

Keeping Value Creation Close to Home

Regional revitalization is becoming measurable: stronger local job pipelines, smarter finance and infrastructure that keeps value creation close to home, even as Japan's demographics tighten. *By Daniel de Bomford and Anudari Erdenebulgan*

Tokyo is the brightest streetlight in Japan's economic night, and for decades, it has drawn in the majority of the nation's economic growth. But beyond that glow, the rest of the country is not standing still. New wiring is being laid, capital rerouted, skills trained and local systems modernized, so opportunity does not depend on one city. Even as Tokyo posted a net inflow of over 65,000 residents in 2025, fresh currents of demand and investment are beginning to move through regions that are rebuilding their own engines of growth.

The New Case for Regional Revitalization

What matters now is whether regions can convert these tailwinds into durable local cycles of spending, skills and capital. The government has signaled that shift through targets and infrastructure: tourism consumption reached about ¥8.1 trillion (\$51.68 billion) in 2024, and national policy aims to make high-speed connectivity nearly universal, with fiber coverage targeted at 99.9 percent of households by FY2027. Meanwhile, Japan's international student population rose to 336,708 as of May 1, 2024, up 20.6 percent year over year, an indicator that education ecosystems outside the biggest metros can play a role in replenishing regional workforces. The question for institutions on the ground is how to turn these macro signals into practical pathways for businesses, families and young workers to stay and build locally.

"But our mission isn't about short-term efficiency—it's about the long-term vitality of the region."

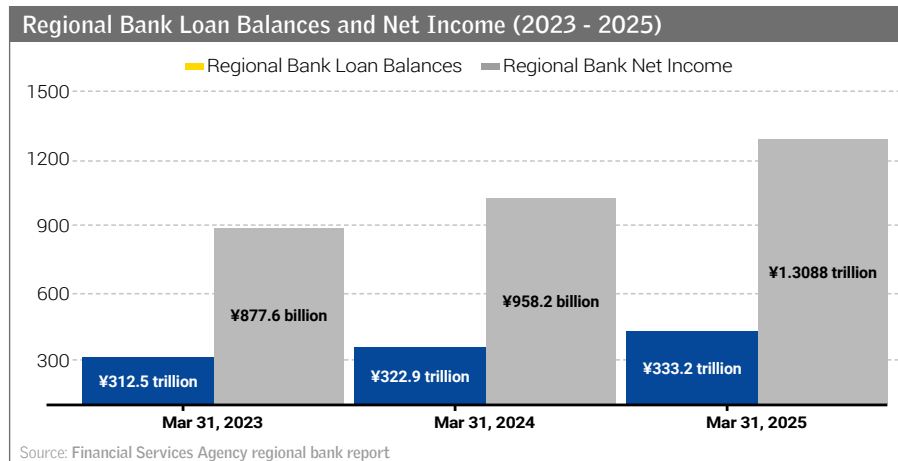
Shogo Ikeda,
President and CEO,
NSG Group



Where Capital and Skills Stay Local

In Niigata, NSG Group's approach starts with the premise that revitalization has to be taught, practiced and placed into real jobs. "From the beginning, the mission was clear: to promote Niigata's comprehensive development through education, entrepreneurship and innovation," President Shogo Ikeda says. NSG positions education as the region's growth infrastructure, linking schools with local employers and emerging industries. Its outcomes-based model is designed to keep talent in the prefecture by connecting training to livelihoods; NSG reports a 99 percent job placement rate, including international students, pointing to a pipeline that can support both local companies and a more diverse future workforce.

In Shiga, Shiga Bank is betting that regional competitiveness depends on whether local finance can reduce leakage and fund the transition to the next industrial base. Through its energy



initiatives, the bank frames decarbonization as an economic circulation strategy, arguing that money spent on imported power should be re-directed into local generation, services and jobs. "This should not be volunteer work. It must be a 'valuable business' that supports the region's sustainability," says President Shinya Kubota. By treating energy and transition finance as core banking work—credit, project structuring and long-term regional planning—the bank is trying to strengthen resilience while creating investable projects that anchor employment and procurement inside Shiga.

