



SBI FinTech Consortium (2016.5.19)

First “SBI FinTech Consortium” Report

On May 19th, 2016, the first “SBI FinTech Consortium” hosted by SBI Group was held at Hotel New Otani.

With the financial sector facing a big turning point since the Japanese financial big bang in 1996, over 30 domestic and overseas FinTech companies as well as representatives from the group companies of SBI Group have attended this event in the light of enhancing each partnership, to provide a service with higher customer satisfaction, and to accelerate the international expansion of a new FinTech services / technologies originated from Japan.

The consortium was joined by Mr. Chris Larsen, the Co-founder and CEO of Ripple as the speaker of the keynote speech, while also holding a panel discussion on three topics, “Block chain”, “Settlement services”, and “Big-data”, all of which are major themes in the FinTech industry.

The event was followed by an after party, where participants actively shared their opinions and discussed a detailed plan for partnership, which opened a great opportunity in establishing a global FinTech service originated from Japan.

Keynote Speech Mr. Chris Larsen (Co-founder and CEO of Ripple)



The keynote speech by Mr. Chris Larsen of Ripple emphasized on the importance on the evolution of the platform for international money transfer, as well as the potential of Ripple. An abstract of his speech is outlined below:

“With the birth of global internet companies such as Amazon, UBER, and Airbnb, a global transaction of money and goods are rapidly expanding. Further, it is forecasted that in year 2020, 50 billion devices of IoT are expected to be connected to the internet, with the market of micro-payments to rapidly expand. In this blueprint, there is a great market needs for a settlement / wiring infrastructure which can instantly process large transactions with limited cost and minimum order quantity. On the other hand, existing global wiring systems, represented by batch processing systems, takes longer time to process and requires larger cost. The current competition within the global remittance market is limited, and lacks technological revolution. At Ripple, we are currently developing a solution to solve this situation.

The world of logistics has been revolutionized with the invention of container, so has the logistics of information with the appearance of the internet.

“Inter-ledger” is a concept proposed by Ripple to connect the financial systems, which I believe would enable “Internet of Value”, a game changer in the financial market.”

Panel Discussion (1. Block chain, 2. Settlement Services, 3. Big-data)

[Theme 1: Block chain – Is Block chain / distributed ledger an effective solution for financial institutions? –]

● Panelists :



Mr. Richard Brown	Mr. Masaaki Nakatsu	Mr. Richard Yun	Mr. Yuzo Kano	Mr. Chris Larsen
R3 CEV LLC CTO	Orb, Inc. Representative Director	Coinplug Inc COO	bitFlyer, Inc. Representative Director	Ripple Co-founder and CEO

● Moderator: SBI Holdings, Inc. Head of Blockchain Promotion Dept. Mamoru Fujimoto

In the panel discussion regarding the block chain technology, the discussion focused on the following topics: 1. Is block chain / distributed ledger an effective solution for financial institutions?; and 2. Who are the targets, and how much times would it require to become effective?

The question involving its efficacy, each participant answered block chain to be “effective”, while the opinion regarding the targets and time has been split. Mr. Larsen of Ripple mentioned “The stage of discussion has ended in 2015. From 2016, it is a stage for experiments. At the beginning, the mechanism of SWIFTs has been a headache, but after the participation by several banks, the spread was rapid. I believe this could also be said to block chains after 2017”.



Mr. Nakatsu of Orb stated that “Orb’s business is based on the use case mainly consisting of virtual currency. As it is a new concept, a vast range of R&D for multiple industries is required, but as a venture company, we limit the targets by focusing on the economics and the profitability. As for the required time, it would take 3 to 5 years.” Mr. Yun, the COO of Coinplug who engages in the business within the block chain / Bitcoin area in Korea, added “With the support from the Korean government, the appliance of block chain technology to electronic user authentication is expected to accelerate.”, while Mr Brown of R3 CTO indicated by highlighting the characteristics of Bitcoin that “From the perspective of speed and cost, the validation of Bitcoin is unsuitable as a solution for financial institutions. As for R3, with the partnership with financial institutions, a drastic achievement is expected to be realized in 1 to 2 years. Mr. Kano of bitFlyer mentioned “Block chain is a suitable solution for processing transactions within financial institutions.”

