



SPECIAL CONTENT

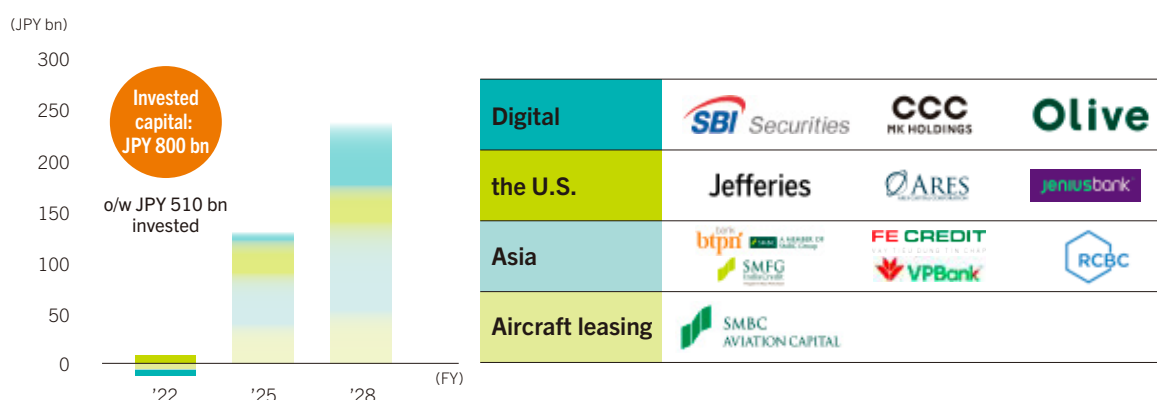
Key Measures to Drive SMBC Group's Future Growth

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SMBC Group has made a variety of investments to achieve growth that follows quality.

In the previous Medium-Term Management Plan, we invested in local financial institutions in India, Vietnam, and the Philippines in addition to Indonesia, in which we have already invested, in order to accelerate our Multi-Franchise Strategy targeting high growth potential areas in Asia. In the U.S., we have made steady progress in building alliances that form the core of our strategy in overseas securities business, and worked to enter digital consumer banking business. In Japan, we have formed a partnership to strengthen online securities business, and that partnership also plays an important role in “Olive,” an integrated financial service for retail customers. Under new Medium-Term Management Plan, we will firstly ensure that those investments become established businesses moving on the right track, and aim for their profit contribution as a growth driver through creating synergies by value up of investee companies and collaboration among SMBC Group.

Bottom-line profit contribution (after amortization of goodwill)



Key Measures to Drive SMBC Group's Future Growth

Special Content
1
 Multi-Franchise Strategy, Overseas Securities Business

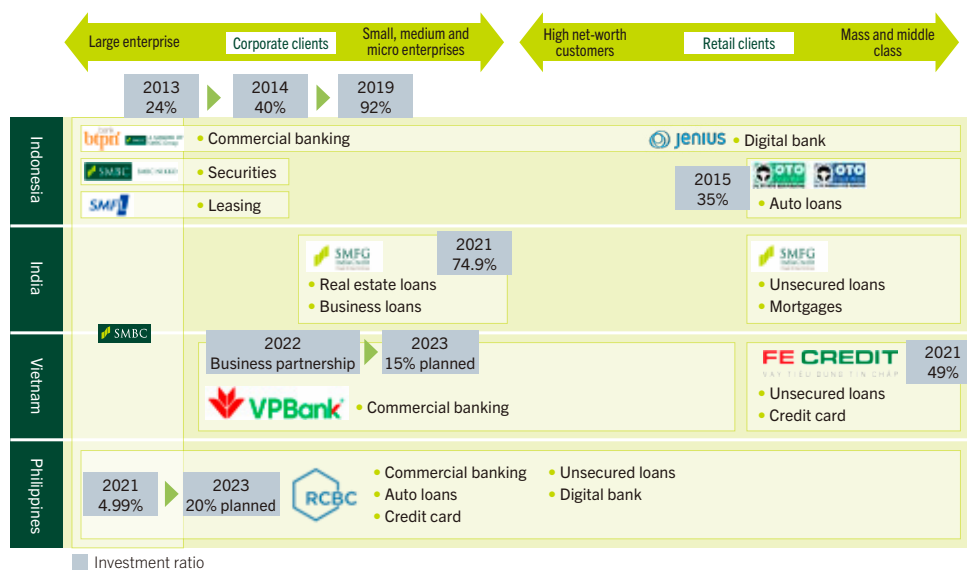
Efforts to Achieve the Multi-Franchise Strategy

In Asia, SMBC Group has positioned Indonesia, India, Vietnam, and the Philippines as target countries for our “multi-franchise strategy.” We are aiming to create a second and third SMBC Group by developing our full-line financial business, including retail, in emerging Asian countries where high economic growth is expected.

