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## The State Of Japanese Banking Site Design, 2007

The Top Three Problems With Japanese Bank Web Sites

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### EXECUTIVE SUMMARY

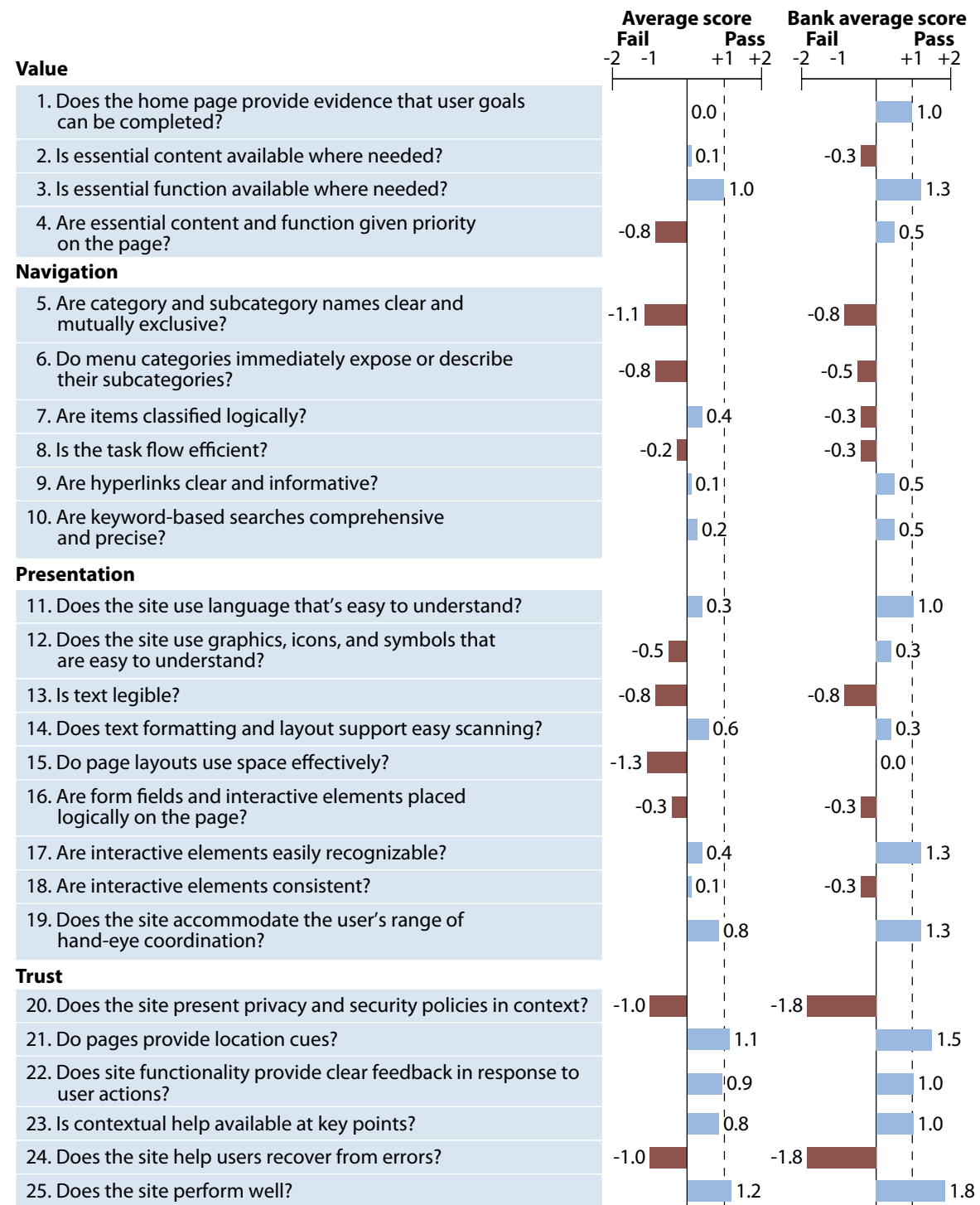
As part of a study that evaluated 12 major Japanese sites, Forrester recently used its Web Site Review methodology to evaluate the user experience at the Web sites of four major banks: Mizuho Bank, Bank of Tokyo-Mitsubishi UFJ, Resona Bank, and Sumitomo Mitsui Banking. Japan's bank sites delivered unsatisfactory experiences by not adequately helping users to recover from input errors, hiding privacy and security information, and failing to provide clear menu categories. Despite these flaws, Japanese banking Web sites exhibited some best practices like effective page layouts with easily recognizable buttons and links. However, to defend against aggressive newcomers that want to cherry pick their best customers, Japan's big four banks will need to abandon their "one-size-fits-all" approach and tailor online experiences to the needs of their most important customers.