The Institutions Turning Strategy Into Jobs

In Okinawa, Bank of the Ryukyus is taking a platform view of revitalization: make everyday economic activity easier, then pair it with capital that helps local firms scale. "Our broader goal is to make Okinawa a 'Cashless Island,'" President Ken Shimabukuro says, tying payments modernization to visitor spending, labor efficiency and better data for small businesses. The bank's influence is broad and serves roughly 950,000 individual customers and more than 60,000 business entities and it is pairing digital infrastructure with targeted investment, including a ¥2 billion (\$12.76 million) BOR Venture Fund 3 to back startups. The aim is to strengthen an island economy that relies on tourism and services, while building new sources of growth that can keep younger workers from feeling they must leave to find opportunity.

Musashino Bank treats regional revitalization as a practical exercise in keeping capital, talent and innovation close to home. "Approximately 80 percent of the deposits we receive are loaned out to local businesses," President Kazumasa Nagahori says. The bank backs productivity gains through DX support, invests via an innovation fund and convenes partnerships such as "Shibusawa Mix," positioning finance as an on-the-ground engine for local jobs and renewal.

Gunma Bank frames revitalization as productivity and succession work, not slogans. "As the population decline progresses, improving productivity is essential," President Akihiko Fukai says. The bank pairs lending with consulting, acting as a bridge to DX and AI vendors and helping clients tap government subsidies. It also uses regional funds to support business succession and industry roll-ups, aiming to keep jobs, know-how and investment rooted in Gunma for decades ahead.

"Regardless of whether the domestic market shrinks, further globalization is unstoppable."

Shinya Kubota
President,
Shiga Bank



Procrea Holdings, formed through the merger of Aomori Bank and Michinoku Bank, frames regional revitalization as a prerequisite for its own sustainability. Vice President Keitaro Ishikawa put it plainly: "Without regional economic development, the sustainability of a regional bank is impossible." The group is building fee-based consulting capacity through Aomori Sosei Partners, with hands-on support for succession, M&A, restructuring and DX, aiming to strengthen SMEs while widening Aomori's links to overseas markets.

Regional revitalization will show up in the mechanics of daily life: whether money circulates locally rather than leaking out, whether education reliably becomes employment and whether capital is available for companies that can grow without relocating. With tourism spending rising, digital adoption accelerating and institutions building practical systems around skills, transition finance and local platforms, Japan's regions have a clearer chance to define the next decade on their own terms.



NSG Group Builds Careers for International Students in Niigata

As Japan confronts population decline, NSG Group builds opportunity in Niigata, linking education, employment and community-driven regional revitalization. *By Daniel de Bomford, Anudari Erdenebulgan and Arthur Menkes*



International student studying Animation production

As Japan faces demographic decline and widening regional gaps, NSG Group has built one of the country's largest education-based ecosystems in Niigata, linking professional training, innovation and community engagement. The model creates practical skills and clear career paths for local and international students seeking to study and work in Japan.

The group operates four universities and graduate schools, 35 specialized colleges and three high schools, granting hands-on industry-relevant experience in fields such as business, IT and computer science, animation, manga, sports, health care and welfare.

NSG Group's most compelling strength is the tangible outcome it delivers: employment. Including international students, NSG Group achieves a 99 percent job placement rate through its practical education model and deep connections with employers and local industries.

This strong record has helped make NSG not only a leading institution for Japanese



International student experiencing Japanese culture (tea ceremony)

students but also an increasingly attractive destination for overseas students determined to build their future in Japan.

Typically, graduates gravitate to major urban areas for employment. A core part of NSG's mission is to "Stop the Tokyo Concentration," facilitate local job creation and contribute to regional revitalization.

