

Together with Our Customers

Performance in fiscal 2008 and measures for fiscal 2009

Policy	Performance in fiscal 2008	Measures for fiscal 2009
<p>Foster a corporate culture in which customer views are prioritized</p> <p>Create mechanisms for gathering customer opinions, and translating these into operational and service improvements</p> <p>Provide products and services that the customer feels more comfortable using</p>	<ul style="list-style-type: none"> • Raise the standard of analysis of customer feedback <ul style="list-style-type: none"> • Begin to categorize potential risk level in customer complaints • Analyze customer feedback on products and services and explanations • Display customer feedback and our responses on our website • Support for improved convenience, reassurance and security for the customer <ul style="list-style-type: none"> • Installation in all our branches of the next-generation CUTE terminals • Use of AEDs and hazard maps • Rollout of “universal design” and “universal services” initiatives <ul style="list-style-type: none"> • Deployment of qualified Service Care Attendants to all our branches (over 1,200 attendants) • Roll out “better communication with the retail customer” campaign to all branches • Strengthen the new hire training system at SMBC Retail Banking College 	<ul style="list-style-type: none"> • Invigorate the Group CS Committee • Raise the standard of analysis of customer feedback <ul style="list-style-type: none"> • Identify potential business risks from customer feedback, and take remedial measures and prevent recurrence of incidents • Analyze customer feedback from different perspectives, and consider tailoring response to customer characteristics and locality • Further improve communication with the retail customer • Take measures to deal with a high dependency ratio (falling birth rate and aging population) <ul style="list-style-type: none"> • Further extend “universal design” and “universal service” initiatives

Basic Approach

SMBC SMCC SMFL JRI FRIEND

SMFG is working to improve customer satisfaction and quality levels in a joint effort involving all Group companies. The Group CS Committee meets regularly to report on and discuss customer satisfaction promotion policies and analysis of customer feedback at Group companies, enabling the Group as a whole to improve its customer satisfaction record.

At SMBC likewise, one of the basic precepts of the corporate philosophy is to provide still higher value services to customers and grow with them.

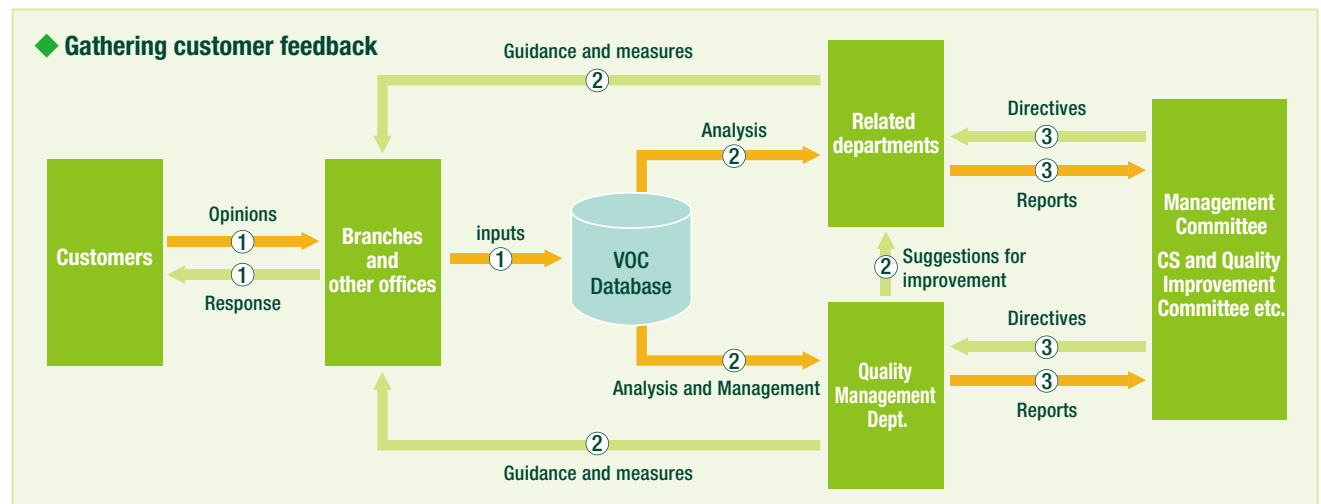
To realize this goal, we collate and analyze feedback given by customers at the head office and all of our branches, and work to raise the value of our services for the customer.

