With 24,395 locations (as of March 31, 2018), our network of post offices covers every part of Japan, offering services to the entire country. This post office network, staffed by many employees who hold financial certifications, offers various postal, banking and insurance services of Japan Post Group. The post office continues to evolve on a daily basis to support the lives of our customers.

Japan Post Group maintains post offices as bases where customers can access postal, banking and insurance services in a unified manner nationwide, and collaborates with various companies as an open platform to deliver convenient services to residents of the communities we serve.

In this section, we introduce “The Post Office as a Familiar Institution Across Japan,” “The Professional Post Office” and “The Evolving Post Office” from among the features of the post office network.
The Post Office as a Familiar Institution Across Japan

Since renaming government mail offices and mail handling offices as “post offices” in 1875, the post office has reached its 143rd year in operation. The post office network has steadily expanded since then and we continue to stand by the side of our customers throughout Japan while maintaining a high level of service without hindering their daily lives. Going forward, the post office will remain close to our customers, acting as the infrastructure supporting their lives in Japan.

Close up on Shimo-ono Post Office (1932 Shimo-ono, Kihoku-cho, Kitauwa-gun, Ehime Prefecture)

Takayuki Urase
Postmaster of Shimo-ono Post Office

Looking back in history, I think our post office has been operating in this area for more than 100 years. It has been such a familiar part of the community for so long, and always enjoyed the patronage of local residents. Our stance is that the post office should be something that exists readily, almost like air. But imagine how inconvenient it would be for local residents if that was not the case.

In the Mishima region of Ehime Prefecture, where our post office is located, the younger population has been steadily shrinking, and now almost all of our customers are seniors. There are also fewer financial institutions nearby due to mergers and closings, so in the future, the only financial institution around will probably be the post office. In that sense, I think this post office has a very strong reason to be here.

There is a noteworthy event I recall when considering the significance of our post office. A member of the community made a request to us asking, “Residents of Hiyoshi (present-day Kihoku-cho) have used the Japan Agricultural Cooperative to pay their fixed property taxes, but the cooperative is now gone from Hiyoshi due to mergers. Going all the way to another distant office is difficult for seniors, so could you make it possible to pay taxes at the post office?” To resolve this inconvenience faced by the people of the community, we coordinated with the Japan Post Co. Shikoku Regional Office and Japan Post Bank Co. to realize a tax payment process at the post office in a short period of time.

In the sense that we conduct business as usual, while also supporting the security and safety of local residents, it is also an important mission of the post office to be there to help customers when they are in need.

Even if there is just one person asking for help, we would like to continue our efforts to solve whatever problem he or she may have. In the future, I think the fate of the post office network will be determined by how well it can operate in depopulated regions. I intend to always work while considering what the post office can do for customers through the three businesses of post, banking and insurance, so that our customers can feel reassured because there is a post office in their community.
Customer Comment

Masami Tomita
I use the post office for everything, whether it is for banking, insurance, receiving my pension or sending small package gifts in the summer and for New Year’s. The employees at the post office always take good care of me. Even if I forget my personal seal or insurance card, they kindly remind me, and when they see me carrying a large package to the post office, they rush out to help. I feel relieved and reassured when I go to the post office. I want it to always be here. That’s my number one request.

VOICE Collaboration with The Miyazaki Bank, Ltd.
Miyazaki Bank ATM established in the Kami-shiiba Post Office

Upon considering how to maintain customer convenience when relocating the Shiiba branch of Miyazaki Bank, we established an ATM in the Kami-shiiba Post Office in response to strong requests from town residents.

Using this as an opportunity, we started deliberations with Japan Post Co. on how to reinvigorate the community, and in February 2018, we concluded an “Agreement on Regional Revitalization and Women’s Empowerment.” Now, we are taking full advantage of the post office’s human and material resources as well as its network to plan events such as local product exhibitions with the purpose of expanding sales of local brands. We are also holding a women’s pan-industry social event as a bold proposal to meet the challenges faced by the community. And we continue to strengthen our collaborations to achieve regional revitalization.

Keiji Hidaka
Director General Manager, Corporate Planning Division
The Miyazaki Bank, Ltd.

