

New Nanto Bank App Establishes New Customer Contact Points

In April 2024, we introduced the Nanto Bank App, a banking application that permits customers to access various banking functions on their smartphones without visiting a branch.

Naomichi Yoshiki, President and Representative Director of SBI Neo Financial Services Corporation, who assisted in development of the application, and Koji Honda, Director and Managing Executive Officer of the Nanto Bank, exchanged views recently about the purpose of introducing this application and its future prospects in these times of significant change in the lifestyles and needs of our customers.



Introduction of a new application to reinforce contacts with customers

Honda: In an era in which virtually every individual now owns at least one mobile device, smartphones have become an indispensable part of everyday life. As customers' behavior changes centered on their smartphones and the competitive environment becomes more intense with entry into the financial services market of Internet-only banks and FinTech companies, we are responding by reviewing our sales structure, including our branch and personnel allocation.

At the branches, we are systematizing and centralizing administrative work to increase the time we spend interacting face-to-face with customers, while for members of the younger generation and other customers who have a strong preference for online transactions, we are reinforcing our contact points by making the same services available on smartphones as at the actual service counter. We have responded by releasing the Nanto Bank App, developed in cooperation with SBI Neo Financial Services Inc.

Organizational
overview and external
environmentBusiness
modelStrategies
and resources
allocation

Performance

The new app combines security with convenience by introducing a variety of cutting-edge technologies to provide the safe, secure, convenient services our customers have been asking for.

Yoshiki: As evidenced by the growing market penetration of Internet-only banks, especially among younger customers, there is a pressing need for non-face-to-face channels such as the Internet and online apps that exclude face-to-face contact. We are convinced that all your current service counter transactions will be available online in the future. Against this backdrop, we believe that by releasing this app to supplement the primary financial services the Bank offers, you have established a foundation to meet the needs of your increasingly digitally oriented customers.



At the same time, I believe that your Bank with its extensive network of branches can fully demonstrate its strength to customers who want to continue inperson consultations by combining digital and interpersonal services.

As concerns the security of the application, customer demand for impenetrable security is increasingly high amidst the increasing threat of unauthorized use. The app is equipped with state-of-the-art authentication functions centered on biometric and facial recognition that meet the need for safety and security people expect from Nanto Bank.

Honda: With the number of customers visiting our branches trending downward, the app is an essential tool for strengthening relationships and reinforcing our points of contact, especially with younger customers. At the same time, the Bank intends to review its business procedures to encourage customers who are able to visit our branches to focus on inperson consulting and consultation services, in addition to transactions they conduct using the app, thereby transforming the role of the branches.

Based on our fundamental belief that our most important responsibility as a bank is to manage our customers' assets safely and securely, we have thoroughly reinforced the security of the app. We will continue to maintain the highest level of security while pursuing convenience in the future.

We listen to customer feedback and respond promptly

Honda: We are extremely grateful that the number of downloads of the new app exceeded 100,000 within two weeks of its release on April 1, 2024. On the other hand, we were unable to keep up with the immense number of applications we received, and it took us 10 days to complete the application process under these temporary conditions. We deeply regret any inconvenience caused to the many customers who downloaded the application immediately after its release. We are still receiving new posts reviewing the app daily, and the many valuable comments provide us with new insights to use as references for our future endeavors.

Yoshiki: The Nanto Bank app became a hot topic among Japan's regional banks and throughout our industry, as the number of downloads increased in such a short period of time after its launch, thanks to advertising combining digital and analog approaches and campaigns conducted in collaboration with other companies.

But our customers have widely diverse needs. Because this made it difficult to develop an app that met 100% of customers' needs at the time of its release, it is important to continue to modify it steadily in response to diverse needs. The Nanto Bank app is still in its early stages of development, and we want to participate in its growth by considering the kinds of functions to be added in the future.

Honda: Yes, I agree. Since its release, we have been progressively releasing upgraded versions to meet customer requests. In June, we made some changes to the UI, and in July, we introduced a new

Family Account Inquiry function. This function was quickly enhanced in response to customer requests for an ability to share account balances and deposit/withdrawal details among family members, for example, to manage a family account with a partner, or to monitor the accounts of children or parents who live separately.

Yoshiki: It is of course necessary to increase the number of customers downloading our apps, but we place the greatest importance on encouraging high numbers of customers to continue using them. This requires us to respond quickly to customer feedback and implement improvements without changing the original concept and theme. I believe that our customers will also appreciate our prompt responses.

To be the bank of choice for customers

Honda: At present, we believe that most of the financial functions appropriate to the apps have been installed, but we plan to enhance these functions further with the aim of enabling customers to complete all their non-cash transactions and inquiries using the app. We also plan to enhance the app's convenience for daily life by linking it with non-financial activities.

We introduced a data integration platform in July, and we are currently engaged in development of an analytical environment, including development of models that utilize AI. In the future, we hope to analyze data collected from the apps and other sources to provide services and information that respond accurately to customer needs.

As digital technology evolves and customers' needs diversify, we can no longer be chosen as the main bank solely based on the fact that we have a nearby branch. To be chosen, we need to deepen our knowledge of our customers and continue to provide services that meet their needs.

Yoshiki: The new app features a push-notification function for customers. We believe that this function will enable us to draw on accumulated data to send timely notifications from smartphones with information reflecting customer needs in much the same way as we make proposals to customers who visit the branches. From the customer's perspective, there is immense value in the ability to receive the same information and proposals on their smartphone as they would at the service counter without actually visiting branch. This app also offers impressive scalability stemming from the possibility of combining elements.

Honda: Providing services via an app is essential for maintaining contact with members of the younger generation and customers who have moved out of Nara prefecture for work or other reasons but want to continue to use their accounts.

We should add that we expect "inheritance" to become a key word in connection with the importance of deposits in the coming world with interest rates. The generation that will receive inheritances matches this app's primary target group.



In order to secure our contact with this generation, we are deepening our customer relationships by combining face-to-face communication centered in our branch network, which is a special strength of a regional financial institution, with online services provided by the app in an effort to become the bank of choice for our customers.

In this context, we would like to collaborate with your company as a business partner with ties extending beyond the development of this app. We look forward to a continued active exchange of ideas and discussions.