Gathering customer feedback

(1) When a customer leaves feedback at a branch, these opinions are not individually responded to, but are also entered into the Voice of the Customer (VOC) Database at the branch for internal processing.

(2) The Quality Management Department and related departments analyze the data, and then discuss branch guidance and responses and implement measures. The Quality Management Department makes proposals for improvements at each concerned department based on customer feedback.

(3) Depending on the content of the feedback, the Quality Management Department reports to the CS and Quality Improvement Committee and other bodies to members on the Management Committee. Related departments also submit reports at appropriate times to the Management Committee members. Members on the Management Committee that have received reports direct and approve countermeasures as necessary.



◆ CS policies at each Group company (Group CS Committee)

	Performance in fiscal 2008	Targets for fiscal 2009
Sumitomo Mitsui Card	<ul style="list-style-type: none"> • Re-configured analysis system for customer feedback, and program for raising operational efficiency • Ensured greater smoothness in dealing with customer through an overhaul of procedures and rules • Raised employee awareness (training, compiling handbook and proposals for improving customer satisfaction) • Held regular compliance study meetings 	<ul style="list-style-type: none"> • Expand channels for gathering customer feedback and strengthen alliance with each department • Rapidly develop and improve products and services based on customer feedback • Raise personnel awareness (training for new hires, employee opinion surveys, customer service checklist) • Ongoing compliance study meetings
Sumitomo Mitsui Finance and Leasing	<ul style="list-style-type: none"> • Launched customer satisfaction questionnaire (new measure) • Created framework for dealing with customer complaints (speeded up response through better complaint processing workflow) 	<ul style="list-style-type: none"> • Improve customer satisfaction through internal and external disclosure of questionnaire findings • Expand range of information provided on our website • Upgrade overall Group compliance system
The Japan Research Institute	<ul style="list-style-type: none"> • Implemented action plan based on results of customer satisfaction survey (raised customer satisfaction through reduced development time for computer systems) • Expanded program of visits to customers to canvas their views • Expanded compliance framework and organized in-house training programs 	<ul style="list-style-type: none"> • Ongoing surveys and analysis into customer satisfaction, and establishment and implementation of action plans • Expand content of skills training • Expand compliance system, hold continuous internal training programs
SMBC Friend Securities	<ul style="list-style-type: none"> • Fiscal 2008 customer satisfaction improvement action program • Improved customer communication channels • Arranged customer feedback analysis sessions and meetings to devise responses to complaints • Held regular compliance study meetings (intranet and video, etc) 	<ul style="list-style-type: none"> • Promote fiscal 2009 customer satisfaction improvement action program • Add entries to the VOC Database and make more active use of it • Hold regular study meetings on compliance (using intranet and video, etc)

Improving Customer Convenience

SMBC

In a joint development with NEC Corporation and Oki Electric Industry Co., Ltd., SMBC has introduced the CUTE, a next-generation terminal for handling over-the-counter transactions at all its branches. The CUTE is designed to take the customer's perspective in various ways: (1) paperless processing using highly functional image processing; (2) advanced new screens that can handle simultaneous one-stop processing of paperwork and customer transactions; (3) STP* "navigation" for computer-guided operational workflows; and (4) reduction of the customer's form-filling burden, through a shift to system where information is given orally and input by clerk. With the computerizing of branch operations, SMBC has achieved a streamlining effect equal to reducing headcount by 200, and this has helped cut customer waiting times and ensure high-quality responses and services. In addition, SMBC has contributed to the paperless office movement by saving an annual 3 million-plus sheets of A4 size. SMBC will continue to improve productivity and reduce paper use through the CUTE system going forward. SMBC aims to make a wide-ranging community contribution through environmental load reduction in partnership with NEC and Oki from computerization of branch administrative operations



The CUTE next-generation terminal

with the CUTE, and joint in-house and external environmental initiatives.

