

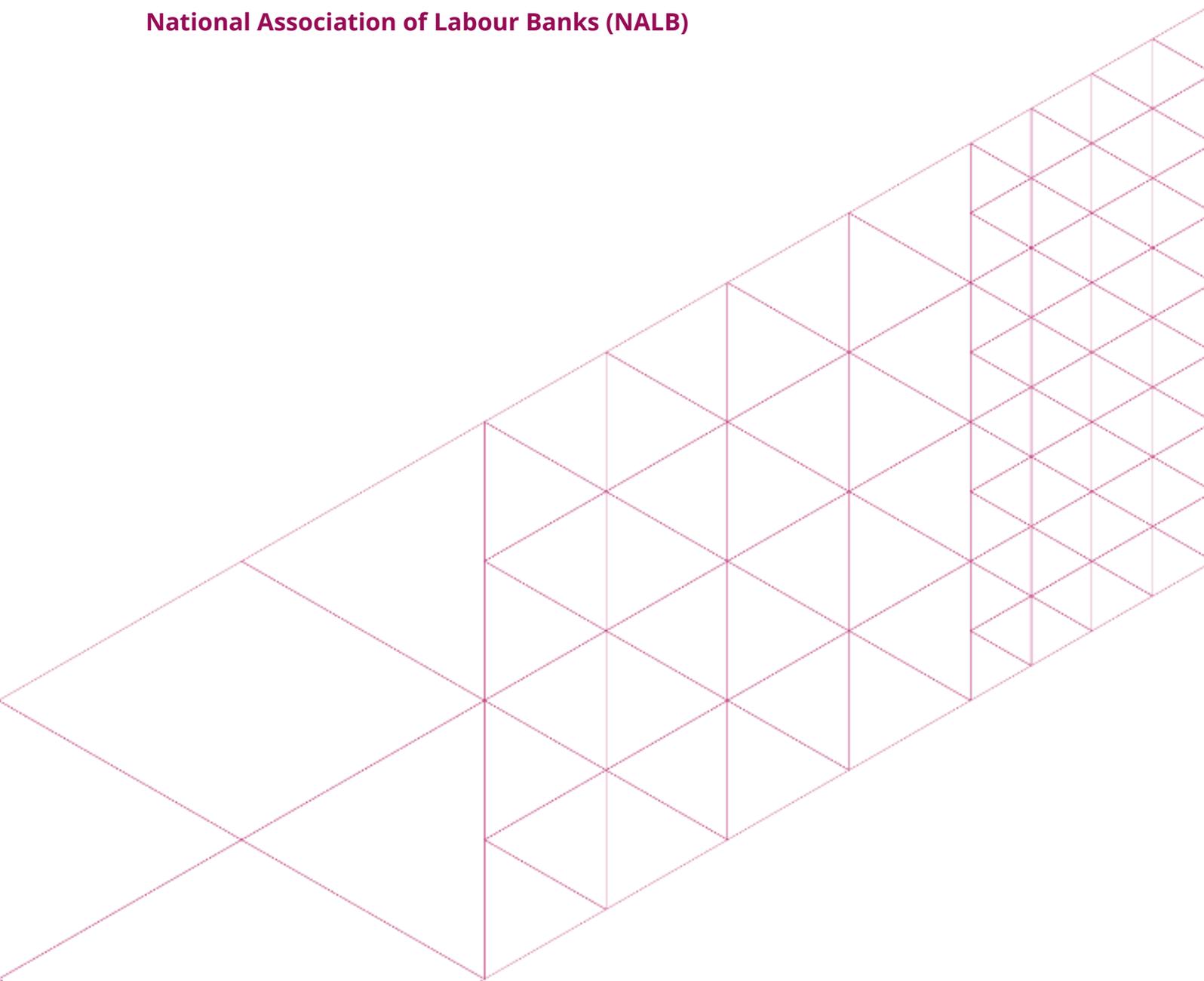


International  
Labour  
Organization



# Rokin Banks' responses to the COVID-19 outbreak in Japan

**National Association of Labour Banks (NALB)**



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## ▶ Introduction

The spread of the COVID-19 outbreak continues worldwide, and on 24 September 2020, the total number of people infected largely exceeded 32 million. In Japan, the spread of the virus continues, and the total number of cases exceeds 80,000.

The COVID-19 outbreak is having a serious impact on the Japanese economy and is threatening the lives of the Japanese people by affecting their health, reducing their income and destabilizing their employment. Although the government has taken a variety of measures to combat the spread of COVID-19 disease, stimulate the economy and protect workers and their families, the preliminary figures for real GDP in the April-June 2020 period show a decline of 7.8% from the previous year due to a decline in consumer spending and capital investment, which is even more significant than the decline in the January-March 2009 period following the Lehman shock.

