

On the development of the Hokkaido Takusyoku Bank  
as a city bank during the rapid growth era

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Introduction

This article is an attempt by the author to analyze the development of the Hokkaido Takusyoku Ginko (Hokkaido Takusyoku Bank. Abb. Takugin) as a city bank during the rapid growth era with an emphasis on the changes of the bank's business model<sup>1</sup>. Though this analysis, the following points will be made clear as the most important features of the business activities of Takugin: the strongly upward inclination as a city bank and one to get out of Hokkaido Region.

The conclusion of this article is following. In 1950s, Takugin based its business on the importance of Hokkaido as a supplier of natural resources to Honsyu region. In addition, the bank tried to increase the amount of its own deposits enough to be a member of city banks. But, in the late 1950s, the importance of Hokkaido as a supplier of natural resources became decreased because of the 'revolution of energy', the bank gradually left Hokkaido behind and tried to change its business model into the model based on the dealings with the big business and their small and medium sized firms in Honsyu. But, as other city banks had already formed their Keiretsu based on their sock-holdings and loans completely from the 1950s to the early 60s, Takugin wasn't able to form its own Keiretsu based on the dealings with the big business enough. As a result, from the middle of the 1960s to the 1970's, the bank's model of business was forced to be changed into the one that was based on the dealings with small and medium-sized firms in Honsyu. Thus, the bank's basement of business became vulnerable, and the bank faced the situation that it had too much amount of deposits to invest or to loan in the middle of the 1970s. This situation became one of the important historical premise that Takugin was strongly absorbed in its activities of speculations during the era of 'The bubble economy' from the middle of 1980 to the early 1990s as the most important reason for the bankruptcy of the bank in 1998. Thus, we can find the strongly upward inclination as a city bank and one to get out of Hokkaido Region in the activities of Takugin during the rapid growth era. Those are the most important factors that made the business of the bank unstable.

The researches on the Japanese City Banks have been done focused on the 6 biggest

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<sup>1</sup> The definition of the concept, 'business model' in this article is the structure of business dealings which is the main basis of banking business(eg.Ogawa Isao[2006]).

city banks with stresses on the formation of Keiretsu or the Main Bank System<sup>2</sup>. Thus, there is almost no research on the business activities of the city-banks as Takugin in the lower rank. The exclusive study on the bank during the rapid growth era is the 70<sup>th</sup> anniversary book by the bank<sup>3</sup>. But, there is a limit in the book that an analysis on the historical changes of the bank's business models isn't observed. In addition, there are two other studies on the reason for the bankruptcy of the bank<sup>4</sup>. However, these studies focus on the strategy or corporate governance during the era from 1980s to 1990s. I think we need a historical analysis on the premise on the business situation of Takugin during the 'bubble economy', if we want to understand the reason for the bankruptcy of the bank deeply. Besides, there is other study on the finance for the development of Hokkaido by the governance<sup>5</sup>. But, the management of the bank during the rapid growth era isn't analyzed in the study. In addition, the relationship between the performance of Takugin and the industrial policies in the rapid growth era is also one of the important subjects in this article<sup>6</sup>. However, the insistence that the industrial policies are just the most important factor in the performances of Banks in and after the rapid growth era, doesn't get out of the range of hypothesis. In fact, there is a need to make clear this insistence by analyzing the way of activities of each bank during the era from 1950s to 1980s empirically. Thus, to analyze the feature of the way of the activities of Takugin is one of the most important subjects in this article. And it will be made clear that Takugin's strongly and aggressively upward inclination formed in the rapid growth era amplified the maladjustment to the change of the business environment of finance, and this is one of the most important reasons for the bankruptcy of Takugin.

The attempt of this paper isn't researched in the studies described above. I think it is important to research a historical premise that Takugin was forced to fail to survive in the late 1990s, because the bankruptcy of the bank is one of the most important affairs in the history of the Postwar Japanese Economy. In addition, This attempt with the point of view of 'periphery' will contribute to a trend of historical research that has

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<sup>2</sup> The Hosei University's Center for industrial information, Hashimoto Juro and Takeda Haruhito ( eds. ) (1992) ; Okazaki Tetsuji (1995) ; Kikkaaw Takeo and Kato Kenta ( 1996 ) ; Masahiko Aoki and Hue Patrick ( eds. ) ( 1994 ) ; Hidaka Chikage (2000) ; Takeo Hoshi and Anil Kashyap (2001).

<sup>3</sup> Hokkaido Takusyoku Ginko ( 1971 ).

<sup>4</sup> The Hokkaido Newspaper Company ( ed. ) ( 1999 ) ; Hattori Yasuhiko ( 2003 ) . Hattori's discussion on the management of Takugin during the rapid growth era entirely depends on the discussion of Hokkaido Takusyoku Ginko (1971). Thus, he doesn't analyze the management of the bank by using historical archives

<sup>5</sup> KOISO Syuji ( 2005 ).

<sup>6</sup> NAKABAYASHI Masaki (Osaka Univ.) gave me a comment on this point based on the insistence of Hoshi & Kashyap (2001) pp.205-206.

attempt to revision the main trend of historical studies that deal with the history of the center as their main theme<sup>7</sup>.

In this paper, I can use some business archives of Takugin which have been donated to the Historical Museum of Hokkaido. Those archives include only the archives concerning the Presidents of the bank, the first and second plans for the long-term business, and the books of statistics on the business of the bank. The other business archives of the bank excluding those above have been held by The RCC. Thus, I can't use such archives. It is impossible for researchers to use the archives donated to the Historical Museum of Hokkaido by the bank excluding those described above for forty years from 1998<sup>8</sup>. Those archives are not used in this paper either. To overcome this limit as much as possible, in addition to some archives published by Takugin, for example, the bank's financial statements, the Reckons by the Presidents of the bank which appeared in newspapers is used in this paper.

1. The relationship between the Takugin's business strategy and the importance of Hokkaido as a supplier of natural resources to Honsyu.

(1) The Importance of Hokkaido as a supplier of natural resources to Honsyu in the early 1950's

In this passage, the process of Hokkaido to become an important supplier of Natural resources to Honsyu is observed briefly<sup>9</sup>, because we need this discussion to understand the Takugin's model of Business during the era of the early 1950s.

After the World War II, Japan lost all the colonies and occupied areas. Thus, Japan expected Hokkaido as an important supplier of natural resources, for example, coals, foods, timbers. In this situation, Hokkaido and the ministries of the central government concerned began to form the plan for exploiting Hokkaido. As a result, the first 5 year's General Plan for exploiting Hokkaido is formed formally and embarked. According to the plan, 1300 hundred million Yen would be spent on the infrastructures and expansion of production in Hokkaido, for example, agriculture, hydroelectricity, coal mining, timbers. Especially, the amounts of cultivated lands, milk cows, fishery, hydroelectricity, populations are planed to be increased from 128% to 217% during the era from 1951 fiscal year to 1956 fiscal year.

However, the amount of money actually spent is only 700 hundred million Yen, 60% of the amount of the Plan. Thus, the items whose amounts of aims are realized are only

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<sup>7</sup> Oue Shinobu et. al. ( eds ) ( 1992 ) ; Nakanishi Satoru ( 1998 ).

<sup>8</sup> The Historical Museum of Hokkaido ( 2000 ), pp. 73-77.

<sup>9</sup> The following discussion depends on Hokkaido Prefecture ( ed ) (1977).

productions of thermal power , milk, timber (Respectively 192%, 234%, 5793%. In the plan, respectively 126%, 217%, 155%). But, increasing amount of spending on public undertakings in Hokkaido during the era from 1952 fiscal year to 1956 fiscal year is larger than that of the entire nation. This fact shows the high expectation against Hokkaido as supplier of natural resources.

(2) Takugin's business model during the first half of the 1950s.

