

GMO-PG Invests in Valuedesign, Japan's Biggest ^(*1) Prepaid Card System Provider

Aiming to build a new prepaid scheme to promote the cashless environment in the country

GMO-PG on June 30, 2016 (Thu) invested funds in Valuedesign Inc., a company that issues and manages prepaid cards and prepaid electronic money.

GMO-PG intends to leverage its expertise and the know-how available at Valuedesign to develop a new prepaid scheme and promote the cashless environment in Japan.

(*1) Based on number of stores which use in-house prepaid card systems as an ASP service.

Source: "Feb 2015 study on in-house prepaid card market", ICT Research & Consulting

【Background and Overview】

In looking toward the hosting of the 2020 Tokyo Olympic and Paralympic Games, a united front between the public and private sectors to promote a cashless environment ^{(*)2} serves as the backdrop for increasing attention being focused on prepaid cards which require no credit and that anyone can own. With advantages such as incentives that include rewarded points, users are increasing in number and forecasts for the prepaid card market in Japan is approximately eight trillion yen in 2015 (a 20.8 percent rise over the previous year) and some 16 trillion yen in 2020 ^{(*)3}.

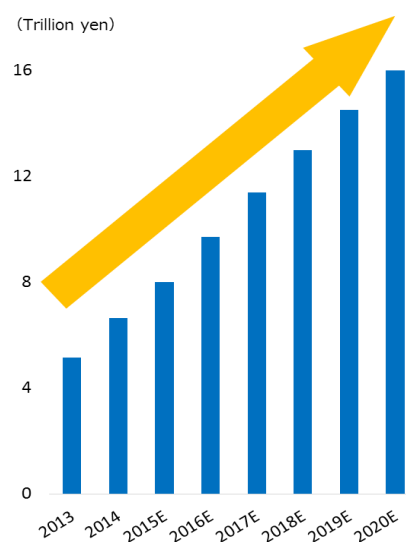
The types of prepaid cards available include "prepaid cards for in-house use" where usage is limited to within a company or at stores or facilities operated by the group; "prepaid cards with brands" that come with international credit card brands; "online prepaid cards", used for music downloads and when buying points for games where payments are made and balances managed online; and "non-contact IC cards" such as IC cards used in transportation, as demand continues to increase in various industries which aim for more repeat use of their services by existing customers, the acquisition of new customers, and convenient payment.

But it isn't easy for a business to issue prepaid cards. It's necessary to go through various procedures: designing a service, facilitating a payment environment and allocating terminals, connecting a system, and managing account balances.

Valuedesign offers "Valuecard ASP Service", a system for issuing prepaid cards with one-top support for the necessary services for their introduction. The company's services are used by more than 48,000 stores at home and abroad, the greatest number of users within the industry, with annual trading volume standing at almost 100 billion yen.

Meanwhile, GMO-PG has strengths in payment services, offering comprehensive online payment services for e-commerce businesses and for fees payable to public organizations.

<Trends in the size of Japan's prepaid card market^{(*)3}>



This is the backdrop that led GMO-PG to invest in Valuedesign, believing that many synergistic effects could be expected for the business initiatives of the two companies. It is looking to leverage Valuedesign's expertise in the introduction of prepaid cards and its broad customer base among physical stores and its own strength in the area of payment services and the many customers that it serves with a focus on e-commerce operators. GMO-PG will aim not only to expand its existing business in the field of online payment but also develop a new prepaid scheme to promote the growth of a cashless environment in Japan, including online payments for prepaid cards and services for smartphones.

(*2) Materials released by METI on December 26, 2014:

<http://www.meti.go.jp/press/2014/12/20141226003/20141226003.pdf>

(*3) Source: "Denshi Kessai Soran 2015-2016", CardWave/ePayments Laboratory Inc/Yamamoto International Consultants

【Valuedesign】

Valuedesign conducts a business that supports the branding and promotion of companies and is focused chiefly on issuing and introducing "prepaid cards with managed servers" (*4). It provides its customers with one-stop services, offering the necessary elements for their business that includes everything from service design, promotion planning, and the issuing of cards to operational support after introduction. As of May 2016, its services are used by 48,000 stores in Japan and abroad, the biggest number of customers serviced within the industry, with annual trade volume exceeding 100 billion yen. Valuedesign has subsidiaries in China and Singapore, which offer services not just domestically but extending their reach overseas to South Korea, Thailand, and the Philippines, focusing on the ASEAN market as it aims for further expansion.



The company's strengths are its extensive promotional features, ASP services that enable system introductions at low costs, and its track record and expertise in leveraging these features for enhanced promotional initiatives and for bringing in customers. The two companies intend to maximize their advantages to contribute to society and grow their business by serving as a bridge for communication between business operations and consumers.

(*4) A generic name for "prepaid cards for in-house use", "prepaid cards with brands", and "prepaid cards for online Use".

【GMO Payment Gateway】

GMO Payment Gateway offers comprehensive payment services and financial services to 67,921 merchants (as of March 2016, GMO-PG Group) including operators of online shops and sellers of digital content; operators who collect recurring monthly payments, such as NHK and those who offer subscription purchases; and public organizations such as Japan Pension Service and the Tokyo Metropolitan Government.

Services for added value such as online advertising services that contribute to boosted merchant sales, focused chiefly on payment services. Supplying loans and other financial services that support the growth of merchants from a funding perspective and actively engaging in overseas initiatives like overseas payment services, the yearly payment amount processed by GMO-PG exceeds 1.8 trillion yen.

GMO-PG aims to enable both consumers and businesses to enjoy payment methods that are convenient and equipped with high levels of security and to serve as the infrastructure for payment processes in Japan.

GMO-PG will promote initiatives for new innovation such as FinTech and contribute to improving the rates of e-commerce in Japan as a leading company in the payment industry.

【Related Links】

- Valuedesign URL : <http://valuedesign.jp/>
 - GMO-PG URL : <http://corp.gmo-pg.com/en>
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