



Agentic banking governed by design

*Turning resilience into growth
in Japanese banking*

2026



From resilience to growth

A bigger role for Japanese banking

From resilience to opportunity

For a generation, Japanese banks sustained the economy through deflation, zero rates and negative rates, preserving stability where few banking systems have been tested so long. That endurance now gives the sector something more powerful than stability alone. With interest rates restored, it gives banks the platform to play a larger role in Japan's next chapter of growth.

Powering Japan's next phase

That role matters far beyond banking itself. Japan's future competitiveness depends on institutions that can move capital with confidence, support businesses with pace, and help power the capital efficiency, digital transformation and growth investment agendas reshaping the national economy. Banks are not observing that transformation from the sidelines. They are one of the engines that will help drive it.

Unlocking growth through execution

This is what makes the moment so significant. Growth is no longer separate from resilience. The challenge is to unlock that growth in a world where operations are more complex, expectations are rising faster, and AI is expanding what banks can do across decisions, service and execution. The opportunity is real. So is the need for a stronger, more agile way to run the bank.

The ambition of evolving 'agentic banking, governed by design' speaks directly to that need. It captures the possibility of faster, more intelligent and more adaptive operations, while keeping hold of the accountability, visibility and trust that banking cannot afford to lose, particularly as the FSA sets out its expectations for operational resilience and the sound utilisation of AI. It is a growth story built for a regulated world, and it opens a more confident path forward.

A stronger operating model enabling growth, efficiency and superior service underpinned by control



Six pressures shaping the executive agenda

Why this conversation matters now

The case for a stronger execution model is not abstract. It is written into the pressures Japanese banking executives are managing every day, pressures that pull in different directions and that conventional operating models struggle to reconcile.

The demographic and labour crunch

Japan's shrinking workforce has turned automation from a discretionary productivity lever into a structural necessity. Banks must run more work through fewer hands, while an ageing customer base raises its own service obligations, from accessibility through to safeguards for older customers. Processes that depend on manual coordination will not scale into that future. The institutions that thrive will be those that redesign how work flows so that people are reserved for the judgement, empathy and relationships only people can provide.

Investor expectations around growth and returns

Shareholders have been rewarded handsomely, with the three megabanks posting record profits for a third consecutive year, roughly ¥5.3 trillion combined, as rate normalisation restores lending margins. But record results raise the bar. The Tokyo Stock Exchange's capital efficiency agenda, the unwinding of cross-shareholdings and price-to-book scrutiny mean investors now expect returns built on durable execution, not a one-off rate windfall. Growth has to come from conversion, deeper relationships and faster time to yes.

Cost-to-serve and the efficiency imperative

Japanese banks carry a cost base built for a different era: extensive branch networks, paper-intensive processes and manual reconciliation between generations of systems. Rate normalisation has lifted revenue, which makes this the moment to fix cost-to-serve structurally rather than bank the windfall. Sustainable reduction comes not from headcount cycles but from redesigning how work flows: getting the right split between AI agents, automation and people, and removing the coordination effort that sits between systems.

Operational simplification

Decades of accumulated complexity sit at the centre of the agenda: legacy core systems, duplicated processes across merged entities, and data estates that resist integration. System incidents have made simplification a supervisory expectation, and fragmented estates inhibit the ability to scale platforms, deploy AI safely and

deliver transformation at pace. Simplification has become the critical enabler, and it requires an execution layer that can span and rationalise what sits beneath it.

AI adoption at enterprise scale

Japanese banks have moved decisively on AI, from generative AI assistants for staff through to fraud detection, and the FSA is actively encouraging sound utilisation through its AI Discussion Paper and Public-Private Forum. The harder problem is industrialising it: running AI across the business in a way that is reliable, affordable and safe, with predictable unit economics and consistent behaviour in high-volume processes. The difference between AI experimentation and AI advantage is orchestration, giving intelligence a governed place inside the flow of work rather than alongside it.

Operational resilience as a permanent property

The JFSA and Bank of Japan have set out a shared view of operational resilience covering critical operations, tolerance for disruption and third party oversight, pursued through dialogue rather than hard deadlines. Resilience is no longer a programme; it is a permanent property, evidenced in how work runs.

Each of these pressures is significant on its own. What connects them is that none can be solved with another point solution. They are all, at root, questions about how the bank runs, and that is precisely the question business orchestration answers.