VOICE Collaboration with ATM Japan, Ltd.
“Multi-Bank Shared Service Counter” opened in the Shinjuku Post Office

In September 2017, we opened the “Multi-Bank Shared Service Counter” Shinjuku Station Branch on the first floor of the Shinjuku Post Office. This counter offers transfer services such as changing addresses and reissuing cash cards to customers of regional banks who have moved to the Tokyo area. We opened our Tokyo Station branch in April 2015, making the Shinjuku branch our second in Tokyo.

We had searched for locations to set up our second branch near major terminal stations in the capital region, and post offices are often located near major stations, making them convenient to access for customers as part of their community infrastructure, so we decided to open our new branch in the Shinjuku Post Office.

Our company aims to maintain and expand bank counter services not only in the capital region but also in communities with shrinking populations. The post office is an ideal partner with its many branches in every region of Japan, and we are actively looking at opening branches in more post offices in the future.

Kohei Sazawa
Manager, Shared Counter Promotion Office
Regional Reinvigoration Division
ATM Japan, Ltd.
The Professional Post Office

Within the vast network of post offices across Japan, there are many “professional” staff members who are experts in postal, banking and insurance services. Employees at every post office continue to hone their skills to offer safer, more convenient services to achieve customer satisfaction.

Number of certification holders at Japan Post Co. (as of March 31, 2018)

<table>
<thead>
<tr>
<th>Certification Type</th>
<th>Number of Holders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Securities Sales Representative Certification</td>
<td>115,014</td>
</tr>
<tr>
<td>Insurance Agent Certification</td>
<td>109,811</td>
</tr>
<tr>
<td>Financial Planner Certification</td>
<td>68,526</td>
</tr>
</tbody>
</table>

*Includes temporary and seconded employees

Close up on Teine Station Front Post Office (12-1-1 Maeda-ichijo, Teine-ku, Sapporo-shi, Hokkaido Prefecture)

Yasushi Sasaki
Postmaster of Teine Station Front Post Office

Teine Station is a high-traffic hub due to its proximity to government offices and general hospitals. Thanks to our convenient location near the station, our post office is used by a wide variety of customers including mainly local residents.

In financial business, sales and operations must act as two wheels on a cart. If we prioritize sales figures, then we may end up simplifying the explanation of risks. On the other hand, if we only offer products that customers ask for, we may not be able to offer other good products. Only when we are truly familiar with diverse products, and determine what the customer truly needs, can we make tailored proposals that are appropriate for this modern age in which many people live to 100 years old.

Our employees are constantly aware of this and conscientious in studying our products and improving their skills. At our post office, all employees hold Financial Planner Level 3 certification, some even Level 2. They were not told to do this by the company, but acquired certifications of their own volition. Also, after operating hours, they hold insurance sales study sessions together in order to further improve their skills. If this pays off in the form of satisfied customers, then it serves as great motivation. Our ability to achieve our annual sales target at 100% or higher year after year is truly the fruit of these efforts.

Trust is tremendously important when performing financial operations. Of course we keep compliance in mind, but I make sure employees are truly mindful of their need to have a “deep understanding of our products.” Especially with older customers, it is of utmost importance to repeat key points when giving explanations and explaining details carefully. If we maintain a deep relationship with customers, they will ask us without hesitation when they
have any questions or concerns.

In addition, the post office must be easy and convenient to use, something that hasn’t changed throughout the ages. To ensure this, I make certain that employees thoroughly pursue customer satisfaction. We focus on building an environment where customers can say, “I came to see you,” or “I have a question for you.”

Employees strive to make our post office more comfortable to use by standing to greet customers every day when the post office opens. Many of our customers have told us, “I always feel good when I come here,” and this is now spreading from our post office to neighboring ones. I hope for customers to see us as the face of the community and as an institution they can trust.

**VOICE**

**Collaboration with Aflac Life Insurance Japan Ltd.**

**Handling Aflac cancer insurance at 20,000 post offices nationwide**

When I meet the employees of the post office, I notice that they care about customers. I sense their sincere, professional manner from the way they strive to learn through training, not only about cancer insurance, but also about cancer itself, so that they can propose the best financial products for their customers.

Japan Post Group’s principle of staying close to and supporting the lives of customers and their communities overlaps with the Aflac corporate philosophy of putting customers first. As an irreplaceable partner with shared aspirations, I hope that we can continue to provide reassurance to our customers through cancer insurance, and serve society together.

**Masaki Horiuchi**

Executive Officer,

Aflac Life Insurance Japan Ltd.

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**TOPIC: Logistics Solutions**

Japan Post Co. provides a one-stop solution for logistics operations to deliver products to customers, including product storage and management.