Takugin, which became a commercial bank during the same era, also tried to form its new business model according to the situation of the time. The first feature of the model is that the bank increased the branches in the area of Tokyo to correspond to not only the needs to loan the companies which do their own business in Hokkaido, but also the flows of money between Honsyu and Hokkaido based on the flows of products from Hokkaido to Honsyu. The second feature is that the bank tried to bring up Hokkaido Bank, a regional bank newly established in the early 1950s by giving its thirteen branches to that bank to foster the economic development of Hokkaido inside<sup>10</sup>.

Concerned with the former, the following comment is described in a business Archive of Takugin<sup>11</sup>. ' After the defeat of the War, the economic position of Hokkaido in Japan became more and more important. Thus, the economy of Hokkaido has to be integrated to the economy of Honsyu more strongly. According to this situation, Takugin must foster the flows of products and money between Hokkaido and Honsyu from the point of view of national economy, and contribute to the economic development of Hokkaido.' 'By increasing number of the branches in Honsyu, we can contribute to the development of firms in Hokkaido with giving credit to them or with show them criterions for judging creditability of firms in Honsyu, when they deal with firms there. Please understand that the aim of this business strategy including increasing our amount of deposits is to foster the development of industries in Hokkaido.' This quotation shows that for the purpose of contributing to the economic development of Hokkaido, Takugin tried to give credits or information on firms in Honsyu to firms in Hokkaido, and by doing those things the bank also tried to foster the flow of money and products between Hokkaido and Honsyu.

In fact, Takugin increased the branches in Honsyu, especially in Tokyo during the early 1950s ( Table 1 ). HIROSE Keiichi, the president of the bank in those days, reckoned ' when we opened Tsukiji Branch in 1947, our third branch in Tokyo, GHQ

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<sup>10</sup> Hokkaido Takusyoku Ginko ( 1971 ) p. 320.

<sup>11</sup> ' The age of the president HIROSE ', one of the business archives of Takugin donated by the bank to the Historical Museum of Hokkaido.

made us hold a public hearing. Many people came to the hearing, and some people opposed the open of our branch. I said ‘the half amount of fishes arrived at Tsukiji come from Hokkaido.’ The open of our branch at Tsukiji should be accepted ‘. As a result, the open of our branch became permitted by GHQ<sup>12</sup>. In addition, when NAGATA Masataku, the former president to HIROSE, was asked where the coal mining companies are loaned, he answered the companies had been loaned in Tokyo for the era from 1945 to the late 1960s<sup>13</sup>. The validity of the discussions on the flows of money and products described above are proved with the quotations above. Besides, the ratio on the amount of the loans in Hokkaido against all loans is still higher. This fact shows Hokkaido is very important as the basement of the business of the bank. Moreover, the industries loaned by Takugin are mainly consisted of coal mining, steel, timber, fisheries, which are the main industries in Hokkaido. It is described in Takugin’s financial statement that the bank loaned the companies in Tokyo belonging to those industries described above. This description is consist with Nagata’s reckon quoted above.

There is a following description on the second feature. ‘ In order to realize the smooth finance in Hokkaido region, we must try to cooperate with the other banks in Hokkaido more and more. Hokkaido Bank, which was newly established in March 1951, has tried to expand it’s network of branches especially for small and medium-sized firms since it’s establishment. The Bank has 41 branches, but it is not enough for the bank to cooperate with us to attain the aim described above. We, Hokkaido Takusyoku Bank, have to bring up banks in Hokkaido as well as possible. Thus, we make the decision to give Hokkaido Bank a small part of our branches, and to cooperate with the Bank’. In short, this description above shows that if Takugin accepted a role as an important financier for the dealing between Hokkaido and Honsyu, Hokkaido Bank did a role as an important financier for small and medium-sized firms in Hokkaido, the two banks could finance to develop Hokkaido economy more efficiently<sup>14</sup>.

We can conclude the feature of the model of business of Takugin during this period as such. Takugin attached more importance to dealings between Honsyu and Hokkaido than dealings in Hokkaido according to the increasing importance of Hokkaido as a supplier of natural resources. On the other hand, the Bank also made the decision to give Hokkaido Bank a small part of it’s branches. Takugin tried to enforce the ability to finance for the demand concerning Hokkaido. Based on this model of business, Takugin

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<sup>12</sup> HIROSE ‘ Watakushi no rirekisyo ( my own personal history ) ‘ The Nikkei Shinbun News Paper September, 1968.

<sup>13</sup> ‘ The age of the President HIROSE, one of the business archives of Takugin donated by the bank to the Historical Museum of Hokkaido.

<sup>14</sup> Hokkaido Takusyoku ginnko(1971) p. 319.

tried to foster the development of Hokkaido's economy and Takugin itself.

## 2. The Change of the development policy of Hokkaido, Takugin's development as a city bank and advance into Honsyu region

### (1) The energy revolution and the decline of Hokkaido as a supplier of natural resources

From the late 1950s, the position of Hokkaido as a supplier of natural resources began to decline because of the affection of the energy revolution<sup>15</sup>. The second plan on the development of Hokkaido, which was begun from 1960, proves this fact. The first plan attached more importance to the exploitation of natural resources and the investment on agriculture than the second plan. The second plan attached more importance to attracting industries and public investment to foster the development of industries, for example, expansions of roads and ports.

The second plan also included the development of mining, especially coal mining (12.5% increase), timber and fishery (5.1% increase including agriculture). The result based on an amount of money was larger than the plan excluding population, the second industries. However, the coals were planed to be used by the industries in Hokkaido because of the affections of the energy revolution. In addition, the amount of the production of coal in Hokkaido during the period from 1960 to 1970 increased only from 10 million tons to 20 million tons. As a result, because of declining of the coal mining industry in Hokkaido, the change of number of employees from 1960 to 1970 also declined from 111 thousands to 53 thousands. The decreasing number of employee in 1970 surpassed the number of the plan, in which the number during the same period changed from 111 thousands to 87 thousands. The situation in the timber industry was the same as that of coal mining. The amount of production of timber was planed to increase from 10400 thousands miters cubed to 14100 thousands miters cubed. But, in fact, the amount was increased to 12600 miters cubed. Though the numbers of employees was planed to increase from 59 thousands to 64 thousands, in fact, the number was decreased from 59 thousands to 40 thousands. The amount of the second industries, which is very important in the second plan, were not attained excluding productions of cements and papers. From this brief analysis, we can make sure that the economy of Hokkaido, where Coal mining, agriculture, fishery, timber ware main industries, began to decline during the rapid growth era.

### (2) The beginning of the change of Takugin's business model

During the same period, Takugin's business model began to change. First, Takugin got

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<sup>15</sup> Shin-pen Hokkaido-shi No. 6 pp. 386-453.

out of the regional banks' association, and chose the way to becoming a member of city banks. When Takugin made the decision, the manager of the bank gave all the staff a notification in which it was written that if the bank chose the way to developing as a commercial bank, we have to come within the national range and to get such a scale as city banks. However, it was also written in the same notification that the bank thought fostering an economic development of Hokkaido as one of the most important task. According to Table 1, the loans-in-Hokkaido ratio decreased slightly. Besides, the bank's composition of loans didn't change. These facts show that Takugin's strategy described above is true.

Because Takugin became a member of city banks, the bank had to get a larger scale of management, especially larger amount of deposit. The President Hirose said to the staff repeatedly that we must get more and more amount of deposit<sup>16</sup>. These facts shows that the bank gradually became more and more interested in getting larger amount of deposit than interested in fostering the economic circulation between Honsyu and Hokkaido to contribute to the economic development of Hokkaido. In 1960 the first five years long-term management plan was embarked. The most important aim in the plan was to get such larger amount of deposit as close to city banks' average amount of deposits and deposit per head as possible. Takugin's share of deposit in the total amount of city banks' deposits declined from 3.56% to 3.33% during the era from 1955 to 1959. Takugin's deposit per head was 70% of average amount of city Banks. Takugin thought that the bank had to get over it's inferiority. These facts show that the bank became caught in a strongly upward orientation as a member of city banks.

