

# Promotion of Financial Inclusion for the Benefit of Everyone

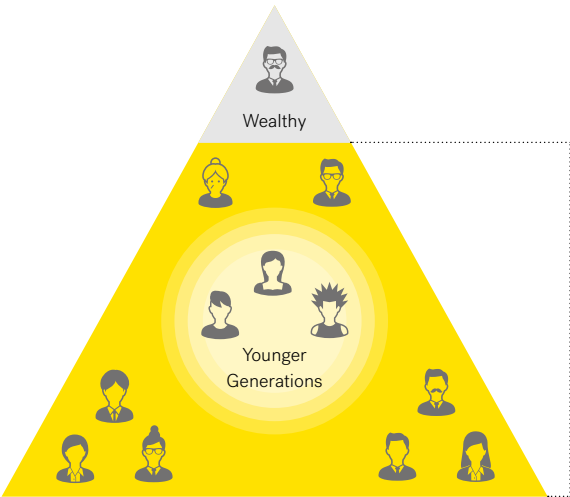
MARUI GROUP's vision for financial inclusion is to resolve the social issues represented by the exclusivity of financial services to the wealthy with its business model of integrating stores, credit cards, and the Internet. We aim to provide financial services that put affluence within reach of younger generations and everyone else.

## Financial Services for People of All Ages and Incomes

Since issuing Japan's first credit card in 1960, MARUI GROUP has proceeded to develop a business of providing credit cards to all applicants, regardless of their age, profession, or income. We expanded the scope of these efforts to include non-Japanese residents and foreign exchange students in Japan in October 2017, when we partnered with Global Trust Networks Co., Ltd., a company that offers comprehensive lifestyle support for non-Japanese individuals. Through this partnership, Epos Card has issued Japan's first credit card exclusively for non-Japanese individuals to support them in their various life situations, whether going to school, working, or maintaining permanent residence, with funding and payment services.

In 2018, we entered into the securities business, which could be seen as central to financial inclusion. Services for building assets through investment are currently limited almost completely to wealthy individuals, being placed out of reach for younger generations and everyone else. The mission of our securities business is thus to resolve this social issue and realize financial inclusion by providing financial services for everyone, regardless of their age, profession, or income.

## Younger Generations and Everyone Else





1960  
Issuance of Japan's first credit card



Akai Card enriching the lifestyles of younger generations



MARUI GROUP

Provision of financial services to younger generations and all other customers

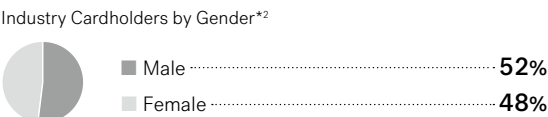
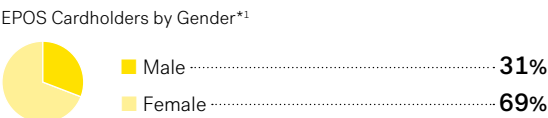
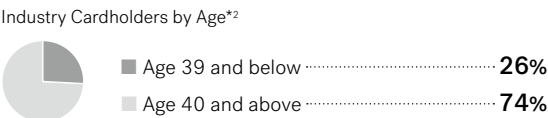
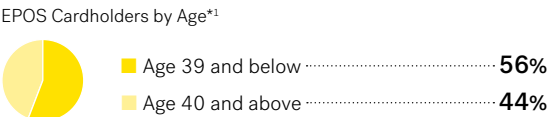
Issuance of Japan's first credit card exclusively for non-Japanese individuals

