

Computerization of Garnishment of Deposits (e-Garnishment) and Deposit Investigation

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Introduction

Amid low birth rates and an aging society, local government staffing levels in Japan are gradually decreasing. While in 1994 there were 9.37 members of local government staff (not including educators, police officers, or firefighters) per 1000 residents, by 2010 this number had decreased to 7.31 staff members. Many local governments refrained from new hiring after the collapse of the economic bubble of the 1980s, and these numbers are projected to further decrease in the future. A decrease in numbers of local government staff means that residents' ever-increasing needs must be addressed by even smaller numbers of personnel. It is difficult to imagine a simple increase in the number of personnel assigned to taxation sections in the future.

Further improvement in the efficiency of taxation operations is one way to be ready for such circumstances. Over the past 10 years or so, improvement of efficiency within local government agencies and among local governments has advanced considerably. Examples include centralization of tax collection and joint collection. In addition, with advancement in the use of information technology (IT) an infrastructure has developed that includes eLTAX, convenience-store payments, and credit-card payments. However, room for further efficiency improvements remains. One example is in the area of points of contact with designated financial institutions ("regional banks"). The presence of regional banks is indispensable to local-government administration in a wide range of areas including collection of public funds, issuance of local bonds, and cooperation in collection of delinquent payments. However, inefficiencies in administration long have been pointed out with regional banks. One reason for these inefficiencies is the fact that both regional banks and local governments have been conducting administration in the same ways as in the past (i.e., dependence on paperwork and affixing approval seals), due to the nature of their operations. Furthermore, regional banks basically provide such services without compensation. While on the subject of fees this paper will outline the current situation and identify some issues, on the subject of one more means of improving the efficiency of administration. It will consider how the efficiency of

administration of garnishing of deposits and deposit investigations can be improved.

The possibility of electronically garnishing monetary claims (e-garnishment) has been considered in the past, and several years ago, the American state of North Carolina introduced an e-garnishment system for deposits. As an effort to apply the same approach in Japan, Higo Bank began centralized garnishment through exchange with local governments in digital form. While this cannot be described as a case of full computerization, it is very close. Accordingly, this paper will, based on a review of the current state of deposit garnishment and last year's report on regulatory reforms, examine the case of Higo Bank and Kumamoto Prefecture and consider future prospects. It also will ascertain the current state of and discuss future prospects for deposit investigation as well.

1. Local governments' changing approaches to garnishment and deposit investigation

When the author began researching tax collection roughly 15 years ago, it was apparent that quite a high percentage of local governments either did not garnish real estate or movable property at all or, if they did garnish such property, they didn't follow the process through to the end. In speaking with local government personnel, one often heard the statement that since they too were residents of the local community they wanted to avoid settlement and coercive collection of taxes as much as possible. Accordingly, while advocating the need for settlement and enforced collection of taxes the author proposed wide-area tax collection or outsourcing of collection to private agencies based on the concept that if it was uncomfortable for local government staff it would be preferable to have other local governments or private firms handle such collection.

However, garnishment has changed considerably over the past decade or so. While some local governments still remain passive about enforced collection of taxes, overall the number of garnishments has increased dramatically. While most local governments begin garnishment after first pressing for payment by telephone or visiting delinquent taxpayers in person, numerous local governments begin garnishment based solely on reminder notices and written demands for payment. Perhaps as a reaction to the previous situation, some local governments even hold competitions within related sections on the number of garnishments enacted, a situation that may appear to be an example of taking things too far. A shift in attitudes can be seen toward garnishment between local governments as well.

The same applies to deposit investigations. About 10 years ago, deposit investigations requested by local governments to regional banks were very inefficient. Staff on both sides prepared paperwork and exchanged it by post. Such paperwork arrived at regional banks in a haphazard manner, and was dealt with in addition to their regular duties, so that it took at least one week for a bank to respond and at least two weeks for a post office to do the same. It was not rare for a response to take one month when the number of inquiries was large. Even after a reply had been received by the local government, it was circulated within the relevant section in paper form. In a sense enforced collection is a fight against time, in which a speedy response is of the essence, but it appeared that there was no sense of urgency. Over time, some improvements in efficiency have been made, including appointing staff responsible for deposit investigation and centralizing related administration as well as preparing spreadsheets in Microsoft Excel and exchanging them by floppy disk.

But despite these major changes, there still is room for improvement in the efficiency of garnishment and deposit investigation.

2. The second report on regulatory reforms (demands for exchanging digital data and paperless processing)

There have been demands for efficiency from related parties. The second report on regulatory reforms submitted to the Cabinet Office in June 2014 related to local tax called for the promotion of the sending of notices through electronic means and centralizing transaction inquiries with regional banks. These demands identify inefficiencies in tax administration and local government administration. It is likely that in the future demands such as these concerning administrative processes will continue to increase, and that there will be increasing numbers of reforms implemented from the perspectives of improving operational efficiency and productivity, not just questions on the approaches to take.