The next chapter for Japan's banks starts here

Banking's role in Japan's growth story

Opportunity at scale

Japanese banks remain one of the defining strengths of the economy. They finance businesses, support households and help keep the financial system moving with confidence. What is changing is the scale of the opportunity in front of them. With interest rates restored, banks are central to enabling growth, unlocking investment and supporting Japan's transition to a more productive, more competitive economy.

Capital ready to move

Japanese households hold more than ¥2,000 trillion in financial assets, over half of it in cash and deposits, while the national agenda pushes a shift from savings to investment. Banks sit at the point where that capital can be mobilised and put to work. The ability to move it faster and deploy it more intelligently is becoming a major source of advantage.



Execution becomes decisive

The conditions for growth are becoming more demanding. Competition is intensifying, from the megabanks through to internet banks and embedded finance challengers. Customer expectations continue to rise around speed, relevance and ease. Technology estates are increasingly complex. Many institutions are still working harder than they should be to achieve the outcomes they want. This is where the next phase is defined, not by the simple presence of technology, but by how well the bank can better coordinate what it already has, including its people, to improve performance at scale.

Execution matters now because it connects ambition to results. As AI expands what banks can do, and as the FSA sharpens expectations of operational resilience and sound AI utilisation, the ability to run work, decisions and intelligence in a connected, well governed way becomes more valuable still.

The opportunity is large, visible and ready to be unlocked



¥5.26tn

Combined megabank net income for FY March 2026, a record for the third consecutive year

+7%

Growth in domestic corporate lending last fiscal year, as private sector demand for funds returns

¥2,000tn+

Household financial assets, more than half in cash and deposits, awaiting the shift from savings to investment

A better way of running the bank is within reach

Business orchestration moves to the centre

From tools to system

Business orchestration and automation technologies, or BOAT, are emerging at exactly the right moment because they address the challenge beneath so many others: how the bank runs as a system. BOAT brings together capabilities that have often operated in isolation, including workflow automation, low-code development, AI, integration and case management. What changes is not simply the toolset. What changes is the bank's ability to coordinate work, decisions and processes across the organisation as one connected execution model.

Connecting work end-to-end

That shift opens up new possibilities. Instead of improving isolated tasks, banks can improve how entire journeys operate. Decisions arrive at the right moment, with the right context. Work moves more cleanly across systems and teams. Intelligence supports the flow of execution rather than sitting to one side of it. This is where performance becomes more consistent and effort starts to reduce at the same time as outcomes improve.



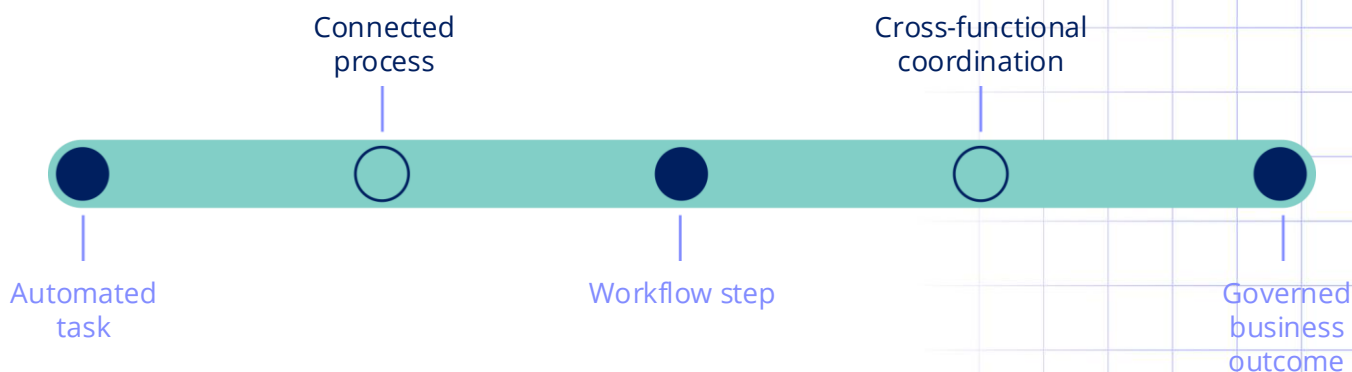
Answering the executive agenda

Viewed against the six pressures above, the logic is direct. A shrinking workforce stretches further when the split of work across AI agents, automation and people is designed rather than accumulated, and cost-to-serve falls structurally rather than cyclically for the same reason. Simplification accelerates when a single execution layer can rationalise duplicated processes without waiting for every legacy system to be replaced. And resilience evidence stops being a retrospective exercise when accountability and traceability are properties of how work runs.

