

## Roundtable Discussion on Human Capital: Developing DX Personnel



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## Digital Transformation Centered on Strengthening Human Resources and Customer Support

Digital transformation (DX) is accelerating in the financial industry. In its Fourth Medium-Term Group Business Plan (FY2025-FY2027), the Mebuki Financial Group has set forth the standardization of DX, and is pursuing an organizational structure that will enable all bank employees of Joyo Bank and Ashikaga Bank, the Group's key pillars, to utilize digital technology. So, what unique approaches can we adopt not only for the development of management platforms and the introduction of technologies, but also to propel human resource development? DX Strategy Office members from Joyo Bank and Ashikaga Bank get together with frontline sales personnel to discuss real-world challenges and future prospects.

### Third Medium-Term Group Business Plan foundation and subsequent issues

— How do you view the achievements and issues relating to DX and AI technology strategies in the Third Medium-Term Group Business Plan (FY2022-FY2024)?

**Maruoka** In the first year of the third medium-term plan, we formulated the DX Strategy Roadmap with a keen focus on DX and promoted that plan centered around three key success factors (KSF) for paperless operations, greater penetration of digital channels, and enhanced data platforms.

Regarding digital channels in particular, both banks released their banking apps simultaneously. Four years

on and penetration rates, including internet banking, have risen to roughly 50% of individual customers. The development of database platforms has proceeded to plan and we have been able to create an environment that enables all bank employees to use generative AI in their daily work.

**Takasu** We have definitely produced results in the "defensive DX" area that focuses on operational efficiency. Now we are embarking on "offensive DX". Recognizing the rapid development of generative AI, Ashikaga Bank held a contest for bank employees to collect ideas on specific ways of using generative AI. The Nikkei newspaper featured the contest process, which is generating multiple ideas for addressing specific frontline issues. Joyo Bank intends to develop a similar initiative. If we can invigorate efforts to utilize both banks' resources



Ryosuke Takasu

to gather information from different perspectives and amass good practice, we should be able to strengthen our Group's reputation for multifaceted thinking.

### Enhancing talent is key to transformation

— What are the most important issues when promoting DX?

**Maruoka** The biggest common challenge for Joyo Bank and Ashikaga Bank is human resource development. You can develop the technology and the infrastructure, but that means nothing if bank employees cannot use them. The important thing when it comes to AI and digitalization is just how effectively they can be used by ordinary people.

There were some differences between the two banks in terms of human resource development methods in the third medium-term plan, but we intend to better align our efforts and increase joint training in the fourth medium-term plan.

**Tsutsumi** The first step involves helping people realize they could work more efficiently if they employ digital technology in their daily work. Take me for instance. I experienced culture shock when I moved into banking mid-career. I had never used Word so much before. At first, I struggled with the large volume of text in banking documents. I seize various opportunities to communicate how something could be changed by utilizing my external perspective.

I also think it is important to increase people's contact with DX expertise in order to boost their interest. Whenever we announce a training session, we receive many applications, even if the content has not been changed from the previous year. The atmosphere among those taking part in the training is also changing, with more and more people showing a greater interest. The current challenge is not only to disseminate knowledge but to link it to practical work.

**Terai** I also feel that bank documents can be very wordy. However, the ability to express an idea in writing is also proof of a creative mind. Using diagrams and drawings can make the content easier to understand, and they can be an important means of inspiring different participants.

The advent of generative AI has markedly lowered the hurdles associated with new technology usage and more people are pleasantly surprised by the kind



Masaki Maruoka

of things they can actually do with those technologies in their daily work. These easy and fun experiences are probably helping to promote the spread of new technologies within the bank.

**Kawahara** I also feel that bank employee recognition of DX has changed significantly. When I moved to the DX Strategy Office two years ago, many people still felt that people with good DX knowledge and skills would do the DX-related jobs. They saw DX in a special light and this was a barrier to broader embracement.

