

【NEWS RELEASE】

February 12, 2019

Sumitomo Mitsui Financial Group, Inc.
Sumitomo Mitsui Card Company, Limited

Strategic significance of the next-generation payment platform business

Today, Sumitomo Mitsui Card Company, Limited (Minato-ku, Tokyo; President and Representative Director: Yukihiro Onishi; “Sumitomo Mitsui Card”) which plays a central role in the payment service of Sumitomo Mitsui Financial Group, Inc. (1st Section of the Tokyo Stock Exchange: Securities Code 8316, President (Executive Officer) and Group CEO: Takeshi Kunibe; the corporate group will hereinafter be referred to as “SMBC Group”) announced a “basic agreement regarding development of the next-generation payment platform business” together with GMO Payment Gateway, Inc. (1st Section of the Tokyo Stock Exchange: Securities Code 3769, President and Chief Executive Officer: Issei Ainoura; “GMO-PG”) and Visa Worldwide Japan Co., Ltd. (Chiyoda-ku, Tokyo; Representative Director and Country Manager, Japan: Seiji Yasubuchi; “Visa”). (For details, please refer to the “Basic agreement regarding the next-generation payment platform business”. <https://www.smbc-card.com/company/news/news0001432.pdf>)

In this regard, from the strategic viewpoint of SMBC Group, we hereby give an explanation on the background and purpose of this agreement.

As announced on May 8, 2018 (Please refer to the press release “SMBC Group’s Cashless Payment Strategy”), SMBC Group, centering around Sumitomo Mitsui Card, is aiming to improve the level of its services from the perspectives of its clients (both users and business operators) in order to respond to the changes in the Japanese cashless settlement market which is showing complex development as well as having diversity, such as technology evolution, entry of players from outside the industry to the market and the diversification of the needs of users and business operators. It is also working steadily on various developments toward the release of services in the 2019 business year in order to resolve the issues that impede the development of cashless settlement in Japan.

The strategic alliance we have announced recently is the main pillar of our overall strategy. The alliance sets a foundation for merchant payment platform business which aims to improve the business operator’s cashless settlement environment.

Until now, Sumitomo Mitsui Card has been making efforts to provide services as an acquirer focused on credit cards and issuance of affiliated cards, targeted at business operators. In addition, in recent years, it has been working on improving its marketing support functions based on analyzing accumulated data as an

acquirer. Through this agreement, Sumitomo Mitsui Card will proceed with further expansion of its business fields and improvement of its business model. To that end, while it is urgently necessary to acquire new capabilities, we have come to the conclusion that we should, from the perspective of the time frame for response, quality assurance, investment efficiency, etc., build a vertical merger model that facilitates speed and flexibility through a profound partnership with reliable top players that have characteristic and complementary strengths, and demonstrate the strength of Sumitomo Mitsui Card to the maximum extent through such model, rather than dealing with every issue alone.

Through this strategic alliance, we have decided to operate a merchant platform in collaboration with GMO-PG, the No. 1 company in the field of internet settlement in Japan and with Visa, a company that provides the world's largest payment network that meets the global standards, respectively. SMBC Group and GMO-PG have collaborated in the business field of settlement in the past, an example of which is the establishment of a joint venture company in November 2015. Furthermore, SMBC Group and Visa have been proceeding with the popularization of settlement in Japan through our 50 year-old relationship. We will strengthen our solutions targeted at business operators by gathering the respective strengths of us and the said two companies with which we have built such a strong relationship of trust.

In addition to this agreement, through a comprehensive reorganization of Sumitomo Mitsui Card, Cedyna, and SMBC Finance Service announced in September 2018, and the strategic alliance that Sumitomo Mitsui Card has built with U.S. Square since 2013, we, as the No.1 comprehensive settlement solution company in Japan, can build a system for providing a complete line of services that is capable of dealing with business operators of various business types, industries, and business scale.

We will keep on responding proactively to various changes in the environment in the future and contribute to the realization of a cashless society in Japan not only through settlement services but also by strengthening IT solutions and marketing solutions that utilize settlement data.

End