* Straight Through Processing:
Integrated electronic clerical processing of customer transactions

Measures to Improve Accessibility

SMBC FRIEND

SMBC and THE MINATO BANK, LTD. are taking measures to introduce "universal design" principles at branches, with introduction of ATMs for the visually impaired. Furthermore, in response to complaints from customers that numbering displays for electronic queuing (EQ) at counters were not easy to read, SMBC has introduced color-based systems using "universal design" principles during branch refurbishments, enabling them to be read easily by the aged and the visually impaired. SMBC had completed introduction of these new systems at 95 branches as of March 31, 2009.



SMBC is also contributing to the safety of its customers and the communities it serves through its in-store infrastructure, including installation of AEDs (Automatic External Defibrillators) at ATM areas in its branches since August 2007. In addition, hazard maps are distributed at all branches of SMBC, SMBC Friend Securities and Kansai Urban Banking Corporation.

Together with Our Customers

Developing a Customer-Centric Business Framework and Compliance Framework



At SMFG, we have positioned Business Ethics (page 5) as the underlying principle of our corporate social responsibility (CSR). We have established a sound business foundation and endeavor to provide value that

balances the interests of our various stakeholders. We have been focusing particular attention on our compliance system since the administrative order that SMBC received in fiscal 2006 relating to the sale of interest rate swap transactions. The status of initiatives undertaken in fiscal 2008 is shown below.

◆ Initiatives toward developing a customer-centric business framework and compliance framework

		Progress
SMFG	Group CSR Committee	Strengthened our Groupwide management including customer support by confirming analyses of customer feedback at Group companies and creating systems for reporting and responding to complaints, and establishment of new management structures
	Audit Department	Evaluated appropriateness and efficacy of internal control systems based on results of audits and monitoring of customer satisfaction and compliance at each Group company
	Group Business Management Dept.	Confirmed the efficacy of the customer-centric business framework of Group companies, as well as a full range of measures relating to compliance framework maintenance, based partly on interviews with employees at the workplace
SMBC	CS and Quality Improvement Committee	Met regularly. Reported customer complaints and factors in their increase or decrease, while also reporting to management on a full range of topics and initiatives
	Review of products and services	Reviewed products and services in light of legal revisions, customer usage, etc, based on their characteristics and under certain new standards
	Branch office evaluation of products and services	Collected requests for improvement of products and services from sales clerks in branch offices, in order to reflect feedback from customers and branch offices. Received over 1,000 recommendations from branch offices; improvement measures currently being studied at head office and undertaken on a case-by-case basis
	Use of customer feedback	Actively gathered customer feedback, collecting over 560,000 answered questionnaires given to customers over-the-counter at branches, and carried out customer satisfaction surveys. Reported customer feedback to the CS and Quality Improvement Committee and the relevant departments of head office for discussion. Approximately 800 items were reported back to branches and measures were taken as needed
	Customer-centric training	Arranged training in taking a customer-centric approach for approximately 4,500 employees in some grades and positions, as well as study groups at branches in May and August on taking a customer-centric approach, using DVDs
	CCF Action Plan	Implemented various measures based on action plans for each business unit, to promote customer-centric approach and compliance
	"Universal services" initiatives: customer reception in the branch lobby	To improve customer reception and handling in the branch lobby, over 1,200 lobby staff obtained Service Care Attendant qualifications (see page 10)



More information on topics discussed by the Committee



More detail on customer feedback and specific responses



More detail on initiatives and issues at each business unit

► For Group companies other than SMBC, we have included Group customer satisfaction committee reports on page 14.