Following repeated consideration by five working groups on (i) health and medicine, (ii) employment fields, (iii) agriculture, (iv) investment promotion etc., and (v) community revitalization, on June 13, 2014, the Council on Regulatory Reforms issued its second report on regulatory reforms, including demands related to local tax administration in fields such as entrepreneurship and IT (Table 1).

Its demands were twofold: the promotion of the sending of notices through electronic means and centralizing transaction inquiries with regional banks. Sending of notices through electronic means involves three points: (i) sending special tax collection notices as digital files with e-signatures, (ii) making it possible for each taxpayer to check his or her tax amount on a private portal site, and (iii) making it possible to exchange notices of decisions on and changes in special tax collections as digital files as well. In other word, they were paperless administration. Paperless administration reduces the risk of lost documents as well as cutting the labor required to print documents and space needed for filing. Most importantly the use of digital files can greatly shorten time requirements.

Table 1. The demands of the Council on Regulatory Reforms regarding local tax administration

No.	Item	Content of regulatory reforms	Timing of implementation
28	Promoting the sending of notices from public institutions through electronic means (1)	<p>A function is already implemented in eLTAX in that when multiple municipalities send a special notice of tax collection to a single company computer data from all of the municipalities is sent to the company as a single file.</p> <p>The eLTAX system should be revised by around September 2015 to enable the sending of such special notices of tax collection as digital files with e-signatures, and after that the tax systems in individual municipalities should be revised to make them compatible with eLTAX, with the sending of digital files with e-signatures beginning with those municipalities that have completed the necessary preparations.</p>	Measures to be taken by September 2015
29	Promoting the sending of notices from public institutions through electronic means (2)	Studying a system to enable each taxpayer to check his or her tax liability on the web, together with the personal portal functions under the social security and tax ID number system	Subject to consideration and conclusion in accordance with the state of consideration of personal portals

30	Promoting the sending of notices from public institutions through electronic means (3)	Developing a standardized format compatible with eLTAX specifications for notices of decisions on and changes to special tax collection amounts for municipal and prefectural tax on salary income etc., by roughly September 2015 together with the revisions under “Promoting the sending of notices from public institutions through electronic means (1)”	Measures to be taken by September 2015
38	Centralizing transaction inquiries with financial institutions (online inquiries on transactions related to local tax)	Together with seeking the views of related parties on computerization of transaction inquiries concerning local tax, while fully taking into consideration matters such as the state of efforts toward computerization of transaction inquiries by national tax authorities and others as well as developments in the debate on the scope of use of individual numbers under the social security and tax ID number system, considering practical methods and timing based on the results of studies related to standardization of the terminology and forms of inquiry forms related to local taxes and demanding responses by local agencies.	Continuing study in fiscal 2014 and later, and reaching a conclusion based on the results of study of standardization of forms etc. based on matters such as the state of efforts by national taxation authorities and others and discussions on the numbering system (measures to be taken promptly following such a conclusion)

Source: Excerpted from “The second report on regulatory reforms: Accelerating regulatory reforms” (June 13, 2014)

On the other hand, centralizing transaction inquiries with regional banks refers to the shifting online of deposit inquiries conducted with regional banks. At present most inquiries with regional banks are conducted through an exchange of paperwork, and since the document formats are not standardized, their administration is very complex. While inquiries are made to regional banks during deposit investigations for settlement of taxes in arrears, one regional bank handles inquiries from local government for deposit investigations with a staff of 32 man hours per day. This is a considerable volume of work. What’s more, the bank must cover all related costs. Probably it could be described as a natural outcome that regional banks would want to see this method changed out of concerns for practicality.

While the Council on Regulatory Reforms demanded the shifting online of transaction inquiries on local tax, it would be preferable to take this a step further to enable computerization of not just transaction inquiries but garnishment of monetary claims as

well. In the United States, the state of North Carolina uses e-garnishment. In Japan, Higo Bank has begun centralized garnishment through exchange of information with local governments through digital media. This year, a number of regional banks have begun similar initiatives. With the recent availability of ATMs at convenience stores, it has become possible to withdraw funds faster than local government staff can make it to bank branches, so that garnishment too needs to adapt to such environmental changes.