By deepening our cooperation with our investment partners, we aim to build a more granular support system for SMBC Group customers seeking to expand their business in Asia through the provision of local branch networks and a wide range of

financial services. At the same time, we are committed to contributing to the further growth of the overall Asian financial sector and reinforcing SMBC Group's growth strategy in Asia.

In the previous Medium-Term Management Plan, we made investments and acquisitions in our partners, laying the groundwork for growth in countries targeted in our multi-franchise strategy, including India, Vietnam, and the Philippines. This has set the stage for the future platform development.



Indonesia



India



Vietnam



The Philippines

India

In November 2021, we acquired a 74.9% stake in Fullerton India, now known as SMFG India Credit Company, a non-banking entity catering to small and medium-sized enterprises and individuals. Since this investment, we have been leveraging the SMBC Group's customer base to provide solutions such as sales finance, dealer finance, and workplace loans, particularly to companies within the manufacturing industry that have supply chains in India. In addition, SMBC Group strives to enhance its presence in India and realize synergies through the provision of funding support and sharing of expertise accumulated both domestically and abroad. Furthermore, in a country like India where financial services are yet to fully penetrate all regions, through SMFG India Credit Company, we are contributing to financial inclusion efforts by extending our services to rural areas where we have a strong presence.

Vietnam

In October 2021, we acquired a 49% stake in FE Credit, the leading local consumer finance company that offers unsecured loans, installment financing, and credit card services, through SMBC Consumer Finance, making it an equity method affiliate. Since this investment, we have been extending various local financial services to SMBC Group's customers, broadening our product and service lineup, and fostering collaboration to stimulate further growth for FE Credit.

Moreover, we established a business partnership in May 2022, and a capital alliance in March 2023, with VPBank, a co-shareholder of FE Credit and a rapidly growing commercial bank in Vietnam. Through our partnership with VPBank, we aim to further solidify our business foundation in Vietnam. This will be achieved by providing services to customers who wish to expand their business in Vietnam, as well as by leveraging the SMBC Group's expertise in areas such as trade finance, green finance, and credit cards.

The Philippines

In June 2021, we executed a 4.99% investment in RCBC, the sixth largest local commercial bank in the Philippines in terms of asset size. Since the investment, we have been actively exploring opportunities for collaboration with RCBC across a diverse range of business areas. Through our partnership with RCBC, we aim to enhance the convenience of local banking transactions for SMBC Group customers and bolster our product and service offerings. These include sustainable finance and project finance for our wholesale customers, and wealth management as well as mass market loans for our retail customers. Additionally, we have initiated collaborations on a broad spectrum of topics, such as improving operational efficiency and leveraging digital technologies. In order to further expedite these initiatives, we signed an additional investment agreement in November 2022 with the intention of acquiring up to a 20% stake in the company.



**Multi-Franchise
Strategy
in**

ASIA

Key Measures to Drive SMBC Group's Future Growth

Further Collaboration and Synergy Creation

In Indonesia, we made the local commercial bank, Bank BTPN, an equity method associate in 2013, which was later consolidated and merged with PT Bank Sumitomo Mitsui Indonesia in 2019 to acquire a full-line commercial banking platform.

We plan to expedite the realization of our multi-franchise strategy in India, Vietnam, and the Philippines by fully utilizing the expertise we have cultivated through managing Bank

BTPN and establishing a framework for group collaboration.

Beyond the one-on-one collaborations and synergies between SMBC Group and its investment companies, we are also building a network and cooperative structure that includes our investee companies, aiming to create further synergies.

More specifically, we are implementing various measures to reinforce SMBC Group's platform in Asia.

