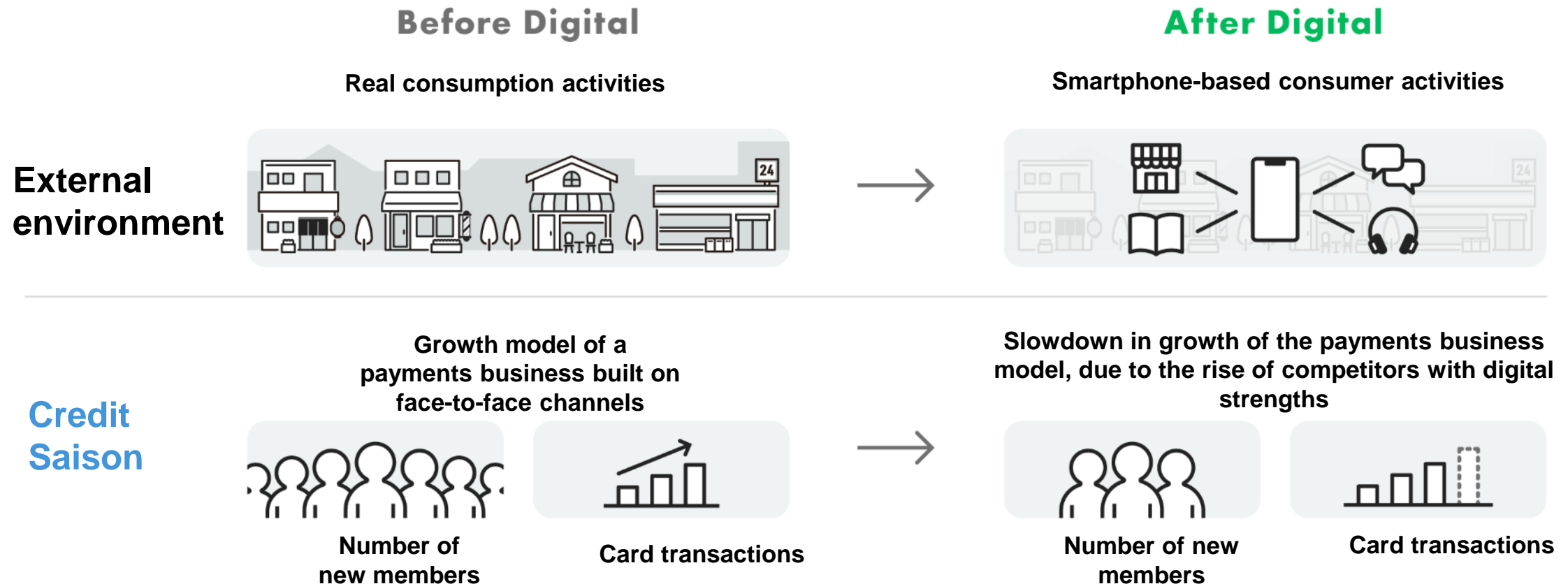




Changes in the business environment due to accelerated digitalization

- The spread of the Internet and smartphones has led to a "**digital shift**" in customer buying channels. This has brought a slowdown in the growth of Credit Saison's real channel-focused payments business model, which has been a strength until now.



Phase.1

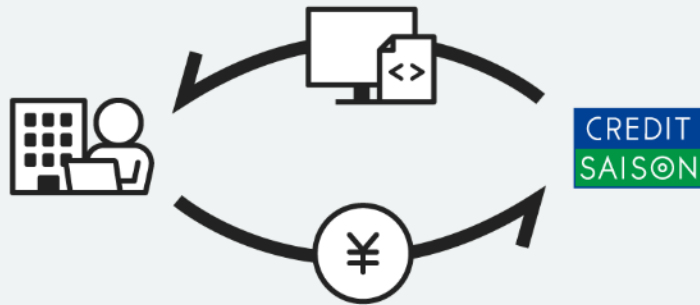
Small start for the insourced
development team

2019 ~ 2020

Moving away from external vendor-dependent development

- We have promoted insourced development by in-house engineers in order to move away from a development system that was dependent on external vendor companies.

External vendor-dependent development



1. Costs incurred due to development, maintenance and renewal
2. Vendor lock on development speed and controls
3. Know-how is accumulated by external vendors



Insourced development



1. Increase cost efficiency in development
2. Gain development speed and flexibility
3. Internalize know-how

Launched insourced development from a smartphone app promotion campaign function

- As the first insourced development, we focused on a smartphone app that was close to the customer and required flexibility and speed in order to realize improvements.
- Instead of suddenly carrying out insourced development for all functions, we started insourced development with a campaign function that could visibly improve the customer experience.

Smartphone app customer experience

Vendor development



Statements

Loyalty points

Benefits

Insourced development

Launched insourced development from a smartphone app promotion campaign



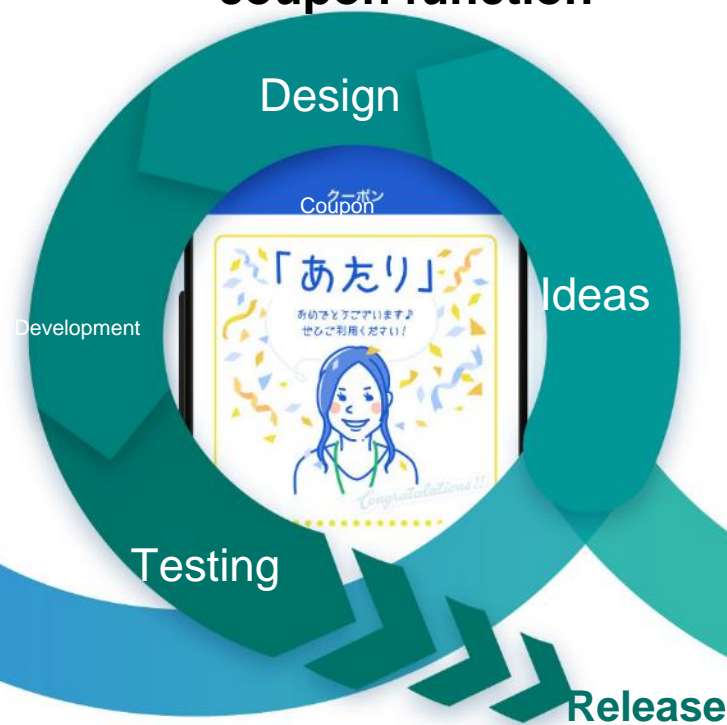
Moving towards insourced development of smartphone apps

- We began with the insourced development of a promotion campaign function, **and then expanded the scope of insourced development through repeated improvements.**
- We accelerated improvements in the customer experience by achieving the fully insourced development of smartphone applications in March 2022.

Development of promotion campaign function



Development of digital coupon function



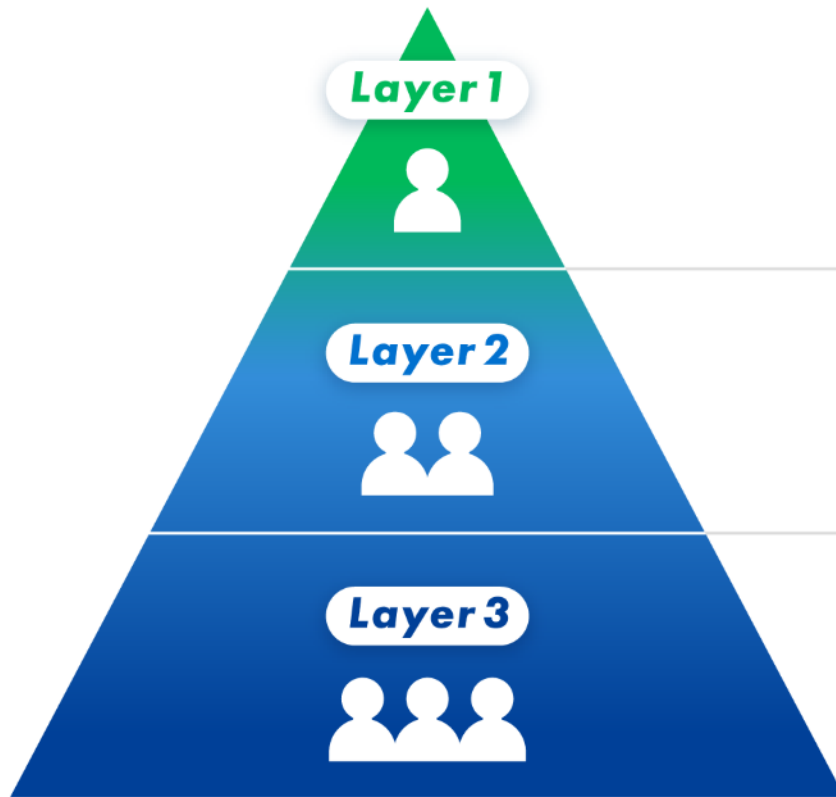
Moving towards fully insourced development of smartphone apps





Digital human resources

- We defined three levels of digital human resources according to people's knowledge and skills in digital technology and data.
- We promoted the development of digital human resources by expanding training systems and transforming organizational structure.



