

Establishment of a Framework for Compliance

The Osaka City Shinkin Bank works hard to establish a compliance framework of the highest thoroughness and efficacy, based on the Osaka City Shinkin Bank Action Guidelines.

What Is Compliance?

“Compliance” refers to compliance with applicable laws, regulations and guidelines. In the case of the Bank, it refers to strict observance of all laws applicable to its operations, the Bank’s own internal regulations and principles, and rules of conduct generally accepted in society.

The Compliance Environment for Financial Institutions in Japan

In recent years, as the social responsibilities and corporate ethics of financial institutions have come under close scrutiny, the establishment of a robust compliance framework has emerged as an issue of the utmost importance in corporate governance.

Meanwhile, the increased diversity of customer needs and the advance of financial liberalization have broadened these institutions’ scope for operation. As a result, in 2001 the Japanese government passed the Act on Sales, etc. of Financial Products. This law stipulates financial institutions’ duty of disclosure of risks and other important issues associated with financial products, and obliges these institutions to prepare and publish a solicitation policy, to ensure the propriety of solicitation activities.

Also, in September 2007 the Financial Instruments and Exchange Act came into effect, establishing numerous regulations on the activities of financial institutions and requiring strict compliance with rules for the protection of users.

In 2005, the Act on the Protection of Personal Information came into effect to ensure appropriate handling of personal information. This law mandates companies that collect personal information to circulate and publish the purpose for which it is used, and to prepare and publish a privacy policy. In addition, strict obligations regarding the acquisition, management and other use of individual numbers and personal information containing individual numbers (referred to below as “specific personal information”) were established when the Act on the Use of Numbers to Identify a Specific Individual in the Administrative Procedure came into effect in 2015.

The Bank’s Compliance Framework

In order to foster a corporate climate stressing compliance and establish a compliance framework, we formulated our Compliance Code of Conduct for matters that must be observed by directors and employees, including basic policy for compliance with laws and regulations, a framework for compliance with laws and regulations, and guidelines for the conduct of directors and employees. This is distributed to all directors and employees and is subject to review when appropriate to ensure thorough understanding and implementation of compliance measures.

Basic Policy on Compliance

The Osaka City Shinkin Bank Action Guidelines are the Bank’s explicit statement of its basic policy toward compliance. These guidelines require all Bank employees and directors to comply strictly with all laws and other regulations, support the achievement of the Bank’s public mission and social responsibilities, and work diligently for the benefit of customers, as stipulated below:

1) We will always remain aware of the social mission and impact on society we have as a bank, and endeavor to achieve sound, responsible business operations.

- 2) As well as the functions we have through being part of the infrastructure that supports economic activities, we use our original ideas and ingenuity and through our customer-centric business operations we will respond to our customers’ needs. Equally, we will contribute to the development of the regional economy and community by providing high-quality financial and non-financial services that consider appropriate safeguards for customers’ revenue earning ability. This might include improving customers’ security levels or securing business continuity to prepare for terrorism, cyber-attacks, or natural disasters—all of which threaten citizens’ lifestyles or corporate activities.
- 3) We will construct a robust system of internal controls, striving to prevent violations of laws and regulations.
- 4) We will actively disclose management information and other data effectively and fairly to develop fuller communication with the regional community. Through constructive dialogue with our many different stakeholders, we will gain the understanding and trust of society and improve our corporate value.
- 5) We will respect the human rights of all.
- 6) We will provide working styles that respect the diverse backgrounds, personalities, and individuality of all those who work for us. We will ensure the working environments we offer take health and safety into full consideration.
- 7) As well as working to utilize finite resources effectively and reduce the amount we waste, we will work to tackle environmental issues, such as by providing financial services that contribute to conservation activities.
- 8) We will remain cognizant of the fact that our existence and development is reliant on being part of the community. By evolving with society as a good corporate citizen, we will be an active member of society and aid that development.
- 9) We will decisively exclude and ban all relations with anti-social forces which threaten social order and safety. With international society also facing terrorism and other threats, we are working hard to enhance our measures against money laundering or the funding of terrorism.

Compliance Framework

To establish a robust framework for compliance, the Osaka City Shinkin Bank has constructed the management framework shown in the chart below, headed by a board of directors.

Compliance Framework

As of June 2021