Strengthening execution capability

For banks pursuing growth, this is a meaningful step forward. It becomes easier to move faster without increasing friction, and easier to scale improvement without losing visibility. BOAT turns execution into a capability that can be strengthened deliberately.

Connected execution turns capability into performance



Agentic banking opens a new level of performance

Designed for speed,
built for trust

Intelligence moves into action

AI is already changing what banks can achieve. Decisions can be made faster. Journeys can respond more intelligently. Operations can adapt in real time. As capabilities become more agentic, the bank gains the ability to act with greater speed and intelligence across its operating environment.

Unlocking new performance gains

That is where the opportunity becomes more impactful. Intelligent systems can help banks improve service, increase efficiency and respond to customers in more meaningful ways, including identifying early signs of customer stress and intervening before difficulty becomes arrears. Work becomes less constrained by manual effort and more shaped by insight, timing and flow. The gains can be substantial when the bank is able to coordinate them well.

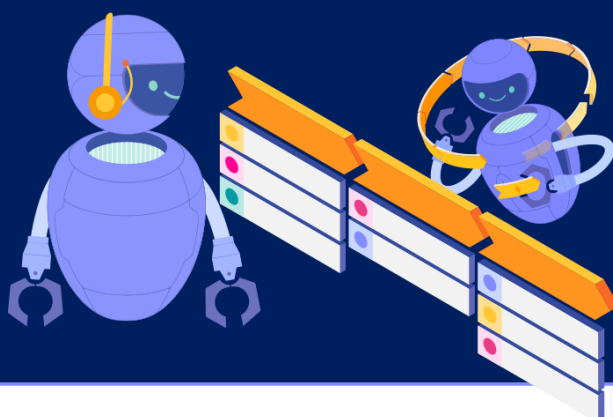


Scaling with confidence

The value of that shift grows further when intelligence is part of a connected execution model. When AI operates inside orchestrated workflows, actions remain linked to clear ownership, decisions stay traceable, and outcomes can be explained and improved, exactly the evidence trail that the FSA's operational resilience and sound AI utilisation expectations now call for. Unit economics also become predictable, because the orchestration layer determines where reasoning-heavy AI is genuinely needed and where deterministic automation does the job at a fraction of the cost. The bank can move faster with confidence because performance and control evolve together.

This is what agentic banking, governed by design, makes possible. It allows banks to pursue the upside of intelligence while maintaining the discipline that a highly regulated, highly trusted sector requires. It creates a model in which growth and control strengthen one another, and where ambition can scale without bringing uncertainty with it.

Intelligent operations move faster when control travels with them



Growth becomes visible through four outcomes

Where performance is won

Linking execution to outcomes

The impact of a stronger execution model becomes clearest when viewed through the outcomes that matter most to the business, and to the investors watching it. Revenue growth, risk control, cost efficiency and service performance shape whether the bank is improving commercially, operating more effectively and delivering experiences that strengthen trust. They also show whether growth is being built on strong foundations.

Improving each outcome together

Revenue growth improves when journeys, decisions and offers are connected in ways that convert demand into value more effectively, answering the investor question of where returns come from beyond the rate cycle. Risk control becomes more robust when governance is built into how work runs, directly supporting the FSA's expectations around accountability and auditability.

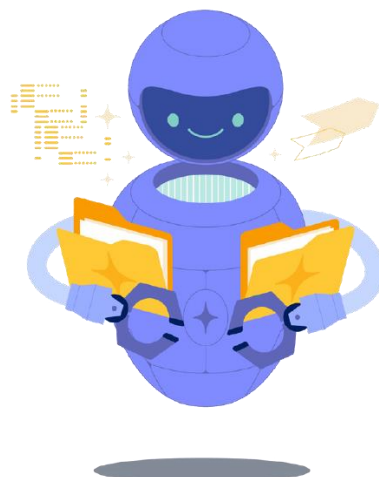
Cost efficiency improves through getting the right balance between human effort, automation and AI, turning cyclical cost discipline into structural cost-to-serve advantage. Service performance improves because journeys can adjust to volume shifts, including seasonal and market-driven surges, and flow more smoothly across channels, systems and teams.