Core digital human resources

Human resources with deep knowledge and experience in digital technology and data utilization, who lead the digitalization of the entire company

- Engineers
- Data scientists
- Cyber security
- Designers

Business digital human resources

Human resources who, in addition to having operational knowledge and experience in business divisions, promote digitalization of the entire company by reskilling in digital technologies and data utilization

- Generalists + core technology

Digital IT human resources

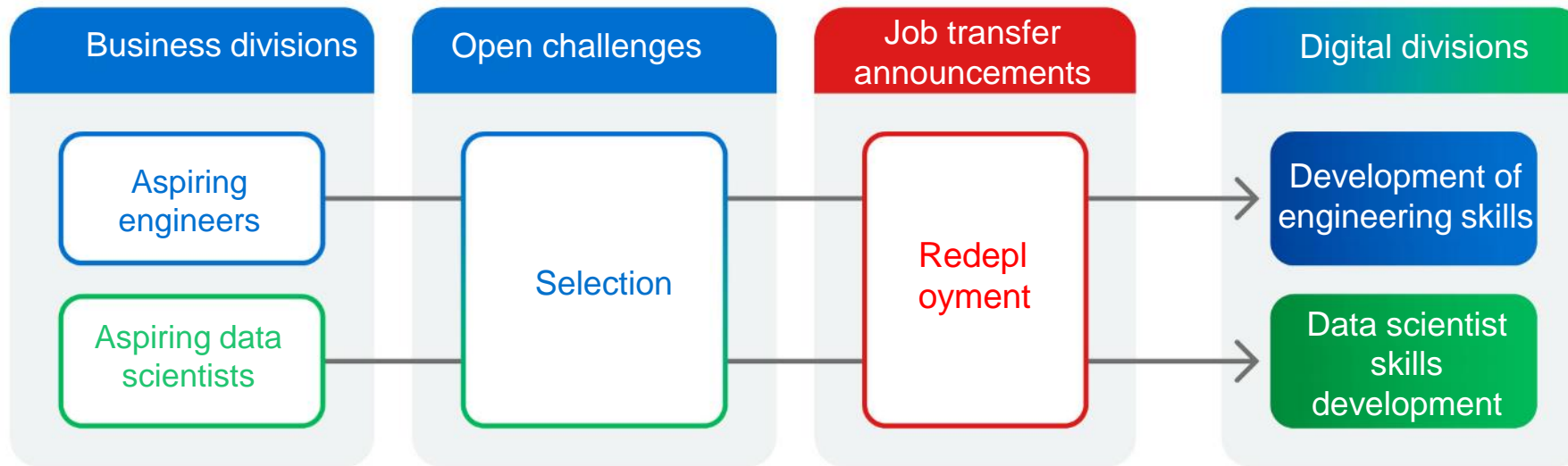
Human resources who possess knowledge on digital technology and data utilization and utilize it in their own operations

- Citizen developers
- Citizen data scientists
- Digital marketers
- Domain experts

Redeploying personnel to realize employee reskilling

- We recruited employees who want to become engineers and data scientists and **redeployed them to the digital divisions**.
- After they were transferred, they **acquired knowledge of digital technology through practical experience**, including external training and on-the-job training, helping to promote digitalization.

Developing engineer/data scientist skills through internal recruitment



Candidates are selected and redeployed through job transfer announcements to develop skills as engineers and data scientists.



Work carried out by business digital human resources

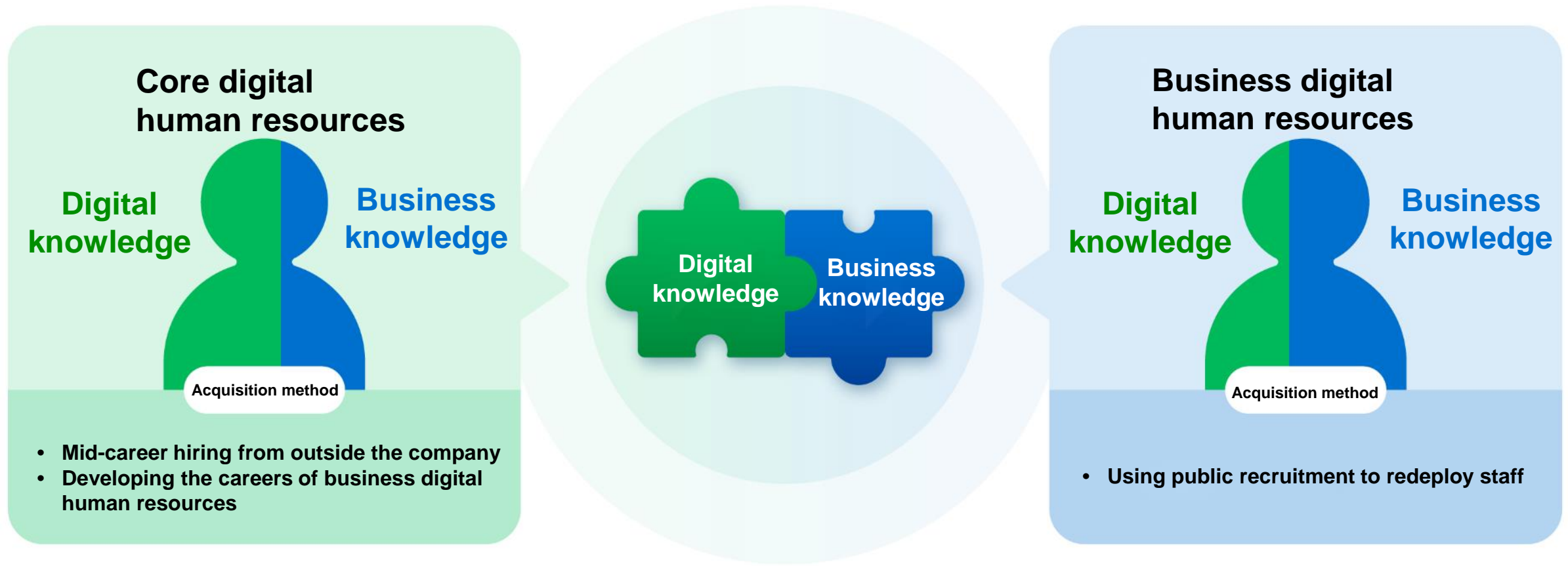


A meeting between members



Combining the knowledge of digital human resources

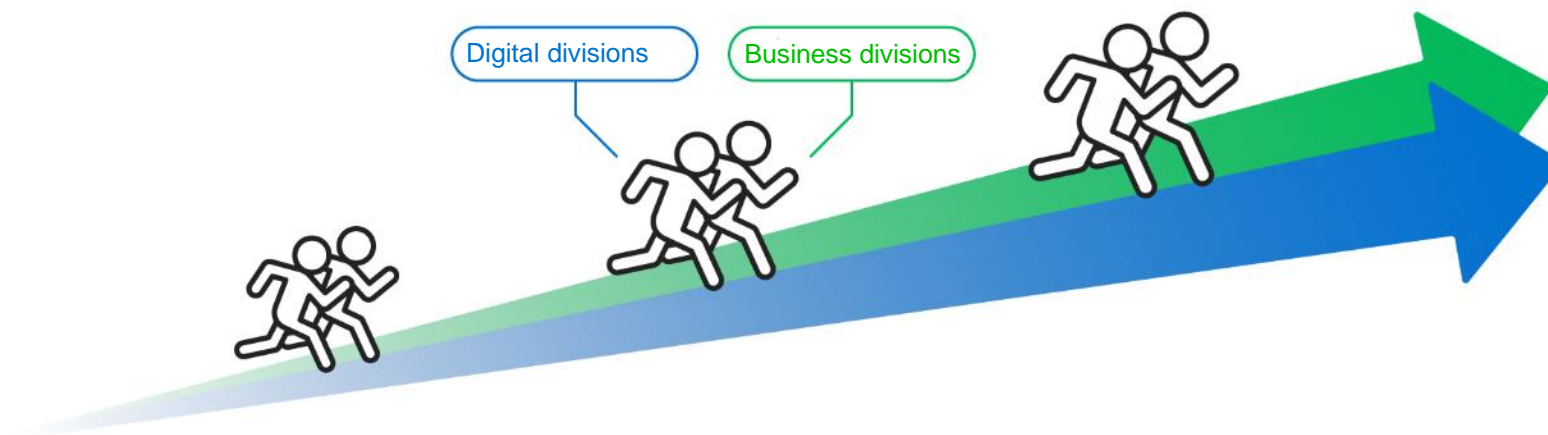
- Combining the digital knowledge of core digital human resources with the operational knowledge of business digital human resources has allowed us to accelerate project promotion by compensating for mutual gaps in knowledge.



Accelerating the development of accompanied insourced development

- The digital divisions will work with the business divisions to explore systems that can help solve business problems, while **accelerating** the development of a flexible system for **accompanied insourced development**.

Establishing full collaboration between the **development side** and **requesting side**
Digital divisions Business divisions
= accompanied insourced development



Renewal of existing systems, resolution of divisions' works issues, utilization of digital technologies, etc.

**Development flexibility
+
Reduction in development costs**

Phase.2

Formulating and Promoting CSDX

2021 ~



Promoting a bi-modal strategy in systems development

- We have ***promoted a bi-modal strategy*** that coordinates the development of **Mode 1, which emphasizes stability** in areas where failure is not an option, and **Mode 2, which** emphasizes speed and **responds quickly to changing times.**

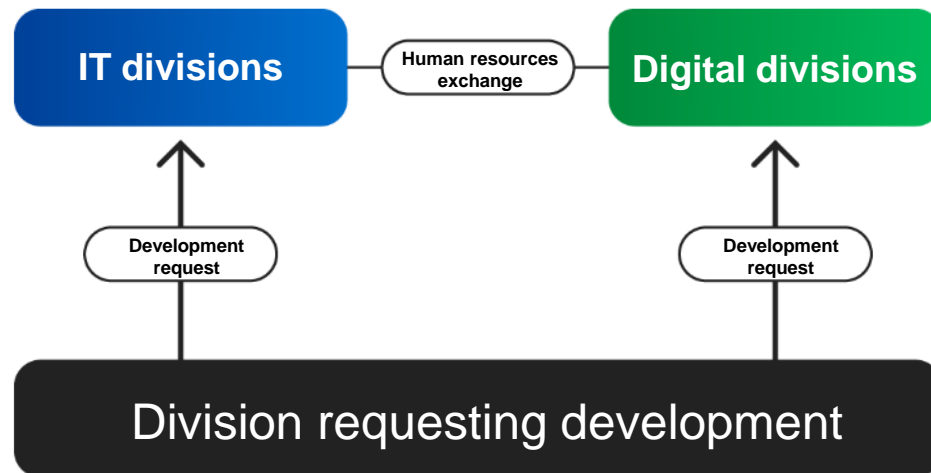
Mode 1	Follow-up	Timing	In advance	Mode 2
	Emphasis on stability	Tendency	Emphasis on speed	
	Waterfall	Development method	Agile	
	ERP, SCM	Examples of apps	CRM, MA	
	Centralized management by IT divisions	Managing division	Distributed management by user divisions	
	Predictable work	Targeted work	Explorative work	
	Samurai: guards territory and rewards	Analogy	Ninja: explores effective methods	
	Operators	For whom	Innovators	
	Efficiency, ROI	Focus on	Novelty, large returns	
	Safe driving with reduced risk	Driving style	Driving with speed	
	Top-down	Management style	Bottom-up	
	Large-scale	Scale	Small-scale	
	Leadership, execution capabilities	Strengths	Mobility, flexibility	

Partially quoted from ZDNet, "Aims of the 'Bi-modal' Approach to Corporate IT for Digitalizing the Economy" (*in Japanese*)
<http://japan.zdnet.com/article/35075658/>

Bringing together the IT and digital divisions

- We established the CSDX Development Dept. as our IT headquarters in 2021 to strengthen inter-organizational collaboration between the existing IT divisions and the digital divisions.
- We aimed for a graduated organization with mutual collaboration, with the IT divisions focusing on stability and the digital divisions focusing on speed.

