

【NEWS RELEASE】

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Sumitomo Mitsui Financial Group
 Sumitomo Mitsui Banking Corporation
 Sumitomo Mitsui Card Company
 Cedyne

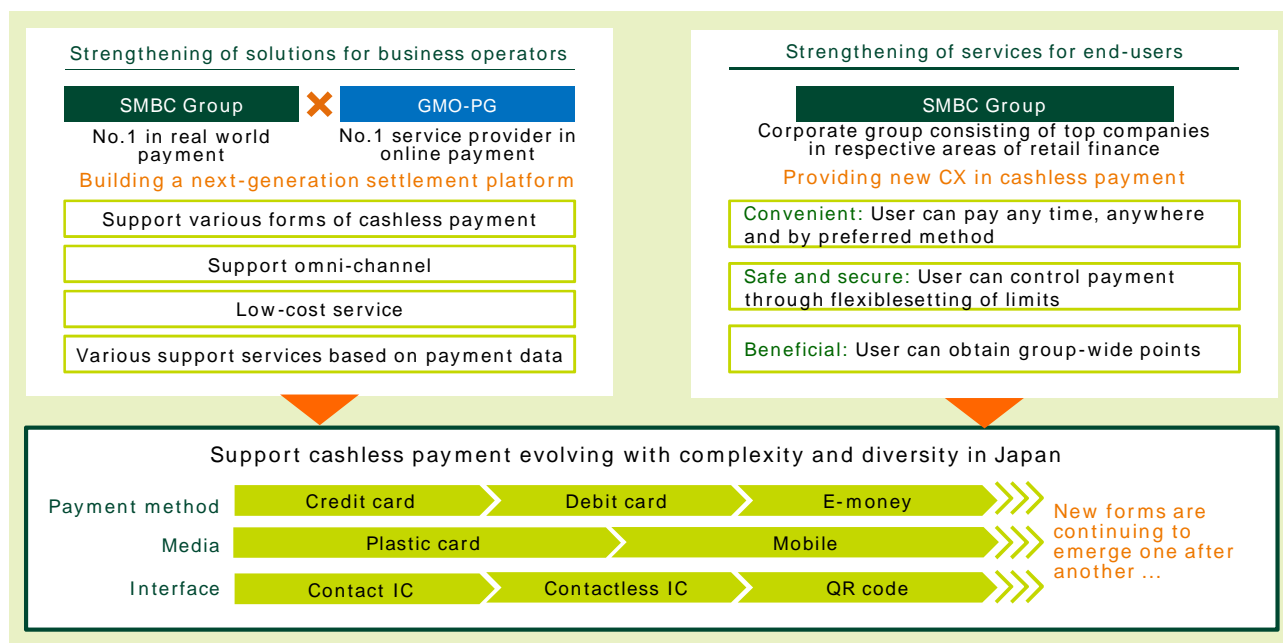
SMBC Group’s Cashless Payment Strategy
– Steadily moving forward to creating a cashless society –

TOKYO, May 8, 2018 -- The cashless payment market in Japan has evolved and become complex and diverse in structure compared with other countries. Still, the market is developing, with evolving technologies, entry of new players from other industries, and the diversification of needs of end-users and business operators.

SMBC Group has been contributing to the growth of the cashless payment market in Japan, having been involved in the credit card business for 50 years. By leveraging the track record and operational strengths of the Group, we will continue to take the initiative in evolving the cashless payment market in Japan, by introducing new measures in response to the changing environment.