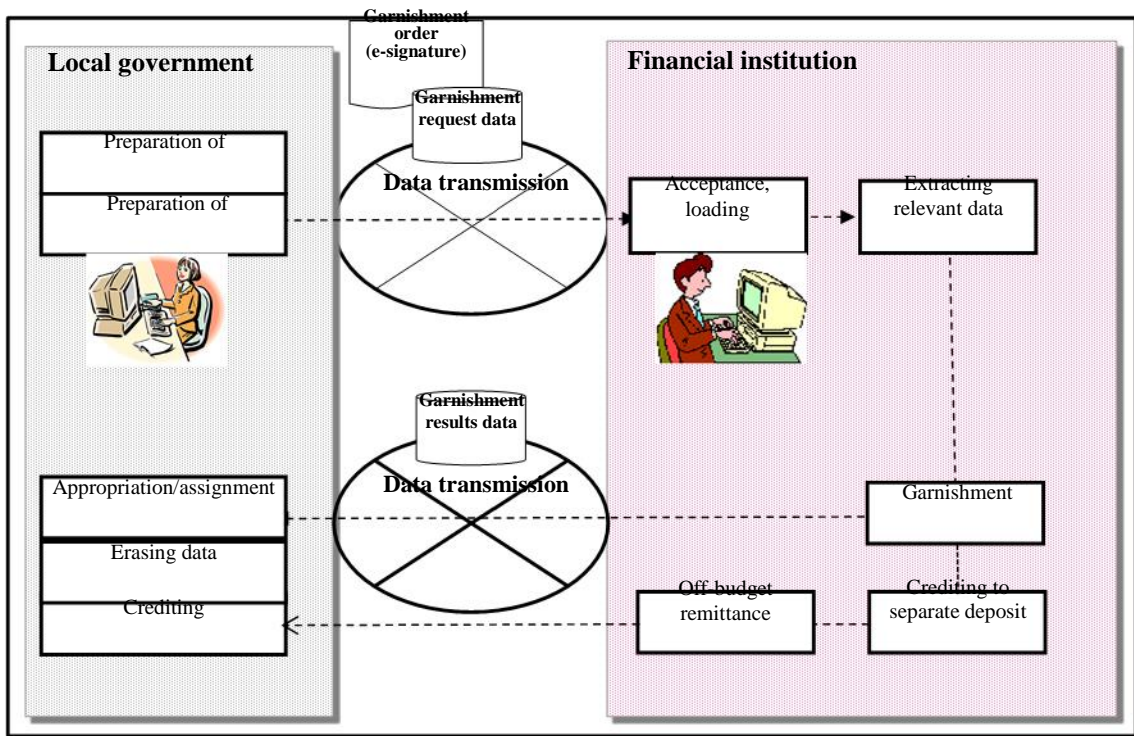
3. e-Garnishment

The author's concept of e-garnishment is illustrated in Fig. 1. Interaction between the local government and the financial institution is conducted electronically. That is, instead of bringing in the existing garnishment order (also known as a garnishment record or notice of garnishment of claims) into the financial institution in paper format as is done now, the local government sends it electronically using an e-signature or other technology. It would be sent electronically to the subject of garnishment as well. The financial institution loads this data after receiving it, reconciles it against the data on the financial institution's host computer, promptly transfers the funds from the delinquent taxpayer's account to that of the local government, and sends data on completion of the garnishment to the local government.

In this way, the local government does not need to visit the financial institution branch and the financial institution too is relieved of the work of dealing with garnishment at the branch. If data can be reconciled automatically, then that would enable massive time savings, reductions in artificial leaks of information, and additionally reduces the psychological burden on local government staff and bank employees as well. It would also enable garnishment outside the opening hours of the bank branch.

This proposal is technologically feasible today thanks to improvements in security technologies for data transmission. It could be realized with some revisions to the system used.

Fig. 1. Image of e-garnishment



Source: Prepared by the author

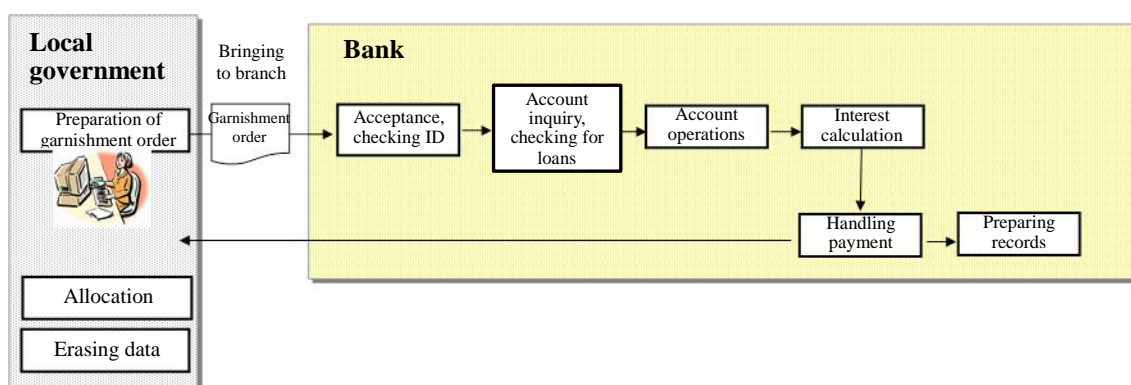
4. Standard deposit garnishment operations

In general, operations for garnishment of deposits are conducted as shown below (Fig. 2).

