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Finance Fuels Okinawa's Future

Okinawa Financial Group is driving regional growth through innovation, digital transformation and sustainable finance and turns Japan's southern islands into a model for inclusive development and a future hub for Asian commerce. By Daniel de Bomford, Anudari Erdenebulgan and Arthur Menkes



Warm trade winds caress coral-blue waters and the soft, sandy beaches of a subtropical paradise, Okinawa feels worlds apart from Tokyo's dense cityscapes. Dubbed the Hawaii of Japan, Okinawa is known for its idyllic shorelines, fantastic subtropical weather and year-round tourism. Stretching over 1,000 kilometers between Kyushu, Japan and Taiwan, it serves as the cultural nexus between some of the world's oldest nations.

It's that geographic location that Okinawa Financial Group sees as the potential for a new Asian hub. "With its geographic advantage, Okinawa lies within five hours' flying distance of a market of 2 billion people," says President Masayasu Yamashiro. Yamashiro believes Okinawa can grow into a gateway to Asia like Singapore.

The region's economy is growing steadily, with GDP expected to reach 5.7 trillion (\$37 billion) yen by 2030. However, it has the lowest per capita income and, like much of Japan, faces depopulation pressure, especially in outlying island communities.

It's against this backdrop that Okinawa Financial Group is reimagining its role as a regional bank. Through the group's midterm

strategy and long-term aspirations, it aims to evolve from a lender to a catalyst of regional revitalization and digital transformation.



Awaren Beach on Tokashiki Island, one of the regions supported by the Okinawa Financial Group

The Evolving Financial Landscape in Japan

Japan's financial institutions are at a crossroads. Shrinking loan margins off the back of decades of ultra-loose monetary policy, aging demographics and digital disruption have entirely changed the sector. Financial providers are moving beyond traditional banking functions and becoming partners in regional value creation.

This shift coincides with changes in customer expectations surrounding ESG. Finan-

cial institutions are expected to integrate ESG principles into their policies and support carbon neutrality, regional revitalization and social well-being. More than just being for corporate image, sustainability and responsibility have become core performance metrics.

Regional financial institutions are also expected to become comprehensive service entities that provide both financial and non-financial value to their communities. "We pioneered the adoption of DX ahead of other companies," Yamashiro says. "By leveraging the insights gained through this process, we believe our mission is to serve as the leader in DX implementation within the prefecture, sharing our expertise with businesses, local governments and individuals alike."

It's in this new environment that Okinawa Financial Group is emerging as a prototype for how regional institutions can support communities, revitalize regions and sustain growth.

The Moonshot Vision—A Blueprint for Regional Finance

"The Moonshot concept embodies our determination to pursue a fundamentally new



"We aspire to be the number one regional bank."

Masayasu Yamashiro,
President, Okinawa Financial Group

trajectory — management that is not a mere extension of the past but rather something bold and transformative, as if aiming for the moon," Yamashiro says. While Okinawa Financial Group is currently experiencing growth in revenue and profit, Yamashiro says that continuing the same management approach is insufficient.

Okinawa Financial Group's medium-term 2024-2027 plan lays out its Moonshot ambitions, but it looks to exceed some of these targets. The group has already revised its 50 billion yen (\$320 million) target to 60 billion yen (\$385 million) and doubled its net income targets to 10 billion yen (\$64 million), but even that might not be enough. "Progress has been so strong that we now expect to achieve them by the end of fiscal 2025, a full year ahead of schedule," Yamashiro says. "Consequently, we revised the Moonshot targets upward again: raising our top-line revenue goal to 70 to 71 billion yen (\$449 to \$455 million), net income to 11 billion yen (\$70 million), and ROE from 6 percent to 6.2 percent."

The Moonshot initiative emphasizes social impact, governance and regional inclusion. Through cost optimization and digital transformation, OFG streamlined operations and redirected staff from back-office tasks to lending and sales, significantly improving its reach across Okinawa and driving strong top-line growth. "The combination of increased lending income and significant cost reduction has put us firmly on track to achieve our Moonshot targets, and this progress enabled us to raise those targets further," Yamashiro says.

Okinawa Financial Group is strengthening investor trust and returns. Annual dividends have risen from 80 to 105 yen (.50 to .67

per share, with a minimum of 90 yen (.58) guaranteed. The group had forecast a dividend of 120 yen (.77) for the current fiscal year, but in November announced it would raise that further to 140 yen (.92).

Digital Transformation and Human Capital Are the Engines of Growth

The group has focused on reducing counter operations and administrative burden to double the number of its sales representatives while simultaneously strengthening on-the-job training. By reducing and centralizing clerical work to speed processing, it aims to cut administrative work by 30 percent. In real terms, that is approximately 200,000 hours annually. The group is expanding the functionality of its personal and business apps, which have reduced the number of customers visiting physical stores by empowering them to complete operations remotely.

Greater efficiency has enabled staff to engage in on-the-job training and field-based practice, emphasizing practical experience. In turn, this significantly shortens the period new employees are assigned to counter duties. This human capital plan also emphasizes flexible work and career mobility and has set a goal of 40 percent of managers being female by the financial year 2026.

By focusing on capabilities that drive regional value creation, Okinawa Financial Group becomes a community mentor to local businesses and the government. "Within Okinawa, digital transformation has not advanced as quickly as in other parts of Japan," Yamashiro says. "We have therefore not only introduced DX within our own operations but also begun promoting it to local businesses and organizations."

Through these initiatives, the group is addressing management challenges and supporting broader regional development, and Okinawa ranks among the bottom five in Japan. In response, the group developed



The office of Future Okinawa Co.,Ltd. one of our group companies. It handles sales channel development and consulting for local businesses.

M&A advisory capabilities. "We now have 243 certified M&A Senior Experts on staff — a significant resource we are deploying to help business owners without successors find sustainable paths forward," Yamashiro says.

Dreams Beyond the Moon, Towards an Asian Hub

Yamashiro sees great potential in Okinawa Prefecture's geographical advantage, being within a five-hour flight to major cities like Tokyo, Shanghai, Seoul, Hong Kong, Singapore and Manila. He envisions the economy revitalizing through tourism and trade by maximizing this advantage.

By creating a vibrant region, the group projects its aspirations; its co-creation strategy is a diplomatic and economic message. Okinawa Financial Group is building bridges between local potential and global opportunity.

Okinawa Financial Group's transformation shows how regional banks can become catalysts for sustainable, inclusive growth. Its Moonshot strategy is anchored in digital innovation, governance reform, and community partnership and offers a model for revitalizing Japan's local communities.

As the nation's banks confront demographic decline and technological change, Okinawa demonstrates that true renewal stems not from systems or capital alone, but from purpose: the resolve to devote my full efforts to enhancing the value of our local community.



Shuri Castle before its destruction. Rebuilding is scheduled for autumn 2026.