March 27, 2015

Bank of Japan

On-Site Examination Policy for Fiscal 2015

1. On-Site Examination by the Bank of Japan

The Bank of Japan (hereinafter, the Bank) formulates the on-site examination policy every fiscal year based on the decision of the Policy Board.[1] This document, "On-Site Examination Policy for Fiscal 2015" briefly reviews on-site examinations carried out in fiscal 2014 and outlines the basic approach and key issues in the conduct of on-site examinations in fiscal 2015. The Bank will conduct on-site examinations in fiscal 2015 on the basis of this document.

2. On-Site Examinations in Fiscal 2014 and General Observations

(1) On-Site Examinations in Fiscal 2014

The Bank carried out on-site examinations of 85 financial institutions in fiscal 2014: 33 domestically licensed banks, 40 *shinkin* banks, and 12 other institutions, including securities companies as well as Japanese branches and subsidiaries of foreign banks.[2]

Number of Financial Institutions Examined

	Fiscal 2012	Fiscal 2013	Fiscal 2014
Domestically licensed banks	31	29	33
Shinkin banks	47	55	40
Other institutions	20	26	12
Total	98	110	85

[1] The Bank of Japan Act stipulates that "the content of a contract concerning on-site examinations" and "important matters concerning the implementation of on-site examinations for each business year" shall be determined by the Policy Board (Article 15, paragraph 2, item v).

[2] "Securities companies" in this document refers to firms that conduct securities-related business activities among those classified as Type I Financial Instruments Business in Article 28 of the Financial Instruments and Exchange Act.

(2) Issues Observed in On-Site Examinations

In the fiscal 2014 on-site examinations, the Bank sought to adequately grasp financial institutions' business operations and the state of their property and examined the effectiveness of risk management conducted in accordance with their risk profiles.

As Japan's economy continued on its moderate recovery trend, financial institutions' capital strength and quality of portfolios improved on the whole, and some took a more active risk-taking stance, chiefly with regard to loans and/or securities investment.

Individual financial institutions continue to improve their risk management, but some of them needed to improve their risk management frameworks in accordance with changes in their risk profiles including more active lending and/or securities investment as well as initiatives to expand into new business areas (see the Appendix for the key issues).

Major financial institutions have continued with international business expansion and group-based business strategies. In this situation, their challenge lies in how to improve their ability to grasp global and complex risks in a timely manner and utilize them in their management. On the other hand, the core profitability of regional financial institutions is on a declining trend on the whole, and many of them expect their customer base to shrink in the future, mainly due to population decline. These institutions face the challenge of improving their long-term profitability while helping to raise the growth potential of local areas, taking into account these environmental changes.

3. On-Site Examination Policy for Fiscal 2015

(1) Basic Approach

Financial institutions are expected to contribute to corporate and household economic activities and, ultimately, increasing the growth potential on both the national and regional levels, by ensuring the appropriate functioning of financial intermediation. Finance has a major role to play in addressing the challenges faced by the Japanese economy, including economic globalization as well as the decline in and aging of the population, and thereby creating a vigorous industrial structure. To perform this role in a stable manner, financial institutions need to engage in risk taking based on clearly defined business strategies while maintaining the soundness of their management by appropriately managing risks.

Against this background, and based on the challenges identified in the fiscal 2014 on-site examinations, the Bank will take the following points into account in the fiscal 2015 on-site examinations.

First, the Bank will confirm financial institutions' business strategies and operational policies, and grasp their current and future risk profiles, including the quality of their asset portfolios and the structure of assets and liabilities, by means such as assessing their assets and examining their securities investments and new businesses. In doing so, the Bank will examine from a broad perspective the risks associated with the rapid expansion of financial institutions' business to overseas in recent years, including country and other credit risks and the stability of foreign currency funding. The Bank will then confirm how well the board of directors or other relevant body (hereinafter, the board of directors) is aware of the financial institution's risk profiles and their future course.

Second, the Bank will examine financial institutions' resilience against risks. Specifically, it will examine whether the board of directors is properly involved in ensuring that (1) risk awareness is sufficiently shared when formulating business strategies or plans, (2) risk-taking policies compatible with the financial institution's profitability and capital strength are formulated and risk management frameworks suitable to such policies are developed, (3) risk-taking policies or risk management frameworks are reviewed in response to changes in the external environment, and (4) risk management is effective. The Bank will also examine the functioning of bodies such as the board of directors, including various committees, the board of auditors, and internal audits.