After preparing a garnishment order (also called a garnishment notice) and circulating it for approval, the local government takes it to the bank branch. Since the bank does not know in advance that local government staff is coming, it has to stop ordinary operations to deal with the order. In many cases these are handled by bank personnel at the management level, and the complete process can take anywhere from 30 minutes to two hours. Viewed from the bank’s point of view, dealing with local government tax collectors imposes a heavy administrative burden. In addition, since staff handle sensitive information it also places a psychological burden on them, and the possibility of leaks of information cannot be ruled out. Just as local government staff would be reluctant to take part in enforced collection on somebody they know, the same would be true of bank employees.

At the same time, from the point of view of local government since it takes roughly 30-40 minutes per case on average to one or two hours during busy periods to visit the bank, a single staff member can visit no more than three branches in a day, it is difficult to handle a large number of cases. They also may have the unpleasant experience of coming face-to-face with the taxpayer inside the bank branch.

Fig. 2. Flow of standard deposit garnishment



Source: Prepared by the author

5. The case of centralized garnishment of deposits by Higo Bank and Kumamoto Prefecture

Amid these changing circumstances of deposit garnishment, Higo Bank is carrying out centralized garnishment of deposits in order to improve efficiency. This case is analyzed below.

(1) Background of adoption of this approach

Due to the “Trinity reforms” conducted in fiscal 2004, Kumamoto Prefecture experienced reductions in the taxes allocated to it as a local government. As a result, in February 2005 it enacted a basic policy on administrative and financial reforms. In response, the then-Tax Department of the General Affairs Division also enacted a new basic tax policy that established measures for enhancement of tax collection (during the fiscal years 2005-2009) in order to make steady progress on securing prefecture tax revenues as called for in the basic policy on administrative and financial reforms. One of the measures implemented was enhanced collection of motor-vehicle tax, through combined investigation of deposits and salary and thorough implementation of prompt garnishment.

Higo Bank adopted its system of centralized garnishment after asking Kumamoto Prefecture if it would be possible for the latter to centralize garnishment. The bank wanted to centralize processing in facility because the days when local government visited its branches coincided with its busy days. Since a bank manager handled the visits by local government staff to the branches, this resulted in staff getting behind on deposit-related operations. The other manager then would handle deposit-related operations instead, and in turn loan-related operations would be delayed. It thought that centralization of operations would avoid a situation in which branch operations came to a standstill. After considering its options for about one year, including observation by head office operations section staff of centralized operations at other banks, Higo Bank decided that since it did not have the staffing or facilities for such a center it would instead employ a policy of computerization.

This was an excellent opportunity for Kumamoto Prefecture as well because Higo Bank would cover the costs of adopting the computer system, so that the prefecture would be able to improve the efficiency of its administration without incurring any costs. The system was also improved so that garnishment of claims would take effect at the time of sending the garnishment notice (after inquiry by the Ministry of Internal Affairs and Communications).

(2) Costs, performance, and time-saving effects at Higo Bank

Higo Bank began studying a scheme for centralized garnishment with Kumamoto Prefecture in the second half of fiscal 2009 and developed related requirement definitions. Higo Bank contracted with RKK Computer Service Co., Ltd. to develop the system. It chose RKKCS because it was a local vendor highly knowledgeable about regional banks and local government and there was no existing general-purpose software packages on the market that could handle this scheme. RKKCS had a track record in development of maturity-management systems and garnishment-management systems for other banks.

The cost to Higo Bank of adopting the system was approximately 6 million yen for the host system development and installation, while subsystem installation costs (including costs of hardware for two clients, a server, and a printer) totaled about 12 million yen. The running cost is 1 million yen per year.

On October 26, 2011, centralized garnishment against ordinary accounts began under the scheme shown in Fig. 3 for the Kumamoto Prefecture tax office and the Uki regional development bureau. However, it did not cover current-account deposits, savings deposits, time deposits, or foreign-currency deposits. In addition, where Higo Bank has adverse claims such as those on home mortgages or educational loans, priority is given to repayment of such claims, so that such cases are not subject to garnishment under the system. However, such cases can be handled at branches using the previous method.

