

February 12, 2019

Sumitomo Mitsui Card Company, Limited
GMO Payment Gateway, Inc.
Visa Worldwide Japan

Basic agreement regarding the next-generation payment platform business

We are pleased to announce that Sumitomo Mitsui Card Co., Ltd. (head office: Minato-ku, Tokyo; President and Representative Director: Yukihiko Onishi; "Sumitomo Mitsui Card") have reached agreements with GMO Payment Gateway, Inc. (First Section of Tokyo Stock Exchange: 3769; President and Chief Executive Officer: Issei Ainoura; "GMO-PG") and Visa Worldwide Japan (Chiyoda-ku, Tokyo; Representative Director and Country Manager, Japan: Seiji Yasubuchi; "Visa") in the development of next-generation payment platform business.

[Summary of the basic agreement]

This agreement adds the participation of Visa, provider of the world's largest payment network, to partnership talks* which began last May between the SMBC Group and GMO-PG. The three companies will collaborate to build a stronger merchant payment platform business by combining their strengths.

Specifically, Sumitomo Mitsui Card and GMO-PG, a leading provider of EC and online payment service, will integrate the two companies' payment processing capabilities and know-how to jointly develop and offer a "one-stop payment service" with superior flexibility and scalability that can handle both face-to-face and non-face-to-face payments, and can respond quickly to rapid changes in the payment environment.

In addition, based on their strategic partnership of over 50 years in Japan, Sumitomo Mitsui Card and Visa will connect Visa's world-class fraud detection and processing capabilities with the special characteristics of acquiring in Japan to establish a cashless payment environment with world-class safety and security.

Sumitomo Mitsui Card's agreements with GMO-PG and Visa will create a strategic alliance which will provide a next-generation acquiring payment platform for business operators as a comprehensive cashless payment service, a field which is expected to grow dramatically in the future. This will enable the three companies to make a strong push for the implementation of a secure, safe and convenient cashless payment environment for both merchants and users.

* Please refer to the SMFG and GMO-PG joint press release dated May 8, 2018, "Announcement of the entry into discussions on forming an alliance on the next generation payment platform business to promote cashless payments". https://www.smfg.co.jp/news_e/e20180508_01.html

<Reference (1)> Summary of each company's business



[Background of the initiative]

Currently in Japan, in addition to the current penetration of credit cards, debit cards, and electronic currency, the increasing use of cashless payments in inbound tourism, and expansion of Internet payments in conjunction with EC market growth, storefront payment methods are diversifying with the use of QR code and mobile payments. The cashless payment market is also becoming more complex, with the entry of independent payment services from players outside the financial industry whose goal is the accumulation and use of data.

In Japan's unique environment, in order to accelerate the move to cashless payments being promoted by the government, it is necessary to eliminate the inefficiencies caused by the complexity of the overall settlement system, while creating a safe, secure, and convenient acquiring payment platform for business operators that is capable of responding quickly and flexibly to the emergence of new technologies and the increasingly sophisticated needs of both business operators and users.

The specific requirements of such a settlement platform include, (1) the ability to provide one-stop support for the diversification of payment methods that could be said to be unique to Japan, (2) the ability to seamlessly support the omni-channel needs of businesses for handling both face-to-face and non-face-to-face payments, (3) the ability to provide businesses with world-class security and highly reliable payment capabilities, and (4) the ability to utilize data to develop personalized services for users and improve the marketing capabilities of business operators, etc.

To meet these requirements requires that we build a system that can efficiently provide hybrid solutions that combine finance, IT, and marketing according to the business type and industry. We have come to the conclusion that the best way to achieve this is to combine the strengths of Sumitomo Mitsui Card, GMO-PG, and Visa.

[Outline and operations of the next-generation merchant payment platform for businesses]