Third, the Bank will examine the impact on financial institutions' profitability and capital strength and responses in the event of changes in financial and economic conditions or stresses in accordance with the situation regarding the institutions' management and business.

Major financial institutions now have an increasingly significant impact on financial markets and the economy, as their profit sources and risks have become more diverse and complex through active expansion internationally and provision of a wide range of financial services on a group basis. In this context, the Bank will examine the impact and responses on the assumption of stress events, as well as the routes by which risk spreads and potential effects through credit provision relationships with other domestic and overseas major financial institutions.

The core profitability of regional financial institutions is generally on a declining trend, and many of them expect their customer base to shrink in future due to population decline. In this context, the Bank will run profit simulations assuming several scenarios including downside risks. In addition, the Bank will review the prospects for the regional economies and their customer base in the longer term, as well as the awareness of issues among regional financial institutions and policies for responding to them.

Fourth, the Bank will conduct its on-site examinations more efficiently under the framework of "risk-based on-site examinations" employed since fiscal 2008. With regard to financial institutions that provide a wide range of financial services through group entities, including major financial institutions, the Bank will strive to grasp their relationships with major group companies and the actual business conditions of the group as a whole. Moreover, the Bank will enhance its on-site examinations of overseas branches to better understand the actual situation of the international businesses. The Bank will strengthen on-site examinations of other financial institutions that have increased overseas exposures to check how well they grasp the situation of borrowing firms' overseas businesses. To enhance the effectiveness of on-site examinations, the Bank will interview the internal auditors of financial institutions before visiting their premises, and will continue to strengthen the linkage between on-site examinations and off-site monitoring.

(2) Key Issues in the Conduct of On-Site Examinations

In conducting on-site examinations, the Bank, based on the aforementioned basic approach, will focus particularly on the following issues. In doing so, it will examine and review various aspects of financial institutions in a flexible and effective manner in accordance with their business and their risk-taking attitude.

a. Business Management

Ensuring the Effectiveness of Internal Control

To ensure the effectiveness of risk management, internal control frameworks at financial institutions need to function effectively. In the fiscal 2015 on-site examinations, the Bank will examine the following: (1) whether the board of directors has provided risk management frameworks and oversees the implementation appropriately; (2) whether senior management executes operations in accordance with the risk-taking policy determined by the board of directors and manages risks; and (3) whether senior management provides reports appropriately so that the board of directors can oversee the risk management practice.[3] In doing so, the Bank will also examine (4) the effectiveness of the group-wide business management of financial institutions, including overseas branches and subsidiaries, which offer a wide range of financial services on a group basis.

Proactive Improvement of Risk Management with Internal Audits

Internal audits provide a basis for ensuring the proper conduct of business operations and play an important role in promoting the proactive improvement of risk management. For this reason, the board of directors needs to be aware of the importance of internal audits and ensure their effectiveness. Also, the internal auditor needs to evaluate the effectiveness of risk management and other control functions and report to the board of directors as appropriate from an independent and objective standpoint.

In the fiscal 2015 on-site examinations, the Bank will examine the following: (1) whether the board of directors appropriately decides the scope of internal audits and allocates audit resources based on the risk assessment; (2) whether the internal auditor adequately audits businesses, including those of overseas entities and subsidiaries; and (3) whether the board of directors makes the most of auditors' recommendations regarding their business management.

[3] In the on-site examinations, the Bank will refer to the "Principles for Enhancing Corporate Governance" issued by the Basel Committee on Banking Supervision in October 2010.

Business Management Based on an Optimal Balance between Profitability/Capital Strength and Risk Taking

To ensure the sustainable and stable functioning of financial intermediation, it is important for financial institutions to strike the right balance between profitability/capital strength and risk taking. In this regard, it is effective to analyze the impact of any materialization of risk and systematically review the risk-taking policy and risk management frameworks based on the results.

In the fiscal 2015 on-site examinations, with regard to major financial institutions, the Bank will examine the details, methods, and implementation of stress testing as well as the potential effects and responses on the assumption of stress events. On this basis, it will confirm the board of directors' awareness of assessing the sufficiency of the quality/quantity of equity capital and the capital policy based on such an assessment, and provide necessary recommendations. The Bank will also examine progress in the establishment of the framework for controlling risk taking and management comprehensively based on the institutions' business strategies, including the risk appetite framework.