These include convening meetings with the CEOs and key executives of each of our Asian investee companies and establishing the 'SMBC Asia Rising Fund', a corporate venture capital entity that makes FinTech investments to further strengthen the businesses of our partner companies.

Initiatives to Strengthen Collaboration with Investee Companies

SMBC Group is promoting collaboration among its investee companies with the aim of generating even greater synergies. In November 2022, we held the Asia Partners Executive Summit (APES) to facilitate mutual understanding and spark discussions about potential collaborations among these companies.

At APES, top management from Bank BTPN, SMFG India Credit Company, FE Credit, and RCBC convened at the SMBC's head office. They engaged in discussions with SMBC Group management to deepen their understanding of the group's vision, business strategy, ESG initiatives, and governance policies.

Further, the companies were able to enhance

their mutual understanding by sharing information about their individual business environments, growth strategies, and initiatives in the digital domain. In the consumer finance sector, a common area of operation for all these companies, Sumitomo Mitsui Card Company and SMBC Consumer Finance presented their initiatives and provided an opportunity for the investee companies to meet and discuss specific collaborative measures. Following APES, knowledge sharing has advanced across various domains, and the pace of collaboration has accelerated, both between SMBC Group and its investee companies, and among the investee companies themselves.



Strengthening Our Overseas Securities Business

One of SMBC Group's key focus areas is "strengthening Global CIB and Global S&T," with a particular emphasis on reinforcing our securities and investment banking business in the U.S., home to the world's largest capital markets and M&A businesses.

In July 2021, we entered into a strategic capital and business partnership agreement with Jefferies, a leading U.S. based full-service

investment bank and capital markets firm. In April 2023, we announced plans to acquire an additional economic stake of up to 15% in Jefferies. Under an appropriate information management and governance framework, both firms will jointly work to propose financial solutions to clients. These efforts will take place under the co-branding of both firms. In addition to existing areas of collaboration, we aim to further our

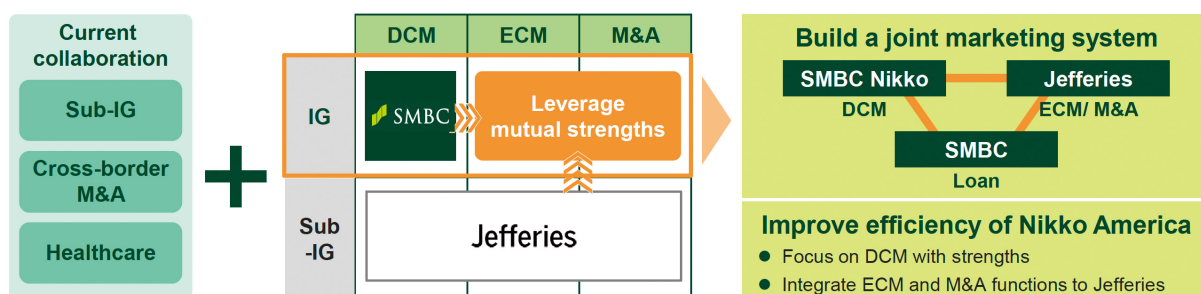
partnerships in M&A advisory, as well as equity and debt capital markets, primarily catering to large investment-grade corporations in the U.S.

We aim to deliver industry-leading financial services by integrating SMBC Group's global customer base, lending, and debt capital markets capabilities with Jefferies' exceptional industry insight, M&A advisory and equity capital markets capabilities.

Enhance collaboration with Jefferies in the U.S.

Increase economic stake up to 15% (announced in Apr. 23)

ROE FY3/27: Approx. 10%



SMBC Group's Inorganic Strategy

Investment Target

We have set two axes: "investment to create a business platform for medium to long-term growth" and "high asset and capital efficiency investment that can be expected to contribute to profits in the short term."

Investment Criteria and Discipline

Based on our basic capital policy, premised on ensuring soundness, of allocating capital in a way that balances shareholder returns and investment for growth, the three investment criteria are: (1) alignment with SMBC Group's strategy, (2) an expected ROCET1 of

9.5% or more, and (3) manageable risk. Moreover, we consider investment opportunities upon discussion with outside directors and the CxO department, and adhere to strict discipline. In addition, we consider selling or replacing unprofitable assets or those whose strategic importance has declined. In the previous mid-term business plan, we terminated our partnership with Eximbank in Vietnam and began a partnership with VPBank. We conduct flexible reviews of our portfolio, and aim for more capital-efficient investments.