### JAPANESE BANKS — AHEAD OF OTHER INDUSTRIES BUT STILL FAILING CUSTOMERS

As part of a study that evaluated 12 major Japanese sites, Forrester recently used its Web Site Review methodology to evaluate the user experience at the Web sites of four major banks: Mizuho Bank, Bank of Tokyo-Mitsubishi UFJ, Resona Bank, and Sumitomo Mitsui Banking.<sup>1</sup> Forrester reviewed the banks' sites from the perspective of a 35-year-old married man who wanted to find the best mortgage interest rates, calculate how much he could borrow, estimate payments, and learn how to apply for a loan. While Japanese banks scored higher, on average, than automakers and consumer electronics companies, each bank site made it difficult for the user to accomplish his goal (see Figure 1). Most notable were:

- **Online forms that didn't help customers fix mistakes.** To offer personalized information about loans and repayments, banks need information such as annual income before taxes and preferences for fixed or variable interest rates. The Bank of Tokyo-Mitsubishi UFJ's loan repayment calculator requires customers to input their income and desired loan value in units of 10,000 yen. But for customers who miss that instruction — or who fail to select a type of interest from a drop-down menu — the bank notes the errors on a subsequent page. Customers then have to remember which fields need correcting when they go back to the form. Similarly, Mizuho Bank issues its error messages as if they were Windows system errors — in a dialog box that the user must close before he can click into the fields that need attention.

**Figure 1** Japanese Bank Web Sites' Passes And Failures By Criterion



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Source: Forrester Research, Inc.

- **Hidden privacy and security policies.** Many Japanese sites erode user trust because they don't provide contextual links to privacy and security policies where customers input personal information.<sup>2</sup> The consequences are magnified for banks because they collect particularly sensitive personal information. For example Sumitomo Mitsui's site demands an email address before visitors can access the site's advanced loan repayment calculators. But tiny links to privacy and security policies are buried in page footers. Meanwhile, the site tacitly acknowledges customers' concerns about surrendering personal information by suggesting that they use aliases if they aren't ready to reveal their real names, making the entire process a game of charades that undermines the firm's purpose for gathering customer information in the first place.
- **Unclear menus.** Bank sites offer voluminous content about home loans. But target users won't find it if it's classified under menus that don't make sense to them. For example, Resona bank confuses customers on its "guidance at a glance" page with overlapping menu titles like "General guidance," "Frequently asked questions," and "Things to know/Lessons," the last of which contains the subcategories "Complete guide" and "Definitive guide."<sup>3</sup> For a customer seeking an overview of the loan application process, it's not clear whether "Complete guide" or "Definitive guide" will help. Only after clicking into both links will users realize that "Complete guide" provides third-party advice about home buying (provided by Recruit), whereas the "Definitive guide" is an overview of the home-buying process in three parts, provided by Resona.

### Despite The Flaws, Banking Sites Exhibited Several Strong Points

Although banks had problems in common with other industries in Japan, they also showed several areas of leadership. In particular, banking sites benefited from:

- **Page downloads that were rapid and reliable.** System errors that spit out code instead of text and slow-loading pages erode sites' credibility.<sup>4</sup> While unglamorous, simple HTML forms and text interfaces help customers seeking mortgage loan information from Japanese banks achieve their goals through quick page downloads and error-free interfaces. This was in stark contrast to consumer electronics sites, which force delays on users while pages load video content, such as TV commercials.
- **Interfaces that used space effectively and made links easy to acquire.** Japan's banking sites eschewed the oversized images and movies that occupy precious real estate on automotive and consumer electronics sites. As a result, Japan's banking sites do not cram links and buttons into tight spaces — and no bank had to resort to "space saving" rollover menus, which are common on auto sites but often prove difficult to manipulate.<sup>5</sup> Resona Bank went even further than merely providing well-spaced links, using buttons that highlighted on mouse-over. This visual aid helps users confirm that they are clicking on their desired link.

- **Easily recognizable interactive elements.** To enable customers to easily identify elements on the page that they can interact with, sites should embrace three types of consistency — internal consistency, consistency with standards, and consistency with user expectations. For example, Japanese banks used the same link conventions within their sites and made it easy to identify buttons by using rounded edges and shading to make them appear three-dimensional. Further, Mizuho Bank uses conventional blue, underlined text for hyperlinks but additionally places a small “window” icon next to links that open up a new browser window. This device allows customers to effectively predict what will happen when they click on a link.