Rokin Banks form a network of 13 union-led cooperative financial institutions operating all across Japan, they count over 51,000 member organizations which represent 11 million individuals, mostly workers, including low-income workers. With its 70-year-experience in building an inclusive society and advancing workers' financial inclusion in Japan, Rokin Banks are well positioned to play a key role in the COVID-19 response and they have launched a number of initiatives to provide support and protect the livelihoods of working people and their families.

## ▶ Adjusting Rokin Banks' programmes and measures to address impact of COVID-19

### Special Financing Programme to Support Workers

The Special Financing Programme to Support Workers was originally established to assist Rokin members whose income has decreased (due to reasons such as unemployment and bankruptcy). This loan programme is available in all 13 Rokin Banks and is handled in a unified manner. When the COVID-19 struck Japan, the programme was restructured to meet the financial needs of Rokin members who were affected by the pandemic. In April 2020, the loan programme started to avail special loans, without collateral, for a maximum amount of 3 million yen and at an annual interest rate of 1.5%. As of 31 August 2020, Rokin Banks had availed 2,500 loans under this programme with a total loan amount of about 2.9 billion yen<sup>1</sup>.

This loan programme also allows existing borrowers to adjust their loan terms and conditions. For example, the repayment amount can be reduced by extending the repayment date, or the borrowers can choose to repay only interests for a fixed period of time with the principal repayment kept unchanged for up to five years. It is possible to re-plan repayments to suit individual circumstances.

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<sup>1</sup> UN Exchange rate: USD=JPY105.49 as of Sept 2020

## Outline of the Special Financing Programme to Support Workers

Items	Contents
Target Group	<p>Members who faced an income decline or lost their jobs as a result of the COVID-19 pandemic.</p> <p>The loan cannot be used for business or investment purposes.</p>
Loan interest rate	1.5% per year (fixed interest rate, including guarantee fees)
Maximum loan amount	<ul style="list-style-type: none"> <li>• Up to 1 million yen for living expenses purpose</li> <li>• Up to 3 million yen for education or housing purposes</li> </ul>
Loan term	<p>Depending on purpose:</p> <ul style="list-style-type: none"> <li>• Living expenses: Within 10 years,</li> <li>• Education: Within 20 years,</li> <li>• Housing: Within 25 years</li> </ul> <p>Deferment of the principal repayment for up to two years (deferment of the principal repayment, interest payment only) is allowed.</p>
Handling period	By the end of March 2021

## Exemption of transfer fees for donations

Rokin Banks exempt fees for any transfers related to donations. This policy was first introduced in the late 1990s after an earthquake hit the country and aimed to support humanitarian relief fundraising activities. In the course of the year, Rokin Banks observed that the COVID-19 outbreak had the same degree of impact on workers and communities as natural disasters, and then opted to exempt transfer fees for donations aimed at providing support to COVID-19 affected communities.

## ▶ Leveraging Rokin Banks' network to support the measures of the central and local governments

### Support to the Temporary Loan Emergency Funds

The Central Government has been running, in collaboration with the Council of Social Welfare, an interest-free loan programme called "[Temporary Loan Emergency Funds](#)". The programme targets households in need of emergency



*Rokin Bank distributing loan application forms*

and temporary subsistence support because of a sudden decrease in income (job loss, income loss due to absence from work, etc.). During the COVID-19 outbreak, this Temporary Loan Emergency Funds programme was adjusted to enable affected households to access larger loan amounts

(the maximum loan amount was increased to ¥200,000, instead of the previous limit of ¥100,000). In the middle of the pandemic, the programme saw a significant increase in the number of loan applications and the Japanese government requested the support of Rokin Banks to implement the programme. As a workers' welfare financial institution and in light of its role in promoting financial inclusion and sustainable development in Japan, Rokin Banks decided to act as liaison offices for the loan application process. As of the end of August 2020, the number of loan applications received at the 13 Rokin Banks across Japan reached approximately 46,000.

## Collaboration with local governments

In addition, in response to requests from local governments, the 13 Rokin Banks are actively working with local governments to support local communities by publicizing and accepting applications for interest-free or low-interest loan programmes for local residents affected by the COVID-19 outbreak.

## ▶ Way forward – ensuring that “no one is left behind”

With no prospects for the end of the COVID-19 outbreak, the living conditions for workers are expected to become even more difficult. Rokin Banks are committed to ensure that “no one is left behind” by facilitating our members' access to support measures and by strengthening cooperation with the governments at central and local levels.

For more information on the Rokin Banks:

\* ILO Working Paper 76:

*[Rokin Banks: 70 years of efforts to build an inclusive society in Japan through enhancing workers' access to finance, Akira Kurimoto and Takashi Koseki, 2019](#)*

National Association of Labour Banks:

<https://all.rokin.or.jp/en/>

ILO Office for Japan

<https://www.ilo.org/tokyo/lang--ja/index.htm>

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