

diffused or shared their advanced technologies with alliance partners has also increased. There have been collaborations with numerous companies including DataRobot, a U.S. company with cutting-edge technology in AI-related fields, an area that the SBI Group is jointly supporting to utilize AI and to improve AI literacy at regional financial institutions. In addition, we have collaborated with several companies including The Bank of Yokohama on “Wealth-

Navi,” a robo-advisor provided by WealthNavi Inc. and BASE, Inc., in which clients of regional financial institutions are able to easily open an online shop with minimal cost. These have helped bolster profitability for regional financial institutions and local companies, which has led to advances in the SBI Group’s regional revitalization strategy.

3 Globally Expand in the Field of Digital Finance

Since the SBI Group was first founded, it has grown with the rapid rise of the Internet and, with a financial ecosystem created from the Web, the Group has navigated from the first stage of financial technology, the so-called Fintech 1.0 stage. Following this is Fintech 1.5, which is defined by its use of blockchain and elemental technologies such as AI, big data, IoT, and robotics, etc. on a fully Web-based Internet financial ecosystem. The SBI Group is currently at this stage. In the next three to five years or so, we will see the expansion of the “Fintech 2.0” world, which will not necessarily require the Web and is based on blockchain, bringing a dramatic evolution to the digital asset space. The SBI Group is already making the necessary preparations in various businesses to grab hold of this trend and achieve further growth.

Security tokens (ST) are one example of this Fintech 2.0 domain. The SBI Group is focused on creating a primary and secondary market for STs. Security tokens are tied to tangible assets such as real estate and securities like equity and bonds that have been tokenized and are managed on a

blockchain. With amendments to the Financial Instruments and Exchange Act and the Payment Services Act enacted in May 2019, these regulations also became applicable to STs. Through the Japan Security Token Offering Association, a self-regulatory organization established in October 2019, the SBI Group is making efforts to develop a healthy primary ST market with the establishment of industry rules in Japan. Furthermore, in order to create a secondary ST market, in addition to plans to handle STs at the PTS operated by ODX (as mentioned above), we will set out to create one of the world’s largest global corridor that handles STs by interconnecting ODX with the Börse Stuttgart Group in Germany, the SIX Group in Switzerland, and with a digital exchange in Singapore that will be a joint venture between the SIX Group and the SBI Group.

We are also preparing for the establishment of Japan’s first digital asset bank through a capital and business alliance with Sygnum Bank of Switzerland, which operates the world’s first digital asset bank.

How the SBI Group Views the Revolution of Fintech

