

Accelerating Customer-Oriented Banking with Knowledge Management

The Bank of Tokyo-Mitsubishi, Ltd.

The Bank of Tokyo-Mitsubishi, Ltd. (BTM) is undertaking its Project OPEN, a work reform effort to speed up response to customer needs through timely and proper decision-making by frontline employees. BTM chose REALCOM's KnowledgeMarket as the knowledge exchange platform for its transformation into a customer-oriented organization.

Knowledge Management as a Foundation for Work Reform

Since the latter half of the 1990's, pressed to write off nonperforming loans inherited from the bubble economy, Japan's major financial institutions have been on the defensive, busy consolidating and cutting back.

Among Japan's mega-banks, BTM was first to see the light at the end of the bad-debt tunnel and the only bank to maintain an offensive stance as it realigned its group to increase management efficiency. In February 2004, it set the lofty goal to become one of the world's top 10 financial institutions in terms of market capitalization within 3 years.

The bank is now striving to reform its decision-making and work processes from a centralized concentration of authority into a decentralized and autonomous organization. It aims to respond to customer needs quickly. The bank launched Project OPEN in 2003 to champion the reform's principal elements.

The fact that BTM, having been perceived as top-down and bureaucratic, would choose "open" for its reform slogan illustrates its strong commitment to change. The bank foresees a workplace where all employees can express themselves openly without fear of failure, where top management can communicate its vision openly and get open and frank feedback in return. Barriers between the head office and the

sales branches would be taken away and necessary information would be shared openly.

Project OPEN aims to create an IT platform that supports such an open organization and to improve the productivity and creativity of the bank's workers. REALCOM's KnowledgeMarket was adopted as the infrastructure to handle the knowledge management aspect of the project.

According to Masayuki Ito, deputy general manager of BTM's general planning department, "Now that we're over the hump of nonperforming loans, our next objective is to accelerate the customer-oriented business. To do that, we must openly share best practices and know-how from sales staff with the best customer knowledge and utilize the knowledge to sharpen our business capabilities. Put in another way, knowledge management that reaches the entire organization should be the driving force in becoming customer-oriented."

Reforming the Knowledge Sharing Infrastructure

For BTM, KnowledgeMarket is not the first effort to share knowledge. From long ago, the bank has striven to share information needed to perform job responsibilities using Lotus Notes.

But since each branch or department managed information on its respective Notes database, information was dispersed over individual databases. That made it difficult to search across the organization for needed information or for personnel with useful know-how. Moreover, there was almost no interactive cross-organizational communication on the Notes system.

Failure to rectify this system leaves

knowledge isolated within each individual or work place. Mr. Ito notes, "that greatly deteriorated work efficiency for the organization as a whole," and elaborates as follows.

"Many banks do not document the processes that lead up to closing a deal with the customer. That means that know-how such as how to interact with the customer, what information to obtain and what proposals to make to successfully conclude the deal has not been formulated into tangible knowledge. Needless to say, this type of knowledge is most useful to our frontline employees. So, for Project OPEN we needed a system that transforms that valuable information into explicit knowledge and shares it across branches and organizations smoothly."

That being the case, the bank decided to utilize KnowledgeMarket to manage knowledge in coexistence with the email and schedule management functions of Notes that are so familiar to its employees.

Improving the Knowledge Sharing Process

The introduction of KnowledgeMarket at BTM began by transferring the Notes-based information sharing space to the KnowledgeMarket community. With the cooperation of its branches and divisions, the bank first narrowed down approximately 90,000 contents to 6,000. Next, it created a matrix positioning product categories vertically and work process phases horizon-

tally and mapped out the 6,000 contents. By doing so, valuable information that had been scattered randomly on Notes databases could be managed systematically and collectively in KnowledgeMarket.

One of KnowledgeMarket's characteristic functions is its ability to track user behavior and visualize the distribution of information. This makes it possible to see in real time who viewed postings when. Also, users can attach to the posting comments evaluating its contents. Mr. Ito finds that this tracking function contributes greatly to improved information creation and transmittal processes.