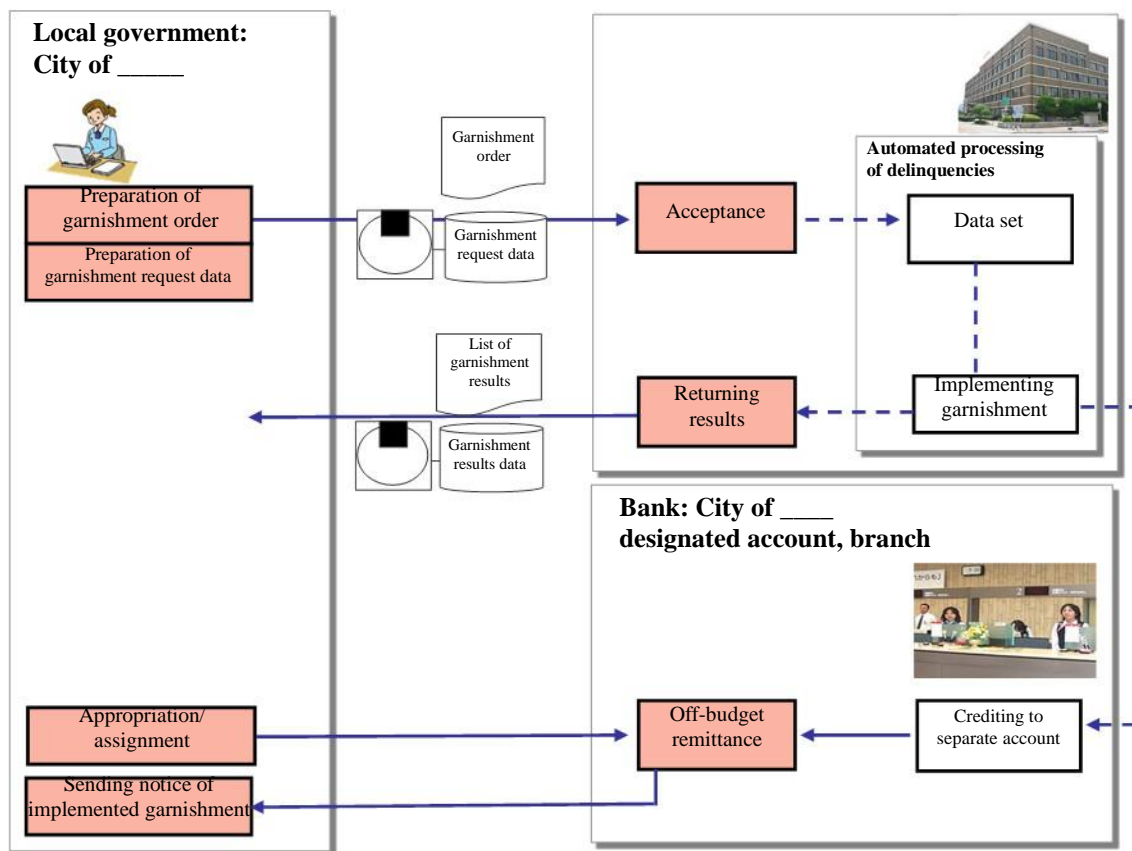
Use of the system first began for claims under the jurisdiction of these two Kumamoto Prefecture offices, and then in February 2012 the four development bureaus in Tamana, Kamimashiki, Aso, and Yatsushiro were added, followed by the remaining five development bureaus in August 2012. At present, it is used by a total of nine municipalities including the cities of Kumamoto and Tamana and the towns of Kikuyo and Yamato in addition to Kumamoto Prefecture.

Table 2 shows Higo Bank's performance in handling of garnishment. Over two and a half years it received 13,190 requests and carried out 8,493 garnishments. The total amount of requests totaled approximately 1,433,030,000 yen, of which about 302,650,000 yen was processed.

Higo Bank's operational efficiency (time-savings effects) can be estimated as follows. Each garnishment handled in person at a branch takes about 40 minutes. Even if the

garnishment cannot be conducted, it takes 15 minutes to research the case. Accordingly, already they system has saved $8,493 \times 40$ minutes + $(13,190 - 8,493) \times 15$ minutes = 6,836 hours, 15 minutes. Converted to eight working hours per day, this corresponds to savings of 854 days 4 hours, 15 minutes. This can be said to be considerable time savings. Incidentally, when the author visited Higo Bank's administration center it completed automated processing of 235 cases from four local governments in seven to eight minutes. During this time, bank staff were involved in other operations. This represents considerable efficiency improvements for Higo Bank.

Fig. 3. Overview of the centralized garnishment system



Source: RKKCS materials

Table 2. Higo Bank’s performance (January 2012 - September 2014)

(Units: cases, %, thousand yen)

	Garnishment requests	Garnishments implemented	Request implementation ratio	Requested amount	Implemented amount	Amount implementation ratio
Jan. - March 2012	1,327	856	64.5%	81,073	15,160	18.7%
April - June 2012	513	321	62.6%	36,675	6,457	17.6%
July - Sept. 2012	442	318	71.9%	83,693	25,395	30.3%
Oct. - Dec. 2012	1,494	895	59.9%	143,050	33,675	23.5%
Jan. - March 2013	2,223	1,154	51.9%	154,253	27,904	18.1%
April - June 2013	855	536	62.7%	81,736	17,984	22.0%
July - Sept. 2013	753	519	68.9%	142,283	36,285	25.5%
Oct. - Dec. 2013	1,615	1,072	66.4%	187,099	40,946	21.9%
Jan. - March 2014	1,923	1,228	63.9%	160,327	36,494	22.8%
April - June 2014	970	710	73.2%	185,241	23,367	12.6%
July - Sept. 2014	1,075	884	82.2%	177,598	38,981	21.9%
Total	13,190	8,493	64.2%	1,433,028	302,648	21.5%