Creating system-wide advantage

Balancing these outcomes requires superior orchestration. When execution improves across the system, performance improves across the business. Better orchestration can lift service while reducing cost and not increasing risk. Stronger evidence trails can support change while increasing trust and ensuring auditability. More connected decisioning can improve conversion while reducing operational drag. That is what turns orchestration from a technical concept into a commercial advantage.



**Agentic banking,
governed by design**



A business-outcome view for Japanese banking leaders

Pega-enabled execution capabilities



Revenue growth

- Process orchestration and optimisation
- Real-time decisioning and adaptive learning
- Sales and service action management



Risk control

- Evidence built into runtime execution, supporting FSA resilience expectations
- Accountability and auditability
- Controls and review mechanisms



Service performance

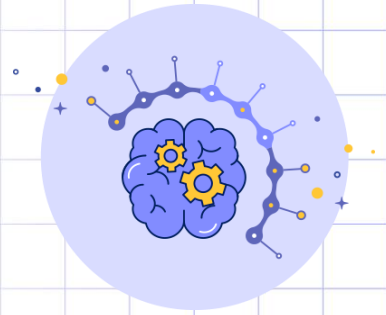
- Service management, including governed servicing and collections journeys
- Skills-based routing
- Faster execution and throughput
- End-to-end customer journey optimisation



Cost efficiency

- Optimised automation levels
- Right work split: AI agents, automation and humans
- Workflow orchestration

Pega helps banks turn this into reality



Execution, enabled and delivered

One platform for execution

For banks looking to move from resilience to growth, the question is how to make this shift real. That is where Pega comes in.

Pega brings business orchestration, agentic workflow automation, AI and AI agents, low-code development and enterprise connectivity together in a single platform designed to run complex, high-stakes work end-to-end. This creates a practical way to connect systems, coordinate processes and embed intelligence within the flow of execution.

Delivering real operating change

What this enables is a different kind of operating capability. Work moves more fluidly. Decisions are made with context. Control remains visible. The bank can improve

performance without increasing complexity, and scale change without losing confidence in how it runs.

Proven in banking

That capability is reinforced by experience. Pega has spent decades working at the intersection of AI, decisioning and workflow in some of the most demanding, regulated environments, including with banks operating under the FSA's supervisory framework. It is recognised by analysts as a leader in business orchestration and automation, and trusted by global banks to support transformation at scale. Together, this creates a clear route from ambition to execution, supported by a platform built for complexity and a partnership focused on outcomes.

Pega Blueprint as the harness

The frontier models are becoming a commodity; the differentiator is the structure built around them that decides when a model runs, what it is allowed to touch, and how its output becomes a decision the bank can stand behind. Pega Blueprint provides that harness. Governance is not bolted on as a runtime kill switch or control tower after a decision has been made; it is modelled into the workflow at design time, with every decision point, handoff and model call made visible to the people who understand the business, and to regulators.

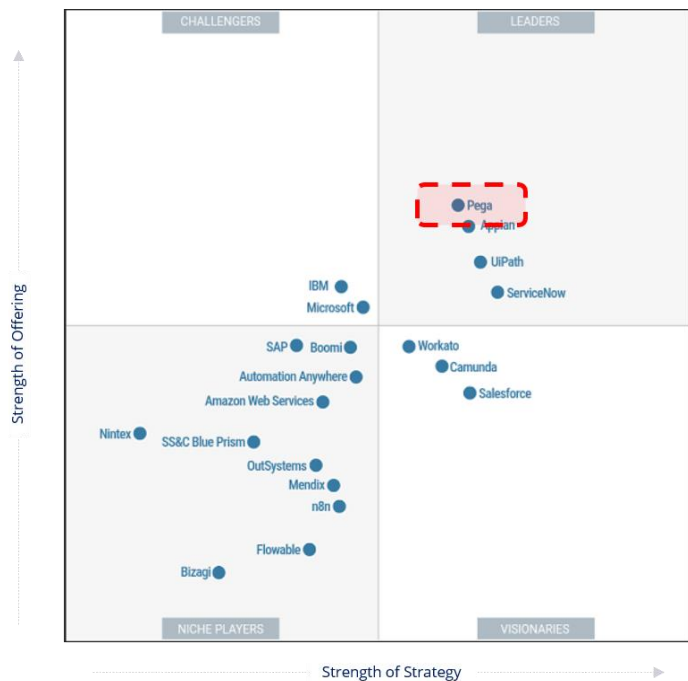
The result is deterministic execution where work should run the same way every time, AI applied surgically only where judgement is genuinely needed, and predictable outcomes at predictable cost. For a bank answering the FSA's expectations on resilience and sound AI utilisation, that is the difference between hoping a control catches a problem after the fact and designing accountability, traceability and evidence into how the work runs from the start.

