branches have been closed, which results in local branches, that customers are accustomed to go, being shuttered. Financial institutions seek to raise efficiency with respect to time, personnel, and operations for their own benefit. Pains are passed on to the customers.

Sugamo Shinkin cannot afford to ignore issues of efficiency. It addresses efficiency while distinguishing between those inefficiencies that need to be improved and those that should be left as they are. It goes without saying that criteria, for determining whether inefficiency is one that needs to be improved or should remain unchanged, is the impact on customers.

Improvements in efficiency that Sugamo Shinkin believes should be made are those in areas

that customers cannot see. There are three inefficiencies that had been improved. The first is reducing time costs. The bank has physically consolidated its backroom as Administration Division. The second is reducing personnel costs. Sugamo Shinkin has never asked employees to take early retirement, neither conducted mid-career hiring. All employees who have contact with customers are full-time employees. Only the Administration Division, where there are no opportunities to contact with customers, has higher percentage of part-time employees. The third is reducing operating costs. Sugamo Shinkin was able to reduce operating costs by physically consolidating its backroom divisions and introducing automation. It selected some branches, based on geographical and other conditions, to specialize in deposit operations and to be grouped to the full-banking branch in neighborhood. This allowed Sugamo Shinkin to reduce administrative personnel in each group by five to six persons. Services, adopted simply because other banks were offering, were also cut. Sugamo Shinkin keeps the stance to offer services only if they lead to customer satisfaction.

“Services for the benefit of customers” are inefficient services that require time and effort for service provider. Sugamo Shinkin is hardly tries to raise earnings, but through offering inefficient services to the customers, earnings rise eventually.

5. Profits Comes Later

Sugamo Shinkin employees are able to share values because they have been confirmed, through successful experience, that their efforts are correct. The followings are examples of indicators. The first is assessment by customers. Sugamo Shinkin actively conducts surveys to measure customer satisfaction. It includes questionnaires in Sugamo no Tsushinbo, a disclosure newsletter (65,000 copies are issued each year) and leaves questionnaires at customer service desks to determine customer assessments. Second is the assessment of third-party institutions. In 2004, Sugamo Shinkin came in first place overall in a survey of satisfaction with recruiting by college seniors who had completed their job searches (Nikkei Business Magazine, September 27, 2004). In 2005, it won Nikkin Award from Nihon Kinyu Tsushinsha for various activities including Omotenashi Dokoro (hospitality reception). In 2005, a unique deposit account, that uses verbal passwords and facial recognition to confirm customers’ identities, won Outstanding Products and Services Award from Nihon Keizai Shimbunsha for Nusutto Goyo.

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INTERVIEWS

June 5, 2006	Advisor, The National Association of Shinkin Banks (former director of Sugamo Shinkin Bank)	Mutsuo Miyayama
July 24, 2006	Branch Manager, Otsuka Branch, Sugamo Shinkin Bank	Shigeru Takada
	Assistant Branch Manager, Otsuka Branch, Sugamo Shinkin Bank	Atsushi Ichihara
	Manager, Administration Division, Sugamo Shinkin Bank	Kiyoshi Imai
	Manager, Corporate Planning Division, Sugamo Shinkin Bank	Toshio Shimizu
	Public Relations Coordinator and Meister, Corporate Planning Division, Sugamo Shinkin Bank	Chika Maida
September 6, 2006	Assistant Manager and Meister, Asset Investment, Operations Division, Sugamo Shinkin Bank	Yuko Sato
	Advisor, The National Association of Shinkin Banks (former Director of Sugamo Shinkin Bank)	Mutsuo Miyayama
May 8, 2008	President, Sugamo Shinkin Bank	Kazuhisa Tamura
	Director, Sugamo Shinkin Bank	Minoru Tanaka

LECTURE

Minoru Tanaka, Director of Sugamo Shinkin Bank gave a lecture for MBA class of Workshop at Hosei Business School on October 24, 2007