Key Measures to Drive SMBC Group's Future Growth



See page 106 for practical examples of the FIVE VALUES of the project members.

Aiming to open the most accounts in Japan with Olive, a world-first using Visa's new payment function

A roundtable discussion was held with members involved in the development of Olive, an integrated financial service for retail customers.





Ryosuke Ito

Marketing Division
Sumitomo Mitsui Card Company (SMCC)

As project leader of “Olive,” oversees all aspects of development, product planning, and promotion.



Takuya Ogawa

Product Planning and
Development Department
Sumitomo Mitsui Card Company (SMCC)

Engaged in product development for Flexible Pay, Olive’s payment function, as well as card design and UI/UX development of the application interface.



Aisa Ikemoto

Retail IT Strategy Department
Sumitomo Mitsui Banking
Corporation (SMBC)

Engaged in planning and UI/UX development of the SMBC App that features Olive.



Rie Sato

Retail Marketing Department
Sumitomo Mitsui Banking
Corporation (SMBC)

Engaged in product design, planning and development for Olive bank account benefits.



Masaaki Kido

Corporate Planning Department
SBI Securities

Oversees progress management, promotions etc., relating to Olive’s development on the SBI Securities side.



Christopher Bishop

Head of Consulting & Analytics
Visa Worldwide Japan (Visa)

Oversees coordination with the global development team for the delivery of the new Visa-developed payment functionality, including definition of requirements and progress management.

Key Measures to Drive SMBC Group's Future Growth

Ito, SMCC:

It brings me great pleasure to welcome all of you who have contributed to the development of Olive, which launched in March 2023. Thank you all very much. The Olive project began about two and a half years ago, based on the concept of offering SMBC and SMCC products together in a single package, and the two companies have worked together on the question of how to make this a reality.

The background to this project's inception was the rapid digitization of banking transactions. Whereas 90% of account openings were once handled in branches, in the past few years the percentage of accounts opened digitally has increased to more than 50%. To compete with online banks, which are rapidly expanding their market share, Olive was born from the idea of offering a comprehensive range of services from group companies and strong partner companies, with mobile transactions as a core premise.

We have been working with SBI Securities since 2021 on projects such as "Sumitomo Mitsui Card Tsumitate-Investment,"* which is used by a large number of our customers. In order to develop this into "Olive," we asked

them to participate as the main digital brokerage.

* SBI Securities' service to build mutual funds with Sumitomo Mitsui Card Company.

Kido, SBI Securities:

SBI Group and SMBC Group signed a basic agreement on strategic capital and a business partnership in April 2020. As part of this effort, we have been providing partner services with SMCC since June 2021, to offer credit cards, V-points, and the Vpass App, with steady results. In June 2022, a comprehensive capital and business partnership was announced between the two groups, and SBI Securities has given their full participation to the "Olive" project. Despite being only about six months away from launch, we were conscious that this project was symbolic as an integrated capital and business partnership, which was a sobering thought.



Chris, Visa:

For Visa, the challenge was how to improve the customer experience and make cashless transactions safer and more convenient in Japan, which has a low cashless payment ratio among developed economies. Since we do not have direct contact with end-users, we believe the most effective way for us to get over our challenges is to work together with our clients to drive the change. This project was of great significance for Visa because we had the opportunity to contribute to Flexible Pay, an innovative service offered by SMBC and SMCC, our important clients even on the global level.

"Olive" was released on March 1, 2023 as an integrated financial service for retail customers. It is an entirely new service that seamlessly integrates bank account, card payment, finance, securities, insurance, and other functions within an application.



Ito, SMCC:

“Flexible Pay” is a world-first service in that it incorporates new payment functions developed by Visa, and we believe that competitors will not easily be able to follow suit. We are moreover confident in both our technology and our service, as the application integrates with SBI Securities, the number one online securities firm and our superb lineup of insurance products. In terms of promotions, SMCC already acquires the majority of its members online, and is using the know-how it has accumulated there to develop a combination of mass-media and digital advertising. With strengths in both merchandising and promotion, the odds are in our favor.