Launch of Japan's first securities business driven by credit cards

## MARUI GROUP's Basic Credit Philosophy

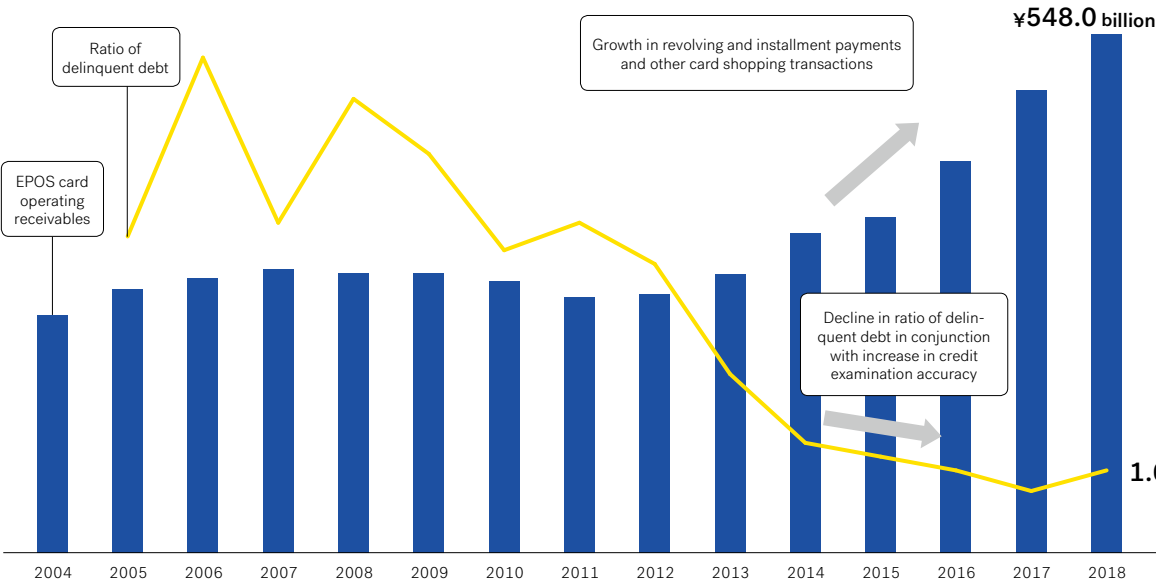
MARUI GROUP's basic credit philosophy—that credit-ability should be built together with customers—dates back to the Company's founding. Our credit framework does not entail assigning credit to customers, but rather involves setting a credit limit that is within their means and gradually increasing this limit based on their usage history. Through this framework, our cardholder base has come to largely comprise university students and minors without credit card experience and adults aged 18 to 39. Furthermore, 30% of these individuals received their first ever credit card from MARUI GROUP. From our founding up until today, we have continued to amass extensive amounts of data on customers' credit histories. This data has allowed us to develop wide-ranging expertise with regard to credit, which helps us identify the cases in which customers will be able to make payments and the cases in which a customer will likely become a credit delinquent. By combining our initial credit data, which has grown to the level of big data, with the credit monitoring data we have accumulated through co-creation with customers, we have been able to maintain the industry's lowest ratio of delinquent debt of 1.60%. Moreover, our rate of refusing to issue credit cards at stores is only 8%, compared to the industry average refusal rate of 24%.

## Cardholder Base Compositions of MARUI GROUP and the Industry



\*1 Active cardholder base  
\*2 Source: Consumer Credit Statistics from Japan (FY2017), Japan Consumer Credit Association

## High Growth and Low Ratio of Delinquent Debt



# Japan’s First Securities Business Driven by Credit Cards

In its securities business, which is central to financial inclusion, MARUI GROUP aims to transform the concern younger generations harbor for the future into hope and to contribute to the drive to shift assets from savings to asset building. Our business model of integrating stores, credit cards, and the Internet will play an important role in developing this business. MARUI GROUP entered into this business from the completely different industry of retailing. We therefore aim to create a new wave in the securities business by incorporating ideas based on the customer’s perspective.

## Backdrop for Entry into Securities Business

The goal of MARUI GROUP’s securities business is to contribute to customer happiness and to a better society through cumulative investments. Our decision to enter into this business was prompted by the concerns for money seen largely among the younger generations. A public opinion survey conducted on people’s lifestyles in June 2017 indicated that nearly 60% of people aged 18 to 39 are saving money, not for their life in the present, but for the future. This result indicates an increase in emphasis on preparation for the future among younger generations.

Meanwhile, the ratio of financial assets accounted for by cash and deposits in Japan is high and the rate of growth in private financial assets is low in comparison to other countries. In response to this trend, the Financial Services Agency is encouraging people to shift their assets from savings to asset building. Against this backdrop, MARUI GROUP sought a means of alleviating customers’ apprehensions regarding money. After thoroughly examining the types of services that could be used to help customers build assets with peace of mind, we arrived at the decision to establish a securities company specializing in cumulative investment.