"In the past, our head office staff tended to feel that their job was done once they created materials and posted them to Notes. But head office staff are supposed to support branch sales, so their task is not complete until the intended recipients have received, understood and evaluated the information. KnowledgeMarket's tracking functions reminds head office staff of that responsibility and creates an opportunity to re-evaluate and reform the day-to-day work of preparing materials." (Mr. Ito)

The Bank of Tokyo-Mitsubishi is promoting and utilizing knowledge management to reach all its employees. Already, all bank employees are registered and participating in its Retail Customer Community and Corporate Customer Community on KnowledgeMarket. The bank has also launched communities for departments, specific job responsibilities and cross-organizational projects such as product devel-



Masayuki Ito, deputy general manager of general planning office Bank of Tokyo-Mitsubishi

opment, and employees are actively sharing knowledge. Further, the establishment in February 2004 of the first MTFG Plaza, an outlet merging the services of BTM with those of Mitsubishi Trust and Banking Corporation and Mitsubishi Securities, has created a community that transcends the framework of existing organizations, linking MTFG Plaza staff to the bank's head office.

The bank successfully completed the first step in its efforts to transfer all existing knowledge into KnowledgeMarket and have it take root among its employees. Now, BTM enjoys a community where successes, know-how and Q&As about 'the processes leading up to successful deals' are shared openly among frontline employees.

The Bank of Tokyo-Mitsubishi is establishing an unrivaled position as an integrated financial institution, using KnowledgeMarket as a springboard to customer-oriented reform.

CASE STUDY OVERVIEW

Purpose of knowledge management

- Organize and consolidate information (best practices, etc.) that had been scattered across branches and departments
- Exchange information between the command center (head office) and the frontlines (branches and sales offices)
- Create a forum for intellectual collaboration to create new products and services
- Improve frontline operations productivity and problem-resolution and decision-making capabilities
- Uncover and share knowledge and wisdom possessed by each employee

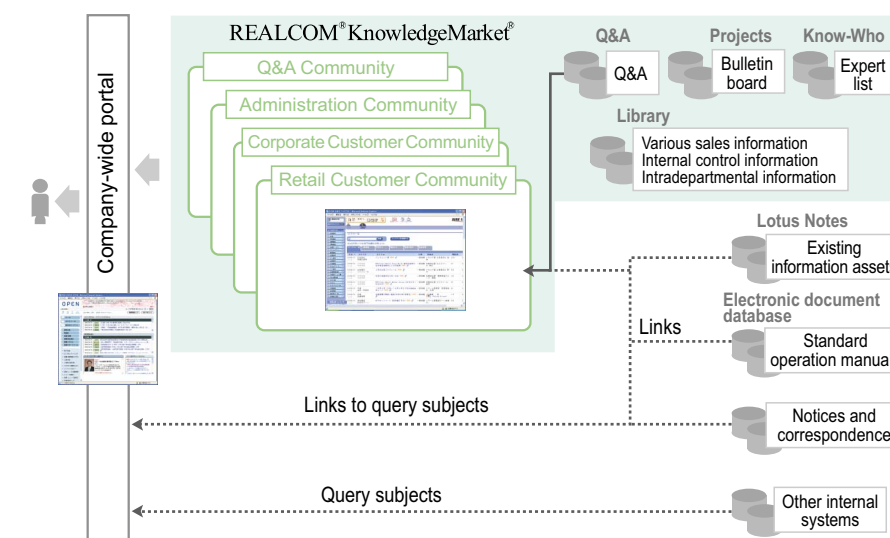
Benefits from knowledge management

- Improved frontline efficiency by consolidating and systematizing useful information/know-how
- More efficient and active information flow via cross-organizational knowledge communities
- More interaction among main branches, branch offices and departments
- More efficient information transmittal via visible information distribution utilizing data-tracking functions

Number of users

- All bank employees in Japan (16,000)

An illustration of BTM's knowledge management system



USER'S PROFILE

Company name:
The Bank of Tokyo-Mitsubishi, Ltd.

Capital: 785.9 billion yen (as of March 31, 2002)

Employees: 18,258 (as of March 31, 2002)

Areas of business:
Financial services (retail, corporate, asset management, investment bank, global services, etc.)

Places of operation:
Japan: 267 branches, 26 banking offices, 2 agencies.
Overseas: 75 branches and offices.

Total assets:
80,718.3 billion yen (as of March 31, 2002)

URL: <http://www.btm.co.jp/>