[Theme 2: Settlement Services – The future of settlements –]

● Panelists:



Mr. Hiroki Maruyama	Mr. Jun Hasegawa	Mr. Shinichi Takatori	Mr. Satoshi Takagi	Mr. Koyo Sato
Infcurion, Inc Representative Director	Omise Holdings Pte Ltd CEO	Kyash, Inc Representative Director	Ceres, Inc Representative Director	Metaps, Inc Representative Director

●Moderator: SBI Ripple Asia, Inc. Representative Director. Takashi Okita

While the panelists engaged in a wide range of businesses including online / offline businesses, virtual currencies, provision of settlement solutions, what each company had in common was the fact that they are all focused on establishing a big-data for their (individual / corporate) clients through settlement services.

Mr. Sato from Metaps indicated “Once a big-data is established, the method of monetization can be broad. The most interesting aspect of settlement business is the fact that it can utilize big-data.” and further mentioned that “The competition of the traditional settlement business segment is now all time high, and the profitability within this segment is declining. We are paying attention to transaction lending as a new business field.” Mr. Takagi of Ceres pointed out that “As the transaction cost declines with the technological evolution of FinTech, services with limited profitability such as micro-payments may start to gain tractions.” Mr. Takatori of Kyash added “We see the CtoC remittance business to hold a high potential, to which we are currently in development.” Mr. Maruyama of infcurion pointed out that “The majority of the settlement service providers are dependent on either the merchants or its end users. On the other hand, infcurion is reaching out to both the merchants and the end users through multiple SAAS providers, enabling us to design services in total.



Mr. Sato from Metaps indicated “Once a big-data is established, the method of monetization can be broad. The most interesting aspect of settlement business is the fact that it can utilize big-data.” and further mentioned that “The competition of the traditional settlement business segment is now all time high, and the profitability within this segment is declining. We are paying attention to transaction lending as a new business field.” Mr. Takagi of Ceres pointed out that “As the transaction cost declines with the technological evolution of FinTech, services with limited profitability such as micro-payments may start to gain tractions.” Mr. Takatori of Kyash added “We see the CtoC remittance business to hold a high potential, to which we are currently in development.” Mr. Maruyama of infcurion pointed out that “The majority of the settlement service providers are dependent on either the merchants or its end users. On the other hand, infcurion is reaching out to both the merchants and the end users through multiple SAAS providers, enabling us to design services in total.

In addition, from Mr. Hasegawa of Omise, “We believe that enclosing a huge market share in the settlement service sector within the Southeastern nations in Asia with younger demographics and with remarkable growth, will lead to a large business chance. From that point, we are planning to deploy our settlement solution which can disrupt multiple countries with just a single product.”

[Theme 3: Big-data – New line of business utilizing big-data –]

● Panelists :



Mr. Hiroyuki Iwai	Mr. Amino Tomohiro	Mr. Daisuke Sasaki	Mr. Yosuke Tsuji	Mr. Takanori Nakamura
Cacco, Inc.	Gixo, Inc.	freee, Inc.	Money Forward, Inc.	Rakus, Inc.
Representative Director	Representative Director	Representative Director	Representative Director	Representative Director

● Moderator: SBI Sumishin Net Bank, Inc. FinTech Planning Dept. Director. Norifumi Yoshimoto

The discussion focused on 1. If the data held by financial institutions are valuable, and 2. New line of business utilizing big-data.

For the former, majority of the panelists indicated that there is a value to these data, where some have voiced their opinion that “As Japan faces a difficulty in grasping all of the consumer behavior as majority of the consumption is cash-based, a structuration of services by combining external data with data held by financial institutions is crucial.”



For the latter regarding the utilization of big-data for a new line of business, there were opinions pointing out that the announcement of deployment of an API-connected service by SBI Sumishin Net Bank multiple on March 25th, 2016 was epoch-making, and further indicated that with financial institutions opening their API connectivity to third parties, a generation of new line of services and applications in various industries can be expected.

In addition, there has been a common understanding within the panelists that the evolution of FinTech services utilizing big-data will lead to an increase in the importance of security for the said services.

Summary

From this event, we have been able to reconfirm the fact that we are about to reach the turning point in the financial sector through the live opinions and long-term visions of the companies who are all facing new challenges on a daily basis in the forefront of the FinTech sector.

The after party held after the event was equally fruitful, as FinTech companies actively exchanged their opinions, while also a potential partnership and new services has been discussed throughout this party.



We, SBI Group, through partnership with FinTech companies, target to supply our customers with revolutionary financial services by basing our core technology on block chain technology. In addition, through close cooperation with the investors in the FinTech fund managed by SBI Investment, we plan to root the FinTech industry to be one of the main industries of Japan, and not have the recent rise of FinTech to end as a temporary boom.