

Have a good Cashless.

Good Cashless Solutions make a Good Day, Everyday



While cashless payments are increasing in popularity all over the world, cashless payments account for only about 20% of payments made in Japan. Having said this, interest in cashless payments in Japan has been rapidly increasing in recent years. The Japanese government has set a target to increase the ratio of cashless payments to 40% by 2025.

A variety of measures to promote cashless payments, for example a points reward program for consumers and subsidies for fees associated with cashless payment terminals, are scheduled to be introduced to coincide with the scheduled 2019 consumption tax rise.

Japan's cashless payments market has grown while also becoming more diverse and complicated with new payment methods, such as mobile payments and QR codes, joining the more traditional methods of credit cards, debit cards, and e-money. In order to accelerate the spread of cashless

payments in Japan, it is not enough to merely offer new payment methods. Rather, we believe that the best strategy is to create an open payment platform which can address the needs of both merchants and end-users in a flexible and speedy manner.

SMBC Group has Sumitomo Mitsui Card Company and Cedyna, two credit card companies that have long led Japan's cashless payment market, amongst its Group companies. From April 2019 we started to manage, in practice, the two firms as a single business entity, an entity which forms the cornerstone of SMBC Group's cashless payment strategy. SMBC Group will drive the spread of cashless payments in Japan by implementing a highly efficient and up-tempo strategy that brings together the wide-ranging strengths of our business partners, the expertise accumulated by Sumitomo Mitsui Card Company and Cedyna, and the client base of SMBC.

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The reason for the slow spread of cashless payments in Japan is the convenience offered by Japan's extensive ATM network and the ease which cash can be obtained, for example consumers feeling safe carrying cash due to Japan's low crime rate. Having said this, there are a number of positive factors that will arise from the spread of cashless payments, such as increased liquidity, less

manpower required to process payments, and stimulating consumption via the use of payment data.

We believe that the key aspects to spreading cashless payments in Japan are not merely convenience and rationality. Carrying "safety" which also results in carrying "peace of mind and freedom" are also key aspects of spreading cashless payments in Japan.

A society in which anybody can spend their days in a carefree manner. A society in which each day is free and welcoming.

Sumitomo Mitsui Card Company has adopted the motto "Have a good Cashless" to reflect these values.

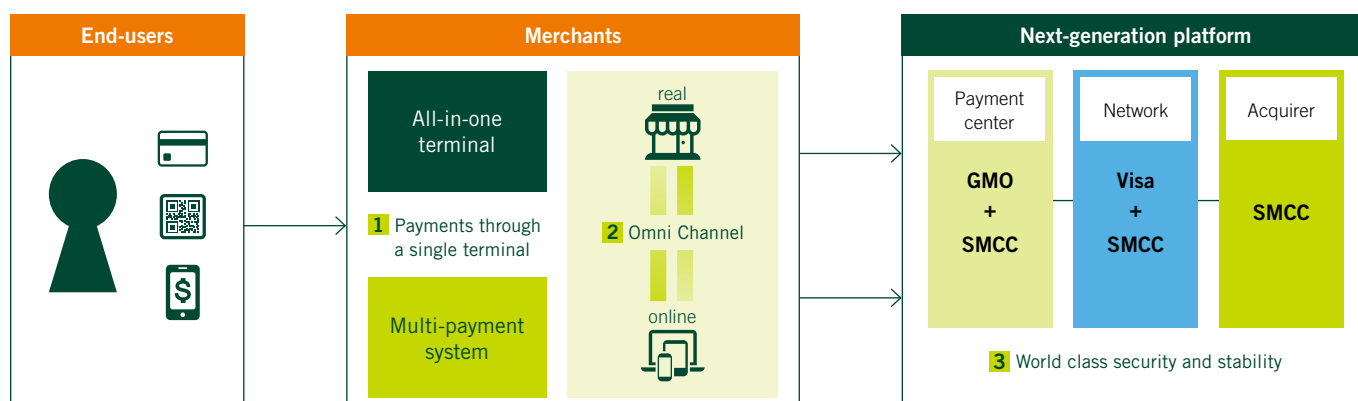
Constructing a Next-Generation Payment Platform

Visa, the company that possesses the world's largest payment network, joined Sumitomo Mitsui Card Company and GMO Payment Gateway in establishing a next-generation payment platform. In February 2019, the three companies came to an agreement to develop an even stronger payment platform by bringing together each company's respective skills and expertise.

Our goal is to build a payment platform which satisfies the following criteria: 1) The terminal must be compatible with the large number of cashless payment options which exist in the domestic market, a situation which can be said to be unique to Japan, 2) The platform must seamlessly merge the online and real worlds, and 3) The platform must provide new high-value added services while offering world-class security. We

are aiming to launch the new platform during FY2019.

Lately, we are seeing an increasing number of non-financial companies introduce their own, unique payment service with the aim of obtaining and using customers' payment data. We at SMBC Group have also identified the successful use of data obtained from payments as a key part of our cashless payment strategy. SMBC Group possesses one of Japan's largest cashless payment foundations, processing payments worth ¥30 trillion. SMBC Group will develop/enhance our ability to support businesses' marketing needs and produce competitive services while increasing the added value we derive from our payment data by fully leveraging this foundation so that our next-generation payment platform is used by as many merchants and end-users as possible.



Enhancing Solutions for Merchants

By promoting the adoption of Square, a credit card payment system for medium/small size merchants and sole proprietors, and keeping in mind the Japanese government's Point Reward Project for Consumers using Cashless Payment that will come into effect in October 2019, we will accelerate growth in the number of stores which have installed Square. Square can be acquired at all domestic SMBC branches.



Joint press conference with Square

Enhancing Services to End-users

SMBC Group will realize a new cashless payment experience with convenience, safety/peace of mind, and good value as the three key pillars. We renewed the mobile application of SMBC/Sumitomo Mitsui Card Company in FY2018 and added a number of new features, such as a payment limit for debit cards and an asset management function which reflects funds held in banks other than SMBC.



Our Renewed Mobile Application