

Mizuho Investment Conference: Summary of Q&A

Q: How do you consider the impact of FinTech on financial institutions?

A: As A.I. and data processing capability advances, utilizing IoT and Big Data would be very important for us to develop businesses. For example, by utilizing these technologies, it might be possible to create a more low-cost and convenient type of lending.

We can already foresee a future where banking business, such as account opening, borrowing, and remittance, can be done through smart-phones. Eventually, we may see a drastic shift in the banking business model; we may no longer need a branch at the prime area in front of a station with many clerks.

However, as the shift to digital channel proceeds, face-to-face types of businesses such as asset management and inheritance support, the type of businesses that needs consulting, will become even more important. This could affect banks branch network strategy. For example banks may open a branch that operates till night on weekdays or on bank holidays in a residential area, instead of having a branch in front of a station. I believe that financial institutions which can adopt themselves to this trend will gain a competitive advantage going forward.

Q: How do you consider the impact of Negative Interest Rate Policy or NIRP?

A: We estimate the impact of NIRP on our Gross Profits will be around -JPY 40Bn for FY2016. At this point, we are able to counter most part of such negative impact by supporting customers' financial needs that are being actualized under this minus interest rate environment, and therefore we can earn non-interest income. This kind of activity, focusing on earning non-interest income and relying less on traditional lending business, is in line with our business strategy.