Sato, SMBC:

As a megabank group, we have earned the trust of our customers over many years, and we also have a system in place that allows customers to easily consult with us at our branch counters, call centers, and chat rooms if they encounter problems, which I think is an advantage that online-only banks cannot offer.

Ikemoto, SMBC:

That’s right. It’s important to be close to our customers, and we have endeavored to create a design that would be comfortable for both those who mainly use the SMBC App for account transactions, and those who mainly use the Vpass App for credit card transactions.

Ogawa, SMCC:

We were also very particular about the design of the credit card. We worked with Visa’s designers, had numerous discussions with our in-house designers, and redid the design more than 30 times before it was completed. We received many highly positive comments on the design following the launch, and we feel that it has become one of our strengths.

Chris, Visa:

There were many difficult moments on the development side, but we felt a strong commitment from Mr. Ogawa and everyone at SMBC Group to make the customer experience even better. They have a spirit of taking on new challenges, and a culture of creating precedent.

Kido, SBI Securities:

The SBI Group prides itself on its corporate culture of taking on new challenges with a startup spirit, and I am very surprised that even in the huge organization that is SMBC Group, we can take on the challenge of providing such a world-first service without compromise.

Ikemoto, SMBC:

What you have both just said corresponds exactly with SMBC Group’s “Five Values,” and I am delighted that, in hearing people outside the company talk about “Speed & Quality,” “Customer First,” and “Proactive & Innovative,” our values are being conveyed.

Ito, SMCC:

Thanks to the help of many people both inside and outside the Group, we were able to launch “Olive” on schedule. For me personally, I can honestly say that I am relieved that we were able to successfully launch on schedule and that so many customers have joined so quickly. Can you tell us what your thoughts were about this project?

**Ogawa, SMCC:**

I have been involved in the launch of credit, debit, and prepaid products, so I was conscious that Flexible Pay, which integrates these products into one, is the culmination of my career. I think it was this strong desire to ensure a good product that allowed us to stick to our commitment to the product and its design right until the very end.

Sato, SMBC:

With the help of the project’s members, my desire to absolutely succeed together, and to deliver “Olive” to our customers as soon as possible, grew stronger each day. We were truly delighted with the great response following the launch,

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and we will continue to listen to our customers and improve our products so that customers will continue to use them.

Ikemoto, SMBC:

I'm pleased that through this project, we have been able to add even more superb services to the "SMBC App" and "Vpass App." We will continue to make improvements, bringing useful functions and great design to even more people.

Kido, SBI Securities:

"Olive" is a project that symbolizes the alliance between our group and SMBC group, so we were under a lot of pressure to make it a success. The "Olive" project has been the biggest project in my career, so I was quite nervous. Like Mr. Ito, I feel a great sense of relief now that the project is completed.

Chris, Visa:

This was certainly a very memorable project, both for Visa and for me personally, as it is the first Visa product from Japan, and Flexible Pay is the world's first solution using Visa's new payment function.

Ogawa, SMCC:

It is truly amazing that we have been able to bring forth a world first from Japan to the world of finance. We could not have done it without the help of Visa. We are truly grateful for the countless times you have listened to our requests for help while you worked not only on this project, but on so many other projects around the world.



Ito, SMCC:

Looking back, as the launch date drew closer, challenges appeared one after another, and at times I wondered if the project was even possible. Yet I believe that one major factor in our successful launch was everyone's positive attitude, that everyone demonstrated great professionalism in their respective roles as

members of the same team, even when working for different companies.

Kido, SBI Securities:

The culture in meetings did not stand on hierarchy: we could exchange frank opinions with one other, saying things like, "this is okay, this is impossible," and those discussions moved ahead smoothly. It was so hard to believe we were from different companies.

Chris, Visa:

I always felt like we were working as one team. I've been involved in a range of projects in the past, but I think the sense of unity we had as a team on this project was remarkable.

Sato, SMBC:

Absolutely. During meetings, there was always an attitude of discussing "how we can do it," and I think the fact that each company was able to maintain this mindset was a key factor in the success of this project.

Flexible Pay is a world-first service by using a new feature developed by Visa that enables customer to choose credit card, debit card, and points payment (prepaid card) in a single card on an application in addition to cash card function.