Recognised as a Leader

Two evaluations, one conclusion

Gartner: The Leader in BOAT

Gartner positions Pega as the Leader in the Magic Quadrant for Business Orchestration and Automation Technologies, 2026, recognising case management, deterministic workflow automation and adaptive work unified in a single platform at **zero token cost**, and a delivery model in which Pega Blueprint accelerates time to value.



Forrester: a Leader in AI Platforms

Forrester names Pega a Leader in The Forrester Wave: AI Platforms, Q3 2026, its evaluation of the fifteen AI platform providers that matter most, highlighting agent and application development that excels through Pega Blueprint, with strong innovation, roadmap execution and an activated partner ecosystem in banking and financial services.



A Leader in BOAT and in AI platforms

Forrester assesses Pega as a strong fit for organisations implementing complex, regulated workflows with AI agents, highlighting cohesive agent and application development, ease of use for technical and business users alike, and workflow strength through Pega Blueprint.

This is where momentum begins

Moving from intent to execution

From tools to system

The opportunity for Japan's banks is clear. The ability to turn resilience into growth, improve outcomes across revenue, risk, cost and service, and use AI and automation in ways that strengthen both performance and trust.

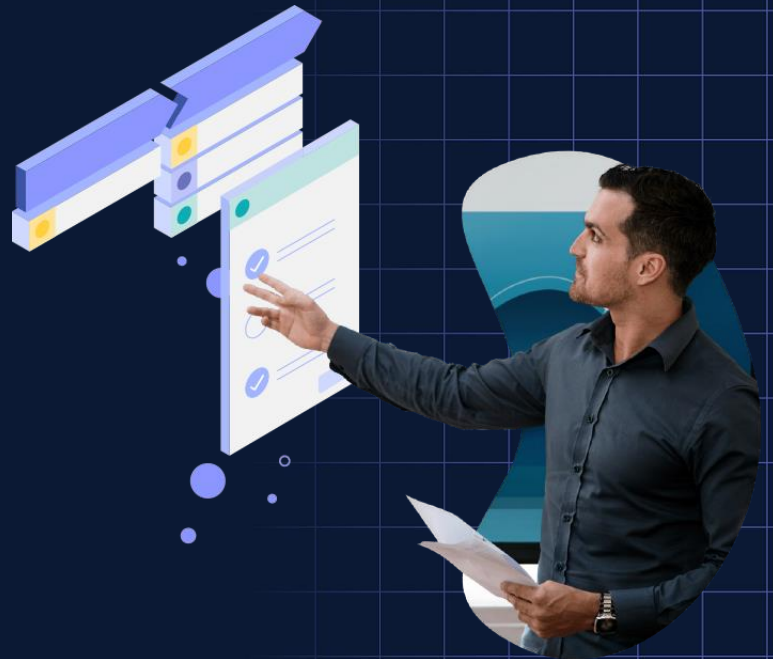
Starting where it matters

What matters now is how that opportunity is approached. The banks that succeed will focus on how the organisation runs, not simply on what technology is added. They will start with real journeys, real outcomes and real points of friction, whether that is a corporate onboarding journey slowed by paper and manual checks, a servicing process straining under a shrinking workforce, or a resilience evidence obligation consuming manual effort, then improve them through better coordination, clearer decisioning and more connected execution.

Building confidence as you scale

Business orchestration provides a practical way to do that. It enables banks to begin in focused areas, prove value quickly and build confidence as they scale. Progress becomes visible, and transformation becomes something the organisation can sustain. Pega's role is to enable that journey, providing the platform, expertise and partnership that help banks move forward with clarity and confidence.

Growth will follow how the bank runs.