## Purchases of Tsumitate NISA Applicable Trusts with Credit Cards

Our securities company specializing in cumulative investment, tsumiki Securities Co., Ltd., provides services that allow for cumulative investments to be conducted through regular, fixed-amount credit card payments for purchasing investment trusts applicable under Tsumitate NISA that have cleared government standards. This business represents Japan’s first scheme for purchasing investment trusts with credit cards. Monthly investment amounts may be set within the range of ¥3,000 to ¥50,000 per month. Investment payments are deducted from customers’ bank accounts together with their monthly payments for shopping, and other purchases. Our goal is to grow this business to serve one million users and handle a balance of ¥1 trillion in assets within 10 years.

The growth of the credit card market is projected to be driven by e-commerce and recurring transactions going forward. Recurring transactions refer to ongoing payments, such as those for gas, electricity, water, and rent. EPOS cardholders that use their cards to make payments for such transactions are five times more likely to upgrade to Gold

cards, which are emblematic of their loyalty as customers. Moreover, when cardholders upgrade to a Gold card, their usage amounts increase greatly. Accordingly, even if the recurring transactions through the Tsumitate NISA scheme do not generate significant profits, this business model will still create substantial returns in terms of credit card revenues and other Groupwide revenues, with low upfront investment nonetheless.

Who	Younger generations and everyone else
What	Purchases of investment trusts applicable under Tsumitate NISA
How	Credit payment via EPOS cards (first scheme of its type)

### About Tsumitate NISA

Tsumitate NISA is a program commenced by the Financial Services Agency in January 2018 with the goal of promoting the shift from saving to investment. Characteristics of this program include the ability to start investments in small sums as annual investments are limited to ¥400,000, as well as the fact that taxes will not be applied to this program for 20 years and that all applicable investment trusts must clear certain standards, making them suited to long-term asset building. This program is thus designed to support younger and first-time investors in conducting long-term, cumulative, and dispersed investments.

## Concerns of Younger Generations and Social Trends

### Concerns of Workforce Members in Their 20s

No. 1	Money	59%
No. 2	Work	41%
No. 3	Marriage	32%

Source: Dentsu Communication Institute Inc., 2015

### New Year’s Resolutions of People Aged 20 in January 2017

No. 1	Saving for the future	41%
No. 2	Conserving money	34%
No. 3	Healthy habits	30%

Source: Visa Worldwide Japan Co., Ltd.

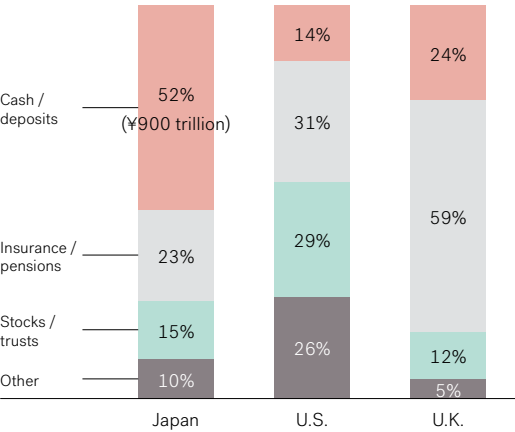
### Reason for Lack of Interest or Unwillingness to Engage in Asset Management and Lending

No. 1	Perceived difficulty or lack of knowledge	60%
No. 2	Concern for losses	45%
No. 3	Lack of monetary leeway	39%

Source: Asset management survey of EPOS cardholders, 2016

### Breakdowns of Private Financial Assets by Type

Financial Services Agency promoting asset formation using ¥900 trillion worth of cash and deposits



Sources: Flow of funds data, Bank of Japan, 2016  
Progress and Assessment of the Strategic Directions and Priorities 2016–2017, Financial Services Agency, 2016

## Collaboration between tsumiki Securities and nendo

The design for tsumiki Securities was created by nendo inc., an international design firm led by Chief Designer Oki Sato.

Judging that a major reason behind the concern regarding money and investment was a lack of transparency, nendo developed physical representations for the services of tsumiki Securities that resemble Japan’s traditional luck charm. The goal of these representations is to draw a connection between asset building and a better fortune for oneself. By carrying these charms around or placing them in customers’ living space, we hope to make customers feel at ease knowing that their future is secure.

