



Growth Model through “Settlement” and “Finance”

Actively employ specialized human resources from outside the Group

The environment surrounding the Credit and Finance Business is rapidly changing. Opportunities to be able to expand business depending on response to them, such as government-led promotion of cashless transactions, expansion of new settlement options including QR code and advanced technologies, are being created. The Group’s strengths include store assets that are located in major cities throughout Japan, good customer assets of more than six million people and hospitality developed over a long period of history. The Credit and Finance Business has a high affinity for retail including department stores that have direct customer touch points and it is expected to further create synergy in the Group. In view of such

background, we positioned the Credit and Finance Business as a growth business that can become the core of the Group and we have decided to invest management resources to strengthen the business.

Rebuild strategy for dramatic growth

To this end, a person who is knowledgeable about settlement and finance was invited from outside the Group to become the President of “JFR Card,” which operates the Credit and Finance Business, in March 2018 and the company was analyzed and surveyed from an objective perspective using skills and experience. Based on the results of such analysis and survey, we will rebuild strategy for the Credit and Finance Business to revitalize existing business and expand business fields.

The Group’s strengths are the source of competitive advantage

<p>Large urban stores that attract many customers</p>	<p>The Group transaction volume of more than ¥1 trillion</p>
<p>More than 6 million good customers</p>	<p>Brand strength / customer service skills</p>

5 pillars of strategic actions

<p>1 Improvement of revenue of existing business</p>	<p>2 Strengthening of card products</p>
<p>3 Launch of merchant acquiring services</p>	<p>4 Review of system platform</p>
<p>5 Human resource development / building of organization</p>	

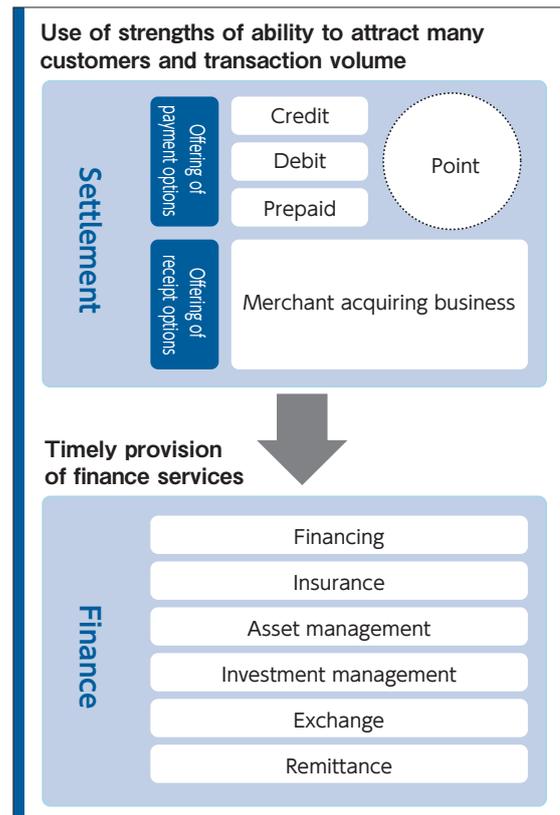
Firstly, we tried to improve business operations. In the original scheme of our card business, most of card operations were outsourced and we scrutinized and overhauled existing operations through the eyes of an expert who is knowledgeable about card business. As a result, it was revealed that there were some inefficient processes, which we could not find within the company before. We already started improvement of business operations, which is possible in the short term, and it begins to show a certain effect as cost reduction due to streamlining of operations.

It is essential to develop human resources and build an organization, which will support the implementation of strategy, in order to develop into growth business whose stage is different from the past. For this reason, we reformed the organization and created positions responsible for marketing and positions responsible for systems and employed human resources who have expertise to achieve these organizational missions from outside the Group. Now we are in a phase of bearing upfront costs for future growth such as costs for strengthening the organization. We will speed up to build business foundations to respond to the rapidly changing environment surrounding the Credit and Finance Business.

Based on them, we rebuilt growth strategy for the Credit and Finance Business to provide “finance” services with “settlement” at the core.

In the “settlement” field, we will prepare for issuing new cards with new loyalty program. Concerning the new program, we are finalizing it with Daimaru Matsuzakaya Department Stores from a perspective of ease of use and advantages for customers and aim to issue new cards in the next fiscal year. We will expand operations as a settlement company by obtaining licenses from international card brands and help go cashless by introducing new settlement technologies. Through these efforts, we will offer a wide range of settlement options to increase the number of customers and expand settlement data.

In the “finance” field, using the strength of the Group that has many customer touch points through stores and offering not only credit cards but various settlement options, we aim to provide optimal finance services for customers, including “insurance” and “financing,” based on settlement data. We will strive to expand the finance business considering active investment to make up for a lack of resources and alliance.



What we aim about the Credit and Finance Business is the integration of digital business and real business that provides value mainly at the Group’s physical stores. We think the “model combining digital and real” businesses is exactly growth strategy for the Credit and Finance Business, which is unique to the Group.