From this era, Hokkaido Bank, which Takugin tried to bring up, began to try to increase the amount of its deposit<sup>17</sup>. The president Shimamoto directed the bank to increase the amount of its deposit from 48,692 millions Yen in the end of March 1961 to 100,000 millions Yen in the end of March 1965. The direction almost came true in the end of March 1964. Further, the bank made the plan to increase its deposit up to 300,000 millions Yen until the end of March 1971. This plan came true in the end of November 1971. Moreover, the bank tried to increase the amount of its deposit during the 1970s. As a result, the shares of Hokkaido Bank in the deposit market in Hokkaido increased from 10.9% in the end of 1955 to 22.8% in the end of 1970. On the contrary, those of Takugin fall from 53.1% in the end of 1955 to 48.8% in the end of 1970. The competition in the deposit market in Hokkaido, especially in Sapporo, became keener

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<sup>16</sup> 'The age of the President Hirose', included among the business archives of Takugin.

<sup>17</sup> Hokkaido Bank(1983). The data of the shares in the deposit market of Hokkaido were calculated from Hokkaido financial section ' Monthly statement on the finance in Hokkaido' various months.

because of the increase of branches of various sorts of the banks. This fact shows that Hokkaido bank became the most important rival in the financial market of Hokkaido for Takugin.

The second principal aim of the bank was a gradual expansion of the loans based on the existing model of business. This aim was backed up by the vice president's direction 22 June 1960 to the head of the inspection department<sup>18</sup>. But, this line didn't progress smoothly. Rather, in the process of this aim, the change of the exiting model became clarified. In other words, the decline of industries of coal mining, timber, fisheries caused by the 'energy revolution ' was made clear. According to the data on 31 March 1962<sup>19</sup>, about the half of all the delayed loans ( 413 million Yen ) was consisted of the three industries described above. According to the region based data, the sum and ratio of loans in Hokkaido occupied 256 million Yen, 62.1 % of all the loans 413 million Yen. Excluding the four principal cities, Sapporo, Otaru, Asahikawa, Hakodate, the sum and ratio of the delayed loans there did 188 million Yen, 45.6% of all the delayed loans. From these data, the limit of the existing model of business was backed up.

However, Takugin's loans to Hokkaido's main industries keep the same high ratios to all the bank's loans, foods 6.5%, timber 6.4%, mining 6.1%<sup>20</sup>. President Tojo reckoned that because the bank's most important role was to foster the development of Hokkaido economy, and because coal mining was one of the most important industries in Hokkaido, We had to aid the coal mining companies which faced their crises of bankruptcies caused by the 'energy revolution'. We were not able to act like city banks that were almost strangers to Hokkaido. In short, as the biggest and most important bank in Hokkaido, Takugin had to care for Hokkaido economy. This is the reason why the bank continued to loan such industries as ones described above after the 'energy revolution' appeared. But, at last, as the restructuring of the industrial structure in Hokkaido progressed, the ratio of loan in Hokkaido to all loan decreased, the ratio of loan in Honsyu increased.

It was very important for Takugin during the same era to advance into Honsyu region, especially Tokyob region. According to President Tojo<sup>21</sup>, the aim of the strategy to

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<sup>18</sup> ' Ki kou dai 263 gou ' included in the Takugin's business Archives ' The age of the President Tojo'

<sup>19</sup> Hokkaido Takusyoku Ginkou ' eigyouten seiseki gaikatsu hyou syouwa 37 nenndo shimoki'

<sup>20</sup> Hokkaido Takusyoku Ginkou(1971)Table 2-3-14. Hattori points out the same point with using the same data ( Hattori (2004)). But, he doesn't analyze the changes of the model of Takugin's Business, and the first long-term business plan.

<sup>21</sup> Following discussion on Takugin's strategy based on Tojo ' Toudori 15 ne-n (my 15 years as the president of Takugin ) in Hokkaido shinbun (The Hokkaido News Paper )

develop branches there was as follows. In response to the situation that an excess of exports over imports in the dealings between Honsyu and Hokkaido changed into an excess of imports, it became necessary for the bank to develop its branches in Tokyo, where was the most important place for Hokkaido's imports and exports. This means that the situation around Takugin's model of business during the 1950s changed during the 1960s. In fact<sup>22</sup>, amount of the imports and exports between Honsyu and Hokkaido were 5,018 thousands ton and 12,111thousands ton in 1953 respectively, 12,870 thousands ton and 26,005 thousands ton in 1965 respectively, 24,763 thousands and 29,474 thousands ton in 1970 respectively. The export and imports of 1965 are 2.56 and 2.14 times as much as those of 1953 respectively. The same points of 1970 are 1.13 and 1.88 times as much as those of 1970 respectively. The explanation by Tojo described above is made in the middle of the 1970s, and the data on the imports exports quoted above are amount-based. Thus, I can't prove Tojo's explanation enough. However, the growth of the imports is over that of the exports. Thus, the importance of the exports declined more than that of the imports. Takugin's strategy described above is in response to the change the situation of the circulation between Honsyu and Hokkaido. This is the first aim of the strategy.

The second aim of the strategy is to increase the amount of deposits. According to Tojo<sup>23</sup>, the development of the branches brought new customers living around the new branches to Takugin. As a result, the amount of deposits increased. Because it was necessary for Takugin to catch up with city banks, it was also necessary for the bank to increase the amount of the deposits as much as possible. Thus, the development of the branches was in response to this task. This is the second aim of the strategy.

Besides, Takugin began to regard its dealings with foreign exchanges as importance during the same era. President Tojo explained the reason for the internationalization of the bank as follows. Because Hokkaido was a part of Japan, which had to foster her internationalization, the bank also had to contribute to fostering the expansion of regional firms' dealings with foreign countries. As known well, as soon as the 1960s began, the liberalization of dealing with foreign exchanges progressed. As a result, the importance of the dealings for Takugin increased<sup>24</sup>. Takugin perceived this situation. Thus, the bank had to grow out of the second class foreign exchange banks. The bank

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January 8 1978.

<sup>22</sup> Hokkaido 'Dai 62 kai Hokkaido toukeisyo dai ni kan ('The 62th statistics book on Hokkaido vol. 2, March 1958'); 'Dai 75 kai Hokkaido toukeisyo ('The 75th statistics book on Hokkaido', March 1968); Dai 79 kai Hokkaido toukeisyo ('The 79th statistics book on Hokkaido').

<sup>23</sup> 'Toudori 15 ne-n (the same archive as note no. 19).

<sup>24</sup> 'Hokkaido Takusyoku Ginko(1971) ' pp. 425-427.

demand the MOF (Ministry of Finance ) a liberalization of the banking regulations concerning foreign exchange at a time of August 1960. In addition, there were only two branches inside Hokkaido among the 15 branches that were permitted dealings with foreign exchange by MOF during the era from 1956 to 1969<sup>25</sup>. In this meaning, we should say that to grow amount of dealing with foreign exchanges was one of the important aims of the strategy of the development of the branches in Tokyo. The facts described above show that Takugin attached more importance of dealings with foreign exchange to an expansion of a business chance for the bank than to fostering the economic development of Hokkaido. This discussion is not the same as the explanation by President Tojo described above. Takugin was able to increase the amount of its dealing with foreign exchanges from 10 thousands dollars to 30 thousands dollars.