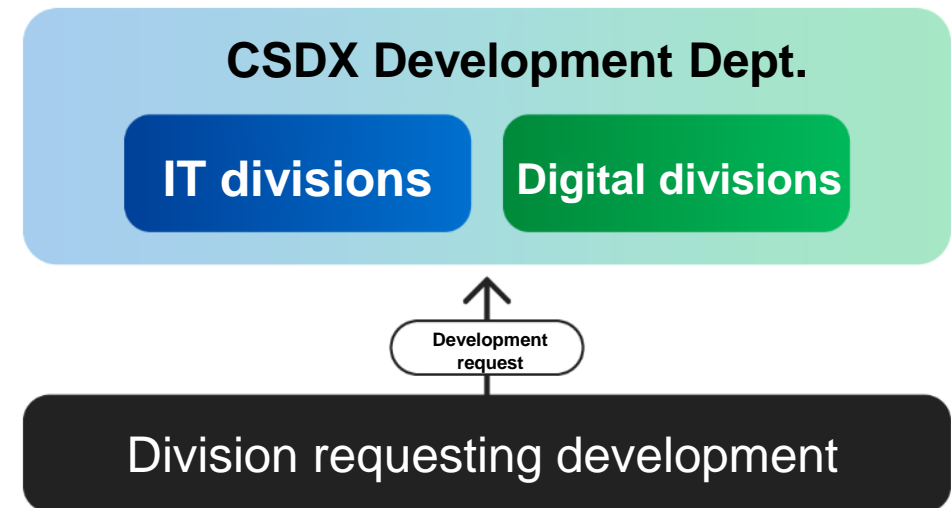
Strengthen inter-organizational cooperation



- Separate development requests submitted to the IT divisions and the digital divisions
- There is some human resources exchange, but a culture gap remains



Graduated organization



- Handle development requests at the CSDX Development Dept.
- Move towards a culture of constructive exchange of ideas, including personnel exchanges



Customer Experience

**Create new experiences
for customers**

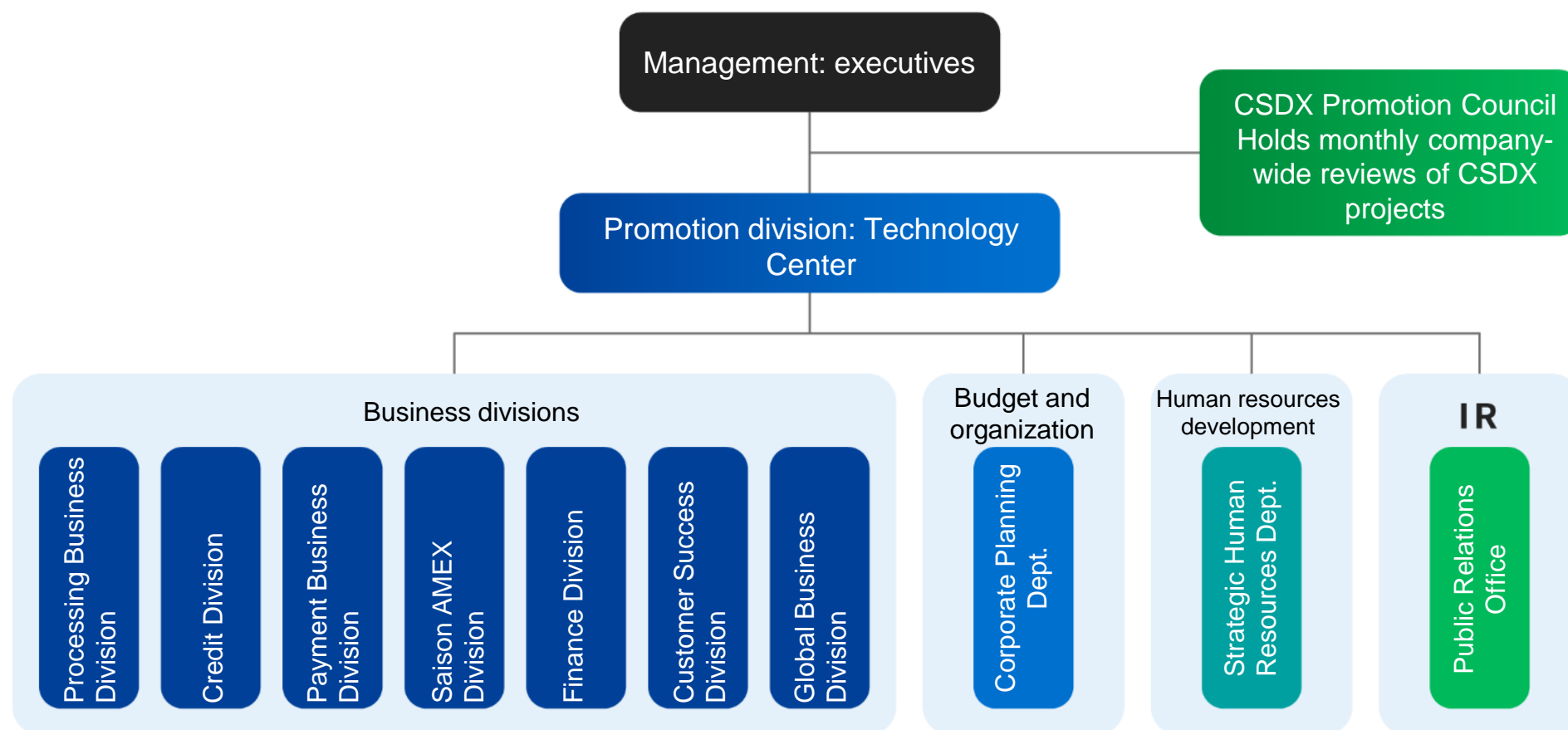
Employee Experience

**Transform the employee
experience**

**Leveraging digital technology to transform and convert
businesses and become a leading company in the digital age**




System for promoting CSDX

- We established a system to regularly report and review progress on CSDX promotion, mostly to management and the CTO/CDO.



Management: executives


Commitment of top executives to CSDX promotion content

President
Vice President
Director

Promotion division: Technology Center

Leadership by CTO/CDO, who are former engineers

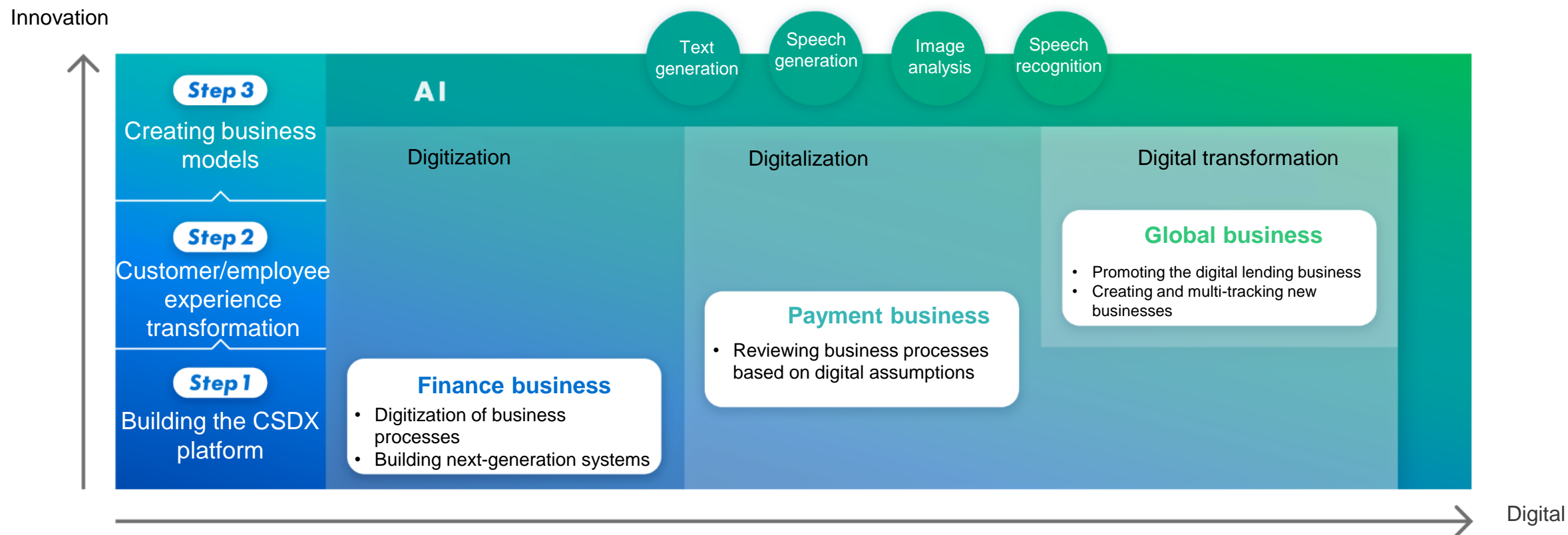


CTO/CDO



Using digital technology to promote innovation

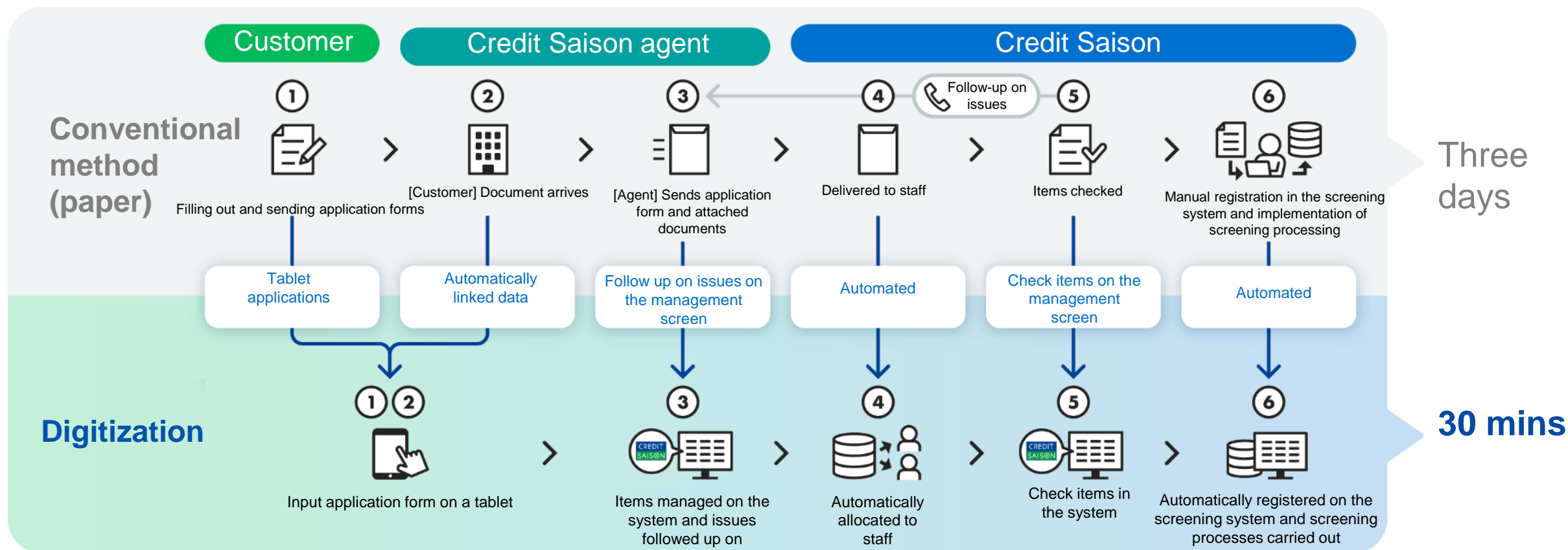
- We will utilize technologies to match the digital penetration rate of the business, thereby transforming the business model and creating new businesses through business process digitization, data analysis, and AI use, including generative AI.