## RECOMMENDATIONS

### ESTABLISHED BANKS NEED TO DIFFERENTIATE BASED ON EXPERIENCE

Japanese banks have emerged from a decade-long slump ready to invest in the growth of their retail businesses. But new bank upstarts, such as Sony Bank, Shinsei Bank, and Japan Net Bank are targeting major banks’ best customers with powerful online offerings. Competition will intensify as foreign entrants such as HSBC and Citibank join the party. To thrive in this increasingly competitive market, Japanese banks should:

- **Use personas to capture customer insights.** For years, the major Japanese banks labored under their own perceived obligation to treat all consumers equally, resulting in “one-size-fits-all” products and Web experiences that leave all consumers equally dissatisfied. But among Japanese people in different life stages, behavior and attitudes toward banking can vary widely. Japanese banks can capture those differences through design personas. Through direct user observation and interviews, banks can distill behavioral differences and design for archetypes that will provide a common picture of target customers, replacing the vague vision of “all society” that the banks previously tried to satisfy.
- **Tailor products and online experiences to serve those personas.** Japan’s new and recently revived banks — such as Sony Bank and Shinsei Bank — succeed because they focus on profitable customer segments. For example, Sony Bank developed its “Money Kit” investment management service to provide a choice of three interfaces — each of which offers a combination of tools to match the needs of a specific customer group. Shinsei is equally clear about its targets, promoting “Second Life” services for people approaching retirement and “Platinum” services for high-net-worth customers who demand higher savings yields, dedicated financial planners, and free parking when visiting the branch in central Tokyo. Unless Japan’s established banks focus their energies on developing experiences for a set of well-defined users, their key customers will go where their needs are better served.
- **Weave brand image into a customer-centered experience.** Merely sprucing up a site’s look and feel won’t make life better for customers. As Forrester completed its review of Japanese banks, we noticed that Tokyo-Mitsubishi UFJ relaunched its mortgage site with

a more image-rich interface. But Japanese bank sites need to acknowledge that their current sites require more than a lick of paint and cute graphics to become more appealing. Customers will perceive improvements if they find sites easier to navigate and trust with their personal data. Site owners should ensure that their sites satisfy these concerns before they turn their attention to weaving brand attributes into the experience.

## ENDNOTES

- <sup>1</sup> Forrester evaluated the Web site customer experience of 12 major Japanese firms — four each in the automotive, banking, and consumer electronics industries. As a group, banks outperformed other industries, while automotive sites lagged. However, no site received a passing grade. See the June 13, 2007, “[Best And Worst Of Japanese Site Design, 2007](#)” report.
- <sup>2</sup> One of the most common flaws of major Japanese companies’ Web sites is their failure to present privacy and security policies in the correct context. Despite establishing robust policies to comply with privacy legislation, Japanese companies miss opportunities to reassure customers who are nervous about submitting personal information online. See the July 27, 2007, “[Japanese Companies: Build Trust With Contextual Links To Privacy And Security Information](#)” report.
- <sup>3</sup> The original Japanese phrase used for “Definitive guide” is “Tora no maki” (the scroll of the tiger). This title is actually a cute colloquial phrase that stems from a legend about a scroll containing martial arts secrets. Unfortunately, however, the title does not give any clue about the content that customers will find by clicking it. Rather than attempting to amuse customers with cute menu categories, sites should include keywords in menu titles that correspond to the value that the linked section will deliver to the customer. See the February 27, 2003, “[Site Menus Should Be Clear, Not Cute](#)” report.
- <sup>4</sup> Users seldom have a clear view of a site’s speed, but they tend to perceive slower sites as less interesting, less secure, and less believable. Site owners should aim to bring page downloads below 10 seconds for important customers. See the October 28, 2004, “[Site Speed: Misunderstood But Important](#)” report.
- <sup>5</sup> Rollover menus are commonly used by designers who need to provide a large number of menu options in a limited space. However, they often cause problems for users because the content of the menus is only exposed when the user rolls over the menu, and menus tend to be improperly coded so that users have difficulty selecting the options they want. The hand-eye coordination challenges posed to users can be overcome by following industry best practices for the design of rollover menus. See the January 21, 2004, “[Rollover Menus Can Work But Usually Don’t](#)” report.