Ikemoto, SMBC:

There were many different opinions on the design and text of the application, and many things were not decided until the last minute. However, we were able to maintain our commitment, without compromise, because the “Customer First” concept of valuing customers was embodied in every team member, and I believe we were able to create a product that delights our customers as a result.

Ito, SMCC:

Finally, I would like to talk about what “Olive” is aiming for going forward. The “O” in “Olive” symbolizes “circulation,” while “live” expresses our customer’s lives. The name “Olive” embodies the idea that our customers’ lives will flow more smoothly by using this product. Olives are green, like SMBC’s company color, and the design also incorporates our desire to become a new company, while preserving SMBC’s traditions and the relationship of trust with our customers. As for numerical targets, we have set the goal of acquiring 12 million “Olive” accounts, and 5 million new cardholders per year, over the next five years. This target is premised on achieving top place for the number of accounts opened in Japan. Could you all talk about your efforts to achieve this goal?

Chris, Visa:

Going forward, we intend to develop functionality based on customer feedback and needs, so that we can take SMBC Group’s “Flexible Pay” to the next level.

Kido, SBI Securities:

We have succeeded in creating a system that allows customers to easily create an SBI Securities account by opening an SMCC credit card or “Olive” account, but we will continue to develop the system to make it more seamless. We will also review the UI so that SMBC Group customers feel more familiar with asset management, such as by providing guidance on opening an SBI Securities account together with promoting “Olive” in SMBC storefronts.

Sato, SMBC:

We will listen carefully to customer feedback at our branches, call centers, and on social media, as well as to requests from our branch employees, and reliably respond to those requests.

**Ikemoto, SMBC:**

I check responses on social media and respond to app store comments. We receive many comments such as “it would be easier to read if the font size on the screen were a little larger.” We will continue to improve the application closely reflecting customer feedback.

**Ogawa, SMCC:**

Even now, we are planning new services with the same volume as that of the initial launch. We will continue to improve “Olive” by shortening the cycle with which we reflect customer feedback.

Ito, SMCC:

As everyone has said, there are many small improvements, and we have received customer feedback, so we would like to steadily reflect those improvements to make the product even better. We are planning to launch new services during FY2023, and I thank everyone for their continued support.



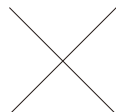
Drive the growth of our U.S. business by providing new value through Jenius Bank

See page 102 for practical examples of the FIVE VALUES of the project members.

In 2023, SMBC Group launched Jenius Bank, its U.S. digital retail bank. John Rosenfeld, President of Jenius Bank, and Daisuke Tanaka, Managing Director and Joint General Manager, Strategic Planning Department, The Americas Division, discussed the background, current initiatives, and future plans for Jenius Bank.

John Rosenfeld

Jenius Bank
President



Daisuke Tanaka

Head of Corporate Development, Deputy Head,
Strategic Planning Dept., Americas Division

Tanaka: In 2018, I was appointed to the Strategic Planning Department, Americas Division, and the topic of growth opportunities in the U.S. market was already the subject of much discussion across the team. During such discussions, we gradually turned our attention to the idea of establishing a digital retail bank knowing that in order to realize future growth, we needed to expand into new business areas while also diversifying our USD funding capabilities.

At first, we considered the possibility of investing in a U.S. regional bank. However, we recognized that the importance of physical bank branches to consumers was decreasing due to digitalization. The concept of a digital bank was born based on our recognition of such issues, which in turn led to the Jenius Bank project.

By positioning Jenius Bank as a division of Manufacturers Bank, a U.S. subsidiary of SMBC Group, we were able to launch Jenius Bank in a relatively short period of time by leveraging existing licenses. Furthermore, being able to work with John on the project, especially given his experience in leading the digital bank of a major U.S. bank, was a big plus.

Rosenfeld: Thank you. While I have worked in U.S. consumer banking for over twenty years, I really was not familiar with Sumitomo Mitsui Banking Corporation. When Tanaka-san first approached me about joining the Jenius Bank project, I did some quick research, and I was quite impressed. I also realized that SMBC Group's lack of presence in the U.S. consumer market could actually create some exciting competitive advantages. Tanaka-san and I discussed how we could build the digital bank business truly from scratch, leverage some of the latest technology, and grow SMBC into a stronger bank.