Digitization

Digitizing mortgage loan screening

- We have digitized our screening process by moving from paper-based contracting procedures, such as written documents and contracts, to tablet application reception.
- We used this system to **realize easier, faster, and more efficient contract procedures** through automated linkage and case management.



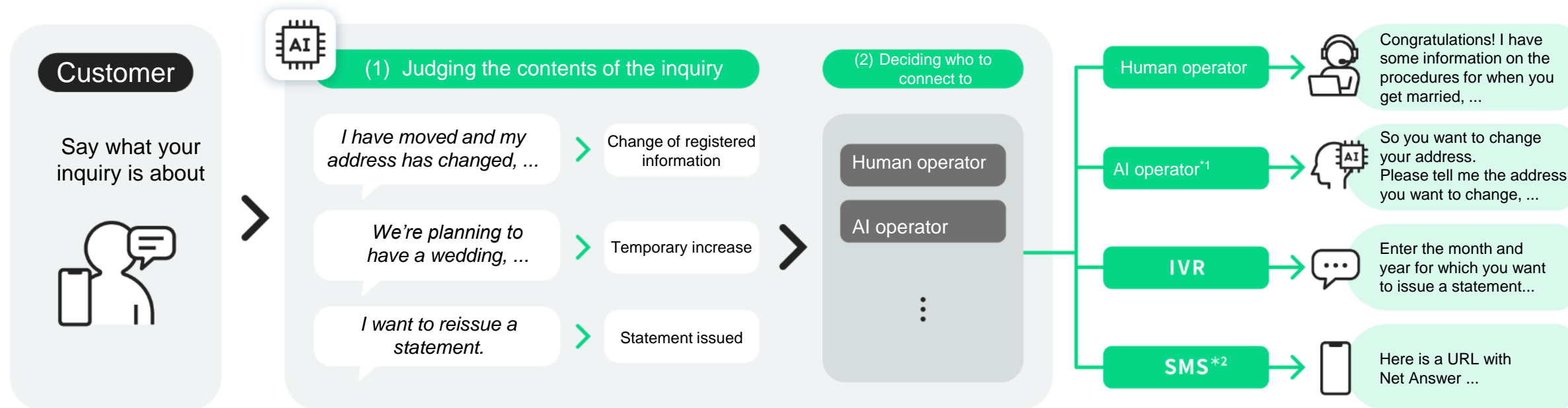
*Digitizing documents (from March)

Improving the inquiries experience using voice recognition AI

- We introduced AI-powered chatbots that judge inquiries based on what customers say and guide the customer to the optimal solution from operators, etc.
- **Natural AI conversation guidance** reduces customer stress during call center queries
- We have **achieved a seamless customer response** by connecting customers to the operator with the most appropriate skills and identifying the details of inquiries in advance

AI-based voice bots

Determining the content of inquiries and who to connect to



^{*1} = The AI operator will gradually be released from 2024 onwards ^{*2} = SMS will be released in March 2024

Digitalization

Transformation of subscription and usage experience based on smartphones

- We have provided a smartphone app that allows users to sign up for a credit card in five minutes at the shortest and continues to offer user experiences after signing app.
- We have **accelerated implementation of new services and functions** through insourced development, UI/UX design, and questionnaire surveys.

Issued in “five minutes at the shortest” on a smartphone



Special invitations to more prestigious credit cards on the app



Creating user experiences on the app



Saison partners



Realizing immediate customer communication through a digital shift
Insourced development of everything from design concepts through to systems development and data analysis

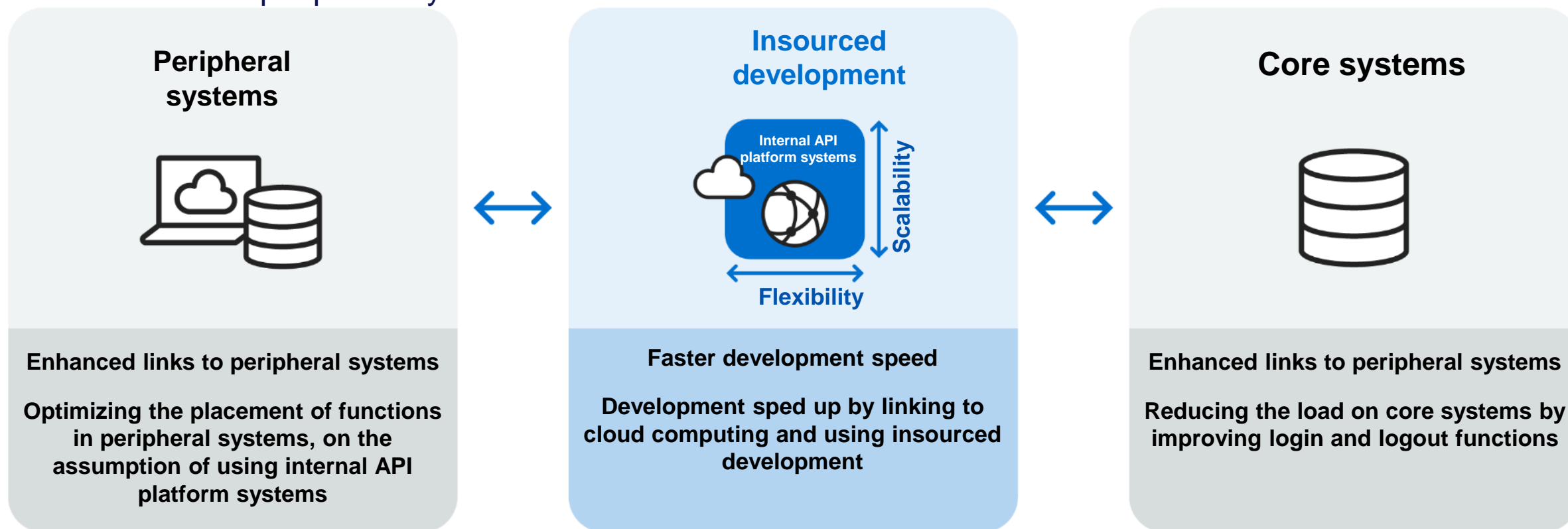
Engineers

Designers

Data scientists

Insourced development of systems for the internal API platform

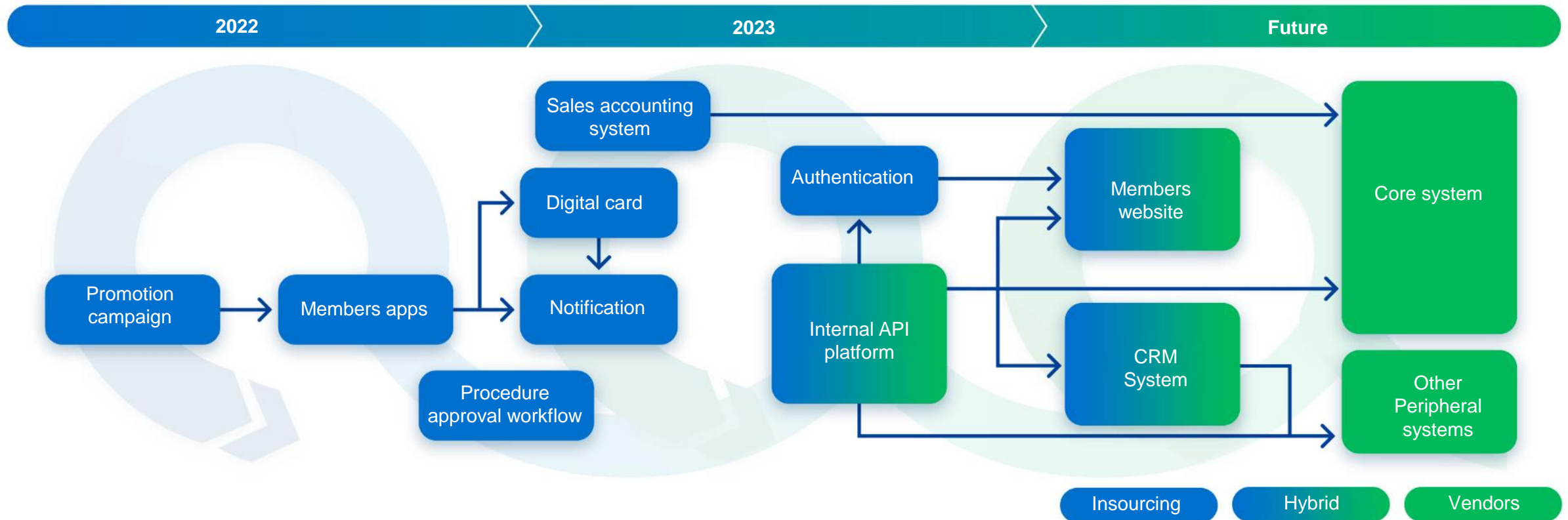
- We have insourced development of the internal API platform to provide flexibility in linking core and peripheral systems
- We will reduce costs by reducing the burden on core systems and optimizing the arrangement of functions in peripheral systems.





