The Merger of Bank of Tokyo Mitsubishi and UFJ Bank

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EXECUTIVE SUMMARY

In 2006 January Mitsubishi Tokyo UFJ Inc. (MUFJ) was established from the merger between Mitsubishi Tokyo financial group (MTFG) and UFJ holdings. Nobuo Kuroyanagi President /CEO of MTFG was the focal person behind the merger and it ended up forming the largest bank holding company in Japan and one of the largest in the world. The group was formed with an aspiration of becoming one of the global top five bank holding companies with lot of expectations, aims and objectives planned to be achieved in the year 2008. With its huge asset base and capital they had the capability and the opportunity of performing and achieving. But unfortunately the group recorded an unexpected Net Income loss in the year 2008. Although MUFJ had been successful in achieving some of the common goals in general the group had not been able to preview sound performance up to now and lags behind achieving their major goals and aspirations.

Keywords: Mergers and Acquisitions, Business Strategy, Business Environment, Strategic Management, Financial Statement Analysis, Banking and Financial Services

INTRODUCTION

On 9th September 2005, Mitsubishi Tokyo Financial Group (MTFG) and United Financial of Japan (UFJ Holdings) announced the merger and began joint operations as a merged entity with the new name Mitsubishi Tokyo UFJ Financial Group, Inc. (MUFG) from 1st October 2005. The commercial banks within the two financial groups, Bank of Tokyo Mitsubishi Ltd (BTM) and UFJ Bank Ltd, merged on 1st of January 2006 and the new bank was named Bank of Tokyo Mitsubishi-UFJ Bank. The new bank, in short, is also known as MUFJ Bank. After the merger, MUFJ Bank became one among the world’s largest financial groups in terms of assets, amounting to 197,001.6 billion Japanese yen. This merger captured the attention of the business world because it helped to create a monopolistic power in the Japanese banking industry. Nobuo Kuroyanagi (President /CEO MTFG), a 63 year-old lifetime committed employee who had worked for MTFG from the age of 23 in a range of positions, was the main focal person to press the button to open the curtains for the merger drama. MTFG had set an aspiration of being one of the top five financial groups in the world. They had aims to achieve this by creating a premier, comprehensive, financial group that could succeed against competitors globally. They wanted a bank with an extensive and a well-balanced financial network locally and internationally.

MAJOR BANKS WITHIN THE JAPANESE BANKING INDUSTRY

As of 2004, before the merger between MTFG and UFJ, the Mizuho Financial Group (Mizuho), MTFG, Sumitomo Mitsui Financial group (SMFG), and UFJ Holdings were the major four leading banks in the Japanese banking industry. MTFG and SMFG were the 2nd and 3rd largest banks, while UFJ holding was the 4th largest bank. (Refer to exhibit 1)