

## The Path of Value Creation

# Ongoing Ideas That Transcended the Times

The history of JAPAN POST BANK dates back to the Meiji Era with the founding of the postal money order service by Hisoka Maejima.

At that time, the spirit of Maejima, who aimed to build a form of social infrastructure that everyone could use fairly, was the basis of JAPAN POST's business and has continued to live on even after privatization from the state-owned era.



Hisoka Maejima's Credo

People often say that luck is luck, but luck passes before everyone in a fair and impartial manner. If it comes your way, there is no denying that luck can make a big difference. Use your head, be very careful, and good luck will come your way. Then do not hesitate to become a power behind the scenes. Always maintain a desire to be good to others.

### Hisoka Maejima Founder

The father of the modern Japanese postal service (1835–1919)



郵政創業150年

150th Anniversary of the Foundation of the Japan Post Group

### Maejima's credo is being handed down to future generations

**1885**

Ministry of Communications

- 1875
  - Postal money order service established
  - Postal savings service established
- 1885
  - Ministry of Communications established
- 1906
  - Money Transfer service established
- 1941
  - TEIGAKU (fixed-amount) deposits introduced

**1949**

Ministry of Posts and Telecommunications

- 1949
  - Ministry of Posts and Telecommunications established
- 1981
  - Automatic teller machines (ATMs) for postal savings introduced
- 1999
  - ATM/CD alliance service with private sector financial institutions launched

**2001**

Postal Services Agency

- 2001
  - Alongside the reorganization of ministries and agencies, the Ministry of Posts and Telecommunications, the Ministry of Home Affairs, and the Ministry of Public Management consolidated to form the Ministry of Internal Affairs and Communications and the Postal Services Agency

**2003**

JAPAN POST (Nippon Yusei Kosha, government-owned corporation)

- 2003
  - JAPAN POST (Nippon Yusei Kosha, government-owned corporation) established
- 2005
  - Taking of applications for sales of investment trusts began
- 2006
  - JAPAN POST HOLDINGS Co., Ltd. established as a preparatory company

## JAPAN POST's Origins

### Desire to build a form of social infrastructure that everyone could use in a fair manner

#### Cultural enlightenment Devised by Hisoka Maejima

It is thought that the cultural enlightenment movement in Japan during the Meiji Era was not just a superficial imitation of Western buildings and lifestyles, but also involved the acquisition of popular sovereignty, the spirit of democracy as well as the acquisition of Western knowledge and thinking. That the social infrastructure Maejima built is fair to everyone, that the principle is that it can be used freely and equally, is also reflected in his enthusiastic activities for education, such as in his establishment of a training school for the blind, participation in the establishment of the Tokyo Academy that became Waseda University, and the improvement of Japan's official writing system.

#### Creating a new country in the Meiji Era

The new Meiji government was looking for talented people to build a modern nation. Among them, Hisoka Maejima was a government official assigned to the Ministry of Popular Affairs and the Ministry of Finance office in charge of reform. The office was involved with the reform of the old feudal system and the making of plans to build a modern nation. It was, so to speak, a Meiji Era think tank, headed by the industrialist and later statesman Eiichi Shibusawa, and its members were talented people who had traveled abroad during the former Tokugawa Era.

#### Fact-finding trip to Britain

Immediately after preparation of the founding of the postal service in 1870, Hisoka Maejima traveled to Britain. In Britain at the time of the Industrial Revolution, the development of transportation and communication networks was remarkable, mail coaches covered the whole country, and major industrial cities were connected by railroads. Seeing how postal savings played a major role in the lives of the people and in the development of Britain as a nation, Maejima decided to implement these in Japan as well.



Hisoka Maejima during his visit to Europe  
\* Photo courtesy of Postal Museum Japan

Post offices in Britain also handled postal money order and postal savings services as well as conducting postal insurance business. Maejima spoke directly to post office staff during official visits and learned about the post office business by, for example, actually making use of it himself.

#### Postal money order and postal savings services

Maejima was already aware of the importance of remittances when the postal system was invented, but these could not be realized immediately due to a lack of funds. Finally, after the financial situation had improved, 110 post offices in Japan began handling postal money order services on January 2, 1875, and 18 post offices in Tokyo and one in the city of Yokohama began handling postal savings services on May 2, 1875.

**2007**

JAPAN POST BANK (Privatized)

- 2007
  - JAPAN POST GROUP established
- 2008
  - Investment in SDP CENTER Co., Ltd. (Currently JAPAN POST BANK LOAN CENTER Co., Ltd.)

**2015**

Shares listed on First Section of Tokyo Stock Exchange

- 2013
  - Investment in ATM Japan Business Service., Ltd.
- 2015
  - Investment in JP Asset Management Co., Ltd.
- 2016
  - JAPAN POST HOLDINGS Co., Ltd. and FamilyMart Co., Ltd. reached a basic agreement on a business tie-up

**2018**

Medium-term Management Plan announced (FY2019/3 through FY2021/3)

- 2018
  - Established Japan Post Investment Corporation
  - Contract signed covering installation of Japan Post Bank ATM in Aozora Bank branches
- 2019
  - Launched transactions of "Yucho Pay" smartphone settlement service
- 2020
  - Launched "the Yucho Bankbook App" service

**2021**

Medium-term Management Plan announced (FY2022/3 through FY2026/3)

- 2021
  - Started handling new businesses: account overdraft lending services, housing loan business for individuals (Flat 35 loans), non-life insurance solicitation business

## Our Strengths

### The Path of Value Creation

# Connecting the DNA of Trust, and Persistently Undertaking the Challenge of Innovation

Since establishing our postal money order and postal savings services, JAPAN POST BANK has changed its form throughout its history, first as a state-run enterprise and ultimately as a private company, yet our ambition to meet the expectations of our customers as a financial institution that supports society remains unchanged. We remain committed to maintaining the current value creation process as we continue to aim for the happiness of our customers and employees, as well as to contribute to the development of society and regional communities.