"Even if we provided quality education, if there were no local employment opportunities for graduates, young people would still leave for Tokyo or other major cities," President Shogo Ikeda said. Ikeda's father founded NSG with the belief that revitalization starts at home, and high-quality education provided locally is the first step to ensuring that young people stay, grow and contribute to the region.

For international students, studying in Japan involves daily life as much as academics. Niigata offers experience beyond major metropolitan centers while still providing professional opportunities. Living costs, including rent and food, are significantly lower than in Tokyo, making it easier to focus on school. With a safe environment and strong local support, Niigata provides a practical setting to build skills and begin a career in Japan.

NSG's expansion beyond the classroom reflects a practical understanding of regional economics. As Ikeda said, education alone



Regional revitalization through sports, supporting a professional soccer team

cannot anchor young people if meaningful employment does not follow. In response, the group broadened its footprint into health care, elderly care and welfare services, helping support Niigata's aging population while creating stable career paths for graduates.

It also fostered entrepreneurship, sports and entertainment ventures designed to bring energy and opportunity to the region. The result is an integrated ecosystem that develops talent and sustains it, reinforcing NSG's long-term commitment to local revitalization.

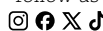
Central to that strategy is NSG's "Only One" philosophy. Rather than replicate generic business or IT schools in Tokyo, the group has built nationally distinctive programs in animation, manga and soccer, among other fields. By offering specialized education tied to Japan's creative industries, NSG attracts students from across the country to Niigata, positioning the city as a destination for ambitious young talent.

NSG Group was founded to support Niigata's development through education, entrepreneurship and innovation. Over five decades, it has built a model that links education with employment and regional growth. For international students seeking practical skills and career opportunities in Japan, NSG Group offers a clear path to study, work and contribute to Niigata's future.

New Sustainable Growth

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Shiga Bank Strengthens Regional Economies by Leveraging Its Global Network

From the shores of Lake Biwa, Shiga Bank is redefining what globalization means for a regional financial institution. Rather than pursuing scale, it is using international networks to circulate capital, knowledge and opportunity back into local communities, supporting Japan's regional economies. *By Daniel de Bomford*

As morning light pours onto Lake Biwa, the lake's surface comes into view—waters that have shaped life in central Japan for thousands of years. Fishing boats draw quiet lines across the lake, and rivers fed by its water flow out toward cities. For Shiga Prefecture, Lake Biwa is infrastructure, history and a responsibility that must be protected.

That sense of responsibility also runs through Shiga Bank. Headquartered beside one of the world's oldest lakes, the bank has built its strategy around a central question: How do you protect what supports the region while securing economic sustainability in an increasingly globalized world?

Shiga Bank has found its answer not in "expansion," but in

"connection"—linking regional companies to global opportunities, connecting environmental

"Profit is not an end in itself, but the foundation that makes investment in the future possible."

Shinya Kubota,
President,
The Shiga Bank, Ltd.

「三方よし」で地域を幸せにする
Sustainability Design Company
www.shigagin.com

preservation with sustainable value and turning global perspectives into local action. That is the bank's stance.

A history built by movement and exchange

Shiga Bank's philosophy is rooted in the land. Shiga Prefecture sits near the center of Japan's main island and is home to Lake Biwa, one of the world's oldest freshwater lakes. Historically, it served as a route connecting the Sea of Japan with Kyoto and Osaka, carrying not only goods, but also culture and ideas.

"Historically, Shiga was a hub for logistics and cultural exchange. Goods that arrived in Tsuruga from Hokkaido crossed Lake Biwa and were carried to Kyoto—playing, in a sense, a role



SHIGA BANK

similar to today's National Route 1," Shinya Kubota, president of Shiga Bank, said.

This history overlaps with the spirit of the Omi merchants, who operated widely yet returned profits to their home region. Their ethos—"good for the seller, good for the buyer, good for society"—still underpins Shiga Bank.

"This idea is deeply rooted in the spirit of the Omi merchants and the presence of Lake Biwa. That history and spirit continue to flow through Shiga Bank today," Kubota said.