With regard to regional financial institutions, the Bank will run profit simulations under several scenarios including downside risks for the coming three years or so, to assess the economic value of the institutions' asset holdings and the impact on the asset and liability structure. On this basis, the Bank will confirm the board of directors' awareness of assessing the sufficiency of quality/quantity of the equity capital and the capital policy based on this assessment, and provide necessary recommendations. In addition, it will examine (1) whether the adequacy of the risk-taking policy, business operation, and risk management frameworks are verified through the framework of asset-liability management (ALM) and risk capital allocation; and (2) whether necessary reviews are conducted based on the verification results. Furthermore, the Bank will review the prospects for the regional economy/customer base in the longer term as well as their awareness of the issues and the policies to deal with them based on such prospects.

Development of Management Information Systems

It is important for financial institutions to appropriately set up and employ mechanisms to gather the information necessary to manage business operations and risks. For financial institutions that actively expand their international businesses and offer a wide range of financial services on a group basis, it is important to appropriately assess in a timely manner various risks that extend over regions.

In the fiscal 2015 on-site examinations, mainly with regard to major financial institutions, the Bank will examine (1) whether they have appropriately set up mechanisms to gather the necessary information, including those for information infrastructure such as the management information system (MIS), and (2) whether the reliability and timeliness of information are ensured. The Bank will also examine (3) the routes by which risk spreads and potential effects, through credit provision relationships with other domestic and overseas major financial institutions, as major financial institutions have a more significant impact on financial markets and the economy.

b. Credit Risk Management

Appropriate Credit Screening and Monitoring, and Establishment of a Framework Compatible with Lending Strategies

Financial institutions need to appropriately assess the business conditions of borrowing firms in terms of credit screening and follow-up monitoring, and ensure that credit screening and monitoring frameworks compatible with their lending strategies are in place.

In the fiscal 2015 on-site examinations, the Bank will examine (1) whether financial institutions properly conduct credit screening of borrowing firms based on sufficient research and analysis of the business conditions of these firms, and (2) whether financial institutions have developed follow-up monitoring frameworks to promptly grasp changes in the creditworthiness of borrowing firms. In particular, with regard to the business sectors and regions in which financial institutions are extending loans actively, including loans for the real estate leasing, medical and nursing care, and environment and energy sectors, the Bank will examine (3) whether financial institutions properly assess the viability of borrowing firms' business in conducting credit screening and management, taking account of such factors as lending periods and the business characteristics, and (4) whether they conduct an institutional review of the profitability of such efforts.

Support for Enhancing the Vitality of Firms

Financial institutions are expected to contribute to enhancing the vitality of firms by continuously supporting borrowing firms' efforts to resolve their management challenges.

In the fiscal 2015 on-site examinations, the Bank will examine (1) whether financial institutions adequately analyze the current business conditions and future prospects of the borrowing firms and share an awareness of the management challenges concerning the borrowers, and (2) whether financial institutions offer advice, recommendations, and necessary support to help borrowers overcome challenges including fostering of growth businesses. Furthermore, the Bank will examine, with regard to borrowers with unstable business conditions, (3) whether financial institutions take initiatives toward more drastic solutions for management challenges by cooperating with other financial institutions and outside specialists, and (4) whether credit risk management measures are carried out as appropriate.

Strengthening the Management of Large Exposures/Concentration Risk

Financial institutions' profitability and capital strength may be significantly affected by worsening of the business conditions of large-lot borrowers or borrowers with similar risk characteristics such as those in the same sector. For this reason, financial institutions need to properly grasp and control large exposures/concentration risk inherent in their credit portfolios. In particular, as regional financial institutions' core profitability has been on a downtrend in recent years, it has become more important to manage large exposures/concentration risk.

In the fiscal 2015 on-site examinations, the Bank will examine the following: (1) whether financial institutions properly grasp the status of large exposures/concentration risk across financial instruments/transactions and group companies; (2) whether financial institutions have developed frameworks to control large-lot borrowers and sector concentration with consideration to profitability and capital strength, using measures such as stress testing; and (3) whether financial institutions have a deep understanding of the current conditions of large risk borrowers and take proper measures in credit risk management.

Strengthening the Management of Credit Exposure with Respect to Overseas Businesses

Major financial institutions are making efforts to expand their overseas businesses to support the global expansion of Japanese companies' global activities and to capture the financial needs in other countries. Some regional financial institutions have increased credit to their existing customers taking into account the business expansion of these customers' overseas subsidiaries. In this context, it has become increasingly important for financial institutions to manage credit exposures with respect to overseas businesses.