Next, we should analyze the economic performances of the branches in Honsyu Region including the newly established ones during the same era. These branches didn't perform well. The data of the era from October 1960 to March 1961 will be shown<sup>26</sup>. The branches in Honsyu among the 24 branches whose marginal loan deposit ratios were above 100% include Tokyo branch ( No deposit ), Kitahama branch (declining its amount of deposits ), Marunouchi branch (317.4%), Osaka branch(314.6%), Nagoya branch (117.4%), Kyoto branch (111.6%), shin-jyuku branch (392.9%), Tsukiji branch(296.7%), Nanba branch(209.5%), Nagoya ekimae branch(115.1%). Among these branches, the worst branches under lower 20th rank whose increasing deposits ratio to the era from April 1960 to September 1960 included Kobe ( -2.8% ), Kitahama (0.8%), Marunouchi (2.8%), Tokyo (0%), Tsukiji (3.1%), Namba (3.4%). The worst 76 branches in increasing deposits ratio to the same era included 9 branches in Honsyu, Tokyo (1.5%), Marunouchi (-6.6%), Tsukiji (-3.3%), Toranomom (0.2%), Shin-jyuku (3.1%), Yokohama (7.1%), Nanba (-21.6%), Kitahama (1.5%), Kobe (0.3%). These facts show the most important reason for the high loan deposit ratio of the branches in Honsyu was their weak abilities to absorb deposits. In addition, Tokyo branch occupied 187 million Yen of 445 million Yen, all delayed loans of the branches whose deleted loan was over 500 million Yen. Further, there were 5 branches in Honsyu, Kyoto (-71.9%), Asakusa (-245.0% ), Tsukiji ( -133.0% ), Nanba (-116.1% ), Ueno (-39.3%) among all the 20 branches whose ratio of increasing receiving exchange to the former year was under 15.2%. There were 3 branches in Honsyu, Kobe ( -22.2% ), Ueno ( -54.1% ), Nanba ( -21.6% ) among all the 20 branches of the same ratio as described above. Furthermore,

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<sup>25</sup> Hokkaido Takusyoku Ginko(1971)' Table 2-3-15 ( p. 428 ).

<sup>26</sup> The data shown below depend on Hokkaido Takusyoku Ginkou ' Eigyo-ten seiseki gaikatsu hyou ( The overall data on the performances of all branches of Takugin ) ' the business archives of Takugin.

there were 4 branches in Takugin which declined the amount of dealings with foreign exchanges. The 4 branches were Marunouchi (-2.4%), Nagoya (-10.2%), Osaka (-2.6%), Kitahama (-20.8%), all were in Honsyu. Still more, there were 10 branches in Honsyu among the worst 39 branches those had the highest deposit cost ratio of all the branches of Takugin. The 10 Branches described above were Kyoto ( 2.43% ), Kobe ( 2.33% ), Kitahama ( 2.01% ), Asakusa ( 2.10% ), Shinjyuku ( 2.37% ), Nagoya ( 2.02% ), Osaka, Marunouchi, Tsukiji, Ueno ( No data described in the archive ). There were also 9 branches in Honsyu among the worst 22 branches in the degree of contributing to the profit of Takugin. The 9 branches described above were Tokyo, Osaka, Kyoto, Kitahama, Nagoya, Asakusa, Shinjyuku, Bakuro-cho, Irifune ( No data described in the archive ). These facts show that the branches of the bank in Honsyu didn't perform well.

Lastly, the expansion of the Scale of Takugin is compared with other city banks according to Table. 3. Here, the data of March 1955, 1960 and 1965 are analyzed. First, the data of the Table show that Takugin was one of the smallest banks of the city banks. However, the changing ratio shows all the heads but increasing deposits were improved compared with other city banks when the era from March 1960 to March 1965 came. To my regret, the reason why such a phenomenon occurred is unknown. But, as discussed above, the delayed loans occurred because of declining of the industries in Hokkaido, especially coal mining, timber. Thus, Takugin had to help the industries there. During the same era, as far as other city banks were concerned, repayments of their loans began to increase<sup>27</sup>. Thus, it was impossible for Takugin to expand its own loans greatly in Honsyu. This may be one of the important reasons why the performance of Takugin was much less than those of other city banks. Further, Takugin's increasing ratio of the amount of dealings with foreign exchanges was more than those of other city banks. The amount was almost 0 during the 1950s. As soon as the 1960s began, the business chance to expand the amount of dealing with foreign exchanges became open to Takugin because of the liberalization of dealing with foreign exchanges. As a result, the bank was able to expand the amount. This is the reason why such a result occurred. But, comparing with other city banks, the amount of Takugin was far away from their amounts. At a time of the settlement of accounts March 1965, the profit from dealing with foreign exchanges is 118 million Yen, 0.4% of gross profit 28,955 million Yen<sup>28</sup>. So, we must pay attention to the fact that the profit from foreign exchanges wasn't important for Takugin.

In conclusion, Takugin's business model was forced to change according to the change

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<sup>27</sup> SHIRATORI Keishi (2005)

<sup>28</sup> 'Hokkaido Takusyoku Ginkou(1971)' an appendix data.

of industrial structures in Hokkaido. Thus, in response to the change of circulations between Honsyu and Hokkaido, Takugin attached more importance to the development of branches in Honsyu, especially around Tokyo. In addition, the bank tried to expand its amount of dealing with foreign exchanges in response to the liberalization of foreign exchange in the beginning of the 1960s. But, such businesses didn't contribute to the expanding profit of Takugin enough. In this meaning, the development of branches in Honsyu didn't succeed and was not able to become an important basis for the profit of Takugin.

3. Expansion and becoming a financier for small and medium sized firms during the era from the middle of the 1960s to the middle of the 1970s

Then, how did Takugin try to resolve these problems of its own management described above? This problem will be analyzed below<sup>29</sup>.

From 1966 to 1970, the bank had carried the second 5 years plan of the management to effect. In the plan, it was one of the most important aims for the bank to increase deposits to catch up with other city bank. This was able to be confirmed by the new year's statements by President Tojo during the era of the plan. The second important aim was to get deposits enough to accept the national governmental bonds. During the same period, total demand control policy with issuing the bonds by Japanese Government was done too. Takugin saw this economic situation as one of the new important business chance. In connection with increasing deposits of the bank, the number of the branches around Tokyo was increased aggressively. There were many branches whose performances were not good described above. In other archive, there are branches under construction to absorb more amount of deposits, which will be in operation during the era of the second 5 years plan of the management. Thus, it was estimated that this branch policy aimed at compensating less amount of deposits per a branch with the increasing number of the branches.

It was one of the important issues for Takugin to reform the structure of loans. It was assumed in the plan that the stances of the banks to loan and those of the firms to raise funds didn't change<sup>30</sup>. On the basis of this assumption, Takugin's deviation from the average of city banks in March, 1970 was shown. According to the data, the bank tried

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<sup>29</sup> Hokkaido Takusyoku Ginkou ' dai niji cyouki keikaku no gaiyou' ( The outline of the second plan for the management ), included in the business archive ' Tojo Takei Toudori jidai ( the age of the President Tojo ).

<sup>30</sup> Hokkaido Takusyoku bank ' Syowa 40/9 cyouki keikaku ' yu-shi kouzou' sakutei sankou shiryou ( The data for changing the structure of the loans in the second management plan ).

to change its structure of loans. According to the data on March 1964, the loans of the bank consisted of manufacturer ( 34.4% ), commerce ( 32.3% ). Those of the average of city bank consisted of manufacturer ( 49.4% ) and commerce ( 31.7% ). Takugin forecasted its situation on March 1970. According to the data, Takugin's ratio of loans to manufacturer would change to 32 to 38 %, the ratio of loans to commerce would change to 25 to 32 %. City banks' ratio of loans to manufacturer would change to 31 to 54 %, the ratio of loans to commerce would change to 24 to 31 %.

On the basis of this estimation, Takugin made a policy to reinforce the expansion of dealings with firms around Tokyo, especially big firms<sup>31</sup>. There was an instruction to Tokyo Branch that the branch should expand the dealings with firms, especially dealings with big firms there, cooperating with branches of the Bank around there. This instruction shows that the branches had to contribute to reforming the structure of the bank by expanding the dealings with the big firms including ones with no business connection with Hokkaido. In addition, the bank also made a policy to expand dealings with foreign exchanges of Big Sogo Syosya, for example, Mitsui bussan and Mitsubishi syoji. Now, it is possible to use the data of Mitsui bussan until September, 1970<sup>32</sup>. The amount of dealings with foreign exchanges by Mitsui bussan was increased from 18,986 million Yen to 88,162 million Yen during the era from September 1966 to September 1970. The increasing ratio is 364.3%. The amount of Takugin's dealing with foreign exchanges of Mitsui Bussan during the same era increased from 106 million Yen to 921 million Yen. The increasing ratio is 768.8%. The share of the bank increased from 0.55% to 1.04%. The increasing ratio of the bank is eminent in Mitsui Bussan's total increasing ratio. Thus, it is possible to confirm the effect of the branches of the bank around Tokyo. However, though the branches endeavored, the share of the bank was only about 1% September 1970. This fact shows there was a big limit on the endeavors of the branches of the bank.