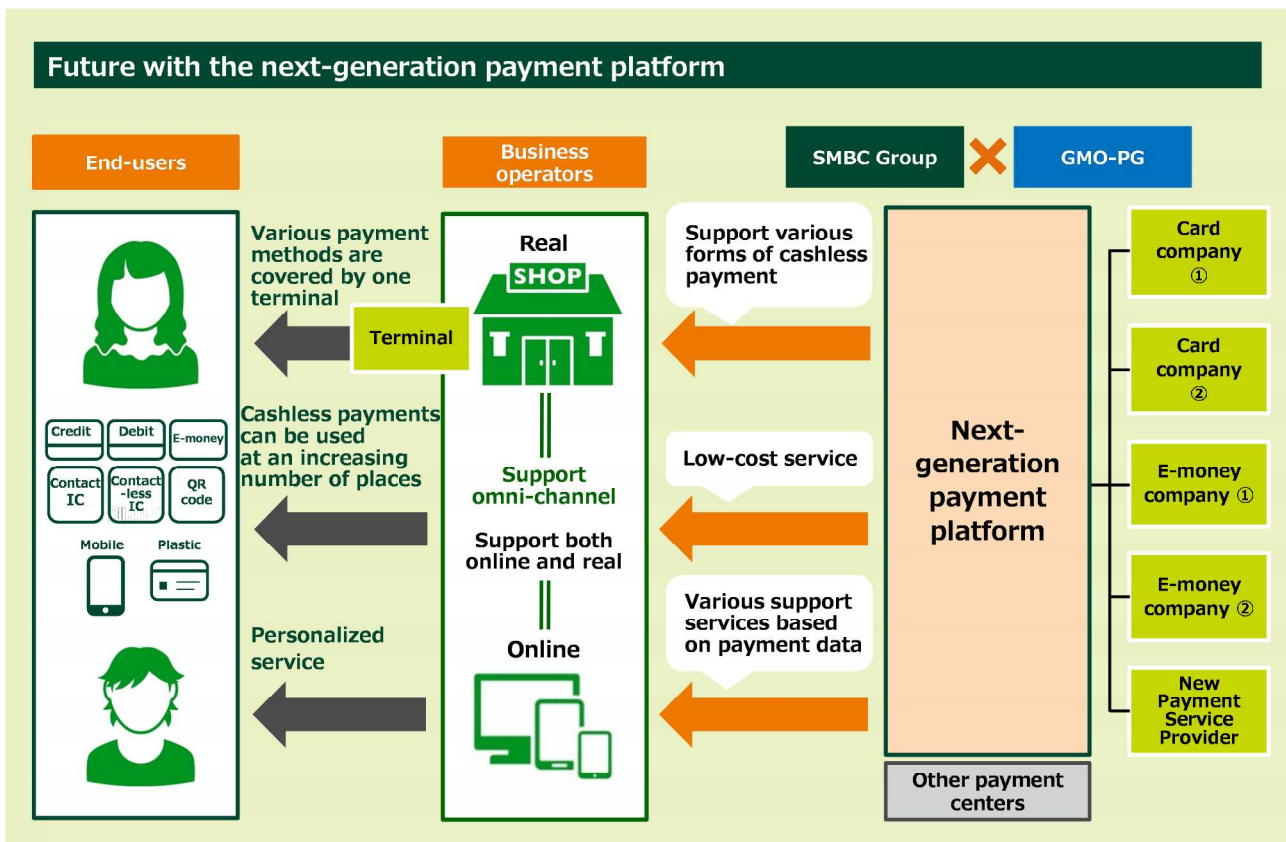
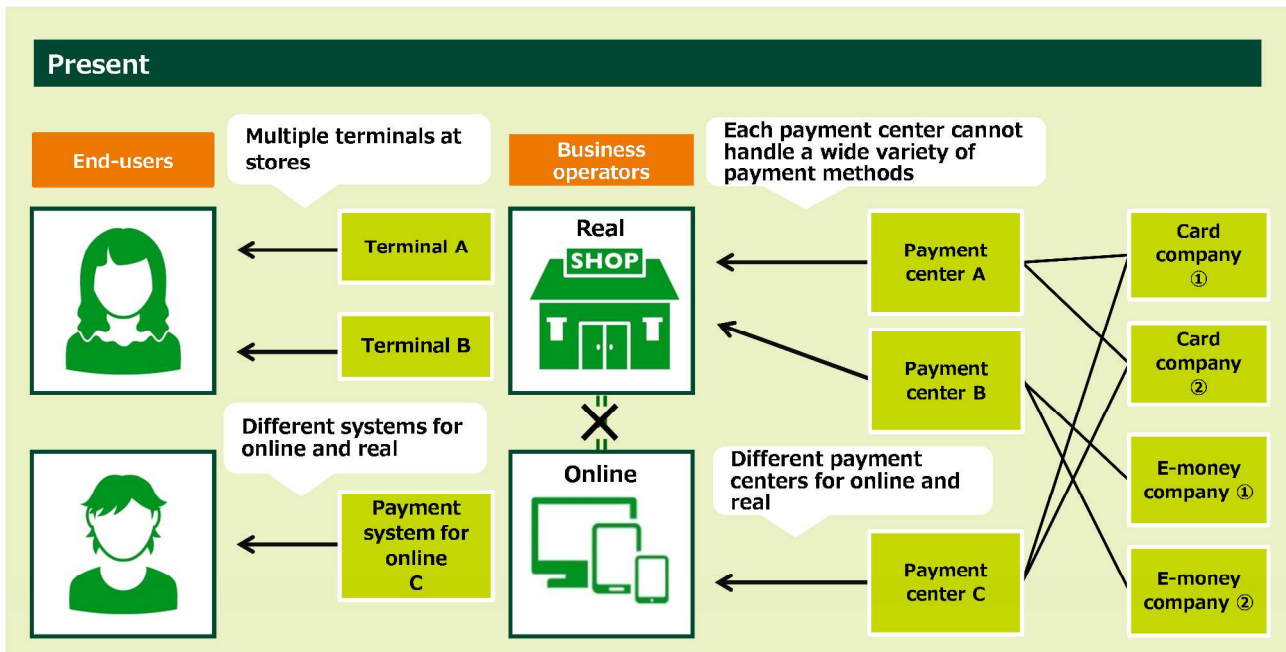
SMBC Group’s approach to cashless payment