The company name of tsumiki Securities, with tsumiki being Japanese for building blocks, itself is meant to symbolize its simple and easy-to-understand services, the process of building assets gradually and at one’s own pace, and the idea of accumulating not just money, but also a more positive outlook.



### Oki Sato

Mr. Oki Sato is the chief designer and CEO of nendo inc. He was born in Canada in 1977 and received a Master of Arts in architecture from Waseda University in 2002. He established the nendo design firm in the same year. Mr. Sato has been included among the 100 most respected Japanese by Newsweek magazine and named designer of the year in numerous global design awards programs. Moreover, he has made appearances on Japanese television programs highlighting the work of professionals and the lifestyles of exemplary individuals with connections to countries outside of Japan. Mr. Sato has also published books on topics including design philosophy, problem solving, techniques for working faster, rejected projects, and how to adopt different perspectives.

New Services Provided by tsumiki Securities

Through cumulative investments, tsumiki Securities is a company that contributes to the happiness of all customers.

From among the approximately 6,000 investment trusts available in Japan, tsumiki Securities has handpicked four trusts to offer to customers: the Commons 30 Fund of Commons Asset Management, Inc., the SAISON Vanguard Global Balanced Fund and the Saison Shisan Keisei no Tatsujin Fund of Saison Asset Management Co., Ltd., and the Hifumi Plus Fund of Rheos Capital Works Inc. The fund management companies of each of these trusts share our vision and are committed to supporting customers in long-term asset building. These fund managers strive to act as close partners to their customers, communicating to them the importance of asset building and the benefits of long-term cumulative investments. Together with these three fund managers, we aim to encourage customers to shift their assets from savings to asset building during our interactions with them.



Service Details

- Monthly payments of ¥3,000–¥50,000
- One-time payments only (no interest payments or additional fees)
- Payments deducted together with shopping and other payments
- Points accumulated through payments

Investment Trusts Offered by tsumiki Securities

Investment trusts applicable under Tsumitate NISA  
**Approx. 150**

Investment trusts available in Japan  
**Approx. 6,000**

Four Handpicked Trusts Offered by tsumiki Securities

Fund manager	Trust name
Commons Asset Management, Inc.	Commons 30 Fund
Saison Asset Management Co., Ltd.	SAISON Vanguard Global Balanced Fund
	Saison Shisan Keisei no Tatsujin Fund
Rheos Capital Works Inc.	Hifumi Plus Fund



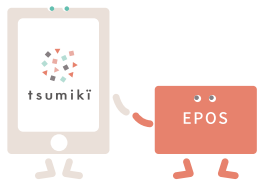
As of June 30, 2018

Customer Joy Brought About through Cumulative Investments

Through tsumiki Securities, we offer services that enable customers to build assets for the future gradually, at their own pace, and with peace of mind through cumulative investments by purchasing Tsumitate NISA applicable trusts with fixed, monthly payments via their EPOS cards. Services were launched in August 2018 to help customers accumulate money for the future.

01  
POINT

Application is easy and can be conducted through a smartphone. The simple user interface is easy to understand and use, even for individuals that are new to asset building.



02  
POINT

Cumulative monthly payments are made via EPOS cards. Points are accumulated as an added bonus based on the amount of investments and number of years of ongoing use.



03  
POINT

Services are available online and application support can be received at stores. Follow-up seminars and other services merging stores and the Internet are provided after application.



04  
POINT

Physical representations of these services for asset building, which can be a source of concern, are offered that resemble good luck charms. Pick yours up at a Marui store and keep it with you.



Brand movie for tsumiki Securities  
[www.youtube.com/watch?v=VuQLSEqKY0c](https://www.youtube.com/watch?v=VuQLSEqKY0c) (Japanese only)







## Contributions to the Happiness of All Customers through Cumulative Investments

MARUI GROUP established tsumiki Securities as a securities company specializing in cumulative investment with the aim of addressing the needs of customers harboring concerns for the future pertaining to money or seeking to increase their assets with peace of mind.

The following is a discussion between the CEO and COO of tsumiki Securities, which commenced services in August 2018, in which they express their resolutions for this company going forward.

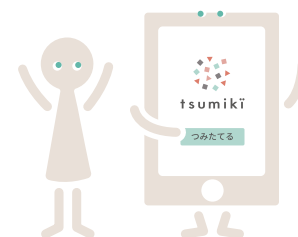
### Asumi Kantake

Representative Director and CEO  
tsumiki Securities Co., Ltd.