FIELDWORKS

May 14, 2006, Sugamo Jizo Dori Shopping Street Festival

May 24, 2006, Grand Festival of Koganji Temple

June 14, 2006, Omotenashi Dokoro (Hospitality Reception)

Exhibits

1. Overview of the Bank (as of end of March 2008)

Name	Sugamo Shinkin Bank
Website	http://www.sugamo.co.jp/
Date of establishment	April 1922
Address of main branch	2-10-2 Sugamo, Toshima-ku, Tokyo
President	Kazuhisa Tamura
Number of employees	1,135
Number of business sites	42 branches, 1 sub-branch, and 2 ATMs outside branches

2. Main Financial Indicators (million yen)

	FY 2003 (ended March 2004)	FY 2004 (ended March 2005)	FY 2005 (ended March 2006)
Ordinary income	26,627	26,514	26,623
Ordinary profit	4,250	2,825	6,145
Net profit	1,739	2,263	4,357
Net assets	64,024	66,442	69,042
Total assets	1,374,076	1,398,066	1,432,253
Balance of deposits	1,291,525	1,315,168	1,348,267
Balance of loans	793,962	771,344	772,795
Balance of securities	204,326	214,195	242,772
Total investments	2,849	2,843	2,839
Number of members	67,235	67,460	67,964
Nonconsolidated capital adequacy ratio (%)	8.84	9.09	9.25
Number of employees	1,179	1,164	1,144

	FY 2006 (ended March 2007)	FY 2007 (ended March 2008)
Ordinary income	27,211	30,271
Ordinary profit	8,582	7,508
Net profit	7,377	7,002
Net assets	77,967	80,259
Total assets	1,462,335	1,520,084
Balance of deposits	1,368,513	1,421,217
Balance of loans	770,045	788,731
Balance of securities	233,052	273,102
Total investments	2,841	2,843
Number of members	68,185	68,427
Nonconsolidated capital adequacy ratio (%)	10.53	10.71
Number of employees	1,134	1,135

* The nonconsolidated capital adequacy ratio is based on domestic standards.



Photo 1. Original items that Sugamo Shinkin gives away at Omotenashi Dokoro (Hospitality Reception)



Photo 2. Service Desk After Three where a meister consults with a customer after the bank is closed at 3 p.m.

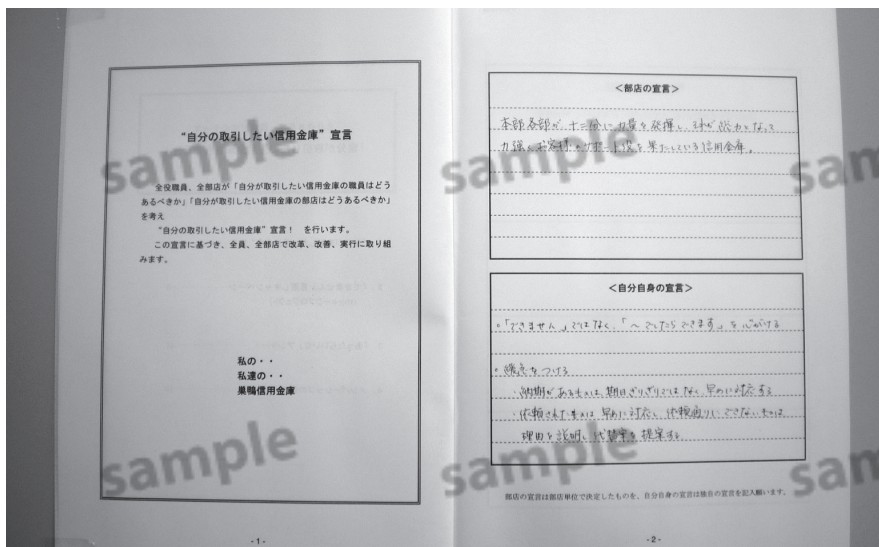


Photo 3. Hospitality Note each employee writes definition of hospitality

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