

FinTech—Promoting Innovation with IT

FinTech, the fusion of finance and technology, is a new business model that is attracting great attention. At SMFG, our efforts on this front are led by the IT Innovation Department, which in 2015 took over the functions of the project team we formed in 2012.

Our new IT Innovation Department

In October 2015, holding company SMFG and SMBC formed the IT Innovation Department to strengthen FinTech-related efforts across the Group.

The project team formed in 2012 was designed to use IT and the Internet for investigative research into new services and their commercialization. Our new arrangement is designed to accelerate the original project team's work. We position the department as the innovation hub for activities across all Group companies.

The new department is based on a concept of open innovation, with an emphasis on making active use of external knowledge and pursuing new business models through alliances with non-financial companies. Agile development, another key concept, relates to speeding up our planning and prototyping / testing cycles for new financial services.

Ties with companies and institutions outside Japan

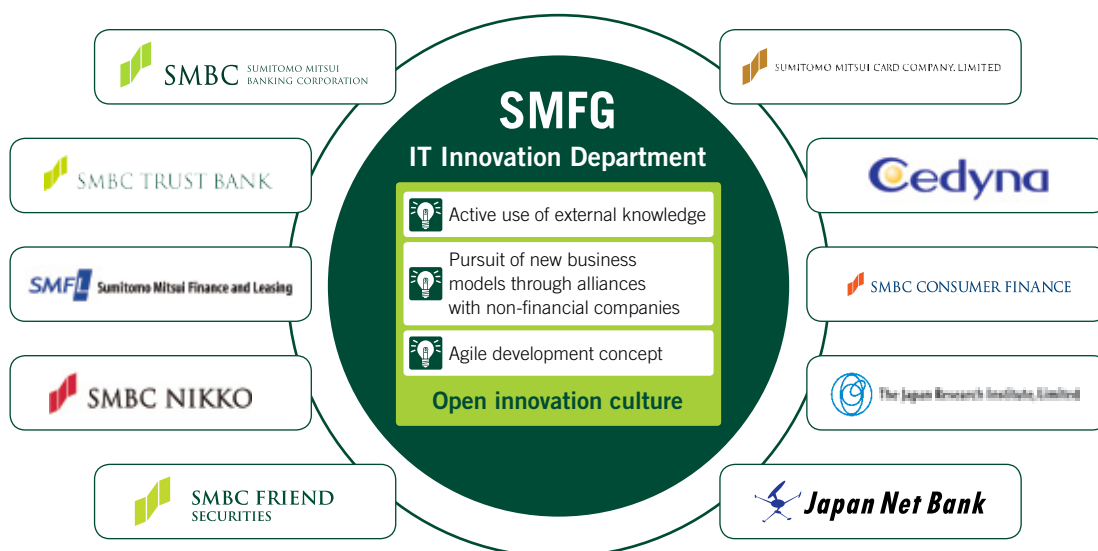
SMBC and Sumitomo Mitsui Card Company spearhead our efforts to study the latest trends and to find partners by sending staff to Silicon Valley to network with leading-edge start-ups and IT vendors and hence expand the SMFG network.

As a means to cultivate ties with high-quality venture companies in FinTech in particular, we have ties with Plug and Play Tech Center, which is renowned for incubation, and we make strategic investments in local venture capital funds.



Plug and Play Tech Center (Santa Clara, U.S.)

► IT Innovation Department—Our innovation hub



Ties with Japanese ventures

To create ties with venture businesses, we host such events as the Open Innovation Meetup and the Mirai 2016 business pitch competition arranged by the cross-industry Triple I consortium. We draw on our resulting venture network in our promotion of innovation.



Final screening at Mirai 2016

► Examples of our activities

We are working with other companies in such areas as the introduction and testing of leading-edge services and technologies. At the same time, we are seeking to promote design thinking with help from outside experts to create ideas from our customers' perspective.

Higher levels of convenience

We are collaborating on biometric identification with leading venture companies. One example is a project to test identification using veins in the palm with an ordinary smartphone camera.



Palm authentication testing

Machine learning and neuroscience

SMBC is testing IBM's Watson in its contact centers. Watson is able to respond to customer inquiries with optimum answers, and we see it as a tool for raising the quality of our response to customers.

We have embarked on a project with a major IT vendor on neuroscience applications in financial services. We are looking at the use of neuroscience to provide optimum asset management assistance to customers.



Watson trial in a contact center

Blockchain

We have commenced joint research on blockchain technology with the National Institute of Informatics and Kinki University. Reflecting this technology's significant influence on financial infrastructure, we are also collaborating with expert companies in the field on technology testing for financial services.

Design thinking

We have begun working with Tokyo Institute of Technology on design thinking, which is an approach for creating ideas from our customers' perspective. Regular sessions are held to reflect on the image we should aim for as a financial institution and create new business ideas.



Design thinking session



Vision produced at a design thinking session