The same factors, however, that were mentioned earlier as contributing to the weakening of the *keiretsu*, could help foreign banks increase their market share.

- The emergence of small- and medium-sized firms and households as the primary bank customers puts foreign banks on a more equal footing with their domestic counterparts. With *keiretsu* firms no longer collectively the most important bank customers, foreign banks are no longer (informally) excluded from the largest segment of the market. Although foreign banks will face the usual international banking problems associated with attracting small business and retail clients -- namely, the lack of familiarity on both sides -- they are still in a better position now to compete with local banks.

- If, after four years of declining profits, part of the corporate Japanese restructuring exercises involves cutting costs associated with banking and finance, there will be an increase in the degree of competition in the banking market. Firms seeking better prices, better service, or both, will look beyond traditional *keiretsu* ties, perhaps to the benefit of foreign banks.

- The movement of Japanese firms to reduce the operational control banks once enjoyed implies that some firms will be seeking new relationships with new banks. One way for a Japanese firm to ensure that its new banking relationship does not evolve into one that is bank dominated, would be to develop ties with a bank that had never participated in the old-style practices. Again, this could present opportunities for foreign banks.

It is less clear whether weakened *keiretsu* relationships can solve one of the problems unique to foreign insurance companies. Not only do *keiretsu* corporations tend to buy their insurance from member firms, but so do their employees.[107] It is uncertain whether such purchases are based on a premium discount extended to *keiretsu* employees or employee loyalty to firms in the same *keiretsu*.

[107] See B.W. Semkow, *op. cit.*, p. 389.