



The 1970s was a period of rapid growth in Japan, with the government playing a key role in the development of the economy. The government's economic development strategy was based on the following principles:

- Heavy investment in infrastructure
- Low prices for exports and high prices for imports
- High savings rate
- High quality of labor



1970

1971

1972

1973

1974

1975

1976

1977

1978

1979

SHINSEI BANK: Developing an Integrated Firm
Harvard Case Solution & Analysis



TheCaseSolutions.com

“
Shinsei Bank was rebuilt from the ashes of failed predecessor, and the first time a new level of customer service in retail banking in Japan. Information technology bank, however, was rudimentary at best, and do not fit the new model of service Shinsei offers. CIO charismatic bank experience in the technological changes designed modular, flexible infrastructure that is based on simplicity and parity. Describes the formation of a new IT system Shinsei, and the question arises as to the potential sale of Shinsei IT design further down the road.
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The LTCB was created by the government in 1952 to provide long-term funding to rebuild Japan's basic industries after World War II, it was one of the major financiers of the postwar economic development of Japan.



The bank was successful until 1980:

- The demand for loans has decreased while the bank expanded into real estate and construction,
- Land prices in Japan were soaring and many loans were provided on the basis of land guarantees rather than a proper analysis of the risk
- When the bubble burst and land prices fell in the 1990s, banks were left with a huge amount of bad debts.

Results:

- The bank was nationalized in 1998 and finally sold in 2000 to Ripplewood Holdings.
- Ripplewood restructured LTCB as a commercial bank, Shinsei Bank.
- Its CEO Yashiro moved quickly to establish a new organization and build the bank's business in three main areas: commercial banking, retail banking, and investment banking.

Company's profil

Founded : 1952 (as Long-Term Credit Bank of Japan)

Headquarters: Chuo, Tokyo, Japan

Key people: Shigeki Toma , Representative Director, President and Chief Executive Officer, Head of Institutional Group

Industry: Banking

Total assests: ¥9029.3 billion (MARCH 2013)

Employee: 1989 (MARCH 2013)

Analysis of the existing

LTCB had previously generated most of its revenues from corporate loans:

- The asset quality of the loans was extremely poor
- The number of corporate and individual accounts had shrunk by 40%
- The traditional business - corporate lending - was very unprofitable
- The bank's IT infrastructure and operational capability were significantly inferior even relative to the local competition



Retail Banking

When banking institutions execute transactions directly with consumers, rather than corporations or other banks.

Services offered include savings and transactional accounts, mortgages, personal loans, debit cards, and credit cards.