Holding insourced development options to reach core systems

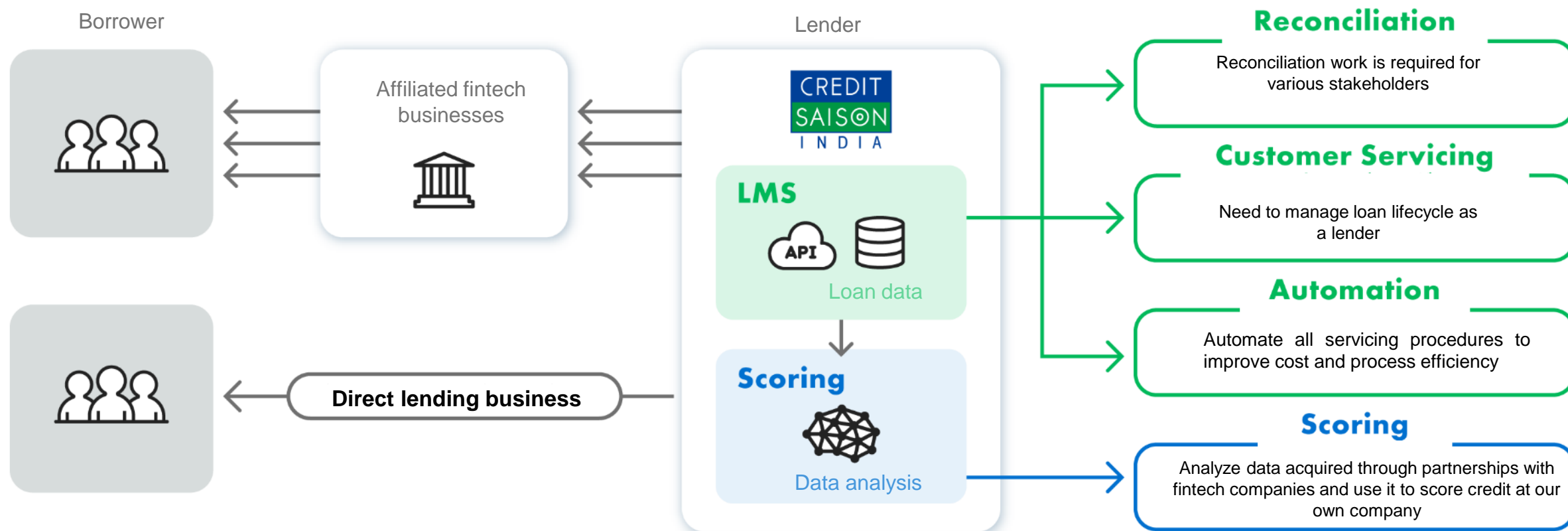
- After starting with the promotion campaign function, insourced development has now reached the internal API platform, which is linked to core systems.
- In the future, we will promote insourced development of systems similar to core systems, such as the members website and CRM system.



DX

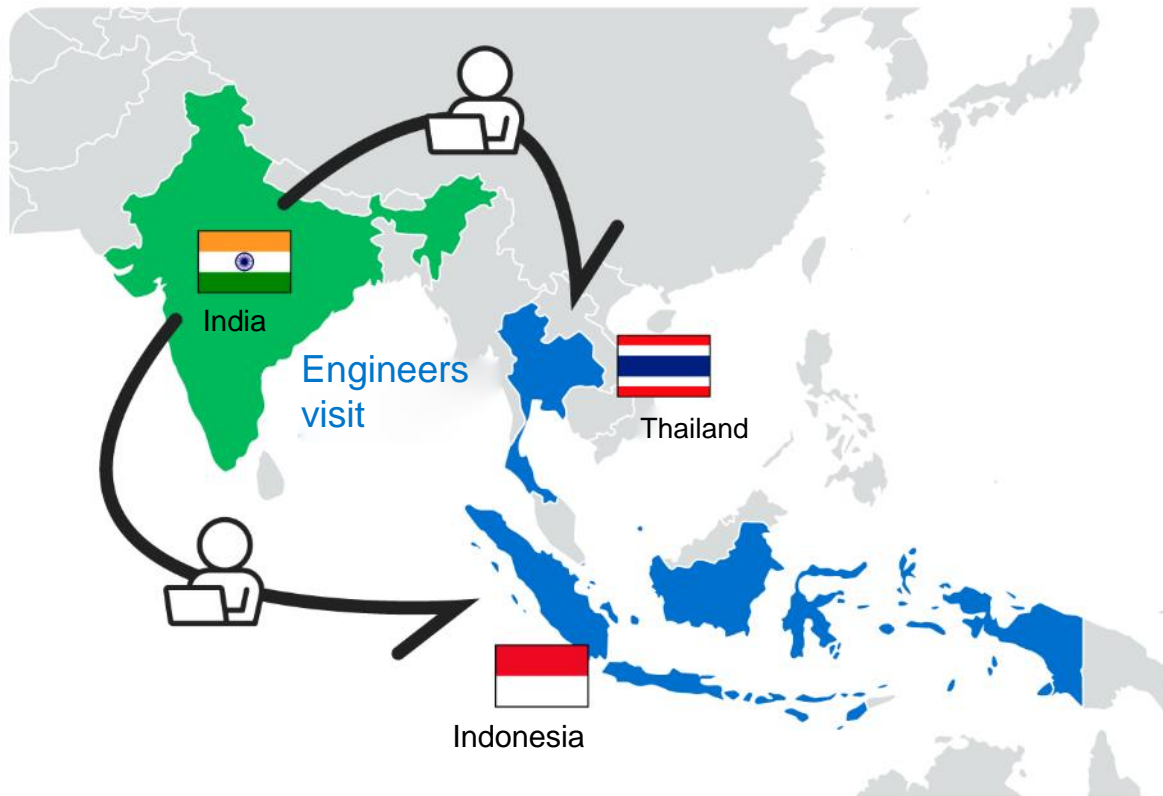
Development of lending business in India

- We have developed a unique loan management system (LMS) as a digital lending platform.
- We carry out direct lending using loan data obtained through partnerships with fintech companies for our own company's scoring.



Horizontal development of systems know-how acquired in the Indian business

- Engineers from the Indian team visited other overseas bases and exchanged knowhow with local engineers.
- We have investigated horizontal deployment of the original system developed in the Indian business in other countries.



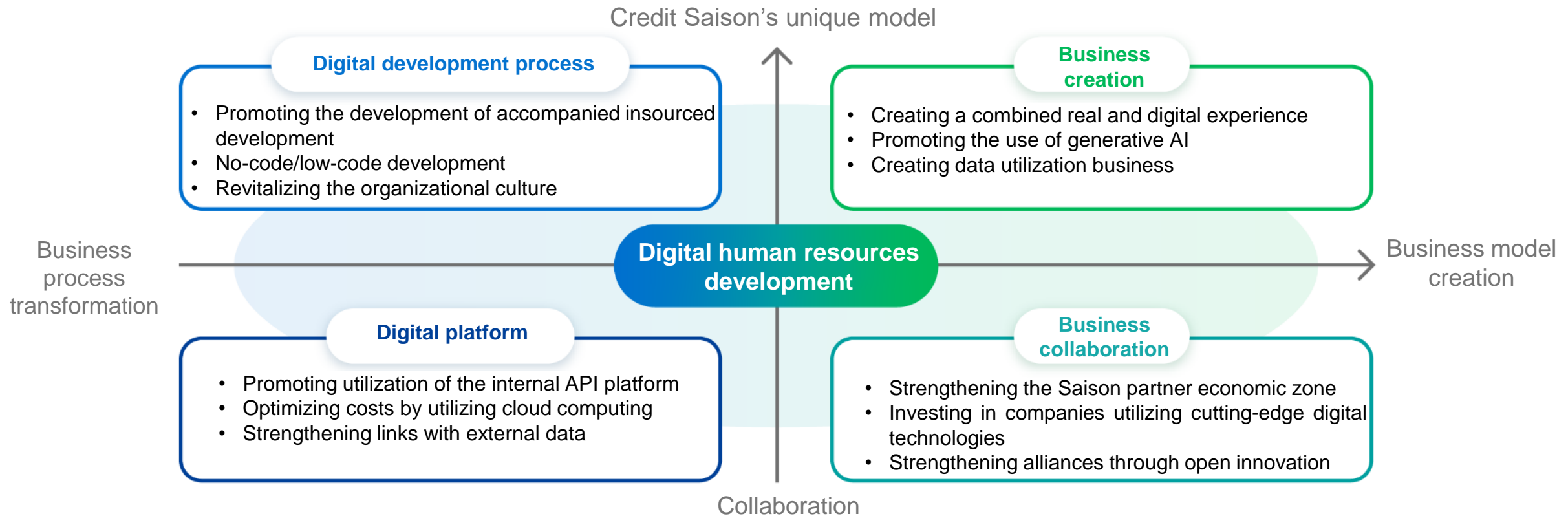
Knowledge being shared with local engineers in Indonesia





Five basic strategies in CSDX

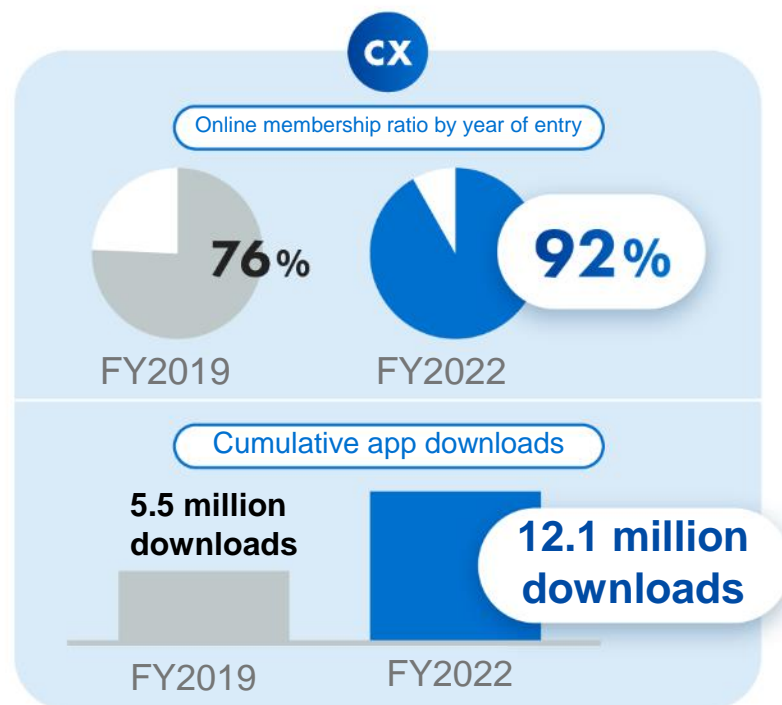
- We will optimize the digital platform and digital development processes to achieve the CSDX VISION and realize new value and business collaboration through the use of digital technologies and data.