In the fiscal 2015 on-site examinations of major financial institutions with large overseas exposures, the Bank will (1) conduct an in-depth examination on the quality of overseas exposures by examining the institutions' self-assessment of their exposures. Also, it will examine the following: (2) whether financial institutions have put in place an adequate framework for credit screening and management for areas on which they focus, and for the management of exposures, mainly to foreign firms, considering the differences in legislations and infrastructure depending on the country and the country risk; (3) whether financial institutions' headquarters have set out rules for credit risk management including reporting procedures that apply on a global basis and appropriately monitor the status of compliance with such rules; and (4) whether the headquarters adequately review credit risk-taking policies on a global basis by making use of stress testing. The Bank will check whether regional financial institutions comprehend the business conditions of borrowing firms that have major overseas businesses.

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c. Market Risk Management

Adequate Involvement of the Board of Directors in Market Risk Management

The board of directors needs to be adequately involved in developing risk-taking policies and risk management frameworks, examining the investment situation. In this regard, it is important to be accurately aware of market risk associated with securities portfolios and off-balance transactions, and to ensure the optimal balance between profitability/capital strength and the risks.

In the fiscal 2015 on-site examinations, the Bank will examine (1) whether the board of directors has clearly set out risk-taking policies, thereby having investment plans formulated in view of the optimal balance between profitability/capital strength and the risks, (2) whether the board of directors has developed risk management frameworks in accordance with these policies and plans and reviews the frameworks as appropriate, and (3) whether the board of directors holds discussions and reaches adequate decisions in a timely and appropriate manner based on reports on market developments and risks in the event of abrupt changes in the financial and economic conditions.

Conduct of Risk Management Compatible with Investment Strategies and Methods

The targets and methods of market risk management need to be in line with the risk profiles of the securities portfolios and off-balance transactions and investment methods.

In the fiscal 2015 on-site examinations, the Bank will examine (1) whether financial institutions appropriately identify and analyze the risks of individual financial products and transactions such as their credit risk, foreign exchange risk, risk stemming from investment schemes, and market liquidity risk, in addition to interest rate risk; (2) whether risk management division properly monitors the market prices of securities, the amount of risk associated with securities holdings, and observance of various limits in accordance with the risk characteristics and investment methods, and (3) whether the adequacy and limitations of the risk measuring methods are examined regularly through, for example, the conduct of back testing, and necessary measures are taken.

Managing Market Risk Associated with Stockholdings

Managing market risk associated with stockholdings remains an important management challenge for financial institutions, because fluctuations in stock prices have an enormous impact on their profits and capital strength.

In the fiscal 2015 on-site examinations, regarding financial institutions presumed to be taking on large market risk associated with stockholdings relative to their capital strength, the Bank will examine (1) whether they assess appropriately the benefits of stockholdings in their business relationships and the impact of fluctuations in stock prices on their profits and capital strength, and (2) whether the board of directors within the institution share such an assessment. When necessary, the Bank will encourage such financial institutions to take steps to reduce risk.

d. Liquidity Risk Management[4]

Liquidity Risk Management Based on Risk Profiles

To ensure stable liquidity management, it is necessary for financial institutions to (1) properly grasp the liquidity risk profiles associated with funding and investment portfolios, (2) set risk limits in accordance with their funding capability, (3) establish a framework for monitoring and controlling risks to observe the limits, and (4) understand the funding conditions including their funding base, markets, and their own ratings and stock price changes in normal times while establishing a framework to respond promptly to changes in the environment by ensuring sufficient liquidity reserves for emergencies.

In the fiscal 2015 on-site examinations, the Bank will examine the situation of liquidity risk management, including that of foreign currency from the above-mentioned standpoint.

[4] In its on-site examination, the Bank will also refer to its report titled "Liquidity Risk Management in Financial Institutions Following the Global Financial Crisis," published in July 2010.

Ensuring the Effectiveness of Global Liquidity Risk Management

It is important for internationally active financial institutions to implement appropriate management of foreign currency liquidity risks, including local currency risks, at their overseas branches and at their financial group as a whole.