Think globally, stay rooted locally

From its early days, Shiga Bank moved away from the model of a regional bank confined to its prefecture. Soon after its

merger, it expanded into Kyoto, Osaka and Tokyo—an unusual decision at the time.

"We believed that by returning profits and insights gained in major cities to the region, we could support the regional economy more strongly," Kubota said.

However, this outward stance was never meant to make the bank itself a "global company."

"Our objective is not for us to become a 'global company,'" Kubota said. "We believe what matters is functioning as a hub that connects diverse partners inside and outside Japan and creates value."

In practical terms, that means building networks, gathering information and creating systems that help regional firms—many of them small and midsize manufacturers—grow beyond Japan's shrinking domestic market.

Supporting local companies' overseas expansion

Shiga has Japan's highest share of secondary industry and overseas expansion has become an urgent issue for local companies. Shiga Bank established overseas bases early and strengthened partnerships with organizations such as JETRO.

"In the past, support focused mainly on securing low-cost production bases, but today



Shiga Bank Head Office



Travelling merchants of Ōmi

needs have diversified—market development, partner searches, regulatory responses and market research, among others,” Kubota said.

To meet those needs, the bank has strengthened talent development on the ground while coordinating closely with teams in Japan, with a particular focus on India.

“We position India as an important market going forward and are dispatching staff to conduct local research,” Kubota said.

The bank has also worked with institutions such as JBIC to jointly monitor regional companies’ overseas businesses, building a more advanced support structure.

“In short, globalization means expanding networks and creating mechanisms that allow regional companies to maximize their capabilities,” Kubota said.

Environmental management is both mission and strategy

If globalization is an outward force, environmental action is an inward responsibility. Shiga Bank’s sustainability efforts have a long history: it established an environmental policy in 1999, became the first bank recognized under Japan’s Eco-First program, and in 2017 formally declared its commitment to the U.N. Sustainable Development Goals (SDGs).

“The starting point for our environmental efforts is, above all, the existence of Lake Biwa,” Kubota said.

Lake Biwa is an ancient lake with about four million years of history. It is home to many endemic species and also serves as a water source for the Keihanshin metropolitan area. If

conditions deteriorate, millions would be affected.

“We see Lake Biwa not as a ‘resource consumed by modern people,’ but as an ‘asset entrusted to us from the future.’ We have a responsibility to pass it on to the next generation in better condition,” Kubota said.



Business Cooperation Agreement with JBIC

Bank leadership points to the severe pollution issues of decades past—when residents mobilized to limit synthetic detergents—as an example of what is at stake.

“As global warming progresses, environmental risks will only continue to grow,” Kubota said. “For a bank headquartered in Shiga, environmental action is not an option—it is a mission.”

What matters is that the bank does not treat environmental activity as “charity.”

“This should not be volunteer work. It must be a ‘valuable business’ that supports the region’s sustainability,” Kubota said.

Putting sustainability into financial practice

That belief has taken shape in concrete initiatives.

Shiga Bank has long worked in environmental finance and has expanded into sustainable finance and transition finance. It offers products that support decarbonization, including home loans that set the interest rate to zero on the portion that

covers the cost of installing solar panels and battery storage.

In April 2024, the bank went further and established an energy subsidiary, Shigagin Energy.

“We believed we should first demonstrate our strong commitment to GX ourselves, so we launched an energy company,” Kubota said.

It currently has about 28MW of generation capacity, enough to supply electricity for around 10,000 households.

The goal is not only decarbonization, but the resilience of the regional economy.

“Shiga Prefecture is said to see about 200 billion yen in energy costs flow out of the region each year. If power is generated inside the region, money circulates within the region,” Kubota said.

The vision is “local production and local consumption of energy,” an essential idea for protecting manufacturing and Lake Biwa’s ecosystem.

“If Shiga’s decarbonization falls behind, the manufacturing-centered regional economy will decline,” Kubota said. “The worsening of Lake Biwa’s water quality and the impact on its ecosystem would become dramatically more severe.”