In addition, among the branches around Tokyo, the branches whose mission was only to loan ( Tokutei-ten ) were Tokyo Branch and Marunouch Branch, and the ones whose mission was more important to loan than to absorb deposits ( jyun-tokutei-ten) were Tsukiji branch, Bakuro-cho branch, Torano-mon branch, Kanda branch, Ueno branch, Asakusa branch, Yokohama Branch, Shinjyuku Branch, Shibuya branch, Ikebukuro Branch. These branches were directed by the President to expand their loans. Besides, among the branches excluding ones around Tokyo, the jyun-tokutei-ten were

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<sup>31</sup> Hokkaido Takusyoku Bank ' dai 2 ji cyouki keikaku ten betsu shiji bun ( Honsyu bun) (The instructions concerning the second long-term management plan to the branches in Honsyu ) included in Tojo Takei Toudori jidai.

<sup>32</sup> Mitsui Bussan ' Yu-ka syoken houkokusyo ( the financial statements ) ' both periods.

Nagoya-eki-mae branch, Nanba branch, Kobe branch, Kyoto branch. The branches around Nagoya were directed to expand their loans to Toyota and the small and medium sized firms concerned. The ones around Osaka were directed to expand loans to the Kansai electric power co. and small and medium sized firms superior. These facts show that the estimation described above to raise the ratio to loan to manufacturers was based on the loans to big firms and small and medium sized firms concerned in Honsyu.

Further<sup>33</sup>, among the branches in Hokkaido, Tokutei-ten were the main store, Hakodate branch, Muroran branch, Asahikawa branch, Obihiro branch, Kushiro branch, Jyun-tokutei-ten were Sapporo higashi branch, Sapporo Minami branch, Sapporo ekimae branch, Hakodate ekimae branch, Otaru dai-ni branch, Tomakomai branch, Kitami branch. In the directions to these branches, the situation of the branches excluding the ones around Sapporo couldn't be almost improved because of the declines of such industries as coal mining, timber. On the basis of these directions, these branches were directed to expand their loans to consumers such as housing loans and the function to consult on management problem mainly for small and medium sized firms<sup>34</sup>.

The second long-term management plan was different from the first long-term management plan in the point that the former included the aim at changing the structure of loans to industries. In short, the bank attempted to expand the amount of its own deposits to form a basement to develop as a city bank, and form the business model that the loans to big firms and small and medium sized firms concerned in Honsyu with complementary dealings with foreign exchanges and national government's bonds were increased as the basis for the profits of the bank<sup>35</sup>. However, the keiretsu had already almost completely formed by other city banks<sup>36</sup>. Further, the industrial demands for loans began to decrease. As Takugin's amount of investment in stocks had been less than other city banks, the formation of keiretsu of the bank had been weaker than those of other city banks. These facts show that the bank wasn't able to increase the amount of the loans to Heavy and chemical industries on the assumption concerning the financial situation of March 1964.

This discussion will be ascertained more deeply. According to Table 1, the values of the ratio of the loans in Honsyu to all the loans were increased during the era. The main

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<sup>33</sup> Hokkaido Takusyoku Ginko ' Dai-ni-ji cyouki keikaku ten-betsu shiji bun ( the directions to each branch in Hokkaido ).

<sup>34</sup> Hokkaido Takusyoku Ginko ' Dai-ni-ji cyouki keikaku no gaiyou ( the outline of the second long-term management plan ).

<sup>35</sup> Hokkaido shin-bun sya hen (1998) p.23.

<sup>36</sup> Kikkawa and Kato ( 1996 ).

region where the amounts of the loans were increased was the places around Tokyo<sup>37</sup>. Further, According to Table 3, foods industry, timber industry, regional governments were included among the main industries loaned by the bank. These three industries occupied 11.8% of all the loans. These facts show that the main industries loaned by the bank were still the main industries in Hokkaido. However, the same industries loaned by all city banks occupied only 4.7% of all the loans, other industries did 40.6%<sup>38</sup>. Next, the amount of the bank's dealings with Toyota will be shown<sup>39</sup>. There is no long-term financial dealing between Takugin and Toyota during the era from the end of September, 1965 to the end of September, 1975. As for short-term dealings, we can only make sure that Takugin had not been the main supplier. Most of the dealings had been occupied by Tokai Bank, Mitsui Bank, and Sanwa Bank. For example, the value of the ratio of occupation of the dealings by the banks was 62.5%. Furthermore, during the same period described above, there was no dealing between Takugin and Kansai electric power co. These facts show that Takugin's restructuring of the loans in the second long-term management plan didn't progress. In addition, the ratio of loans to small and medium sized firms was changed from 37.8% to 36.2% during the era from March 1965 to March 1970. But, the ratio of the numbers of dealings with small and medium sized firms was increased from 95.6% to 98.1% during the same era. Especially, though all increasing numbers of all dealings of the bank were 90 thousands, those of the dealings with small and medium sized firms were 88 thousands. However, the available data shows that the ratio of the loans to consumers to all loans was increased 2.2% to 5.6% during the era from March 1962 to March 1970. These facts means that the aim of the bank at expanding the loans to big firms wasn't almost accomplished.

Furthermore, it is important that the increasing numbers of all dealings during the era from March 1970 to March 1975 became equal to those of the dealings with small and medium sized firms, which were 44 thousands. It is also important that the ratio of loans to small and medium sized firms to all loans of the bank became over 40% during the same era above. The ratios of all city banks' loans to small and medium sized firms

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<sup>37</sup> The values of the sum and ratio of loans in the places around Tokyo to all the loans in Honsyu were 110,493 millions Yen (72.8%) , 218,232 millions Yen(69.4%) and 633,221 millions Yen(80%) in the end of September 1965, 1970 and 1975 respectively. Furthermore, the increasing amount of the loans in the places around Tokyo occupied 82% of the increasing amount of the loans in Honsyu during the era from the end of September 1965 to the end of September 1975.

<sup>38</sup> Hokkaido Takusyoku Ginko (1971) Table 2-3-4 (p.422).

<sup>39</sup> Toyota Jidousya Kogyo 'Yukasyoken Hokokusyo' Sept. 1965, Sept 1970, and Sept. 1970.

were 25.6% on March 1970 and 34.3% on March 1975<sup>40</sup>. However, the data of March 1975 also includes the loans to individuals. So, this data is thought to be little above the amount of the loans to small and medium sized firms. Thus, the ratio of Takugin described above is far more than that of all city banks'. These facts show that the nature of the bank as a financier for small and medium sized firms was deepened. Besides, though the amount of the dealings with foreign exchanges was increased up to 10,768 million Yen till March 1970, the profit from the dealings was only 286 million Yen, just 1.0% of the ordinary profits. Even March 1975, the profit was only 1,245 million Yen, 1.3% of the ordinary profits. The profit from the dealings with foreign exchanges was still negligible for the bank<sup>41</sup>.

Lastly, the situation of the increasing deposits is ascertained. At first, to my regret, the aiming amount in the second long-term management plan is unknown because of lack of available archives. But, at the beginning of 1969, the President Tojo said to the staff that the bank had to attain 7000 hundreds million Yen until the end of March 1969<sup>42</sup>. As the amount of deposits in the end of March 1970 were 7258 hundreds Yen, at least the increasing deposits of the bank was smoothly got on until the time. But, though it was thought the aiming amount of deposits per head and aiming share of the amount of deposits of city banks would be attained, it was also thought that the aiming amount would not be attained during the era from October 1970 to March 1971<sup>43</sup>. Thus, the drive to increase the deposits of the bank became weaker until the era. Furthermore, from the beginning of the 1970s, the amount of the deposits was greatly increased because of Inflation caused by the oil shock. As a result, the amount on September 1975 was 2.13 times as large as that on March 1971.