In the fiscal 2015 on-site examinations, the Bank will examine the following: (1) whether financial institutions appropriately and in a timely manner grasp the current and prospective funding conditions in terms of different currencies and locations, ensuring smooth communication between the headquarters and each overseas branch; (2) whether they disperse and diversify, across their financial group as a whole, funding sources for the stable procurement of foreign currencies and review this dispersion and diversification carefully; and (3) whether the conduct of stress testing and the preparation of liquidity contingency plans are consistent across their financial group.

e. Operational Risk Management[5]

Ensuring the Effectiveness of Proactive Risk Management Cycles

The operational risks inherent in the business processing of financial institutions may be diverse. In such a context, financial institutions need to identify the operational risks, focusing on those involving greater losses and the impact on business management in the event of the materialization of risk, and establish a management framework. In this regard, it is also necessary to make further improvements while verifying the effectiveness of the measures taken.

In the fiscal 2015 on-site examinations, the Bank will examine (1) the stability of the

[5] In on-site examinations, operational risk refers to risks related to overall business operations, including, for example, risks related to business procedures, compliance, IT systems, and business continuity.

business processing of operations of higher importance. It will also examine whether financial institutions identify risk management issues through the survey of the processing of operations and analysis of fraud and accidents, and take effective remedial steps against such events. The Bank will also examine (2) whether financial institutions recognize changes in their risk profiles through changes in the surrounding environment, their business reprocessing, and expansion into new business areas,[6] and then review their management frameworks.

Establishment and Strengthening of IT Risk Management Frameworks

To ensure the reliability and security of IT systems, financial institutions need to ensure the effectiveness of (1) measures to prevent IT system failures and recovery frameworks in the event of a failure, (2) project management, (3) information security management, and (4) management of contractors.

In the fiscal 2015 on-site examinations, the Bank will examine the above-mentioned points covering critical IT systems. In this regard, the Bank will also examine, with regard to information security management, whether financial institutions have taken proper measures to prevent illegal withdrawal of customers' deposits, as well as operation interference and information fraud caused by cyber-attacks, and whether proper frameworks have been made to limit the extent of damages. In addition, the Bank will examine, with regard to the management of contractors, whether financial institutions have secured the effectiveness of management frameworks for confidential information about customers, for example.

[6] In its on-site examinations, the Bank will also refer to its report titled "Changes in the Environment Surrounding Operational Risk Management and Future Challenges," published in August 2011 (available only in Japanese).

Strengthening of Business Continuity Management and Enhancement of Its Effectiveness

The development of effective business continuity management is important to ensure individual financial institutions' critical operations, as well as the smooth functioning of the payment and settlement systems in Japan.

In the fiscal 2015 on-site examinations, the Bank will examine, taking account of each financial institution's types of business, as well as its presence in payment and settlement systems and in their respective regions, (1) the sufficiency and consistency of business continuity plans; (2) the securing of business resources such as staff, workplaces, and IT systems; and (3) the effectiveness of business continuity management through training. The Bank will also examine (4) whether business continuity management is reviewed properly based on environmental changes or other relevant factors.

(3) On-Site Examination Management

The basic approach of the Bank's on-site examinations is to intensively and comprehensively investigate and assess, through on-site visits over a period of about three weeks, the business conditions and risk management frameworks of financial institutions. In this regard, the Bank will continue to conduct "risk-based on-site examinations," which have been implemented since fiscal 2008, from the perspective of taking measures in a flexible and effective manner based on the risk conditions of financial institutions. The frequency, length, and scope of such examinations, as well as the number of examiners involved, will be determined on the basis of a comprehensive assessment from two perspectives: (1) the impact on the financial system of the materialization of risks for a particular financial institution; and (2) the financial soundness of the financial institution, such as its capital strength and the degree of risk taking. In fiscal 2015, the Bank will step up its efforts to further strengthen the operation of this framework to conduct its on-site examinations efficiently and effectively.

The Bank aims to assess the relationships with key group companies and the business conditions of the entire group of financial institutions that provide a variety of financial services on a group basis, including major financial institutions. In addition, to better grasp the actual conditions of international businesses, the Bank will enhance on-site examinations of overseas branches. With regard to global systemically important financial institutions (G-SIFIs), the Bank will examine the content of recovery planning.

To further enhance the effectiveness of on-site examinations, the Bank, when necessary, will interview examinee institutions' internal auditors to grasp the institutions' risk profiles and other facts before visiting their premises. It will also continue to strengthen the linkage between its on-site examinations and off-site monitoring.

The Bank will work to enhance its communication with examinee institutions and continue to take appropriate actions to gain their full understanding of and trust in the examination process and results. In the above process, the Bank will improve on-site examination procedures by responding to opinions and requests gathered from examinee institutions through a post-examination survey.