We would not be hampered by various obstacles and challenges that typically plague traditional banks. Traditional banks have aging infrastructure and technology, extensive manual processing, and high cost branch and ATM networks, that really impede their ability to implement new digital technology. Additionally, traditional banks rely heavily upon punitive fee income to offset the high cost of their physical infrastructure, which impacts their customer experience negatively.

Furthermore, the COVID-19 pandemic



accelerated the introduction of digital services in all business sectors throughout the world. The banking sector was no exception, and consumers selecting to substitute trips to physical bank branches with digital services acted as a tailwind for the establishment of Jenius Bank.

These challenges, combined with the accelerated adoption of digital services we saw during the pandemic, have created an opportune time to enter the market with a new and innovative value proposition. Since our business model does not include the high cost of a traditional bank, we can pass on that saving to our customers with more favorable pricing and no fees, creating a very competitive offering while preserving our margins.

Tanaka: Leveraging its strengths as a digital bank, Jenius Bank has hired talent from throughout the U.S. and its approximately 270 employees perform the majority of their duties remotely. We developed new ways of working remotely, which has proven to be a very compelling employee benefit, while many other companies were forcing their employees back into their offices. We had to be flexible in our approach to ensure that our diverse talent pool could perform their duties in an efficient and effective manner. As the project head, John always took great care to reflect employees' views in our plans and operations.

Rosenfeld: As we worked on the project, efficient consensus building between employees who were working remotely was the first key issue we had to overcome. We had brought in so many new employ-

ees with such diverse backgrounds that everyone seemed to have different ways of doing things. At first, this created some inefficiency and challenges, but we recognized the benefits of diverse experience. We resolved this issue by creating "The Jenius Way." We encouraged our team to share how they had done things in the past and then we discussed the advantages and disadvantages of the various approaches. Together, we then decided how we would do things as a newly combined team and called it "The Jenius Way". It allowed us to expedite internal decision making. I am confident that by leveraging the diversity of our talent pool, we were able to produce optimal solutions that made good use of a wide range of ideas and opinions.

The team became very skilled in utilizing online meeting and collaboration tools, but we recognized the importance of face-to-face engagements and how they led to stronger working relationships. Once a month, our management team conducts meetings in Jenius Bank's U.S. offices. In addition, we conduct biannual meetings in which approximately 100 employees in leadership positions take part to reaffirm the direction of strategies and strengthen existing initiatives. Additionally, we started an all-employee call to wrap up every week and recognize great work across the team. This became a very popular meeting and we have maintained it to this day, now with about 270 people attending each week to celebrate each other's successes.

Key Measures to Drive SMBC Group's Future Growth

Tanaka: Many employees decided to join Jenius Bank because it was part of SMBC Group. They felt that Jenius Bank presented a unique opportunity to work in the digital bank sector using cutting-edge technology while being backed by the stable capital base of SMBC Group. The history and strength of SMBC, combined with its focus on long-term sustainable growth is distinct from many U.S. companies that focus more on the short-term. John, how do you feel about SMBC Group's corporate culture?

Rosenfeld: SMBC Group's Five Values resonated very strongly with me. "Customer First" and "Proactive & Innovative" play a key role in bringing the team together through a common mindset. These values align perfectly with Agile ways of working and customer-driven iterative design processes, which have become foundational in many of the most successful digital companies in the world. We create a prototype of an idea, test it with consumers, refine our approach based on their feedback and then continually repeat that process.

I've always liked to interact with people from other countries and experience different cultures. I've read books regarding Japanese business culture, and I was fascinated by how some of these cultural differences have driven such strong employee work ethics and loyalty. Additionally, the approaches to build consensus, to drive sustainable growth, and to prioritize strength in compliance and risk management over speed to market or short-term returns, are very compelling.

Tanaka: You brought up the key word "Customer," and at Jenius Bank our target customers are individuals that regularly use digital products and services as part of their everyday lives.

Our vision is to become a platform that can meet the banking needs of our customers throughout all their respective life stages. In the future, we will offer various products such as home loans, automobile loans, and student loans to meet the needs of customers for marriage,



childbirth, children's education, and the purchase of homes and automobiles. We also plan to expand our product line-up to meet the wealth management needs of customers that very often arise in later life stages. We have invested considerable time in conducting preliminary research so that we are able to properly address such needs. Our designs are driven by the "Voice of our Customers."

