

Special Feature



Realization of a Cashless Society

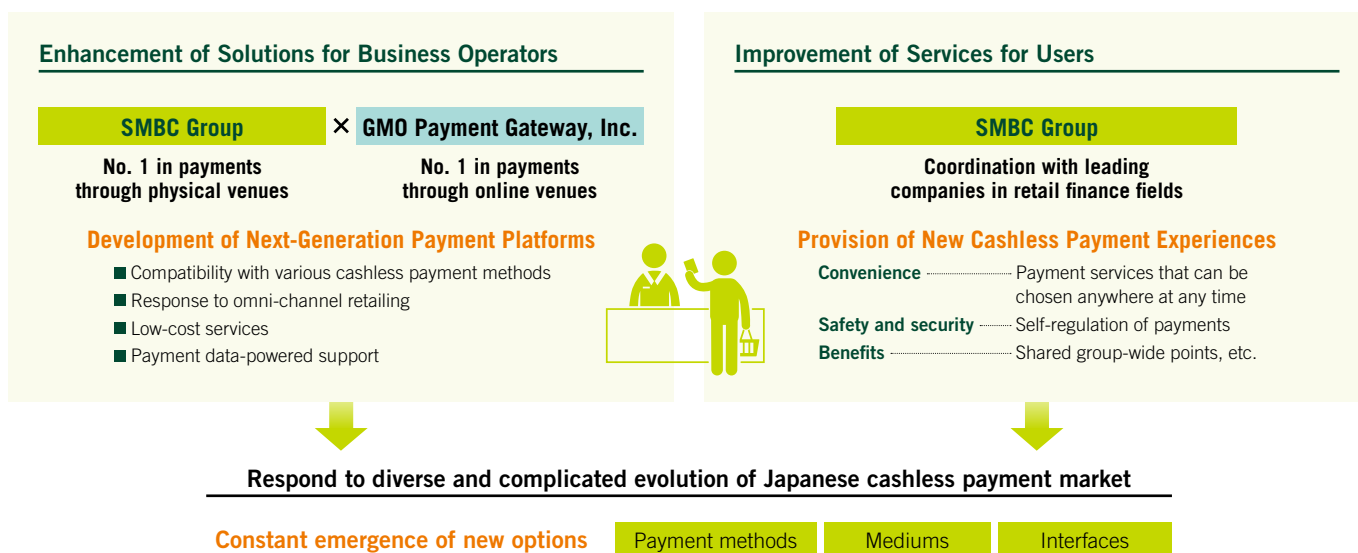
Various forms of cashless payment can be found in Japan, including credit cards, debit cards, and e-money. Nonetheless, cashless payments still represent only a small portion of all payments made when compared to countries like China, South Korea, and the United States, where cashless payments are more mainstream. Recognizing this situation, the Japanese government has stated its intent to greatly increase the portion of payments accounted for by cashless payments leading up to 2020. As a result, the movement to realize a cashless society is gaining momentum.

SMBC Group's Cashless Payment Strategies

The evolution of Japan's cashless payment market has been diverse and complex in comparison to the markets of other countries. This evolution is ongoing, driven by technological progress, market entry by players from other industries, and the diversification of the needs of users and business operators.

SMBC Group has been a proponent of the development of Japan's cashless payment market through the credit card business it has operated over the course of half a century. Today, we are still taking initiative in promoting cashless

payments in Japan by leveraging the strengths and track record we have cultivated to date as we engage in new initiatives based on changes in the operating environment. In this section, we will explain SMBC Group's initiatives to develop next-generation payment platforms and to provide new cashless payment experiences. Through these initiatives, we aim to improve the quality of our services from the perspectives of our customers, both users and business operators, while also removing obstacles to the realization of a cashless society in Japan.





Enhancement of Solutions for Business Operators

Development of Next-Generation Payment Platform

In Japan, the range of usage patterns for cashless payments is growing increasingly diverse amid the rapid expansion of e-commerce and the trend toward mobile payments. However, the payment platforms used to process payment information currently vary by payment method, requiring business operators to install dedicated payment terminals for each payment method or to overhaul their point of sales systems. As a result, it can be difficult for business operators to achieve compatibility with all available payment methods. This situation is one obstacle that is impeding the realization of a cashless society in Japan.

To address this situation, SMBC Group embarked on discussions with GMO Payment Gateway, Inc.,* in May 2018 to develop a next-generation payment platform with the aim of

providing business operators with the infrastructure needed to accommodate cashless payments. We will combine the online payment strengths of GMO Payment Gateway with the credit card service strengths and competitiveness in regard to payments at stores and other physical venues of SMBC Group. We thereby plan to develop a comprehensive, next-generation payment platform capable of seamlessly accommodating payments through various payment methods via both physical and online venues. Our goal is to create infrastructure that enables business operators to respond to the diverse range of payment methods necessary to cater to users' various needs with a single, low-cost payment platform.

* A member of the GMO Internet Group that has become a leader in the payment industry by providing comprehensive payment services and financial-related services and that processes ¥2.5 trillion worth of payments a year



Improvement of Services for Users

Provision of New Cashless Payment Experiences

Individuals that refrain from using cashless payments have cited reasons for this reluctance that include the hassle of carrying around various cashless payment tools and concern regarding the possibility of overspending. SMBC Group is enhancing its cashless payment services with the aim of addressing the concerns people have for cashless payments themselves.

For example, we will introduce a mobile service that allows for various payment methods and store interfaces, such as contactless ICs and QR code payments, to be selected as appropriate for the best convenience. We thereby aim to let cashless payment users choose the payment method they desire anywhere at any time. This service is expected to provide a feature that helps users self-regulate their spending. Users concerned about overspending will be able to flexibly

set a limit on mobile payments so that they can feel safe and have peace of mind when making cashless payments. Users with relatively high financial leeway, such as those able to save money, will be granted the ability to switch between credit and debit payments to match their needs at a given time.

Furthermore, we will take advantage of the retail finance sector leaders of SMBC Group to introduce shared group-wide point systems that allow users to accumulate points when making payments or using various other financial services. We are also examining the possibility of providing user benefits through coordination with business operators.

Through these initiatives, SMBC Group is amassing its collective strength to provide users with new cashless payment experiences that are convenient, offer safety and peace of mind, and provide other user benefits.