To sum up, the aim at increasing amount of the deposits in the second long-term management plan was not attained. According to the recollection by Tojo after his retirement of the President, the bank didn't grow as much as he thought<sup>44</sup>. As a result, the loan-deposits ratio, profit margin between lending and deposits, and ratio of net income to common stock of the bank concerned, the same levels were kept from the middle of the 1960s to the middle of 1970s. However, the big amount of the idle money was occurred (the above mentioned discussion according to Table 1)<sup>45</sup>, and the amount

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<sup>40</sup> The Bank of Japan ' Keizai Toukei Nenpo (Economic Statistics Annual ) ' 1970 and 1975.

<sup>41</sup> Takugin ' Yu-ka syo-ken houkokusyo ( financial statements ) '.

<sup>42</sup> Hokkaido Takusyoku Ginko ' Tojo Takei toudori jidai ' ' Yu-ka syo-ken houkokusyo ' .

<sup>43</sup> ' Hokkaido Takusyoku Ginko (1971) ' pp. 411-412.

<sup>44</sup> Tojo ' Toudori 15 nen ' No. 8. in Hokkaido Shinbun January 14 1978.

<sup>45</sup> In this paper, idle money was calculated as following. Idle money = deposits-(loans + investment in securities).

was in a direction of increasing in the middle of the 1970s. According to Table 3, the situation around the increasing amount of the idle money of the bank was eminent among those of city banks. As mentioned before, Takugin didn't have its own keiretsu enough to loan or to invest in. As a result, the nature of the bank became that of a financier for small and medium sized firms. Thus, the bank wasn't able to invest or to loan such a big amount of the idle money. This is the reason why such a situation as mentioned above was occurred. During the same era, the differential of the scale of management between Takugin and other city banks became more enlarged, this situation became an important problem to be solved for the bank<sup>46</sup>.

### Conclusion

Because Japan lost all its colonies and occupied areas, Hokkaido was very important as a supplier of natural resources. Hokkaido Takusyoku Bank formed its own business model that responded to a policy of national government to develop economy there and the increasing amounts of the circulation of money between Hokkaido and Honsyu. Furthermore, from the middle of 1950s on, the bank increased the number of its branches in Honsyu, especially around Tokyo to absorb money concerning developing Hokkaido, and the bank became a member of city banks. In this process, the bank needed expand the scale of the management, and took a management policy with an aggressively upward inclination to catch up with other city banks in the aspect of scale to absorb deposits and to expand the number of the branches.

However, after the energy revolution, because of the decline of the main industries in Hokkaido, especially coal mining, Timber, Takugin had to seek to form its new business model. Though, as the bank had to give remedies to such industries, the structure of the loans of the bank was not changed enough. But, after the latter half of the 1960s, especially during the process of the second long-term management plan, the change of the business model became one of the most important subjects for the bank. To put it concretely, the bank tried to increase the amount of deposits, loans to big firms and dealings with foreign exchanges in Honsyu for the purpose of making its own scale larger. However, as the formation of keiretsu by other city banks had been finished until the middle of the 1960s, and as the heavy and chemical industries' demands for loans began to decline, there was almost no room for the coming true of the aims of Takugin excluding the increasing amount of deposits. In addition, in the deposit market of

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<sup>46</sup> As well known, Takugin had taken speculative actions very aggressively since about 1980 (The investigative committee on the loans of Takugin ' The report on the loans of Takugin ' in Hokkaido Newspaper ( 1999 ) pp.302-303 ).

Hokkaido, Hokkaido bank, which at first Takugin tried to bring up, tried to increase the amount of its own deposit from the beginning of the 1960s. Thus, Hokkaido Bank became the most important rival for Takugin in the financial market of Hokkaido. As a result, the nature of the bank as a financier for small and medium sized firms was intensified and the bank had big amount of idle money in the middle of the 1970s.

From the facts shown above, we can say the reasons for the making of such business model and management situation of Takugin in the middle of the 1970s as following ; the bank depended on the policy on the development of Hokkaido during the 1950s, and as latecomer to the group of city banks, the bank had to increase the amount of the deposits to catch up with them, further, the embarking on the changing structure of the loans was delayed until the middle of the 1960s because of the situation of the management of the bank during the 1950s. In such a situation of the management, Takugin with an aggressively upward inclination got absorbed in increasing the amount of the speculative loans greatly from the latter half of 1970s on<sup>47</sup>. Takugin's business activities of speculations in the 1980, which is the most direct and most important cause for the bankruptcy of the bank after the bubble economy, reflected this inclination that was formed during the rapid growth era<sup>48</sup>. Needless to say, this is the most important reason for the instability of the management of the bank<sup>49</sup> and for the bankruptcy of the bank after the crush of the bubble economy in Japan. Thus, in addition to the change of the business environment around the bank during the era from the middle of the 1950s to the 1960s, the aggressively upward inclination of the bank as a city bank should be pointed out as a historical premise on the strongly speculative actions and bankruptcy of the bank during the era from the 1980s to 1990s<sup>50</sup>.

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<sup>47</sup> ‘ Takugin Yoshin Cyosa houkokusyo ‘ pp. 302-309.

<sup>48</sup> Thus, we can't attribute the cause of the bankruptcy of Takugin only to the industrial policy in the rapid growth era.

<sup>49</sup> Hidaka (2000) lost this point.

<sup>50</sup> This discussion was included a critique of the insist of Hattori ( 2003 ), which sees the relationship between MOF or BOJ and Takugin with personal considerations as the most important reason for the bankruptcy of the bank.

