



## Keio Business School

### **Sugamo Shinkin Bank**

5

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

.....  
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.

This case is published by Keio Business School. Inquiries about reproducing the case should be referred to Keio Business School (4-1-1 Hiyoshi, Kouhoku-ku, Yokohama-shi, Kanagawa-ken, 223-8526; phone +81-45-564-2444; e-mail case@kbs.keio.ac.jp).

To order copies of the case, go to <http://www.kbs.keio.ac.jp/>

No part of this case may be reproduced, stored in a retrieval system, used in a spreadsheet, or transmitted in any form or by any means—electronic, mechanical, photocopying, recording, or otherwise—without the permission of Keio Business School.

Copyright © Junko Kimura (prepared September 2008)