

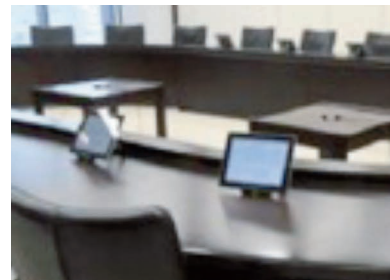
# Initiatives for Digital Banking

Since we believe that digitalization technology will bring great opportunities to financial institutions, we have been working on “creating new added value” and “improving customer convenience” along with “improvement in business efficiency” through business innovations. Furthermore, in the new Mid-term Business Plan, we will promote an effective combination of digital technology and physical ( “face-to-face” ) services.

## Initiatives to improve operational efficiency

### Going paperless for meeting materials and introduction of the video conference system

We have achieved a significant reduction in the use of paper by electronically replacing management-related documents used for the Board of Directors and the Executive Committee since 2015 (such documents could be viewed at any time using the tablet PC, so it is possible to respond to important matters while in the car or traveling overseas.)



Image

In addition, as a business support tool, we distribute tablet PCs throughout the branches and actively utilize them. We hold video conferences only when necessary and they are attended only by necessary members. Even in Tokyo and at overseas offices, meetings are held where participants can look at each other’s faces to achieve quick and efficient communications for conducting business operations.

### Business Process Reengineering (BPR) initiatives

BPR is a complete review and redesign of contents, workflow, organizational structure, and rules of existing work.

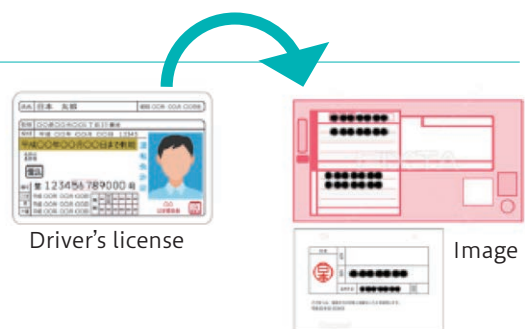
In particular, we have conducted a review of clerical work, systems development, and replacement of terminals with the aim of reducing our sales staff’s clerical work and strengthening sales promotions. For example, for first-time ordinary deposit account customers, there are more than ten documents required by law, such as identity verification documents and anti-social forces related documents. However, when presenting a driver’s license, for example, the pre-printing function automatically prints the customer’s address on the documents, and the customer can complete the procedure simply by signing their name on these documents. The BPR has reduced the volume of sales-related clerical work corresponding to 133 employees and increased the number of staff members by 53 to provide asset management consultations, and assigned 48 employees from the loan-related clerical work to the external affairs section.

BPR efforts have made it possible to reduce the burden on customers and reduce the amount of our clerical work, and more time has been devoted to customer-oriented consulting services.

### Robotics Process Automation (RPA) efforts

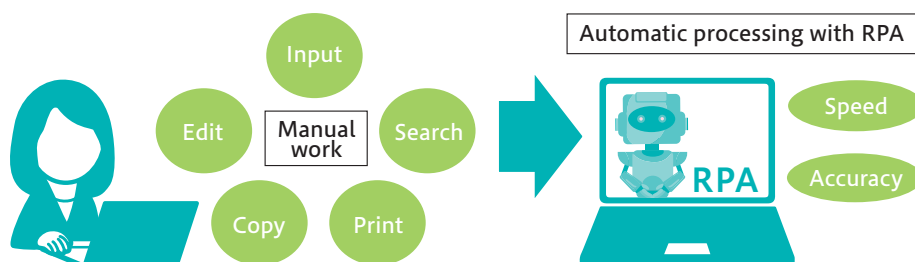
RPA was introduced in earnest throughout the headquarters to promote work automation using the RPA software for regular and routine work in October 2018.

With this approach, routine work can be carried out with robots, allowing employees to focus on higher value-added work, and improved work speed and accuracy. In addition, we expect a reduction of nearly 16,000 work-hours per year for 300 operations at headquarters.



Driver's license

Image



## Initiatives for “Creating new added-value” and “Improving customer convenience”

### Responding to changes in customer needs due to the spread of smartphones

- “Money Forward for The Gunma Bank” offers an automatic household account book and asset management services

(Providing a smartphone application program developed by Money Forward, Inc., for our customers)

In addition to the Gunma Bank accounts and credit cards, this application program is able to manage multiple accounts at once, such as bank accounts and credit cards from other banks, electronic money, mileage and points, and automatic classification and graphing of monthly food expenses, utility expenses, etc.



- Internet branch and The Gunma Bank application program

Customers can open an account of Internet branch with the Gunma Bank application program, and carry out Internet banking and ATM transactions.

Customers can use the “Simple bank book” application program that allows them to check transactions on their smartphones. There is also a preferential system for ATM fees.



群馬銀行アプリ  
スマートフォンで  
群馬銀行がもっと便利に!



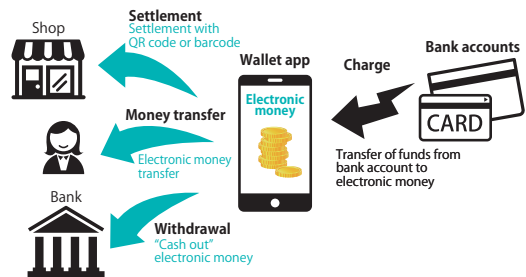
#### <<Simple bank book>>

年月	取引日	金額	取引内容	残高
2017年6月	2017年6月28日	75,000	普通預金	740,310
2017年6月	2017年6月28日	432	普通預金	633,310
2017年6月	2017年6月18日	265,329	普通預金	635,742
2017年6月	2017年6月18日	38,000	普通預金	615,742
2017年6月	2017年6月18日	12,000	普通預金	603,742

- Initiatives for online payment and electronic money

The following Internet payments and electronic money services can be used.

- J-Coin Pay	- Origami	- Yahoo! Wallet
- LINE Pay	- Rakuten Edy	- Odds Park
- Merpay	- Pring	



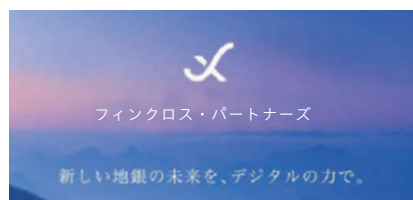
### Establishment of FinX DIGITAL Co., Ltd.

In June 2018, “FinX DIGITAL Co., Ltd.” was established in partnership with seven regional banks. The partnership here is a joint stock association of banks with the common understanding that “the future of new regional banks will be enhanced by digital power” and will be a place for discussing a wide range of advanced initiatives.

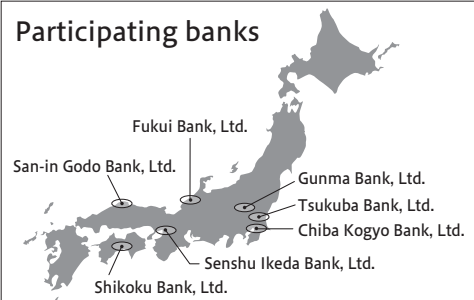
In the continuing harsh environment for financial institutions, we see the progress of socio-economic digitalization as an opportunity for regional banks. By realizing various ideas through this new institution, we will advance regional banking operations and dramatically improve customer services.

#### (References)

“Big data” total of seven banks
Ordinary deposit accounts: 10.9 million
Loan borrowers: 800,000



#### Participating banks



#### 〈Purpose〉

1. “Open innovation”
2. Realization of low-cost operations
3. Effective use of data
4. Creation of revenue opportunities
5. Development of new business fields