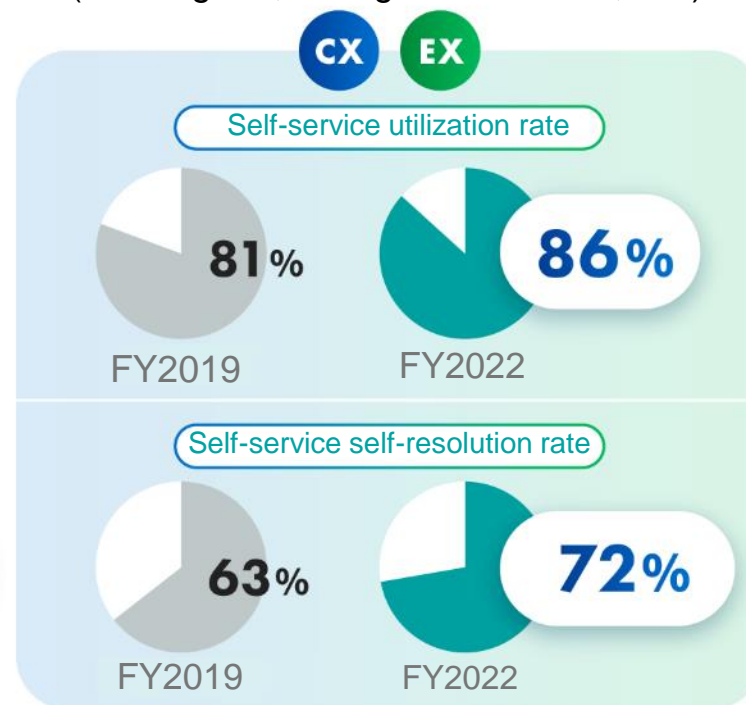
Credit Saison's efforts in digitization

- Credit Saison is responding to the digital shift by expanding its digital channels with customers, including apps and websites, enhancing self-service support to avoid putting customers on hold on the telephone, and reducing business operations through software.

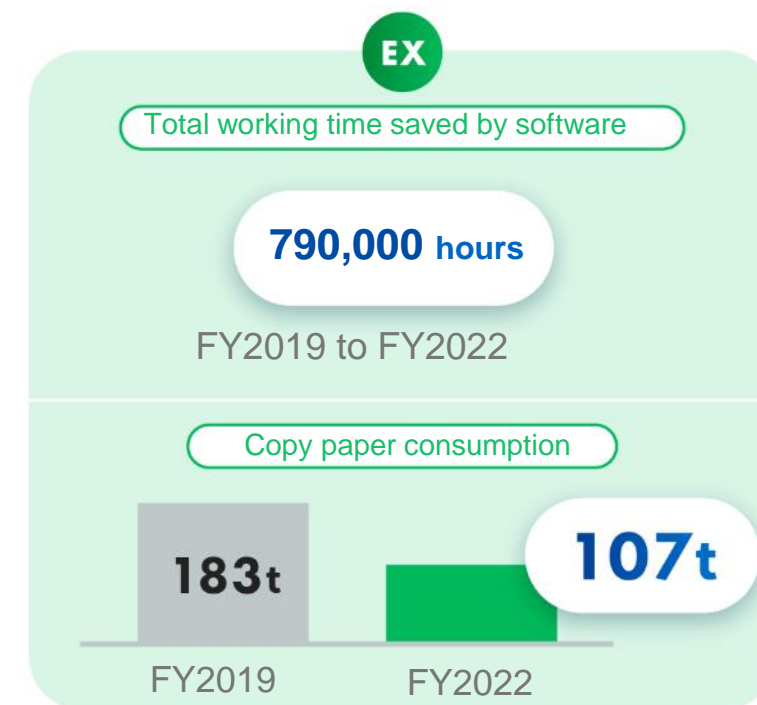
Expansion of digital channels



Enhanced self-service support (AI navigator, next-generation IVR, etc.)



Automation of operations



Phase.3

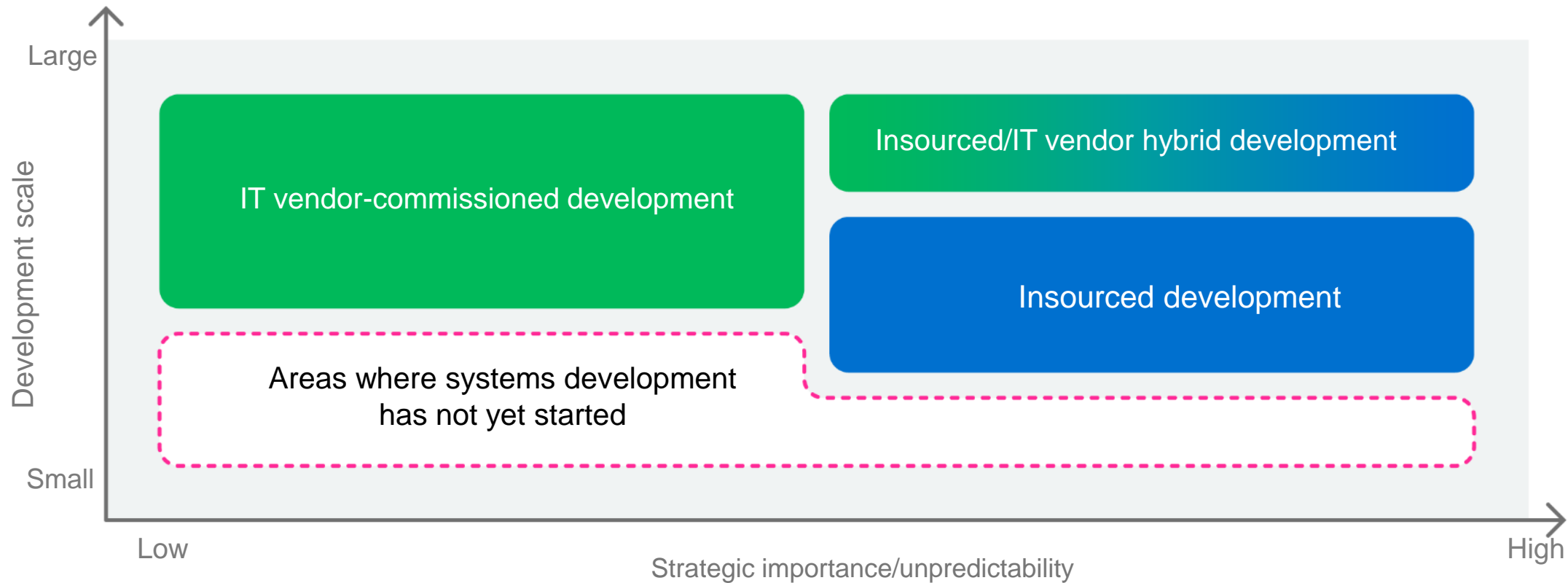
DX by all employees

2023 ~



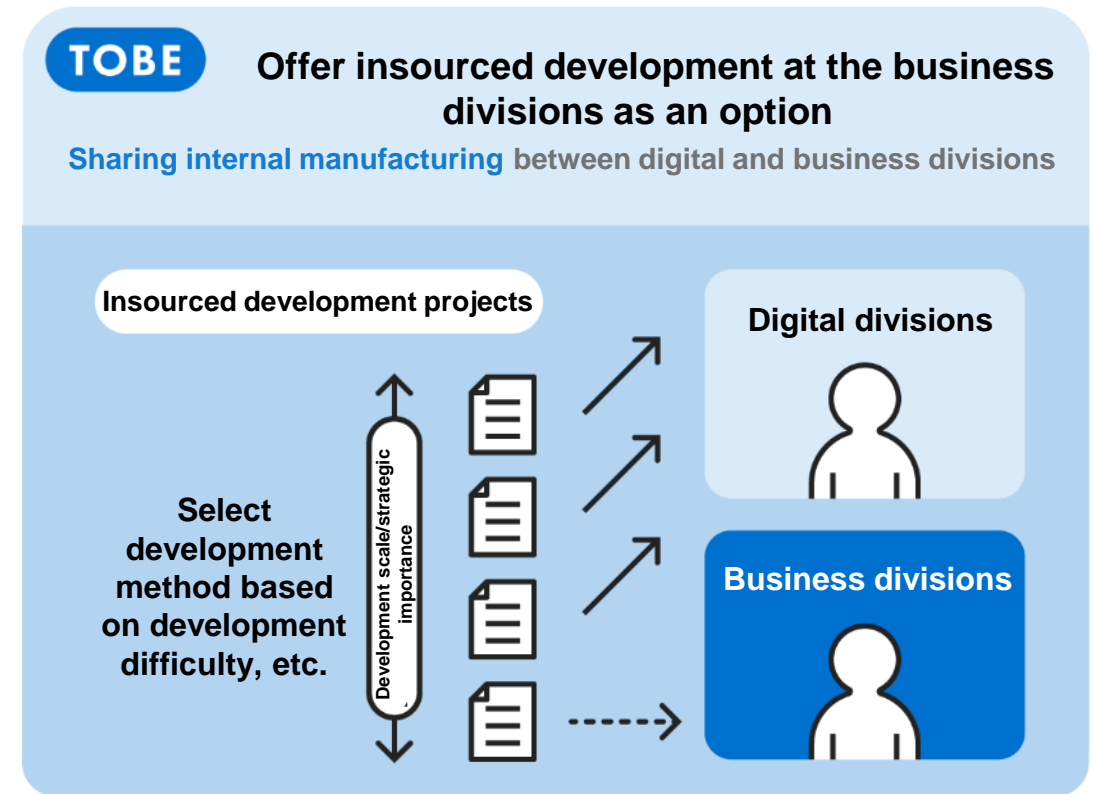
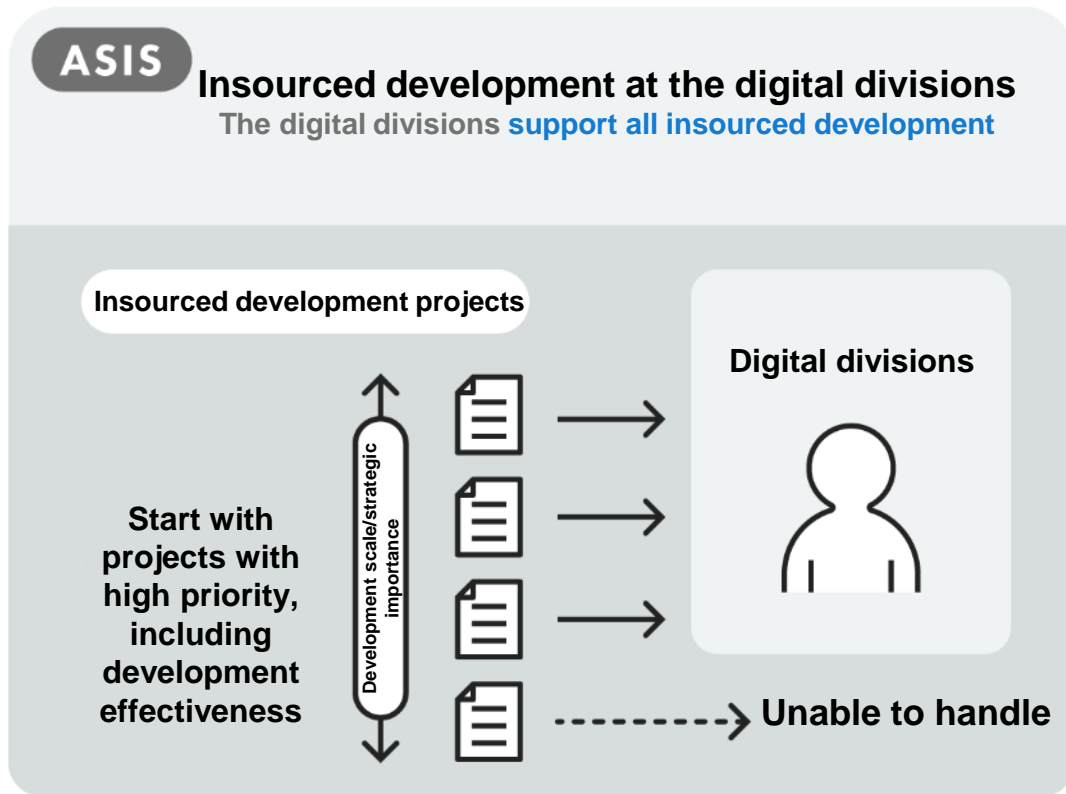
Selection of development methods in system development