SMBC Group will keep enhancing its payment services for the benefit of both business operators and end-users, and will overcome the hurdles to the evolution of the cashless payment market in Japan.



1 . Establishment of next-generation payment platform

- SMBC Group (No. 1 service provider in real world payments, centering on Sumitomo Mitsui Card) and GMO Payment Gateway, Inc. (No. 1 service provider in online payments) started discussions on building a next-generation payment platform.
- This means entering a new area for SMBC Group, we will be able to provide business operators with a full range of solutions.



Details of action

Support for various forms of cashless payment:

- We will create a one-stop payment platform to provide business operators with the payment options they need.
- It will help spread new services such as the QR code payment, by its speedy and flexible adoption of new payment methods.

Support for omni-channel

- We will provide seamless support for the omni-channel needs of business operators, ranging from online payment to payment in the real world.

Low-cost services:

- We will aim to provide services at low cost by enhancing the efficiency of systems and through economies of scale by leveraging the combined customer base of both companies.

Various supports by effective use of payment data:

- In the future, we will aim to provide business operators with new values through marketing support based on payment data and create an environment that enable business operators to provide consumers with personalized services.

Background

In Japan, there are already various cashless payment methods such as credit card, debit card and e-money, and cashless payment is increasingly being used in various situations, with the rapid expansion of the EC industry and accelerated use of mobile devices. However, for each payment method, there is a payment platform consisting of a payment center and network that processes the payment. With many such payment platforms in the market, the payment infrastructure is structurally complicated and expensive. It is difficult for each business operator to install various settlement terminals or to change or upgrade the POS system in order to handle all payment methods. As a result, end-users may not be able to use their preferred payment method at a particular TPO.

Given this special environment in Japan, we concluded that, to make real progress in creating a cashless society, we would need to develop a comprehensive payment platform that extensively covers diverse payment transactions whether on the internet or in the real world, irrespective of the method of payment, namely credit card, debit card, e-money or other emerging methods, instead of creating a new unique payment method, in order to effectively assist business operators.

Accordingly, we will build a next-generation payment platform to improve the cashless payment environment for business operators.

2 . Provision of new CX in cashless payment

- Strengthen services to end-users to provide new CX in cashless payment.
- We will significantly enhance the functionalities of cashless payment, centering on banking and card services.

Convenient

End-user can pay any time, anywhere and by preferred method

Safe and secure

End-user can control payment through flexible setting of limits, etc.