In addition to the Japan Post Co. network that supports logistics bases and logistics nationwide, the company also uses its unique mail-order cloud system and warehouse management system (WMS) to offer total support from e-commerce website development to order acceptance and shipment.
The Evolving Post Office

The post office is steadily evolving in tandem with technological progress and changes in customer lifestyles. It will continue to evolve in the future so that it can always be a convenient part of the community infrastructure for its customers.

<table>
<thead>
<tr>
<th>Post offices adjacent to convenience stores</th>
<th>Post offices in shopping centers</th>
<th>Post offices in local government facilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>82</td>
<td>27</td>
<td>15</td>
</tr>
</tbody>
</table>

*Number of post offices opened since privatization, operating as of March 31, 2018

Close up on AEON Mall Makuhari New City Post Office (1-1 Toyosuna, Mihama-ku, Chiba-shi, Chiba Prefecture)

Yoshiaki Tanaka
Postmaster of AEON Mall Makuhari New City Post Office

Because of our unique location inside a commercial facility, our post office mainly serves users in their late 20s to mid-40s. In addition to regular customers, we have many new customers coming in as well.

At our post office, our first idea was to do away with the image of the post office as a place where older people gather, and we have strived to make it easier for customers with children to enter and relax. We try to be creative with the space inside the post office so that people can step inside casually, have fun and enjoy the atmosphere.

For example, the entrance is designed to be wide so that customers who are in the middle of shopping can easily enter with their loaded shopping carts. Eye-catching product pamphlets are placed on the walls within easy reach of customers walking slowly with their children. We decorate the interior seasonally making use of the high ceiling. We have even handed out balloons on the weekends. While the employees were a bit hesitant when our post office first opened, now they enjoy proactively coming up with new ideas for what to do next.

I remind my employees daily about the importance of conversation. Of course the staff talk with customers at other post offices as well, but most of those conversations are made over the counter. At our post office, I direct the employees to go to the other side of the counter and speak with customers more naturally. This type of conversation puts communication first, not sales.

Our post office has a kids’ space with a drawing table and projector for customers with children, and I think it’s fine if customers stop by just to let their children play there.

As the customers sit and enjoy a short break while letting their children play, they might notice some insurance pamphlets placed in front of them. We may take that opportunity to approach them, which in turn may lead to
new subscriptions or encourage customers to visit the post office again.

Because our post office is situated as an extension of our customers’ shopping trip, it is a welcoming place for them to accept this sort of communication.

Of course, it is also important to firmly hold onto our older regular customers. However, I think the future of the post office lies not in looking only at the present, but carrying out operations in anticipation of the coming five to 10 years. This is to ensure that younger customers who normally use the commercial facility become fans of the post office and long-time users. It may be as simple as starting a conversation with customers, but I believe continuing this kind of development will create the foundation for the future of the post office.

**VOICE**

**Collaboration with ecbo Inc.**

Trials underway for luggage storage at post offices in collaboration with “ecbo cloak,”* a luggage storage service by ecbo Inc.

We decided to collaborate with the post office because it has over 24,000 branches nationwide and is a familiar institution that customers can trust and rely on. In fact, we have received high praise from customers since introducing the ecbo cloak luggage storage service at post offices, and I can truly feel the strong demand. Because the post office is recognized worldwide, even customers from abroad are using it as a familiar and reliable place. I am very grateful to say that we were able to introduce this new ecbo cloak service swiftly and each post office has actively worked to improve our service. We are now considering expanding our service to areas where there is demand.

*ecbo cloak is a sharing service that connects people who need to store luggage with businesses that have the space to store them.

Shinichi Kudo
President and CEO
ecbo Inc.

**TOPIC: Drone and Automated Driving Trials**

In light of Japan’s declining birthrate and shrinking working age population, initiatives are underway to use new technology such as drones, delivery robots and automated driving to provide stable and sustainable postal and logistics services. Proof-of-concept trials for drones were conducted in the fiscal years ended March 31, 2017 and March 31, 2018. Furthermore, delivery robot trials were conducted in Minami-soma, Fukushima Prefecture in December 2017, and for automated driving between the Head Office building and Ginza Post Office in March 2018. There are still many challenges to overcome before we can incorporate these technologies into actual delivery services, including technical problems, development of a legal system, and public understanding, but these initiatives will continue with the aim of realizing practical use.