CS and Quality Improvement Committee

SMBC

The CS and Quality Improvement Committee was established at SMBC in July 2006. The purpose of the Committee is to provide concrete solutions to the challenges facing management by developing CS and quality improvement-oriented measures that incorporate customer feedback and suggestions from employees following clarification of the commitments of top management.

The Committee is chaired by the president of SMBC, with the full Management Committee as members. The Committee meets periodically, and regularly invites external specialists to provide customer satisfaction-related advice.

The CS and Quality Improvement Committee convened seven times during fiscal 2008, and, in addition to reports at each meeting relating to factors behind increases and decreases in the volume of customer complaints, the Committee discussed the following issues.

- Analysis and examination of customer feedback on providing easier access to loans and investment products (investment trusts, individual pensions, securities intermediation, etc)
- Analysis and examination of recent customer feedback relating to issues such as further improvement of employee courtesy standards, fraudulent phone calls made in the bank's name, and inquiries relating to the Law concerning Remedies to Remittance Solicitation Fraud

Management measures to reflect customer feedback

Better analysis and more incorporation of feedback into measures	<ul style="list-style-type: none"> • Analysis of feedback by category (detecting trends in, and responding to, customer feedback) • Analysis of degree of risk arising from complaints (early detection of specific categories of complaint and early response)
System improvement	<ul style="list-style-type: none"> • Strengthen the functions of the VOC Database (more efficient inputting and better analysis) • Create better channels for informing the customer (disclosure on website and in CSR Report of management efforts to respond to feedback)

Fostering a customer-centric corporate culture

Raising awareness at branches	<ul style="list-style-type: none"> • More case studies of, and training in, customer-centric approach, to make branch staff aware of and fully understand specific actions/measures • Revitalize customer-satisfaction-related discussion at branches
Raising awareness at head office departments	<ul style="list-style-type: none"> • Compile handbook of more courteous customer service • Respond to selected issues identified by external monitoring survey

Framework for management of customer protection and other measures (customer support, customer briefing)

Creation of management framework at SMBC only	<ul style="list-style-type: none"> • More efficient, more diversified over-the-counter consultation services • Revisions to methods of raising effectiveness of management of the CS and Quality Improvement Committee
Creation of management framework for SMBC group companies	<ul style="list-style-type: none"> • Increase efficacy of management framework for customer protection by strengthening autonomous functions of each company of the SMBC group and through assessments at each company department in the SMBC group

- Analysis and examination of customer feedback on individual cases of issues in identity confirmation procedures

As a result of these deliberations, the policies listed in the table have been approved and initiated.

Compliance Study Sessions

SMBC SMCC SMFL JRI FRIEND

SMBC conducts monthly study sessions at all departments and branches concerning important compliance issues. These study sessions use visual educational materials such as DVDs to instill deeper understanding of compliance in participants. Intranet-based review quizzes improve the efficacy of the sessions by enabling us to check the level of participant comprehension. The following are the themes covered by compliance study sessions in fiscal 2008.

	Topic
April, May 2008	<ul style="list-style-type: none"> • Explanations for customers regarding loan transactions • Overview of Act on Prevention of Transfer of Criminal Proceeds (divided into two sessions to reflect broadness of subject matter)
June 2008	<ul style="list-style-type: none"> • Points to be aware of in execution of derivatives transactions
July, August 2008	<ul style="list-style-type: none"> • Points to be aware of regarding Antimonopoly Law • Money-laundering case studies (combined sessions for July and August to accommodate summer holidays)
September 2008	<ul style="list-style-type: none"> • Checklist for management of customer information
October 2008	<ul style="list-style-type: none"> • Points to be aware of regarding avoidance of pressuring customers in selling insurance products • Proposals regarding beneficiary rights including derivatives
November 2008	<ul style="list-style-type: none"> • Identification of non-resident corporate legal entities
December 2008	<ul style="list-style-type: none"> • Compulsory confirmation of appropriateness of transactions under Foreign Exchange and Foreign Trade Act • Product solicitation and marketing procedures
January 2009	<ul style="list-style-type: none"> • Firewall regulations
February 2009	<ul style="list-style-type: none"> • Importance of keeping records • Checklist regarding documentation custody and storage
March 2009	<ul style="list-style-type: none"> • Customer information needed for prevention of money-laundering • Avoidance of transactions with antisocial elements