### Takeo Nakaki

Representative Director and COO  
tsumiki Securities Co., Ltd.



### Reason for MARUI GROUP's Entry into the Securities Business

**Kantake:** MARUI GROUP is motivated by its mission of promoting financial inclusion by providing financial services that can be used by everyone, regardless of their age or income. This was the reason behind our entry into the securities business.

**Nakaki:** When I first met President Aoi, he explained how MARUI GROUP had long been developing a credit card services business in which the Company built creditability together with young adults and others who had not yet established their own credit ratings. He also expressed his desire to provide asset building services that transform the concerns that younger generations have for the future into hope. This dedication to the securities business filled me with excitement. I spent 15 years at independent fund management companies, during which I attended seminars across Japan to network with long-term investors and speak with fellow fund managers. Colleagues that had begun gradual, long-term investment exhibited a clear sense of leeway as they had less concern for the future and felt they had access to a greater range of options in their life.

**Kantake:** Roughly half of MARUI GROUP's customers are in their twenties or thirties, and around 70% of them are women. When examining possible service offerings for the future, we solicited feedback from customers. This was when we learned about customers' significant anxiety for the future with regard to money. This anxiety resulted in most of them turning to savings. However, everyone knows that savings do not grow. Looking to help such customers, MARUI GROUP sought to create services that would assist them in growing their wealth with peace of mind. We eventually arrived at the idea of cumulative investment.

**Nakaki:** The conventions of cumulative investment differ from those of the standard form of investment. For example, there is no need to intensely watch the stock market, trying to buy low and sell high. Rather, the convention of cumulative investment is just to continue steady investment, whether prices are high or low. Steadily investing in a trustworthy fund of a reputable management company will no doubt be an effective means of building assets over the long term. Cumulative investment could therefore be seen to be a "buy and forget" approach toward investment.



I want to make cumulative investment based on confidence in the future a part of our culture. The idea of an economy driven by the money and trust of individuals is exhilarating.

Takeo Nakaki

**Kantake:** The desire to save money usually has something more meaningful behind it, whether that be a special someone, a dream, or some other matter of importance. Cumulative investments are the best way to grow one's precious money with peace of mind.

Japan's First Scheme for Purchasing Investment Trusts with Credit Cards

**Kantake:** There are a lot of people who assume you need a fair amount of on-hand funds to invest. At tsumiki Securities, we overturn this preconception by allowing cumulative investments to be made starting from as little as ¥3,000 a month via one's EPOS card. This system is a first for Japan. Once a month, funds are deducted from customers' accounts together with their usual payments, such as those for shopping or mobile phone bills, and users accumulate EPOS points based on the amounts and duration of their investments. By letting customers make payments with the EPOS cards they have become accustomed to, we hope to lower the hurdle people perceive when they think of investment.

**Nakaki:** If investments can be made in sums of ¥100 or ¥1,000, while it may be easier to start, it is common for people to stop after only a short time as the purpose of

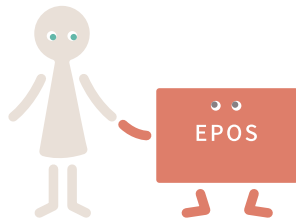
those investments feels unclear. The most common amount for cumulative investments in trusts is ¥10,000, but this amount can feel a bit too high for those who are new to investment. The amount of ¥3,000 can be produced if one only adjusts their expenditures or gives up something small. This amount also gives investments a clear purpose, making it easier to commit to continue. I therefore see that this amount is just right. Monthly cumulative investments are a purchase, a purchase of a sense of security for the future so that one can live in the moment.

**Kantake:** The financial lexicon can be difficult to understand, and we have had a lot of trouble explaining financial concepts to customers in terms they can understand.

**Nakaki:** Communicating information in an easy-to-understand manner is important. I take care to provide simple explanations, using the Internet and other tools when appropriate. I do not expect customers that will be building assets through tsumiki Securities to study or understand difficult financial terms. Rather, I want to communicate to these people the effectiveness of cumulative investments, how to incorporate these investments into one's life, and the attitude to be taken toward investments. I also want to teach them how to be more prudent in their use of money.

