



Transforming the Shoko Chukin Bank into a producer of the SME economic sphere where diverse stakeholders “Collect. Connect. Create Value”

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New corporate transformation initiatives

At the Shoko Chukin Bank to date, our business model has mainly involved promoting financing for SMEs, and through this we have contributed to the sustainable development of our local communities. Moreover, we have adapted our management systems and human resources to this business model and developed the organizational culture we see today. Today, SMEs in Japan are facing unprecedented change in the external environment, be it declining birthrates and an aging population, globalization, technological innovation, or increasingly complex regional challenges. Against this backdrop, the three elements of the Shoko Chukin Bank—human resources and organizational culture, management systems, and business model—were beginning to struggle to adapt to this change.

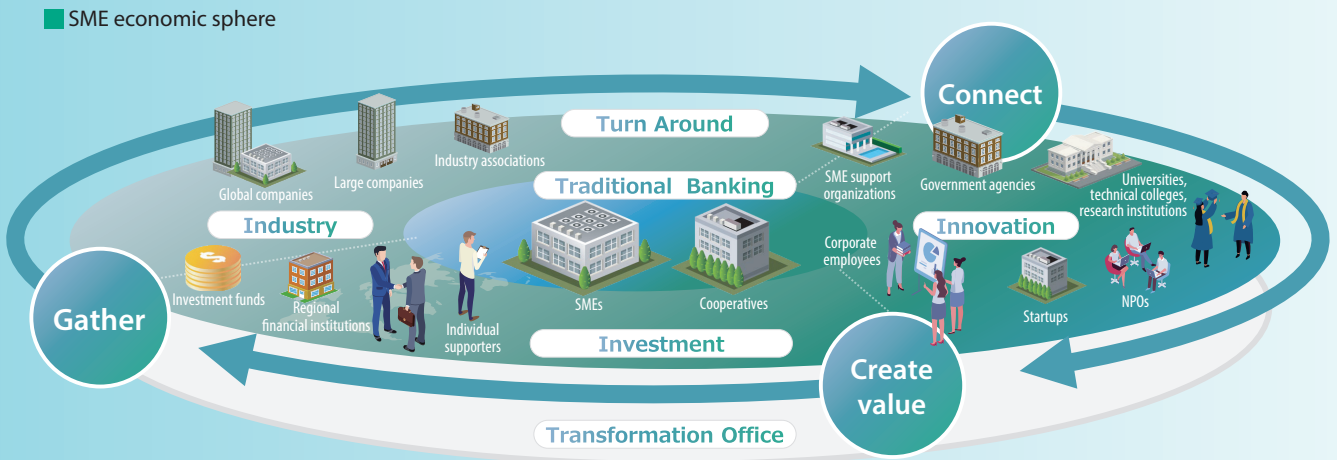
To address this challenge and aim for long-term sustainable growth, we set up The X Project “X (Tsunu) Pro” under the direct control of the President to drive structural management reforms, and the team has engaged in various discussions since early 2025.

The team first conducted an analysis of the current situation from the ground up, clarifying the potential problems facing the Shoko Chukin Bank and its customer SMEs and SME cooperatives in adapting to this change and aiming for sustainable growth. The team then structured these problems as issues to be addressed and identified five directions for transformation: (1) Transforming the mindsets of officers and employees; (2) Transforming management systems; (3) Transforming how we perceive our customers; (4) Transforming how we contribute to customers; and (5) Transforming how we confront changes.

Formulation of the SME economic sphere and related strategies

With regard to (3) Transforming how we perceive our customers, we identified the SME economic sphere as a key point as we sought to transition away from perceiving SMEs individually to collectively, based on the intent of our PURPOSE. We then positioned the SME economic sphere as a place for diverse stakeholders associated with SMEs and local communities to gather, and defined our vision: “Continue contributing to enhancing the value of participants in the SME economic sphere through its expansion and revitalization.” Based on this vision, we then formulated a strategy—that is, to become a producer of this SME economic sphere and proactively “bring diverse stakeholders together Collect. Connect. Create Value,” and in turn pioneer change, grow, and support the sphere development.

Moreover, to measure the extent to which value is co-created through the expansion and revitalization of the SME economic sphere, we plan to establish a new indicator, Shokochukin Co-Creation Value (SCV), and will regularly monitor our progress moving forward. SCV shows the total value that the Shoko Chukin Bank provides to SMEs, and the sustained expansion of this SCV will form the basis of our long-term management direction.



Business model transformation

We will also work to transform our business model based on our long-term strategy. Shifting away from the conventional financing-focused banking model, we will aim to transition to a new organizational structure centered on business units dedicated to our five focus areas. With the addition of Transformation Office, through which we are aiming for ongoing transformation, our new business model will comprise three Is and three Ts (3IT).

Moreover, we will also implement fundamental transformations to our operations, including updating our digital systems and promoting store reforms, which serve as the broad foundation supporting this 3IT business model. This infrastructure reform is the foundation for the Shoko Chukin Bank to become a financial institution that is resilient to change.

However, the corporate transformations we are aiming for are by no means easy to achieve.

A challenging journey no doubt lies ahead for us. That said, we have unique strengths that cannot be matched by other financial institutions. Namely, throughout our roughly 90-year history we have developed high-level expertise in serving SMEs, a nationwide sales base, a collaborative network with related organizations, a long-term approach to transactions unaffected by management environments, and diverse human resources that support our provision of solutions.

I fully believe that if we can further refine these strengths and transform the Shoko Chukin Bank Group into one that is resilient to change, we will be able to provide entirely new value to SMEs.

The roles of our five business units

Industry Business Unit	The control center of the SME economic sphere, with enhanced industry research and planning functions
Innovation Business Unit	The growth driver for the SME economic sphere, responsible for responding to the diverse needs of startups and promoting open innovation
Investment Business Unit	Responsible for expanding the SME economic sphere, using structured finance and funds and providing advanced financial services through investment banking functions
Traditional Banking Business Unit	Responsible for rebuilding conventional banking operations using new ideas and systems, and laying the foundations for the SME economic sphere which is central to generating funds for growth investments
Turn Around Business Unit	Responsible for working with regional financial institutions to offer revitalization finance and support lifecycle transformation for SME economic sphere participants