

History

The origins of the first two Labour Banks, founded in 1950 in Okayama and Hyogo prefectures, differ. In the years following World War 2, a serious food shortage and other hardships made life difficult for workers, and numerous “consumer-livelihood cooperatives” began to be organized to ensure that high-quality consumer goods were available at low prices. However, the financial institutions at that time provided few loans to such cooperatives, and a movement began to establish financial institutions which would finance the operations of these cooperatives. The Okayama Labour Bank was born out of such a movement.

During this time, conventional banks and other financial institutions accepted deposits from workers, but would not extend loans to them. Consequently, workers who needed money were forced to rely on loan sharks, pawnshops and the like; they faced heavy interest payments and were exposed to merciless collection policies. Under these circumstances, workers organizations, such as trade unions, began to spring up in postwar Japan. If these unions went on strike, a financial institution providing loans to finance the daily needs of striking workers, such as foodstuffs and commodities, was necessary. It was situations such as these that made workers understand the necessity of having a financial institution they could call their own. This spurred the establishment of the Hyogo Labour Bank (currently known as the Kinki Labour Bank).

The founding of the Labour Banks in Okayama and Hyogo prefectures sparked the development of Labour Banks throughout the country. The founding of the Okinawa-ken Labour Bank in 1966 brought the total number of banks to 47. Currently, there are 13 Labour Banks, the result of mergers which have established the Kinki Labour Bank in October 1998, the Tokai Labour Bank in October 2000, the Chuo Labour Bank and Shikoku Labour Bank in April 2001, the Hokuriku Labour Bank and Kyushu Labour Bank in October 2001, and the Tohoku Labour Bank and Chugoku Labour Bank in October 2003.

Objectives

Labour Banks are organized and managed under the Labour Bank Law, enacted in 1953. Article 1 of the law stipulates:

“The objectives of this law are to establish a labour bank system jointly organized by trade unions, consumers’ livelihood cooperatives, and other worker’s organizations, to plan smooth financing of the welfare and mutual-aid activities of such organizations, thereby contributing to their healthy growth, as well as to improve the economic status of workers.”

The law also explains the principles of Labour Bank management: (1) activities geared toward reaping profit cannot be undertaken; (2) services are to be provided directly to members and not for the benefit of special members; and (3) Labour Banks must maintain a politically neutral position.

Management

Labour Banks are supervised by the Financial Services Agency and the Ministry of Health, Labour and Welfare. They are located in 13 districts across the country, and the number of business units in operation at the end of March 2005 totaled 686. In addition, the Rokinren Bank, a financial institution responsible for the fund management of Labour Banks, and the National Association of Labour Banks, a trade organization, were established as central administrative organs.

Labour Bank members consist mainly of trade unions and consumer livelihood cooperatives, in addition to organized workers’ groups, located within each Labour Bank district, and are operated as financial cooperatives. Individual workers may, as constituents of corporate members, use the services of a Labour Bank. Moreover, a promotional organization, voluntarily organized by corporate members, assists the small number of Labour Bank staff in effecting stable execution of Labour Bank operations.