In fiscal 2008, the Compliance Unit began issuing its manual for compliance officers containing a checklist of tasks to be addressed by them at each department and branch. It also began providing regular briefings on legal changes, and on other compliance-related matters as and when necessary. In this way, the bank supports compliance officers in their day-to-day duties.

In other initiatives to ensure a fully-functioning compliance framework, in-house training programs are arranged for Group companies other than SMBC.

Together with Our Customers

“Better Communication with the Retail Customer” Project

SMBC

SMBC is taking steps to improve the effectiveness of in-branch advertising, aiming to make it simpler for customers to understand and more eye-catching. These measures are intended to add value to customer visits to bank branches by solving the issue of advertising materials being crammed into tight spaces, making the premises seem cluttered.

■ Measures

We are carrying out improvements at all branches based on Visual Merchandising* know-how developed in other sectors. Branch employees themselves select issues to address based on observation of customer circulation within the branch, customer profiles, use of facilities (pens, reading glasses, etc), pamphlet pickup rate and awareness of displayed information materials.

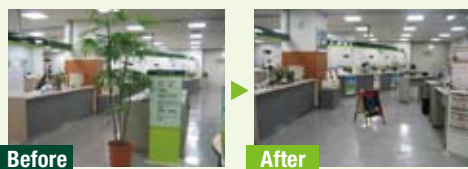
* Visual Merchandising: Method of store layout and merchandising that emphasizes the visual impression made on the customer

◆ Examples of measures

To showcase the major products of each branch, we harmonized posters and positioned related pamphlets near the sofas so that they could be easily picked up by customers. An increase in customer queries showed that we had improved channels of communication at the branch.



After observing customer circulation within the branch, we relocated counters for customers to fill in forms at into more visible positions. By making the branch easier for customers to find their way around, we reduced the number of queries about procedural matters.



We made procedures easier to understand by putting up special placards simply explaining the different kinds of slips on the customer-use counters.



Voice of the Branch Manager



Mikiko Hyodo

General Manager, Kanazawahakkei Branch, SMBC

“From a survey undertaken before the launch of the project, we realized that most customers were not noticing advertising materials at the branch. So we took steps to redesign the branch to better meet customer expectations, taking our cue from supermarkets and apparel retailers.

After this idea was implemented, the number of leaflets left in places where customers could easily pick them up began going down as people took them away, and there were a greater number of queries prompted by posters. We are now receiving responses from customers who are getting the SMBC message. A new channel of communication has been created in the branch, and this has helped raise interest in SMBC.”

Through these initiatives, in which the entire branch staff rearrange the interior from the customer’s viewpoint, making it easier for customers to understand financial product services, we are showing awareness of our social responsibilities as a financial institution.

In addition, we undertook various measures at our own initiative to better serve the increasing number of elderly among our customers. Examples were simulation trialing of “universal services” in designated branches and a survey of volunteer senior citizens in a measure to prepare for the super-aging society, in which we referenced our consulting services and our “Better communication with the retail customer” project.



Volunteer senior citizens



“Universal services” trial

By confirming the efficacy of measures through customer questionnaires, we are enhancing the marketing abilities of every one of our employees and proactively reforming branch operations.

► For more on SMBC’s initiatives for “universal services,” please see (4) Measures to deal with a super-aging population, on page 10.