However, more people than anticipated participated in the Data Analysis Beginner Course held for head office employees last year. Some asked if they could still take part if they couldn't use Excel, and we told them they were the people we wanted to attract most. We knew that many people wanted to join in but were hesitant. We recognize the importance of overcoming this skill gap and raising overall skill levels in order to promote additional DX-driven value creation.

**Takada** In September 2021, Joyo Bank set up a new DX Advisor System, an in-house qualification designed to foster talent who can support customers on their own DX journeys. In the early days, we had to feel our way forward because it had never been done before, but gradually, staff in branch offices started to grasp what they could achieve using IT and digital tools, and their interest grew.

SME customers have had to improve productivity to fulfill revised legal requirements such as the Invoice System and the Act on Book and Record Keeping through Electronic Methods. So, we held online briefing sessions to introduce best DX practices on various DX-related themes together with relevant organizations and IT vendors. A total of 14,000 customers participated in the 62 sessions held during the third medium-term plan period. I feel this has been a considerable help in encouraging customers to take the first steps on their own digitalization journey.

**Terai** I joined Ashikaga Bank in January and am currently working on customer DX support. I feel those needs are very high. The number of support cases is rising by over 30% each year and we are working to improve our skills while also increasing the number of people involved in the job.

Customer support consulting, which we had been working on for three years, was recognized as an official service from the current fiscal year. Today, local SMEs need basic IT support, such as digitizing manual tasks and paper and improving links between systems, rather

Yoshiyuki Terai



than generative AI and machine learning. However, even that is an important introduction to DX, so we provide training opportunities for branch employees on service utilization and proposition.

### Practical training to foster future leaders

— Specifically, what talent development programs do you expect to pursue in the Fourth Medium-Term Group Business Plan?

**Maruoka** The laying of training foundations in the third medium-term plan was successful. If we look at the numbers, training has spread rapidly, with the three-year target primarily among IT passport holders being achieved in just one year.

However, the challenge was to develop leaders who could pioneer DX. With that aim in mind, in the fourth medium-term plan, the two banks have created four new specialist areas: DX and BPR planning, data science, DX infrastructure development, and DX support, and we are currently steering a course for developing leadership talent in those areas.

**Takasu** We developed a clear picture of the ideal DX leader when formulating the fourth medium-term plan. I hope you have noticed the side job system that Ashikaga Bank launched last year designed to help nurture leadership personnel. Bank employees with issues in their sales branches or head office operations can use data analysis to create solutions in the DX Strategy Office roughly once a week. In the past fiscal year, three people participated in this scheme and we submitted a final presentation to management.

**Maruoka** This side job system is an extremely good initiative that is scheduled to be introduced at Jojo Bank as well from the current fiscal year. Staff come into contact with different kinds of knowledge, environments, and ways of thinking by spending 20% of their regular work hours in the DX Strategy Office in the head office. Having adopted some new values, staff go back to their sales offices, talk to customers on a wider range of topics, and learn to grasp customers' DX support needs in a significantly different way.

**Takada** In terms of DX support, we are expected to generate solutions to specific problems to help bridge the gap between the current situation and a customer's ultimate goal. We have set up a training program for the 11 DX senior advisors, who are the highest qualified

Yuriko Kawahara



personnel in the bank, to implement practical activities in five areas: formulating hypotheses prior to visiting a customer, interviewing people to get a comprehensive view of an entire business, analyzing the gap between the current "As-Is" situation and the desired "To-Be" situation and discovering potential obstacles, formulating directional strategies based on a problem-oriented approach, and acquiring comprehensive IT digital knowledge.

We have introduced a new certification program for aspiring bank employees wishing to attain this highest-level qualification. The program includes e-learning, how to conduct hearings, and various consulting case studies, along with video presentations related to the five areas I just mentioned and advice from the head office. The training is designed to help staff understand customer circumstances and enable DX proposals based on problem-oriented solutions.

**Tsutsumi** We conduct another in-person training program throughout the year which focuses on three main topics: generative AI, business frameworks, and data analysis. We also use Tableau\* for tool-specific training. This encourages the visualization and discovery of different issues through business flow design.