Source: Higo Bank materials

(3) Performance, and time-saving effects for Kumamoto

Kumamoto Prefecture verified the results 6 months after centralized garnishment of deposits began. Over the period from October 2011 through May 2012, the prefecture tax office made 1,472 requests for garnishment, of which 1,099 were implemented, for a total amount of 20.86 million yen. The total number of days centralized processing was conducted was 110 days and garnishment was conducted at a total of 1,279 branches, for an average of 11.6 branches per centralized processing. Since it usually takes about two hours per branch to process garnishment in person at the branch (including time in transit from the Kumamoto Prefecture tax office to the bank branch and time spent waiting inside the branch), a single case of centralized processing can be estimated to be the equivalent of 11.6 branches, or 23.2 hours. Having judged the system to have generated a high degree of results, Kumamoto Prefecture went on to implement it across the entire prefecture.

Table 3 shows results for Kumamoto Prefecture over two and a half years. The time it takes for Higo Bank to handle a case at its branch is an indicator of the time Kumamoto Prefecture staff has to wait at the branch. While the prefecture tax office and development bureaus (now regional headquarters) are unable to calculate round-trip travel times to and from each bank branch, the effects on reduction in wait times for Kumamoto Prefecture can be estimated in the same way Higo Bank's time-saving effects were estimated. In fiscal 2011, out of 1,766 requests 1,166 were implemented, for a garnishment amount of 23,325,581 yen. This results in savings of $1,166 \times 40$ minutes + $(1,766 - 1,166) \times 15$ minutes = 927 hours, 20 minutes, (115 days 7 hours, 20 minutes) based on eight working hours per day. Since the round-trip journey to and from the bank branch requires time, the actual results are even greater. Similarly, during fiscal 2012 savings totaled $4,030 \times 40$ minutes + $(4,030 - 2,204) \times 15$ minutes = 3, 143 hours, 10 minutes, (392 days 7 hours, 10 minutes). Fiscal 2013 savings totaled $3,415 \times 40$ minutes + $(3,415 - 2,012) \times 15$ minutes = 2, 627 hours, 25 minutes, (328 days 3 hours, 25 minutes).

Table 3. Results of centralized garnishment of deposits for Kumamoto Prefecture (October 2011 - March 2014)

Fiscal year	Requests	Garnishments	Garnishment amount (yen)
Fiscal 2011 (October and later)	1,766	1,166	23,325,581

Fiscal 2012	4,030	2,204	48,384,620
Fiscal 2013	3,415	2,012	50,069,156

Source: Kumamoto Prefecture materials

Even leaving aside the effects on garnishment amounts, a comparison of these savings in wait times with staff's actual working hours shows that each year one staff member can devote more time to other duties. This has considerable benefits for a local government.

Furthermore, since this structure was achieved through adoption of an IT system by the bank without asking the local government to cover any costs, the local government is effectively able to use it free of charge (although it does need to pay the costs of transportation to the centralized administrative center). It also can make time available for other responsibilities by eliminating the need for regular visits by staff to bank branches.

(4) Future issues and outlook

While as seen above centralized garnishment offers a number of advantages to both banks and local governments, it also has a number of issues, which will be touched on below.

First of all, one concern to local governments is system failures. While Higo Bank, anticipating this possibility, includes terms on exemption from liability for system failures in the agreements it concludes with participating local governments, at present no system failures have yet occurred.

Since cases with adverse claims (such as home mortgages and student loans) are not covered by this system, a check is conducted first for loan transactions or guarantee contracts with Higo Bank and then cases in which such adverse claims are present are removed from those subject to centralized garnishment. However, such cases can be handled the previous way by visiting the bank branch. Probably there is a need for discussions led by the Ministry of Internal Affairs and Communications with regional banks concerning the prioritization of such adverse claims and taxes.

While at present Higo Bank and local governments exchange data using magnetic-optical (MO) disks, MOs gradually are becoming difficult to secure in the

marketplace so there will be a need to consider a data transmission method in the future. If it becomes impossible to obtain MOs, then in the future it would no longer be possible to utilize this system. For this reason, there is a need to improve the system so that the garnishment orders now brought to the bank in paper form also are computerized, to make it possible to conduct all related operations based on email communication between the bank and local governments.

In addition, as previously noted use of convenience store ATMs is spreading causing a race between local governments and delinquent taxpayers. Local governments would like requests to be accepted before the bank opens at 9:00 am, and there also is a need to consider the hours for acceptance of garnishment, including at bank branches.