- For the development method, taking into account the strategic importance/high unpredictability and development scale, we select either insourced development or development with IT vendors.
- On the other hand, there are still some areas where systems development has not yet started.



New issues noticed by promoting insourced development

- Because of the limited resources available for insourced development, we are faced with a situation of starting with high-priority projects.
- We will achieve insourced development not only at the digital divisions but also at the business divisions, thereby realizing insourced development in a greater number of projects.



Hosting a no-code/low-code development boot camp

- Executives attended a no-code/low-code development boot camp and experienced application development first-hand.
- They experienced first-hand what can be developed with no-code/low-code tools..

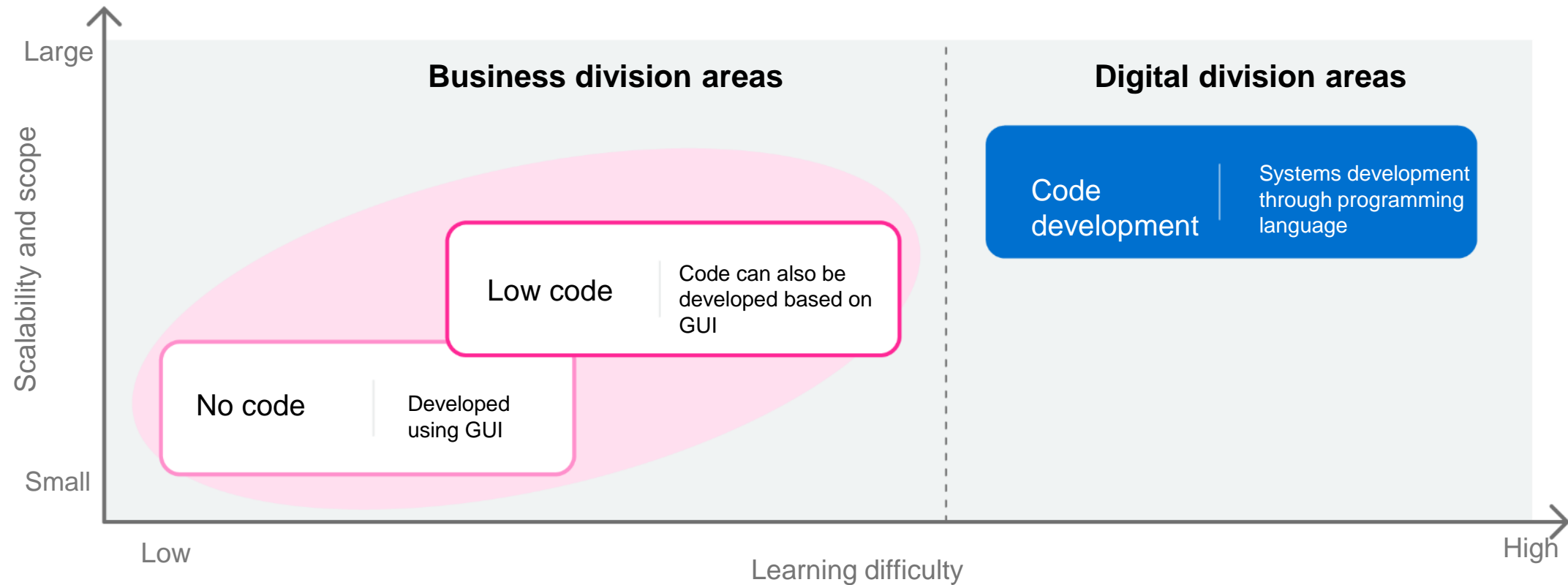
Hosting a no-code/low-code development boot camp





Areas for insourced development at the business divisions







- The business divisions will promote development using no-code and low-code, which is less difficult to learn than code development.
- For development with greater scalability and scope, the digital divisions will continue insourced code development.



Details on how to use no-code/low-code tools, and learning methods

- Depending on the problem we want to solve, we use different tools and implement learning methods suited to these tools.

Standard Guide to No-Code and Low-Code Tools

Development and data utilization: content	Development and data utilization: methods	Learning method
We want to visualize data	 Tableau	<ul style="list-style-type: none">• Udemy• Credit Saison proprietary training
We want to automate data linkage/processing/writing	 DataSpider	<ul style="list-style-type: none">• DataSpider training• Credit Saison proprietary training
We want to extract data	 VantageCloud	<ul style="list-style-type: none">• Sharing examples of using Slack• Credit Saison proprietary training
We want to automate user interface operations	 RPA	<ul style="list-style-type: none">• Udemy• RPA operation training
We want to automate Excel calculations, etc.	 VBA	<ul style="list-style-type: none">• Udemy• Credit Saison proprietary training
We want to enter/view/search data	 Microsoft Forms/slack	<ul style="list-style-type: none">• Udemy• Power Platform training

Building learning content for developing digital IT human resources

- In order to promote the acquisition of digital knowledge, training is being provided by external instructors and new learning content is being developed using internal data.
- All employees are recruited as participants, regardless of division or age, to encourage the acquisition of digital knowledge.

Mindset



At the data-driven workshop

We conducted group work training to deepen understanding of Tableau.
This created opportunities to learn while interacting with other divisions.

Knowledge

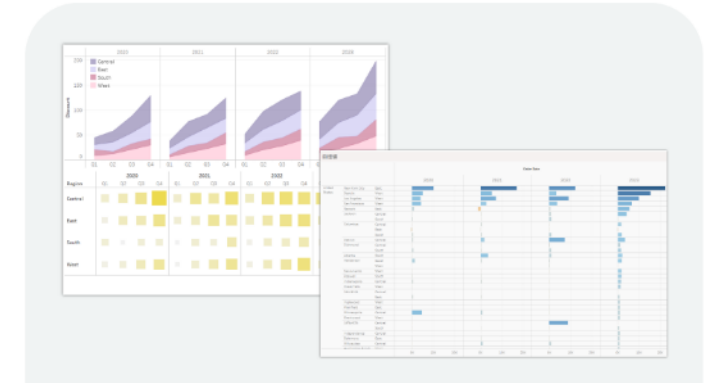


Learning content using internal data

To make it easier to understand for employees with limited knowledge of development and data, we created a set of videos and exercises based on our own company's data.



Opportunity to use



Creating deliverables and conducting project reporting

Acquiring the knowledge and mindset, aiming to solve problems within the division.

Towards the realization of insourced development at the business divisions

- Currently, we select low-code development staff from three divisions and launch **projects where 40% of working hours are used for development work.**
- Staff are selected from the digital divisions to accompany the projects, while simultaneously promoting knowledge acquisition and **problem-solving at the business divisions.**

Skills acquisition



- Learning from video content
- Seminars given by the digital divisions
- Writing up the requirements
- Dashboard/system development
- Information-sharing meeting