Rosenfeld: Consumers have told us that they want to feel more confident in the choices they have made regarding their finances. As we dove deeper, we heard that people struggle simply to keep track of all of their financial activities. On average, American consumers maintain accounts at 5.3 different banks or financial services companies, which is different than many other parts of the world. This is driven by the fact that there are more than 4,500 different banks in the U.S., more than any other country. This highly competitive market makes it more compelling for consumers to shop around for different financial needs, but it also leads to far more complex financial lives. Managing transactions with multiple banks can be cumbersome and make it difficult to obtain a clear picture of one's financial situation.

Tanaka: As we want to be our customers' long-term partner, we have placed considerable focus on our mobile app as it will be the primary channel with most of our customers. We are building a "hub" for our customers that will allow them to see all of their accounts across multiple banks in one place. We can then leverage this wealth of data and advanced analytics to help our customers analyze their spending, refinance their high-interest debt, and optimize their savings. This all ties back to our Jenius Bank purpose, "to help you live a richer life."

Rosenfeld: While we all agree on the enormous power of data and the future potential of AI and machine learning, we must not forget the significance of direct human interactions with customers. Some digital banks today do not even list a phone number on their website, instead they steer their customers to automated services and chatbots. Once again, we see this as an opportunity to differentiate from competitors by “humanizing digital banking”. We have established a contact center where customers can contact a Jenius Bank expert 24 hours a day, 365 days a year by phone or chat. While this is more costly than most digital and traditional banks are willing to accept, we can afford to offer this level of service based on the lower cost of our infrastructure.

Tanaka: With the backing of SMBC Group, Jenius Bank was able to receive significant investments from the very beginning. Through such investments, we are attempting to launch multiple products by establishing the necessary business foundations in a short period of time. The start-up model followed by Jenius Bank was made possible because we are part of a major corporation. With the finance sector currently experiencing turbulence, the backing of SMBC Group is a source of reassurance for Jenius Bank customers.

Rosenfeld: Technology will be one of our core strengths, as we are building Jenius Bank on one of the most modern and proven core platforms in the world. Our new real-time banking core is constructed such that different capabilities are provided as compartmentalized micro-services that communicate with each other through a standardized set of API messages. This allows us to “plug-and-play” new capabilities far faster and more efficiently than almost any other bank today. In traditional banking platforms, systems are generally siloed and hard-wired to one another, making it very difficult and costly to implement changes or take advantage of new innovation. In contrast, Jenius Bank’s new platform and architecture enable us to rapidly refine our offerings as customers’ needs continue to evolve.

Tanaka: The U.S. market is enormous, and its growth exceeds that of Japan in terms of both deposits held by traditional banks with physical branches and deposits held by digital banks. While many U.S. consumers remain loyal to the larger bank brands due to their perception of stability, there is a tectonic shift happening that is driving consumers to investigate alternatives. As we have discussed, consumers are accepting more digital-only services than ever before. They are also finding that the lower-cost business models may offer different capabilities and far more competitive rates. We intend to capitalize on those growing trends, but it may prove to be a hard nut to crack. As such, rather than focusing on winning market share directly from major banks given the fluid market conditions, we will focus on our target client base, present an innovative new value proposition, and develop a niche market.

Rosenfeld: I agree with Tanaka-san. It is important to maintain a long-term perspective and ensure that we remain consistent with our strategy. Specifically speaking, in terms of services, we will start by offering individual loans and then expand to include savings accounts, checking accounts, debit cards, and access to ATMs. We also plan on further expanding our product line-up to include credit cards, automobile loans, home equity loans, and student loans. We will bring all of this together in an integrated customer experience leveraging our capabilities, which will create a network effect that continually increases the value our customers realize with every new service they accept from Jenius Bank.

Tanaka: Jenius Bank is not a project to drive SMBC Group’s growth just in the U.S. Rather, it is a key project in SMBC Group’s global strategy. We will enhance the value of the entire SMBC Group by sharing the know-how and expertise we obtain from the Jenius Project with other business units.

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