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Table 1

the main account of Takugin

the ends of business periods	discount bills	loans	loans + discount bills	docu- menta- ry bill	ratio	all the loans in Hokkaido	ratio	scurities	deposits	deposits in Hokkaido	
										deposits in Hokkaido	ratio
1953.9	24,173	34,778	58,951	358	1.48%	40,417	68.6%	7,673	60,183	49,573	82.4%
1954.3	22,855	36,038	58,893	237	1.04%	39,662	67.3%	8,516	62,272	52,149	83.7%
1954.9	23,134	36,202	59,336	166	0.72%	37,981	64.0%	8,700	65,038	52,930	81.4%
1955.3	23,572	38,385	61,957	298	1.26%	40,716	65.7%	9,439	71,928	56,888	79.1%
1955.9	23,940	37,792	61,732	252	1.05%	39,934	64.7%	10,335	77,271	60,156	77.9%
1956.3	23,034	44,274	67,308	291	1.26%	43,712	64.9%	12,045	90,407	68,420	75.7%
1956.9	26,352	49,942	76,294	242	0.92%	46,758	61.3%	13,701	95,780	76,906	80.3%
1957.3	24,499	55,350	79,849	260	1.06%	48,259	60.4%	12,224	103,886	87,282	84.0%
1957.9	49,816	57,352	107,168	184	0.37%	53,624	50.0%	13,358	110,494	81,256	73.5%
1958.3	28,557	63,876	92,433	174	0.61%	59,469	64.3%	18,181	121,579	87,282	71.8%
1958.9	32,396	68,647	101,043	154	0.48%	65,738	65.1%	20,235	130,447	93,933	72.0%
1959.3	31,357	76,541	107,898	432	1.38%	70,003	64.9%	22,340	138,468	99,702	72.0%
1959.9	38,229	80,071	118,300	197	0.52%	73,321	90.5%	25,235	144,973	107,056	73.8%
1960.3	38,380	88,109	126,489	212	0.55%	79,345	62.7%	28,049	157,006	117,523	74.9%
1960.9	44,972	90,218	135,190	226	0.50%	82,556	61.1%	29,308	168,324	123,407	73.3%
1961.3	45,150	103,370	148,520	345	0.76%	91,691	61.7%	35,745	183,801	134,176	73.0%
1961.9	53,821	105,811	159,632	272	0.51%	98,118	61.5%	37,984	203,536	149,895	73.6%
1962.3	52,667	115,667	168,334	305	0.58%	104,908	62.3%	38,067	210,698	155,903	74.0%
1962.9	58,835	120,769	179,604	265	0.45%	108,645	60.5%	45,164	232,098	168,928	72.8%
1963.3	60,308	143,204	203,512	368	0.61%	123,396	60.6%	44,634	260,777	180,453	69.2%
1963.9	69,933	155,137	225,070	230	0.33%	134,323	59.7%	46,465	310,349	211,388	68.1%
1964.3	71,017	179,625	250,642	315	0.44%	149,012	59.5%	46,559	323,033	224,002	69.3%
1964.9	82,687	185,326	268,013	297	0.36%	156,653	58.4%	61,900	347,789	233,490	67.1%
1965.3	81,819	216,666	298,485	335	0.41%	174,276	58.4%	69,835	349,730	242,922	69.5%
1965.9	88,534	224,678	313,212	258	0.29%	179,516	57.3%	82,804	396,199	264,135	66.7%
1966.3	86,930	250,519	337,449	334	0.38%	195,873	58.0%	83,782	412,902	274,065	66.4%
1966.9	99,955	256,216	356,171	363	0.36%	202,274	56.8%	90,412	436,114	299,326	68.6%
1967.3	100,685	291,934	392,619	329	0.33%	227,383	57.9%	90,713	452,096	308,508	68.2%
1967.9	112,907	297,783	410,690	238	0.21%	232,633	56.6%	92,661	501,877	333,300	66.4%
1968.3	114,005	327,735	441,740	334	0.29%	251,519	56.9%	97,136	513,920	341,166	66.4%
1968.9	125,461	329,002	454,463	307	0.24%	252,572	55.6%	107,387	549,526	364,578	66.3%
1969.3	503,651			0	0.00%	281,720	55.9%	113,419	611,139	396,393	64.9%
1969.9	536,525			0	0.00%	290,184	54.1%	116,695	676,250	403,815	59.7%
1970.3	593,710			0	0.00%	325,769	54.9%	125,689	725,827	454,242	62.6%
1970.9	631,235			0	0.00%	334,955	53.1%	127,089	798,165	482,209	60.4%
1971.3	704,865			0	0.00%	371,147	52.7%	125,511	858,174	521,144	60.7%
1971.9	744,781			0	0.00%	369,261	49.6%	145,047	967,793	565,975	58.5%
1972.3	873,478			0	0.00%	434,421	49.7%	171,519	1,085,994	627,987	57.8%
1972.9	961,452			0	0.00%	446,783	46.5%	191,328	1,212,341	674,270	55.6%
1973.3	1,123,567			0	0.00%	514,478	45.8%	208,857	1,363,833	768,603	56.4%
1973.9	1,200,802			0	0.00%	533,913	44.5%	216,193	1,421,204	840,253	59.1%
1974.3	1,308,904			0	0.00%	593,469	45.3%	229,355	1,503,426	896,397	59.6%
1974.9	1,368,624			0	0.00%	606,727	44.3%	244,501	1,631,386	939,200	57.6%
1975.3	1,453,930			0	0.00%	664,610	45.7%	257,788	1,734,864	1,008,719	58.1%
1975.9	1,511,242			0	0.00%	678,530	44.9%	276,352	1,830,497	1,057,508	57.8%

Sources: Hokkaido Takusyoku Bank "Financial statement" various periods ; Hokkaido Takusyoku Bank "Hokkaido Hokkaido Zaimukyoku" monthly statistics on finance in Hokkaido'.

(Unit: millions Yen)

loan-deposit ratio	securities-deposit ratio	the number of shops	branches in Honsu	branches in Tokyo	branches in Kanto except Tokyo	Deposit-(securities+loans)	amount of the capital	interest on the loans	interest on the bills	gross profit	interest on deposit	despos ed amount of bad loans	all the losses	net profit	ROE	profit margin
98.0%	12.7%	132	11	5	0	-6,441	1,479	1,933	1,251	4,289	1,005	44	3,929	359	48.5%	3.7%
94.6%	13.7%	124	12	5	0	-5,137	1,438	1,937	1,328	4,642	1,095	68	4,312	329	45.8%	3.7%
91.2%	13.4%	111	12	5	0	-2,998	1,398	1,989	1,252	4,801	1,322	65	4,373	428	61.2%	3.3%
86.1%	13.1%	112	13	5	0	532	1,354	2,067	1,324	5,243	1,634	110	4,812	431	63.7%	3.0%
79.9%	13.4%	107	13	5	0	5,204	1,309	2,124	1,327	5,378	1,723	165	4,950	428	65.4%	3.1%
74.4%	13.3%	112	13	5	0	11,054	1,264	2,194	1,268	5,665	1,996	179	5,252	413	65.3%	2.7%
79.7%	14.3%	112	15	5	0	5,785	2,220	2,439	1,232	6,011	2,150	100	5,532	478	43.1%	2.5%
76.9%	11.8%	111	15	5	0	11,813	2,172	2,749	1,197	6,704	2,453	109	6,085	619	57.0%	2.5%
97.0%	12.1%	111	15	5	0	-10,032	2,110	3,073	1,417	7,214	2,733	163	6,584	630	59.7%	1.6%
76.0%	15.0%	112	16	5	0	10,965	2,045	3,347	1,599	8,091	3,107	124	7,450	640	62.6%	2.7%
77.5%	15.5%	111	16	5	0	9,169	2,000	3,651	1,655	8,693	3,520	140	8,037	656	65.6%	2.4%
77.9%	16.1%	111	16	5	0	8,230	4,000	3,808	1,622	9,312	3,972	102	8,611	701	35.1%	2.1%
81.6%	17.4%	112	17	6	0	1,438	4,000	4,044	1,723	9,893	4,348	111	9,184	728	35.4%	1.8%
80.6%	17.9%	112	17	8	0	2,468	4,000	4,364	1,915	10,859	4,900	3	10,130	709	36.5%	1.8%
80.3%	17.4%	112	17	9	0	3,826	4,000	4,667	2,077	11,593	5,337	5	10,846	747	37.4%	1.8%
80.8%	19.4%	112	17	9	0	-464	6,000	4,924	2,175	12,688	5,940	87	11,936	752	25.1%	1.5%
78.4%	18.7%	113	18	10	0	5,920	6,000	5,361	2,375	13,760	5,887	5	12,903	857	28.6%	2.0%
79.9%	18.1%	113	18	10	0	4,297	6,000	5,859	2,647	15,662	6,793	36	14,779	883	29.4%	1.8%
77.4%	19.5%	115	20	12	0	7,330	6,000	6,285	2,774	15,802	6,696	4	14,857	945	31.5%	2.2%
78.0%	17.1%	117	22	14	0	12,631	6,000	6,884	2,867	17,333	7,627	34	16,352	980	32.7%	1.9%
72.5%	15.0%	120	23	15	0	38,814	6,000	7,469	3,123	18,658	8,332	34	17,639	1,018	33.9%	2.0%
77.6%	14.4%	125	24	16	0	25,832	6,000	8,246	3,400	20,882	9,287	39	20,215	666	22.2%	1.8%
77.1%	17.8%	130	27	19	0	17,876	12,000	9,271	3,833	26,489	10,062	49	25,809	680	11.3%	2.0%
85.3%	20.0%	134	29	21	0	-18,590	12,000	10,110	4,060	28,955	10,845	59	28,084	870	14.5%	1.6%
79.1%	20.9%	137	31	23	0	183	12,000	10,833	4,131	30,893	11,529	58	29,919	974	16.2%	1.9%
81.7%	20.3%	142	33	25	1	-8,329	12,000	11,392	4,112	33,258	12,510	159	32,252	1,006	16.8%	1.5%
81.7%	20.7%	146	37	29	1	-10,469	12,000	12,169	4,244	35,417	13,357	89	34,402	1,014	16.9%	1.5%
86.8%	20.1%	147	38	30	1	-31,236	12,000	13,211	4,566	38,876	14,490	67	37,841	1,035	17.3%	1.3%
81.8%	18.5%	147	38	30	1	-1,474	12,000	14,296	4,887	41,519	15,214	31	40,453	1,065	17.8%	1.6%
86.0%	18.9%	146	38	30	1	-24,956	12,000	15,569	5,222	44,848	16,484	52	43,757	1,090	18.2%	1.5%
82.7%	19.5%	148	38	31	1	-12,324	12,000	16,542	5,649	49,171	17,745	440	48,056	1,114	18.6%	1.6%
82.4%	18.6%	147	39	31	1	-5,931	12,000	17,800	17,800	23,981	10,345	62	21,767	1,144	19.1%	1.8%
79.3%	17.3%	146	42	32	1	23,030	12,000	18,902	18,902	25,832	11,186	12	22,756	1,382	23.0%	1.9%
81.8%	17.3%	146	42	33	1	6,428	12,000	18,902	18,902	28,464	12,005	390	25,413	1,721	28.7%	1.5%
79.1%	15.9%	147	44	35	1	39,841	12,000	22,871	22,871	30,774	13,029	103	27,141	1,897	31.6%	2.0%
82.1%	14.6%	147	45	36	1	27,798	12,000	24,730	24,730	33,121	14,113	140	28,738	2,397	40.0%	1.8%
77.0%	15.0%	148	47	36	3	77,965	12,000	26,180	26,180	35,289	15,640	32	3,186	2,486	41.4%	1.9%
80.4%	15.8%	147	47	36	3	40,997	12,000	28,749	28,749	38,361	17,724	7	32,208	2,512	41.9%	1.7%
79.3%	15.8%	144	50	36	6	59,561	12,000	30,744	30,744	41,489	19,641	78	35,506	2,683	44.7%	1.6%
82.4%	15.3%	149	50	37	6	31,409	12,000	33,321	33,321	45,267	20,877	94	40,211	3,057	51.0%	1.4%
84.5%	15.2%	150	52	37	8	4,209	20,000	40,070	40,070	53,676	24,081	171	47,687	3,371	33.7%	1.6%
87.1%	15.3%	152	54	37	9	-34,833	20,000	51,987	51,987	69,859	28,567	29	63,401	3,409	34.1%	2.1%
83.9%	15.0%	152	54	37	9	18,261	20,000	66,153	66,153	87,563	38,355	19	80,037	2,803	28.0%	2.5%
83.8%	14.9%	152	54	37	9	23,146	20,000	69,601	69,601	92,690	41,771	76	85,129	2,983	29.8%	2.4%
82.6%	15.1%	156	57	37	12	42,903	20,000	69,247	69,247	96,290	44,137	112	83,793	3,623	36.2%	2.2%