Confronting regional challenges head-on

In addition to environmental issues, Shiga Bank is also tackling challenges shared across Japan’s regional economies—population decline, business succession and digital transformation.

“These challenges cannot be solved by a single sector. Collaboration among government, academia, industry and finance is necessary,” Kubota said.

Shiga has many universities, and startup support through industry-government-aca-

demia-finance collaboration has continued for more than 20 years. For business succession, the bank established Shigagin Capital Partners in 2024 to provide capital participation and management support.

“We must respond to diverse needs beyond M&A,” Kubota said, pointing to capital investment and human-resources support as key elements.

The bank has also entered the recruitment business, matching management talent with local companies. On digital transformation, it shares its own digitization experience and supports clients with DX strategy development and system upgrades.

Measuring success beyond profit

Shiga Bank achieved record profits, with net income reaching 18.7 billion yen (\$120 million). However, its position that profit is not the purpose remains unchanged.

“Profit is not the goal; it is the foundation for investing in the future,” Kubota said.

Asked what success should look like in the coming years, his answer was clear:

“What matters most is whether we are truly helpful to the region. If that contribution is recognized by the region as corporate value, that would be a major step forward,” Kubota said.

For Shiga Bank, the future is not something to wait for.

“The future is not left to chance—it is shaped by our own intentions,” Kubota said.

And the bank’s ambition can be distilled into one phrase: it wants to seriously practice “good for the seller, good for the buyer, good for society,” and bring lasting value to the region.



Promoting Local Energy for Local Use



Photo: Nacasa & Partners Inc. (Satoru Umetsu)

Bank of the Ryukyus Builds Forward

Bank of the Ryukyus is using its deep local reach to help shape Okinawa's next economy, expanding digital payments, climate-ready housing finance and startup support while preparing for a higher-rate era. *By Anudari Erdenebulgan*

In Okinawa, strength is rarely loud. It is structural, patient and shaped by the environment. Offshore, coral reefs shield the coastline from Pacific storms. Inland, the curved limestone walls of ancient gusuku castles were built to defy and endure typhoons—resilient, adaptive and rooted in the terrain they understand.

That durability shapes daily life. As the sun rises and the morning arrives with salt air drifting over stone seawalls, shops roll open along Kokusai-dori, while commuters move steadily through Kencho-mae (Kumoji) Station, the busiest monorail hub linking the airport to the city center. Adrift in the Pacific yet historically at the crossroads of Asia, these islands have long stood at the meeting point of local routine and global movement.

The Bank of the Ryukyus reflects that same instinct—reinforcing local foundations while enabling new growth to take root, shaped by the realities of its region and preparing for the shifts ahead.

A New Interest Rate Era, With a Long View Japan's move away from negative interest rates has forced many lenders to rethink how they manage risk and pursue growth. Shimabukuro sees the shift as a constructive signal.

"One of the key indicators here is that the normalization of interest rates is in itself a sign of economic recovery and strength," he

said. "That's a positive signal, not just for the broader economy, but also for us at the Bank of the Ryukyus."

The bank's confidence is built on longevity and local standing, having marked its 77th anniversary. "Over these decades, we've built a deep trust with our local customers, and today we hold the top market share in both deposits and loans within Okinawa Prefecture," Shimabukuro said.

In practical terms, that foundation positions the bank to operate with more balanced economics as rates rise, including lending at healthier margins. "We've actually been waiting for this type of environment to return," he said.

Big Reach in a Small Market

In Okinawa, scale is less about sprawling branch networks than it is about relationships. Shimabukuro points to the size of the bank's customer base as evidence of how deeply it is woven into daily life and local commerce.

"Okinawa has a population of approximately 1.46 million people, and we currently serve about 950,000 individual customers, which accounts for around 65 percent of the local population," he said. "On the corporate side, we work with over 60,000 business entities, broadly covering business establishments across the region."

