IT Investment Plan/Improving Internal Control Systems

Strengthening IT Investments to Accelerate the Advancement of DX

The Bank believes the existence of high-quality system infrastructure is essential for advancing DX, as well as promoting our strategies which include innovating the Retail Business, undertaking business reforms and productivity improvements, etc., while deepening the trust of our customers. Under the Mediumterm Management Plan, plans are in place to invest approximately ¥540 billion over five years for IT investments to realize

stable and sustainable business operations, while another ¥135 billion is planned for strategic IT investments to realize new growth. In FY2024/3, the Bank invested in projects intended to expand digital channels, including the introduction of the Yucho Tetsuzuki App and additional services for the Yucho Bankbook App. Similarly, in May 2023 we implemented large-scale systems upgrades to ensure stable operations of core systems.

IT investment plan

Strategic IT investments for new growth Basic Policy 1:

Retail Business innovations

- Expansion of digital services that are easy for all customers to use, giving top priority to safety and security (e.g., enhancement of the functions of the Yucho Bankbook App and Yucho Tetsuzuki App)
- Strengthen infrastructure and improve reliability in response to increased use of digital services
- Make use of digital technologies to implement fundamental operational reforms and productivity improvements for work performed at teller counters, in back offices, etc.

Full-scale launch of the Σ Business

 Introduction of a system that collects information on businesses and other data, and utilizes the data for sourcing and marketing support operations (Σ data platform)



Proactive use of new technologies, such as generative AI

Strengthen AML, CFT, CPF*1 measures

 More closely manage customers, comply with tightened regulations, and increase sophistication of data analysis

Market Business enhancement

 Improvement of risk measurement and other functions, and operational efficiency

Strengthen security readiness

• Establish a robust security posture to respond to changes in

Strategic IT investments of approx. ¥ 135 billion over 5 years are planned

Basic Policy 2: IT investments for stable and sustainable business operations

System renewal and other work is being steadily implemented

Renewal and improvement of teller counter terminals and ATMs at post offices nationwide

IT investments of approx. ± 540 billion over 5 years are planned

Basic Policy 3: Looking 10 years ahead, commence studies on a future vision of a sustainable system for responding to changes in the social and business environments

Total: approx. ± 675 billion*2

While maintaining a high-quality system base that can support trust in our Bank, we will assertively advance strategic investments in IT

- *1 Anti-money laundering, countering the financing of terrorism,
- counter proliferation financing
- *2 Cash flow basis for capital investment + expenses

Improving Internal Control Systems

Enhancements to risk management systems

We formulate Policies for Handling Risk Management each fiscal year, under which important matters related to risk management are discussed or reported at the Risk Management Committee, etc. In particular, we report to the Risk Committee, which serves as an advisory body to the Board of Directors, regarding the risk management status of systems, including those for operations and cyber security. In addition, we are working to enhance each risk management system, for example through a subcommittee to deliberate on new products and services, and by organizing a subcommittee for the purpose of deepening debate and awareness sharing on system risks.



For more details on risk management, please see page 84.

Enhancing measures against money laundering, terrorism financing, and proliferation financing

Incidents involving money laundering, terrorism financing, and proliferation financing (hereafter, money laundering, etc.); bank transfer fraud; transaction and unauthorized use of bank accounts; fraudulent refunds of deposits that target internet banking services; and other financial crimes that exploit financial institution services have shown no signs of decline, even as the techniques used by criminals only grow increasingly sophisticated and elaborate. Moreover, reflecting the fluid international situation, the UN, along with individual countries and regions, has implemented economic sanctions that place stringent reprisals on financial institutions that provide products and services to sanctioned individuals.

The Bank has prepared systems to comply with foreign and domestic laws and regulations in order to prevent any violation. Similarly, we have implemented customer management measures, taken action to detect and report suspicious transactions, revised products and services, and moved to address economic sanctions in an effort to strengthen money laundering, etc. countermeasures.

In order to protect the deposits and assets of our customers, the Bank continues to engage in efforts to stave off and prevent the spread of financial crimes by analyzing past criminal techniques, enhancing systems, and organizing data

Ensuring safety and security

We are endeavoring to ensure safety and security, including implementing sophisticated security measures and enhancing IT governance and security verification systems suited for

Moreover, we are working to build a robust security framework in accordance with international standards in an effort to guard against increasingly complex and sophisticated cyberattacks.



For more details on cyber security, please see page 88.

Enhancements of compliance systems

Legal compliance is clearly stated in our management philosophy and management plans and basic rules on compliance are stipulated, in order to convey the importance of compliance, including customer protection structure, to employees through messages from the top management on a regular basis, as well as various training programs, etc. We formulate the compliance program each fiscal year while holding the Compliance Committee to verify the progress and discuss tasks on the subject. In addition, the Internal Control Committee discusses the most important matters relating to internal controls, such as compliance with laws and regulations.

Moreover, we will strengthen cooperation with JAPAN POST to prevent recurrence of incidents of misconduct at directly operated branches and post offices, and will commit to implementing a PDCA cycle for general crime prevention measures.



For more details on compliance, please see page 90.

Building a framework for large-scale system upgrades

In moving toward the large-scale core system upgrades in May 2023, we established a promotion committee encompassing the entire Bank directly under the jurisdiction of the President and Representative Executive Officer. This move was intended to build a Group-wide framework while receiving advice from third-party organizations, thereby achieving seamless upgrades.

JAPAN POST BANK Co., Ltd. Annual Report 2024