Lastly, when discussing garnishment the difference from the garnishment of child support by Tottori Prefecture, which probably is what most local governments imagine when hearing the term, needs to be touched on. This refers to the Tottori district court's March 29, 2013 decision on "Demands for Cancellation of Enforced Collection" and the Hiroshima high court's November 27, 2013 decision on "Inability to Garnish Child Support in an Appeal of a Case on a Demand for Cancellation of Enforced Collection". Detailed descriptions of these cases will be omitted here since it is likely that most local governments already are aware of them, but essentially they concern the garnishment by Tottori Prefecture of a deposit at 9:09 am on the day 130,000 yen in child support was remitted to the delinquent payer's account. Child support is a claim for which garnishment is prohibited, and the delinquent payer charged that the prefecture chose that date for garnishment because it knew that was when the child support would be remitted. The Tottori district court ruled that the garnishment was illegal even though it was permissible to garnish the entire amount subject to the right to claim repayment of deposits because once child support had been remitted to a deposit account the right to receive payment of the child support ceased. However, since ordinarily a local government will calculate the amount that can be garnished after first checking for claims for which garnishment is prohibited and deducting the amounts such as those for which garnishment of salary is prohibited, there should be no problem with local governments using centralized garnishment as long as they do not violate these procedures.

6. Automation of deposit investigations

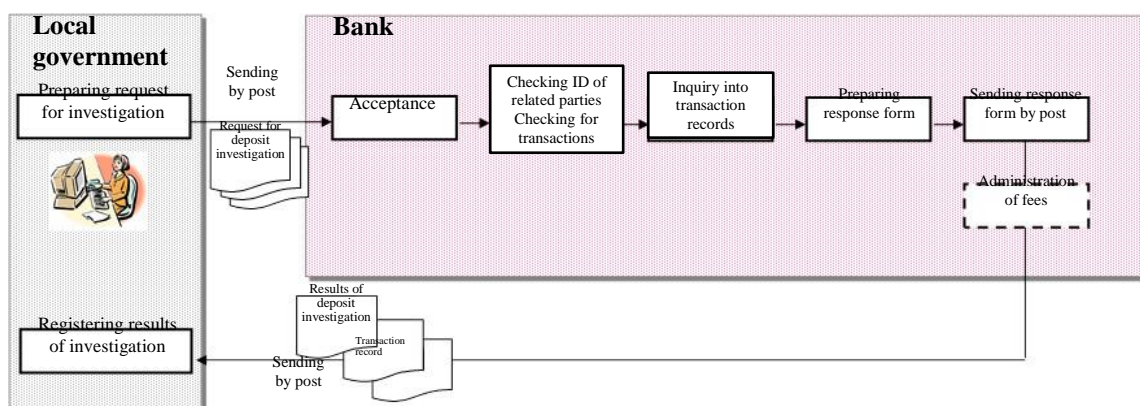
(1) Standard deposit investigation operations

A consideration of deposit investigations follows. This is what was referred to in the June 2014 second report on regulatory reforms as centralizing transaction inquiries with regional banks.

Table 4 shows the flow of a standard deposit investigation. As touched on above, about once a month a local government will prepare a request for deposit investigation for cases collected together in the relevant department and send it to the bank by post. After the investigation, the bank prepares the prescribed (paper) response form and returns it. This process takes about one month. It is an old-fashioned approach to administrative processing. Since requests for investigation may concern a wide range of inquiries on subjects such as welfare in addition to local taxes, and since they may be made by the police, tax offices, and other bodies, their administration is fairly complex for banks.

With regard to the coverage of costs, even though recently banks have begun collecting some fees for the paperwork involved, one regional bank has a four-person team working on these requests every day, with the bank covering the costs.

Fig. 4. Standard deposit investigation flow



Source: Prepared by the author

Deposit investigations normally involve checking the following three matters as a set: name, address, and date of birth. However, since depositor information lacks accuracy due to errors in recording depositors' names and out-of-date address information, the process of checking identification is highly labor-intensive. Query results are dependent on individual staff members, and there are no clear criteria for judgment. Since staff handle sensitive information, it places a psychological burden on them, and the possibility of leaks of information cannot be denied. Since the number of requests received from local government is not fixed, the volume of processing varies from day to day, and it can be difficult to secure the staffing needed on busy days. As much automation as possible would be desirable to address such uncertainty.