### From 1875: Establishment of postal money order, postal savings, and money transfer services

#### Origin of our real-world network

In 1875, four years after we established our postal services, we initiated a postal money order service as a new means of transferring money, and that same year we launched postal savings services in both Tokyo and Yokohama. Later on, we began money transfer services in 1906. Over time, these services came to be handled by post offices located around the country, which formed the post office network bases.

Photo courtesy of Postal Museum Japan



### From 1970: Postal Savings contribute to regional development as part of government investment and loan programs during Japan's period of high economic growth

#### Origin of the dominance of postal savings accounts over bank accounts nationwide

Along with income growth in Japan, postal savings became the receptacle for nest eggs. The number of accounts also exploded. Moreover, efforts to restore the deposit ledgers that had been damaged during World War II became a challenge, which led to greater mechanization of postal savings services.

#### Origin of regional community relationships

Postal Savings collected from around Japan were used in government investment and loan programs.\* These programs were effectively employed to fund the public works projects that had become essential to society under Japan's industrial policies, social policies, and other policies intended to strengthen its economic foundation. Improv-

ing the social infrastructure was both a condition for growth and functioned to redistribute the benefits of growth to regional communities.

\* Government investment and loan programs were government investment and lending financial arrangements that were carried out using different types of public funds as a financial resource to realize the government's policy goals. These public funds primarily included loans collected through national programs and bonds.

#### 100 Years of Postal Savings Services

In 1975, we initiated the "Original Piggy Bank Design Contest" to commemorate the 100th anniversary of our postal savings services. Held for the 45th time during FY2021/3, the contest was originally launched for the purpose of improving formative creativity and stimulating interest in savings through the act of making piggy banks.

### From 1978: Pursuit of convenience, including postal savings Automatic Teller Machine (ATM) services

#### Origin of the online network

In 1978, we introduced online postal savings services in stages, starting with Kanagawa Prefecture.

In 1980, we introduced cash dispensers (CDs) that enabled the use of ATM cards for making cash refunds, and in 1981 we launched ATM services that also enabled deposits.

In 1989, we set out to locate ATMs and CDs at all post offices, except for contracted post offices, and by 1995 we had installed approximately 21,700 ATMs and CDs in total.



### From 1987: Realization of in-house postal savings investment management

#### Origin of fund management

As the influx of interest rate deregulation washed over Japan from the US and Europe, structural reforms in the financial system in part brought about major changes in the environment surrounding postal savings. In order to effectively address these transformations in the business environment, the system whereby deposit management of

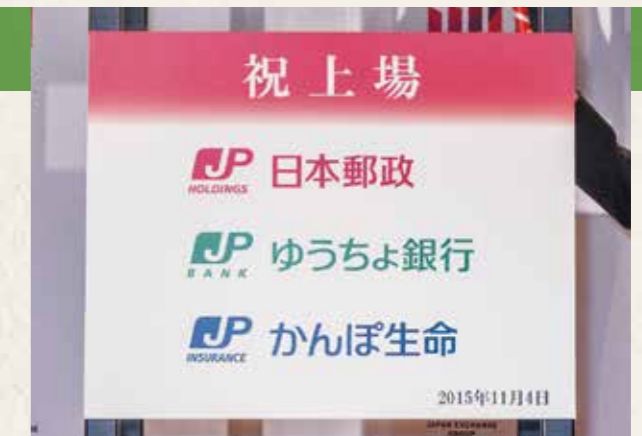
the total value of postal savings funds was handled by the Ministry of Finance was revised. In 1987, financial liberalization resources were placed in a Special Account for Postal Savings, while the Minister of Posts and Telecommunications was allowed to take control of management for ¥2 trillion worth of funds.

### From 2007: Evolution towards development

#### Privatization and listing on the First Section of the Tokyo Stock Exchange

As a result of postal service privatization, in October 2007 we ended the role we had played for 137 years as a "state-owned enterprise." Having carried over the existing philosophy, we embarked on a commitment to further development as JAPAN POST BANK Co., Ltd.

In April 2015, JAPAN POST GROUP announced the JAPAN POST GROUP Medium-term Management Plan, and on November 4, 2015, JAPAN POST BANK was listed on the First Section of the Tokyo Stock Exchange.



### From 2018: Aiming for sustainable growth for JAPAN POST BANK and society under the Medium-term Management Plan

#### 2018 Medium-term Management Plan announced (FY2019/3 through FY2021/3)

Announced the Medium-term Management Plan centered on three key strategies (Provision of High-quality, Customer-oriented Financial Services; Funds Flow to Regional Communities; Diversification and Sophistication of Investment Management).

#### 2021 Medium-term Management Plan announced (FY2022/3 through FY2026/3)

Announced the Medium-term Management Plan with the slogan of "Deepening trust, and taking on the challenge for financial innovations," formulated based on a revisit of the significance of our existence.