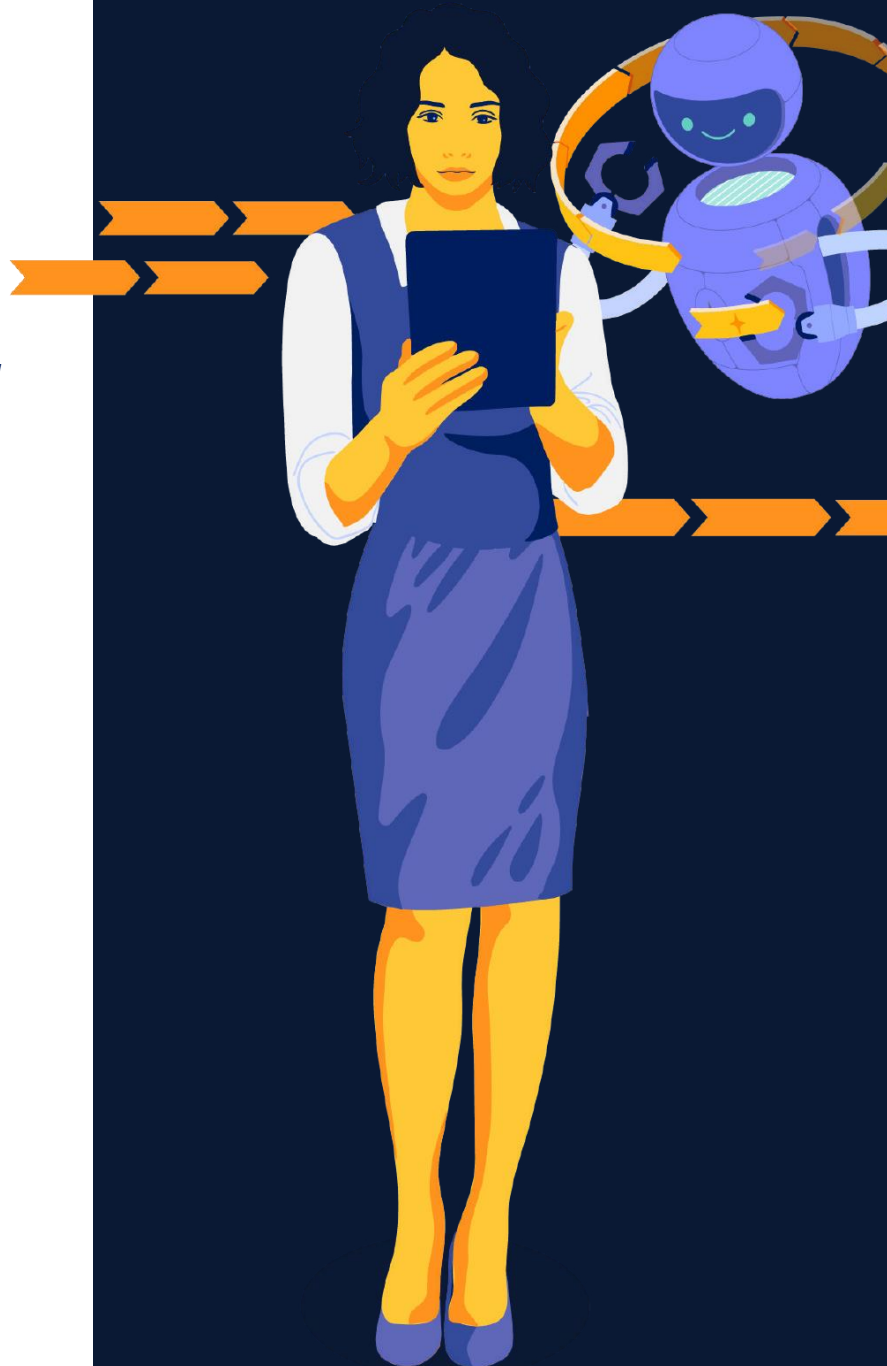
Build the Blueprint that starts your BOAT journey



pega.com/blueprint

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Pega is The Enterprise Transformation Company that helps organisations Build for Change® with enterprise AI decisioning and workflow automation. Many of the world's most influential businesses rely on our platform to solve their most pressing challenges, from personalizing engagement to automating service to streamlining operations. Since 1983, we've built our scalable and flexible architecture to help enterprises meet today's customer demands while continuously transforming for tomorrow.

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