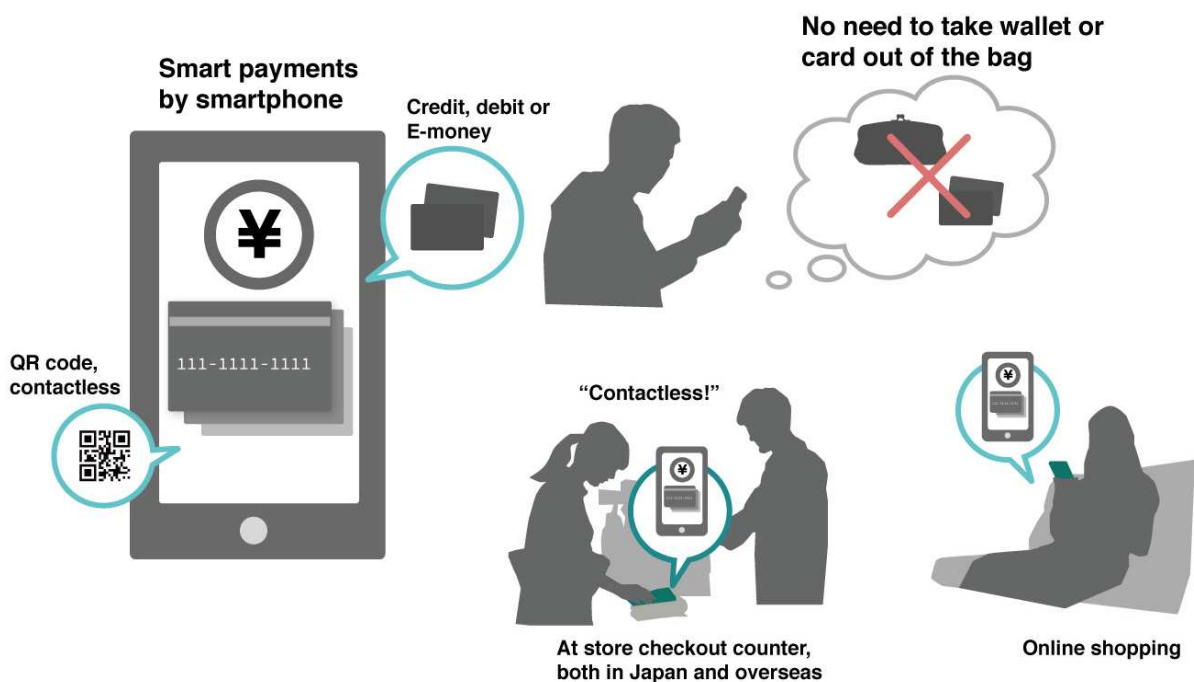
Beneficial

End-user can obtain group-wide points by using various financial services (incl. payment)

Details of action

- To enable end-users to pay at anytime and anywhere by their preferred method, we will introduce a new mobile service that allows convenient selection between various options of payment method (credit card, debit card, e-money, etc.) and interface (contactless IC, payment by QR code, etc.) .
- For end-users who are concerned about spending too much by cashless payment, or concerned about security, we will allow them to control their payment, such as by flexibly setting a usage limit on mobile device; flexibly changing from credit to debit depending on their needs (for example, a end-user may change to debit when they have enough cash by reducing spending), etc.
- We will introduce a group-wide point system, which can be earned through various financial services including payment. This is possible because SMBC Group includes leading companies in respective areas of retail finance. We will also consider offering special benefits for end-users through collaboration with relevant business operators.
- We will roll out these functions starting in FY2018.

Settlement by preferred method anytime and anywhere



Background

At present, some people are reluctant to use cashless payment methods because they feel it is troublesome to carry around many cashless payment sources, or they are concerned about spending too much. We will build a service that is truly convenient, secure and beneficial by fully addressing the issues end-users face with cashless payment.

In pursuing this strategy, we will mobilize all resources of the Group companies as a united team. In particular, Sumitomo Mitsui Card Company and Cedyne will play important roles, as they are leading players in their respective areas of cashless payment and have already been collaborating. In order to help build a cashless society as an integrated team, we may also consider a possible future collaboration framework of these companies.

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