**Kantake:** We also try to provide a venue for asking questions that cannot be easily answered via the Internet by means of our stores. Here, customers can ask about product selection, contract terms, or even how to view our websites. We thereby support customers through a two-pronged approach using both the Internet and physical venues.

**Nakaki:** The representatives of the fund managers we have partnered with all share similar sentiments regarding the importance of face-to-face explanations. No matter how functional and convenient the Internet may become, it cannot replace the passion and dedication that fuel the effectiveness of face-to-face explanations. Of course, we are taking steps to provide support via the Internet that comes closer to what you would get at a physical store.



Meaningful Social Contributions through Investment

**Kantake:** Our securities business provides services designed to accumulate money for customers' futures. As such, our own reputation is called into question. We have selected four funds to offer, all of which are operated by fund managers that explain the benefits of long-term cumulative investments to customers in the same terms as we do. This narrow selection was chosen in response to customers who stated that, while they wanted to begin asset building, there were too many options for them to choose from with the hope of making this choice easier for them. Furthermore, as these funds have met the government's criteria for being applicable under the Tsumitate NISA program, they can be utilized with peace of mind even by customers that are new to asset building, are overly busy, or are apprehensive toward investment.

**Nakaki:** That is why it is ideal for the fund management companies we partner with to be those that customers can familiarize themselves with. We therefore selected funds that were worthy of our trust through careful evaluations from both quantitative and qualitative perspectives. The criteria for these evaluations included (1) how compelling their philosophy is, (2) whether they are working to continually improve their performance, and (3) if they actively engage with their customers. I believe that our investment trust business is the ultimate sharing business. In the investment trust business, the money received from customers is channeled through sales companies, tsumiki Securities in our case, to trust funds of management companies and then to companies boasting value. The last step of this cycle sees returns being made to customers through the business activities of those companies. The resulting cycle creates a business that is beneficial for customers, the sales company, fund managers, the companies in which investments are made, and society. Moreover, returns are shared in this business, which is sustainable over the long term. There are still very few sales companies and fund managers that have fully embraced this model. As a forerunner in this area, I hope to promote the spread of cumulative investment.



Our securities business provides services designed to accumulate money for customers' futures. As such, our own reputation is called into question.

Asumi Kantake

Improvement of Overall Corporate Value by Utilizing Management Resources

**Kantake:** Tsumitate NISA is an offering designed with the customer in mind. This is illustrated by the fact that it has no trust sales commissions and low trust fees. Many companies are choosing not to take advantage of this program because of its low profitability. MARUI GROUP, meanwhile, is proactively utilizing this program because it represents an opportunity to fully utilize its management resources, such as its stores, IT systems, human resources, and affiliates, and because it boasts a customer base consisting of 6.6 million EPOS cardholders.

**Nakaki:** One will be compelled to purchase an offering when the lifestyle that offering proposes resonates with them. Investment trusts can be seen as one such offering. Furthermore, exercising the full potential of MARUI GROUP requires the strength of individual employees. It is when a charismatic employee devotes themselves to serving a single customer and contributing to their happiness that we will be able to provide services that are truly tailored to individual customers. The ability to make proposals that resonate with customers I sensed in MARUI GROUP's employees after joining the Company is something I feel that we can leverage to its fullest.

**Kantake:** Encouraging customers to engage in cumulative investment over the long term will also contribute to long-term use of EPOS cards. MARUI GROUP's securities business is therefore incredibly meaningful to improving the Company's corporate value.



# MARUI GROUP Employees Supporting the Securities Business

**C**reating something completely new is a difficult but enjoyable task. The new securities business is an unprecedented undertaking. I therefore strive to make proposals I can feel confident in based on data-backed hypotheses. Customers' needs regarding money vary from person to person. By proposing events, experiences, and opportunities for communication to help customers gain knowledge and peace of mind regarding money, I hope to alleviate their concerns for the future and help them feel at ease in their daily spending.



**Masahiro Uchida**  
FinTech Business Development Department,  
Epos Card Co., Ltd.  
Qualifications: Securities sales representative

**A**fter being involved in space production and corporate planning, I found myself at tsumiki Securities helping to start up MARUI GROUP's securities business. This company was born out of the collective strength of individuals with various backgrounds and skills from inside and outside of MARUI GROUP. In addition to these individuals, we also receive a lot of support from those around us. As such, our efforts cannot be defined in terms of our company. They rather take form through the cooperation of everyone involved. Valuing long-term relationships with customers, I hope to contribute to developing a business that builds a community of similar ideals.