ido economic statistics" Vol. 27, 36, 37 and 1962, 1964, 1966 years editions ;

**Table.2** Industries loaned Unit: Millions Yen

1953.9		
industries	amount	ratio
Food	4,518	7.6%
timber	3,575	6.0%
iron and steel	3,164	5.3%
coals	6,047	10.2%
wholesaler	18,388	31.1%
total	59,145	100.0%
1955.3		
Food	4,147	6.2%
timber	3,970	5.9%
iron and steel	3,635	5.4%
coals maker	6,142	9.1%
Wholesaler	17,682	26.3%
total	67,324	100.0%
1960.3		
manufacturers	47,223	37.5%
commerces	40,858	32.4%
minings	8,165	6.5%
local goverments	6,494	5.2%
total	125,989	100.0%
1965.3		
manufacturers	93,974	31.7%
Wholesalrs and Retailsalers	96,422	32.5%
local goverments	15,749	5.3%
total	296,593	100.0%
1970.3		
manufacturers	168,899	28.7%
Whokesaler and Retailsalers	217,854	37.0%
local goverments	38,065	6.5%
constructers	29,114	5.0%
total	588,226	100.0%
1975.3		
manufacturers	357,254	25.5%
Wholesalers and Retailsaler	429,346	30.7%
constructers	86,687	6.2%
sevices	72,165	5.2%
local goverments	89,903	6.4%
total	1,399,183	100.0%

Sources : Hokkaido Takusyoku Bank 'Financial statements' various Years.

**Table.3** Takugin's comparence to the other city banks

Unit : thousand millions Yen

account /the name of banks	takugin	the average of the city banks	st. variance
<b>the end of mar. 1955</b>			
deposits	141	166	55
loans	61	134	48
foreign exchange	0.08	18	22
securities	9	23	7
idle money	70	9	14
ordinary balance ratio	77.6%	77.85%	2.22%
Takugin's share of idle money	105.8%		
Takugin's share of securities invested	3.4%		
Takugin's share of deposits	7.0%		
Takugin's share of loans	3.70%		
<b>the end of mar. 1960</b>			
deposits	157	378	162
loans	126	611	359
foreign exchange	0.2	64	92
securities	28	62	92
idle money	2	-295	233
ordinary balance ratio	82.87%	84.17%	1.88%
Takugin's share of idle money	-0.1%		
Takugin's share of securities invested	3.5%		
Takugin's share of deposits	3.2%		
Takugin's share of loans	1.6%		
<b>the end of mar. 1965</b>			
deposits	349	891	368
loans	298	656	405
foreign exchange	7	150	150
securities	69	150	63
idle money	-18	84	200
ordinary balance ratio	82.51%	85.74%	2.69%
Takugin's share of idle money	-1.7%		
Takugin's share of securities invested	3.6%		
Takugin's share of deposits	3.0%		
Takugin's share of loans	3.8%		
<b>the end of mar. 1970</b>			
deposits	725	1,513	673
loans	593	1,308	576
foreign exchange	42	238	243
securities	125	247	121
idle money	6	-43	60
ordinary balance ratio	87.4%	85.92	3.61%
Takugin's share of idle money	-1.0%		
Takugin's share of securities invested	3.4%		
Takugin's share of deposits	3.2%		
Takugin's share of loans	3.0%		

the unit of the ratio of changes is %

account /the name of banks	takugin	the average of the city banks	st. variance
<b>the end of mar. 1975</b>			
deposits	1734	4151	1602
loans	1453	3662	1515
foreign exchange	178	730	646
securities	257	617	243
idle money	23	-128	215
ordinary balance ratio	92.3%	92.2%	1.0%
Takugin's share of idle money	-1.4%		
Takugin's share of securities invested	3.2%		
Takugin's share of deposits	3.2%		
Takugin's share of loans	3.1%		
<b>the ratio of change(55.3 to 60.3)</b>			
deposits	113.4	127.7	194.5
loans	104.2	349.5	1652
securities	211.1	169.6	1214.3
foreign exchange	157	291	143.9
idle money	-97.1	-337.80	156.4
ordinary balance ratio	6.8	8.3	2.2
<b>the ratio of change(60.3 to 65.3)</b>			
deposits	122.7	136.6	14.9
loans	136	13	41
securities	146.4	141.9	-31.5
foreign exchange	3,550	513	921.9
idle money	-100.00	-128.5	-14.2
ordinary balance ratio	-0.4	1.9	2.7
<b>the ratio of change(65.3 to 70.3)</b>			
deposits	107.7	69.8	82.9
loans	99.0	99.3	42.2
securities	1685.7	64.7	-19.3
foreign exchange	500.0	58.6	62
idle money	-133.3	-151.2	-70.0
ordinary balance ratio	6.0	0.2	34.2
<b>the ratio of change(70.3 to 75.3)</b>			
deposits	139.2	174.3	138.0
loans	145.0	179.9	163.0
securities	105.6	64.7	-19.3
foreign exchange	323.8	206.7	165.8
idle money	283.3	197.7	258.3
ordinary balance ratio	5.5	-98.9	-72.3

Souces : Banking bureau of MOF 'Annual reports' various years.