**Kawahara** I think the number of joint training sessions between the two banks will increase going forward. That would be very meaningful in terms of raising the overall level of DX literacy. Furthermore, if we consider the younger generations who will join the banks in the future, we need to program DX training content for employees according to the number of years of service, just like we do with banking training.

### The driving, neutral, and escorting nature of supporting local companies on their DX journey.

— What kind of value will you provide customers and communities going forward?

**Terai** Customer DX support needs are increasing, but the supply is not keeping up with demand. We will gather talent from inside and outside the bank so we can consistently increase the number of cases we handle and are able to make in-depth proposals to our customers.

The challenge will be to ensure that the bank support is not restricted to business consulting. Why? Because you cannot achieve truly effective DX without introducing systems and providing operational support. I want to

Yuma Takada



build a comprehensive support system that covers all upstream and downstream players, including Group companies and regional partners, and to be recognized by local customers as the most reliable DX support desk.

**Takada** I agree with the comment that there is ample demand but insufficient supply.

For that reason, it is very important that our sales people, who are first in line in terms of customer contact, stimulate DX needs on a daily basis. In fact, I believe this is the role that regional financial institutions should play.

Specifically, we perform DX-related diagnostic services together with customers at our branch offices to support the creation of solutions to potential issues. As customers embark on DX in the future, we will strengthen our cooperation network with IT vendors in a broad and comprehensive way to facilitate the provision of seamless consulting with the bank and the Group company, Jojo Computer Service.

**Maruoka** There are three good reasons why banks should support DX. It helps drive local communities, enables neutral proposals, and facilitates escorted support from a familiar position. The driving feature involves taking the lead in promoting regional digitalization as a top regional company. The neutral feature enables us to develop a multiple-brand store-type process in which we compare all available services from a third-party perspective and select the most appropriate one for a particular company. The escort feature relates to the fact that we, as banks, cannot grow without SMEs' growth, so we are able to genuinely work alongside a company as an interested and involved party.

**Terai** I originally worked at an IT vendor and IT vendors inevitably want to sell their own products. By contrast, banks can start by solving management issues because their long-term goal is to facilitate customer growth. I think offering DX support as part of problem-solving proposals is an effective and healthy way for banks to gain a strong grasp of a customer's situation and get involved by developing a bird's eye view.

### The depiction of future organizations through increased engagement

— How is the promotion of DX changing the way bank employees work?

**Maruoka** We are also focusing on infrastructure development and office automation renewal in the

Aki Tsutsumi



fourth medium-term plan. Ms. Kawahara talked about younger generations earlier. The next generation of working adults has been using the latest groupware from junior high school, high school, and university, and did their classes at home during the COVID-19 pandemic. These kinds of people will not be keen to work in a traditional banking environment. Creating digital office environments will be an important factor in encouraging employee engagement and ensuring satisfying and comfortable long-term employee retention.

**Terai** Developing digital office environments will be a significant factor in facilitating seamless and secure information flows. Not only will it improve operational efficiency, but I also believe it will help establish a culture that encourages autonomous DX engagement through, for instance, cross-organizational planning, a freer sharing of results, and a greater awareness and incorporation of other people's ideas. The introduction of the free address system is also having a positive effect. Having a different person sitting next to you every day facilitates the exchange of information from different perspectives.

— Finally, how do you see the future?

**Maruoka** Practical capabilities will be key. It is important to conduct practical business and apply expertise in tandem, so I will strive to encourage two pillars that combine both skills.

**Takasu** I want to encourage talent with a can-do attitude to problem solving, who are not fettered by convention and who can value the curiosity to try new tools and pioneering action.

**Tsutsumi** I will conduct training to boost the number of people who can offer compromise plans and operate with a flexible mind and spirit.

**Kawahara** I would like to plan and create training in which everyone wants to actively participate.

**Takada** DX is constantly evolving. It is a field that encourages people to tackle new challenges and fosters great satisfaction. I want to create many such opportunities.

**Terai** DX is an area that facilitates great creativity, and people feel that they can enjoy working on DX projects because they are convenient. I want all bank employees to experience that feeling.