That penetration matters in a changing environment, where banks must compete on relevance and service, not just rates. For Bank



"When I became president, I made it my mission to focus on people. I believe that developing talent is one of the most important responsibilities of any leader."

Ken Shimabukuro,
President, Bank of the Ryukyus
www.ryugin.co.jp/english



Cashless payment introduced for water buffalo cart rides

of the Ryukyus, it also provides a platform to introduce new products and community-oriented infrastructure, from digital payments to sustainability-linked finance.

A Gateway Economy, and a "First Point of Contact"

Okinawa's economy is shaped by tourism and by its location across major Asia-Pacific routes. Shimabukuro believes that combination creates a natural role for a regional bank: helping investors and companies translate local conditions into workable plans.

"Okinawa's economy is heavily reliant on tourism, which makes us an appealing gateway for international investors looking to enter Japan or expand into Asia," he said. "In this context, I see the Bank of the Ryukyus playing a key role as a first point of contact, a kind of trusted advisor for overseas investors."

The bank's work in tourism-linked development includes experience supporting infrastructure and hotel construction. It also operates a research arm to strengthen decision-making with local data. "Within our group, we also operate a think tank Ryugin Research Institute ... and provide strategic policy recommendations to the Okinawa Prefectural Government," Shimabukuro said.

That mix of financing and local insight, he argued, helps reduce uncertainty for outside capital. "We also have a solid track record in syndicated lending, including major hotel projects and leisure facilities such as Junglia," he said.

Digital Payments as Public Infrastructure

Many banks talk about digital transformation as a back-office project. Bank of the Ryukyus frames it as an operating model and a community service.

The more visible work shows up in transit and everyday transactions. "We've implemented tap-to-pay functionality across Okinawa's monorail system and on buses serving remote islands," he said. Support for and the rollout of payment services across public transportation was initially undertaken primarily to improve convenience for tourists, including inbound visitors. In practice, however, usage among Okinawa residents has also risen. "The initiative is contributing to greater convenience for both visitors and local residents," he said. "Our broader goal is to make Okinawa a 'Cashless Island.'"

Sustainability Finance Built for How Okinawa Lives

For Shimabukuro, climate strategy starts with understanding where emissions come from locally.

"Okinawa has a unique emissions profile," he said. "Unlike prefectures with large industrial bases, most of our CO2 emissions come from households."

That reality pushed the bank toward residential solutions, including a green mortgage tied to energy-efficient housing. "Our green mortgage program supports customers who invest in ZEH housing by offering tailored financing," he said. "More than just a loan, this product enables us to measure and verify the reductions in CO2 emissions from each supported project."

Housing, however, is not one-size-fits-all in Japan. Shimabukuro notes that Okinawa's construction norms differ, and national incentives do not always match local realities. "That's why we created the 'ZEP Ryukyu Club,' a partnership with local construction companies and architects," he said.

Building an Innovation Pipeline in Okinawa

Bank of the Ryukyus has supported local entrepreneurs for more than a decade, Shimabukuro said, through the Okinawa Startup Program and related initiatives.

In recent years, it has expanded its ability to invest. "The first and second BOR Venture Funds were about 100 to 200 million yen each, but our third fund is 2 billion yen, ten times larger," Shimabukuro said. "In parallel, we launched BOR Venture Debt to offer loan-based funding in addition to equity," he said.

Partnerships are central to that approach, including collaboration with OIST, the Okinawa Institute of Science and Technology. Shimabukuro highlighted EF Polymer, a company developing biodegradable polymers for agriculture.

The Through Line: People

Behind the initiatives is a leadership philosophy focused on talent. "When I became president, I made it my mission to focus on people," Shimabukuro said. "Everything we do digital, green finance, startup support ultimately depends on the strength of our people."

And for a bank with deep roots in a place defined by movement, the destination remains local. "Everything we do is for the people and future of Okinawa," Shimabukuro said.



Okinawa's unique culture and rich natural environment

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