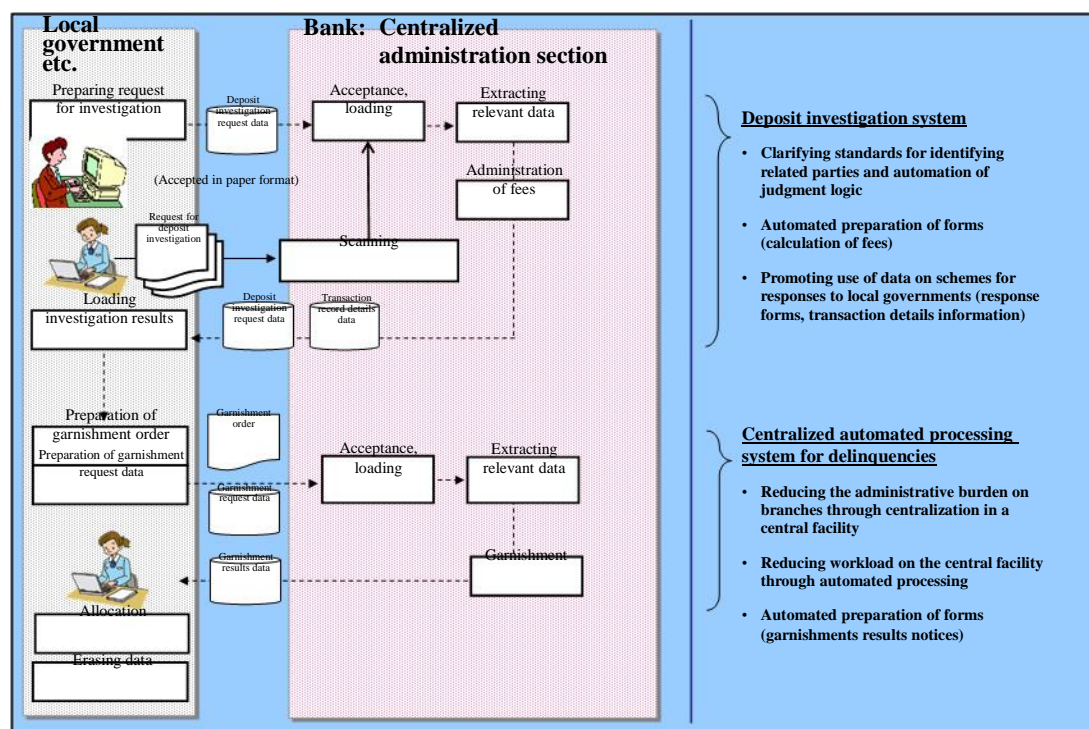
(2) Computerization of deposit investigations and garnishment

Fig. 5 depicts computerization of deposit investigations and the centralized garnishment system. It would be possible to realize such a system in today's Japan. Computerization of deposit investigation in addition to centralized garnishment would make it possible to further improve efficiency at local governments and banks.

A study of the administrative workload at one regional bank showed that it employs from seven to ten people in handling local government deposit investigation requests alone (not including those from national tax offices, police departments, and others), for a total workload of 49.61 hours per day. It estimated that computerization of deposit investigations would make it possible for three persons to complete processing in 12.37 hours even if responding in paper form. Estimates show that digitalization of 30% of

processing of requests from local government would result in a workload of 11.11 hours, while this figure would be 10.27 hours if digitalizing 50% and 9.43 hours for 70%. Cutting processing time to one-fifth its current level should make it possible to respond to local government in just 3-6 days instead of the current one month. While Fig. 5 envisions a case of just one local government and one bank, in fact local governments investigate deposits with multiple regional banks, so that administration would remain complex even after computerization. Accordingly, proposals for further efficiency improvements would be to establish a deposit investigation center linking multiple local governments and multiple regional banks at the prefecture level, or even outsourcing the task to private-sector firms.

Fig. 5. Computerization of deposit investigation and garnishment



Source: RKKCS materials

Conclusion

This paper looked at e-garnishment and centralized deposit investigation as means of improving the efficiency of taxation operations to overcome decreases in staffing in local government. Based on the current state of garnishing of deposits and the deposit

investigations required prior to such garnishing and on the report issued last year on regulatory reforms, it examined the case of Higo Bank and Kumamoto Prefecture and considered future prospects.

In the case of Higo Bank, the bank began centralized garnishment after consulting with Kumamoto Prefecture in the face of the increasing burden of operations in dealing with local government staff from Kumamoto Prefecture and other local governments who came to bank branches for purposes of the administration of garnishment of deposits. At present, Kumamoto Prefecture and some local governments within the prefecture bring to Higo Bank's administrative center data on subjects including notices of garnishment of claims and delinquent taxpayers' accounts to have the data reconciled and then garnishment on the relevant accounts implemented automatically. While delinquent taxpayers with obligations to Higo Bank in forms such as home mortgages and educational loans are not covered by this system, their cases can be handled in the previous manner by visiting the bank branches. At the very least, the need to visit the branch each time has been eliminated and garnishment made more reliable, so that this case is likely to attract the attention of numerous local governments and regional banks in the future. There is considerable room for future study because if deposit investigations can be automated as well, then both banks and local governments should be able to realize even greater improvements in efficiency.