(Appendix)

Major Risk Management Issues Observed in the Fiscal 2014 On-Site Examinations

1. Business Management

Ensuring the Effectiveness of Internal Control

At some financial institutions, insufficient involvement of the board of directors in risk management resulted in risk management issues. In addition, some financial institutions did not have a sufficient grasp of actual business conditions of operations by their subsidiaries, or needed to improve their framework for managing group-wide business operations.

Proactive Improvement of Risk Management with Internal Audits

Some financial institutions needed to improve their implementation of audits taking account of their risk profiles and audits of highly professional risk fields at their headquarters. They also needed to improve their audits on their subsidiaries' operations.

Business Management Based on an Optimal Balance between Profitability/Capital Strength and Risk Taking

Some financial institutions needed to gain a better grasp of the impact of changes in interest rates on profitability/capital strength through their ALM. In addition, some financial institutions had not created stress scenarios adequately in accordance with their risk profiles, while others faced challenges in utilizing the test results in management decisions.

2. Credit Risk Management

Appropriate Credit Screening and Monitoring, and Establishment of a Framework Compatible with Lending Strategies

Some financial institutions needed to improve screening/monitoring taking into account the prolonged credit period and their comprehension of the current conditions of borrowers while (1) promoting loans to the real estate leasing, medical and nursing care, and environmental and energy sectors, (2) acquiring customers in areas other than the main operational base, and (3) increasing loans to firms categorized in the lower "normal" category or in the "need attention" category.

Support for Enhancing the Vitality of Firms

With regard to support for enhancing the vitality of firms, some financial institutions needed to improve analyses and sharing of understanding of borrowers' management challenges as well as analysis of the divergence of the business improvement plan from the actual results.

Strengthening the Management of Large Exposures/Concentration Risk

While financial institutions maintained an active lending stance, some were moving toward larger or concentrated credit exposures. Under these circumstances, some financial institutions needed to improve organized discussions to deal with larger and concentrated credit exposures or deepen their understanding of the current business conditions of the borrowers. Some financial institutions needed to improve integrated comprehension of credit exposures, including those for corporate bonds.

Strengthening the Management of Credit Exposure with Respect to Overseas Businesses

While financial institutions were actively extending overseas loans, some needed to improve the credit screening/management of these fields of exposure, including project finance, and proactive management for non-Japanese companies. Some financial institutions needed to improve comprehension of current business conditions of their borrowing firm's overseas subsidiaries, including their financial situation.

3. Market Risk Management

Adequate Involvement of the Board of Directors in Market Risk Management

While the core profitability of financial institutions is on a declining trend, some needed to improve reviews of their risk-taking policy based on profitability/capital strength or verification of risk at the time their investment plan was developed or changed.

Conduct of Risk Management Compatible with Investment Strategies and Methods

Some financial institutions needed to improve risk management in line with the risk profile of new investment products and approaches with the diversification of investment products and approaches.

Managing Market Risk Associated with Stockholdings

Some financial institutions needed to improve their verification of the benefits of stockholdings in their relationships, or their efforts to reduce stockholdings.

4. Liquidity Risk Management

Liquidity Risk Management Based on Risk Profiles

While their foreign currency balance sheet gradually expanded, due to foreign currency-denominated investment, some financial institutions needed to improve the stability and analysis of foreign currency funding and financing.

Ensuring the Effectiveness of Global Liquidity Risk Management

Some financial institutions needed to improve their global management framework, including by increasing the stability of funding in local currencies by overseas branches and analysis through stress testing.

5. Operational Risk Management

Ensuring the Effectiveness of Proactive Risk Management Cycles

Some financial institutions needed to improve identification of key risks through comprehension of the actual business operation situations and ensuring the effectiveness of measures to prevent fraud and accidents from reoccurring. In addition, some financial institutions needed to improve the development and review of their management framework according to changes in business processing as a result of enhanced business promotion and management streamlining, management of customer information, or management of transactions with antisocial forces.

Establishment and Strengthening of IT Risk Management Frameworks

Some financial institutions needed to improve the management framework in terms of information security, including measures against unauthorized access by outsiders and management of contractors.

Strengthening of Business Continuity Management and Enhancement of Its Effectiveness

Some financial institutions needed to improve the effectiveness of business continuity management by securing the necessary staff and enhancing the content of training.