

Upgrading the Wealth Management (WM) Business with Digital-Driven WM Platform (WMPF)

Main Q&A

Q : Please explain the types of proposals the WMPF enables you to offer.

A : We already initiated WMPF-based sales activities targeting customer assets that have been profiled. Also, the WMPF can support proposals for business succession needs. Therefore, we intend to use the WMPF to offer such proposals upon the confirmation of the customer's succession desires. The WM business requires a broad range of skills. With this in mind, we will push ahead further with this business by employing collaboration between Relationship Managers (RMs) and Product Offices (POs).

Q : Could you single out MUFG's strength in the WM business?

A : The WMPF was developed by the use of know-hows offered by Morgan Stanley and is equipped with functions that make it easy to visualize the customer's total assets. Our strength is our capability to formulate comprehensive proposals which include asset management, real estate, loans and other financial measures, by the profiling of the customer's total assets.

Q : Could you describe the changes you have seen and the insights you have acquired by the goal-based approach?

A : The goal-based approach has received favorable feedbacks from a number of our customers. Through customer engagement centered on this approach, we have confirmed robust needs for comprehensive proposals for the customer's total assets as we, for example, obtained information of the customer's asset management companies. In sum, this approach helps us expand the scope of our WM business.

Q : Please explain the progress toward the achievement of MUFG's WM business profit target for fiscal 2023.

A : For the first nine months of fiscal 2021, net operating profits earned by the Retail &

Commercial Banking Business Group (R&C) totaled ¥63.0 billion, with more than half that amount attributable to the WM business. In fiscal 2023, the final year of the current Medium-Term Business Plan (MTBP), R&C aims to grow net operating profits by ¥75.0 billion from the fiscal 2020 level. Of this increase, profit growth in the WM field is expected to account for approximately ¥41.0 billion. So far, our progress in fiscal 2021 against the MTBP target has been steady.

Q : Don't you think that many high net-worth customers will hesitate to entrust MUFG with all their asset transactions?

A : Rather than pursuing short-term profit, we offer proposals formulated by our goal-based approach that navigates the customer's wealth management planning from their future goals, backward. Of course, some customers may choose other firms based on their transactional relationships. However, MUFG is capable of delivering a range of solutions that leverage various functions across the Group. For example, if the customer entrusts a certain securities firm with equity transactions, MUFG can work for this customer in debt-based transactions.

Q : The potential value of the WM market, which includes capital value held by corporate owners, is said to total ¥150 trillion. How much share can MUFG take in this market?

A : Currently, R&C has seen rises in lending spreads thanks in part to multiple MBO and M&A deals stemming from its WM services. By using the WMPF, we will strive further to expand our market share.

Q : Do you expect the WMPF and the goal-based approach to enable MUFG to tap profit sources among a wide range of customers, with each engaging in small-amount transactions? Or do you intend to focus on deepening transactions with each customer?

A : Of a total of ¥100 trillion identified by our profiling of customer assets, around half is accounted for by assets held by High-End customers. Whenever a transaction occurs within the scope of these profiled assets, we can expect a variety of business opportunities, such as those associated with investment product custody, lending, and more. Therefore, we believe that our engagement with High-End customers will position us to receive a greater volume of service fees from each.

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