**Soichiro Tanaka**  
Customer Engagement Department,  
tsumiki Securities Co., Ltd.  
Qualifications: Securities sales representative  
Financial planner



**T**he never-before-seen scheme of purchasing investment trusts through credit card payments is something that only MARUI GROUP could create. I aim to play a part in satisfying the customers of tsumiki Securities to help this company attract more customers and turn their concerns for the future into hope. My contributions will be made in the systems division supporting its platform by ensuring the stable operation of its systems as I also make new proposals.

**Hisao Imura**  
Customer System Development Department,  
M & C SYSTEMS CO., LTD.  
Qualifications: Information Technology Passport Examination  
Personal information manager

**L**earning about the importance of asset building in a society of increasingly long lifespans, I sought to address this issue. Using the customer service skills I acquired through my retail experience, I aspire to become an employee that customers feel comfortable consulting with. I thereby want to make tsumiki Securities into a company that values an un-finance-like atmosphere, in a good way, and that wins the support of younger generations and everyone else.



**Kiyomi Minamiyama**  
Women's Shoes,  
Yurakucho Marui,  
MARUI CO., LTD.  
Qualifications: Financial planner

**P**eople are increasingly being motivated to support companies that contribute to society. I chose to participate in the securities business with the goal of providing an outlet for this desire to contribute. I also wanted to help with the first step of people becoming aware of the appeal of such supportive investments, which can address concerns regarding money. Rather than financial advice, in this business it is more important to provide personal advice. I therefore aim to create services that cater to the needs of each individual customer and that are accessible anywhere.



**Miku Yamanaka**  
FinTech Business Development Department,  
Epos Card Co., Ltd.



**W**hen participating in a financial planner education program, I learned that many feel concerns regarding money but do not know how to address these concerns. This realization filled me with a desire to share the knowledge I had gained through the program with these individuals. I therefore aim to transmit various information that is of interest to customers to encourage them to make their first investment through tsumiki Securities.

**Reika Sakuma**  
FinTech Business Development Department,  
Epos Card Co., Ltd.  
Qualifications: Securities sales representative  
Financial planner

**I**t is common for people to feel aversion toward finance and securities. It is my job to help such people take their first step into these fields. I am currently enjoying the process of asking customers about their needs at discussion forums and finding means of addressing these needs. By creating the services that win the support of lots of customers, I hope to help build a society in which people can feel at peace and optimistic when thinking about money and the future.



**Mai Demura**  
Customer Engagement Department,  
tsumiki Securities Co., Ltd.  
Qualifications: Securities sales representative



**I** aim to link customers to tsumiki Securities and thereby foster understanding of the ease and importance of asset building to the point that customers begin spreading the word of how tsumiki Securities is the choice for asset building. In the future, I plan to branch out from investment trusts to research other investment products that might be useful to our customers in order to create even more services that can be accessed through credit cards as a Japan first.

**Tatsuya Oguma**  
Operation Department,  
tsumiki Securities Co., Ltd.  
Qualifications: Securities sales representative



**I** think the large number of younger customers for whom their EPOS card is their first card is a powerful asset for MARUI GROUP's securities business. I was working at a store until just recently. With the faces and voices of the customers I served at my store in mind, I will strive to foster a community that blurs the lines between customers and employees as we learn about finance together.

**Yuuto Sakuma**  
FinTech Business Development Department,  
Epos Card Co., Ltd.  
Qualifications: Securities sales representative

**A**s part of an overseas dispatch seminar, I had the opportunity to observe Nordic societies. This experience made me realize the need for asset building frameworks to support life security in Japan. At tsumiki Securities, my job, of course, involves providing financial insight. More important, however, is to develop an understanding of customers' concerns by speaking with them and then find ways to alleviate these concerns. I want to help create a society in which everyone is able to use their money to achieve self-actualization.



**Hiroyuki Kasugai**  
Women's Purses,  
Shinjuku Marui Main Building,  
MARUI CO., LTD.  
Qualifications: Financial planner