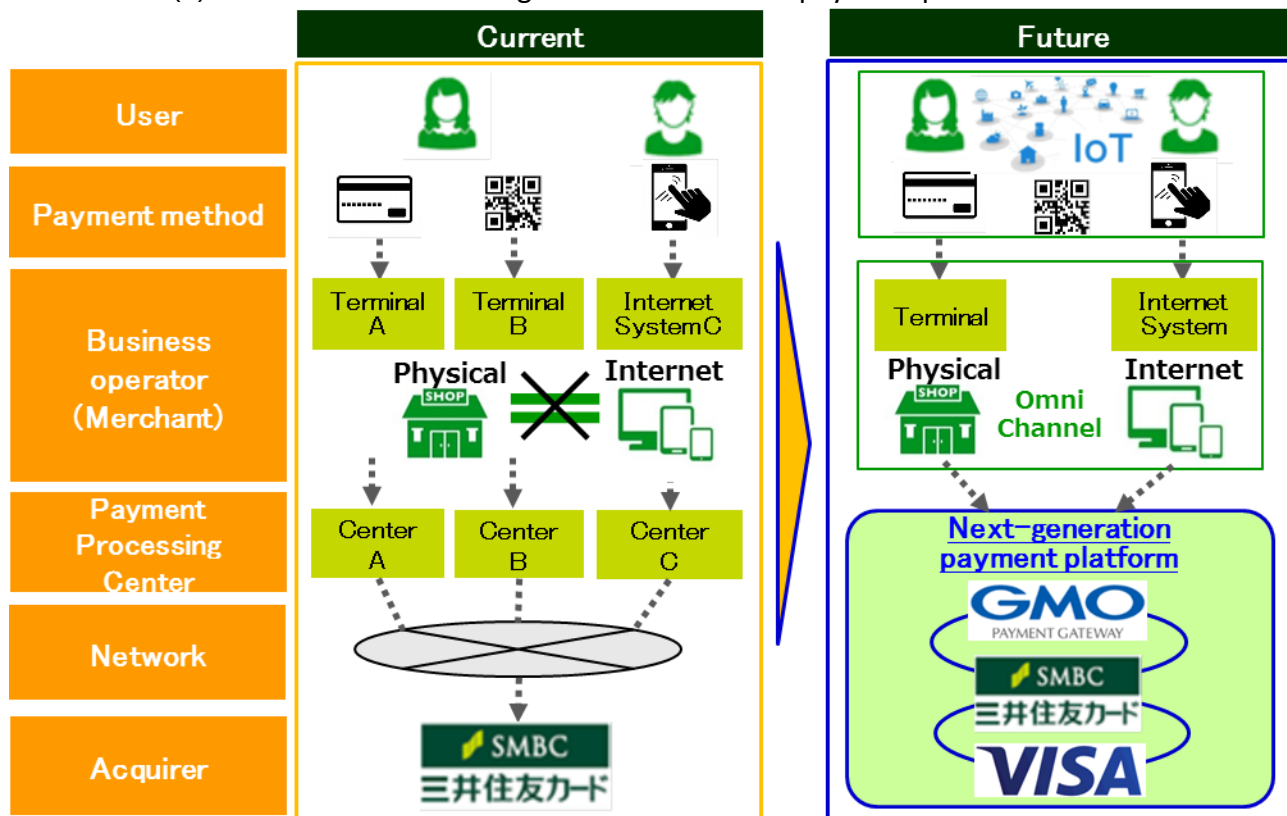
Information generated when a cashless payment is made is sent to a different payment processing center depending on the type of payment and card brand. After processing required for later payment processing, the information is connected to acquiring and issuing companies through multiple networks to complete the final settlement.

GMO-PG, together with Sumitomo Mitsui Card, will provide one-stop processing of payment information through their "settlement processing center functionality for businesses," based on the company's capabilities in marketing, system development, customer support, etc., developed in building the "PG Multi Payment Service" which is their core business.

With a global payment network operating in more than 200 countries and regions around the world, Visa, together with Mitsui Sumitomo Card, will be responsible for establishing network functionality for businesses, based on Japan's unique cashless payment environment.

In addition to fulfilling the role of acquirer, Sumitomo Mitsui Card will coordinate the overall project by integrating these two functions, and will continue to invest aggressively in IT to ensure that the system is up-to-date and of high quality, and to strengthen our ability to respond to the needs of users and businesses.

<Reference (2)> Structure of the next-generation merchant payment platform for businesses



[Outline of planned solution services]

The main solution services we plan to provide on this platform are as follows.

(Implementation of one-stop support)

We will provide a one-stop payment service with the capability to support a variety of cashless settlement methods. In addition to accepting payment methods that are already well established, such as credit cards, debit cards, and electronic money, we will also continue to provide settlement services for major QR and bar-code payments, multi-currency payment settlements to support inbound tourism, as well as payments using various types of point services. We will also make full use of the three companies' experience and know-how to respond quickly and flexibly to the emergence of new payment methods and support businesses in handling the latest updates to the cashless payment environment. We also plan to release an all-in-one settlement terminal with support for these various payment methods sometime during 2019.

(Omni-channel support)

To respond to the diversification of the consumer payment environment, our one-stop payment service will provide mechanisms that can handle both face-to-face and non-face-to-face payments to provide omni-channel support for businesses. Specifically, we plan to offer a dashboard that can centrally manage settlement data for both face-to-face and non-face-to-face transactions. We believe that this will support improved customer satisfaction and the development of high-precision personalized marketing, enabling business operators to provide detailed support for their customers' needs, regardless of the transaction channel.

(World-class security and stable operations)

We believe that reliable functionality to combat unauthorized use, which is becoming more frequent and more sophisticated every year, is essential for a payment platform service. In order to provide a secure and convenient cashless payment environment that both business operators and customers can use with confidence, we will combine the security know-how that Mitsui Sumitomo Card has cultivated over many years with Visa's global fraud detection and token management capability to ensure world-class security in our payment information processing services.

In addition, with the penetration and diversification of cashless payments, their use in small-sum transactions is increasing rapidly, with a corresponding increase in the volume of payment processing requests. Although such a dramatic rise data volume causes increased load on system processes, we will endeavor to operate a stable settlement platform service by combining Visa's experience in operating a global payment network with the other two companies' system management know-how.

(Development of new high-value-added services)

Bringing our next-generation payment platform services to more and more business operators and users will increase the added value of the transaction data, and we plan to develop and expand new services and marketing support for businesses by handling the entire process from the acquirer business to data utilization. At the same time, we will also leverage economies of scale to drive efficient platform management.

[Upcoming schedule]

Once the necessary preparations are completed, we plan to begin operations gradually, starting from April 2019.

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