

## **CASE STUDY**

---

### **JMEC Business Plan Enables Foreign Bank to Successfully Enter Japanese Overseas Remittance Market**



#### **Background**

In 1995, a large gap existed in the Japanese private overseas remittance market. The main providers of remittance services were the Japanese Postal Service (JPS) and Japanese banks. Customers – who desired a service that was quick, reasonably priced, easy to use and offered favorable exchange rates – found that none of the existing remittance services could offer them what they wished for. Lloyds Bank (now Lloyds TSB Bank), a well-established British financial institution dating back to 1765, opened its first Tokyo branch in 1974. By 1995, it was poised to take advantage of the gap in the remittance market but was unsure how to go about it

#### **Challenge**

The Post office had strength in convenience, offering its services from over 6,300 locations throughout the country. Japanese banks provided quick service but were not found to be user-friendly or inexpensive. The challenge that Lloyds put to the Japan Market Expansion Competition (JMEC) team, was how to exploit the opportunities in the remittance market even though Lloyds had only one branch in Japan

#### **Discovery**

The JMEC team conducted extensive market research and competitive analysis to devise a solution to this challenge. The team distributed close to 13,000 questionnaires to subjects in the target market. From the data they received back, they were able to segment the market and identify areas of opportunity. Based on this research, they determined the most successful attributes to be convenience and competitive handling fees.

#### **Solution**

The team developed a plan whereby customers could use their own banks' ATMs to send the yen to Lloyds in Tokyo, who would then convert it to foreign currency and remit it overseas. In this way, the Lloyds service (called GoLloyds) could be accessed by customers using over 25,000 ATM machines throughout Japan. In order to check the daily exchange rates, customers would be able to telephone the dedicated GoLloyds number, listen to a recording of exchange rates and decide whether or not to make the remittance that day. Through focus groups, the JMEC team was able to identify that customers would gladly pay a ¥2,000 handling fee for the service and convenience of GoLloyds.

#### **Results**

Lloyds subsequently implemented the JMEC business plan, and the service GoLloyds was born. As predicted in the plan, overhead and investment in marketing were easily recovered through handling fees and forex gains. With a handling fee of ¥2,000 and forex spreads at the time, Lloyds was able to break-even within a very short time. To this day, the handling fee is set at ¥2,000, and GoLloyds remains one of the most competitive overseas remittance services in Japan. It took Lloyds the income from only 100 remittances to completely cover the cost of the JMEC business plan that enabled it to achieve such success.

For more information about JMEC, please visit [www.jmec.gr.jp](http://www.jmec.gr.jp) or email [info@jmec.gr.jp](mailto:info@jmec.gr.jp).