Monday: regular role at own division

Tuesday: knowledge acquisition and development work

Wednesday: regular role at own division

Thursday: knowledge acquisition and development work

Friday: regular role at own division



- Handling everyday responsibilities

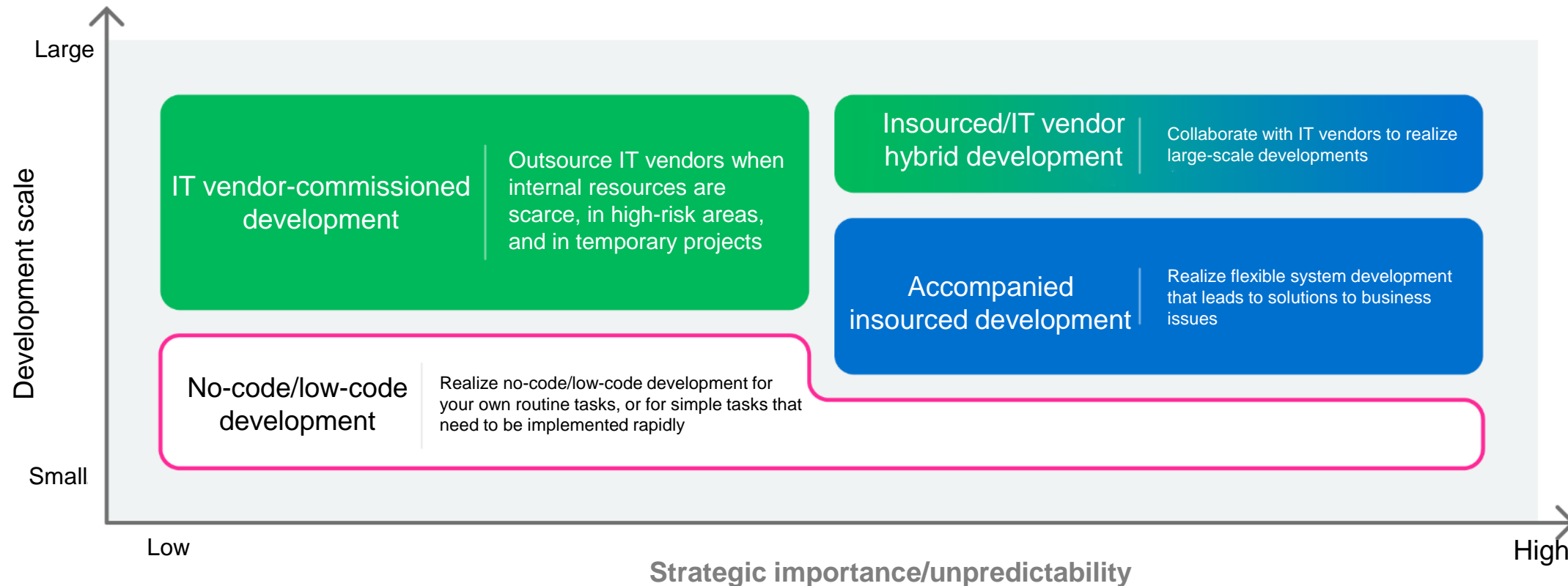
Regular role

To be developed across all divisions in the future



Maximizing development methods in systems development

- In addition to IT vendor-commissioned development and insourced development, we aim to **achieve new no-code/low-code development**.
- We also aim to establish an environment in which all employees can utilize digital technologies and the business divisions can develop their own digital technologies.



Generative AI Initiatives



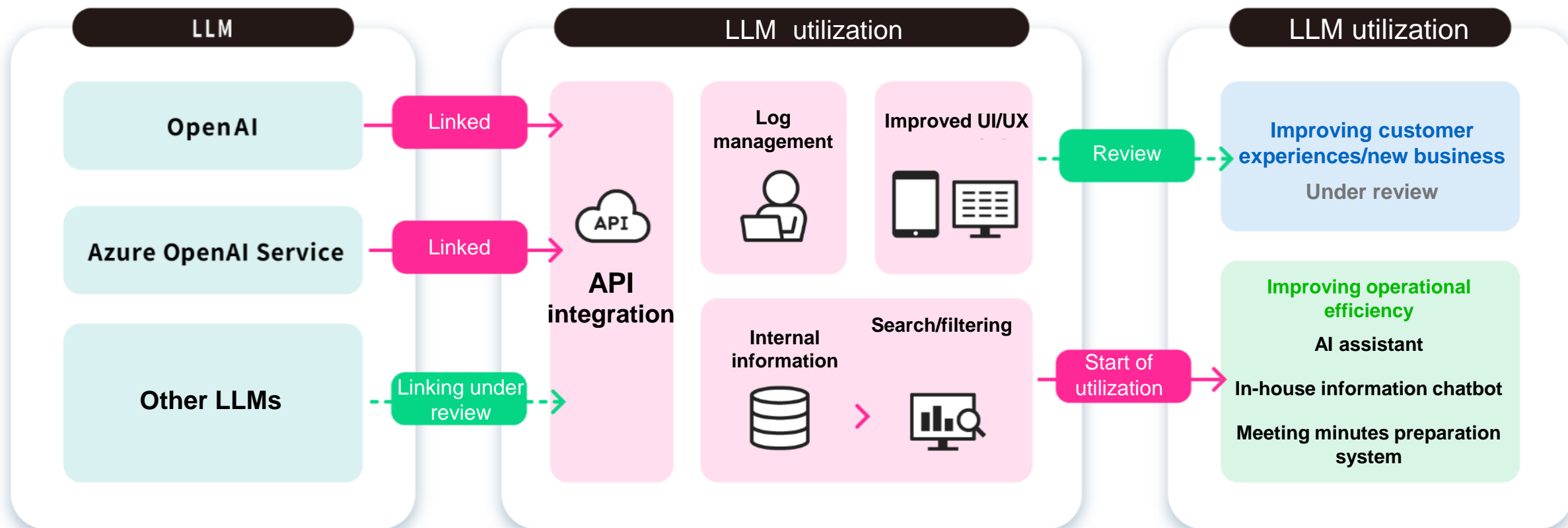
Complete innovation of business processes based on generative AI

Representative, Executive President and COO
Katsumi Mizuno



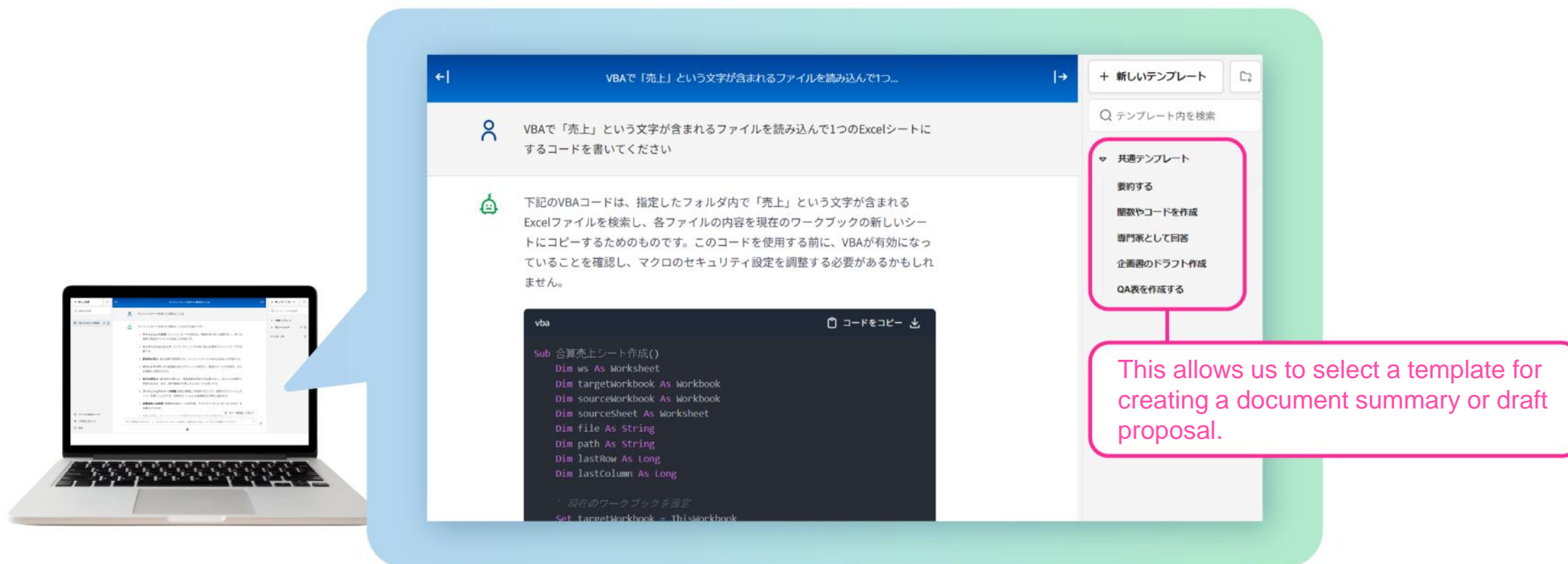
SAISON AI

- We have initiated API integrations with large language models (LLMs), including OpenAI, to promote the use of LLMs.
- In order to promote use at the company, we have begun building AI assistants, as well as chatbots to reply with internal information.



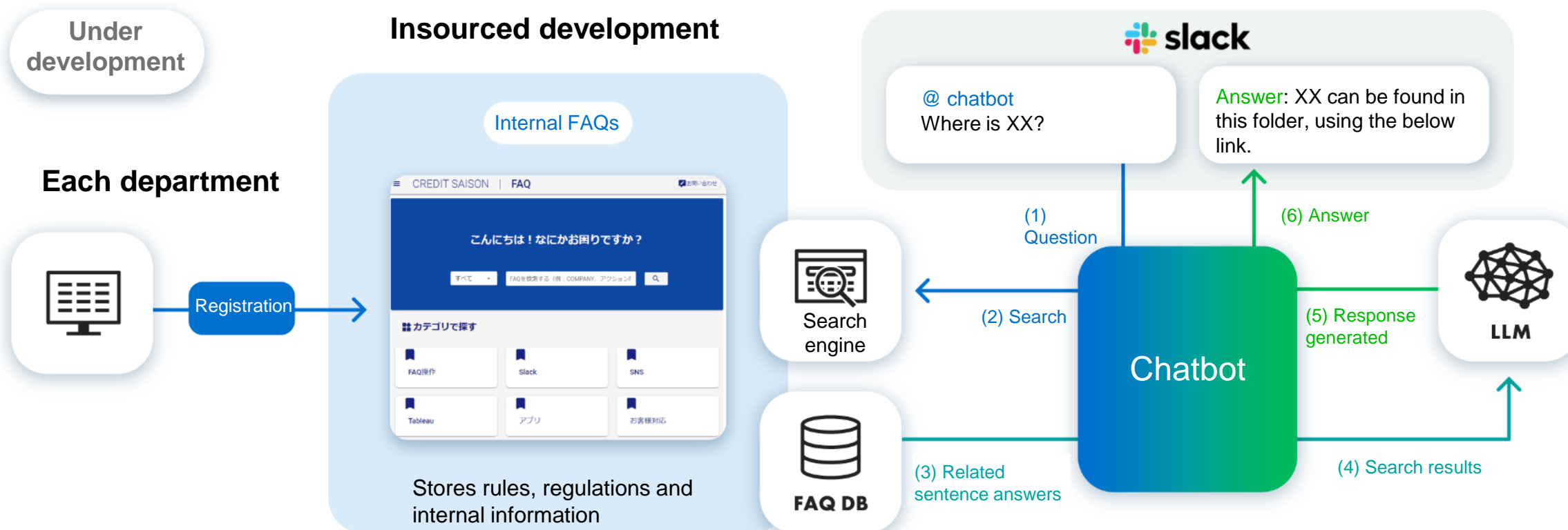
Generative AI (1) AI Assistant - ChatGPT SAISON ASSIST

- We leveraged an LLM API to develop our own in-house chatbot, which we have started using for summarizing text and generating project ideas.
- We have standardized commonly used prompts, which saves time when employees utilize them.



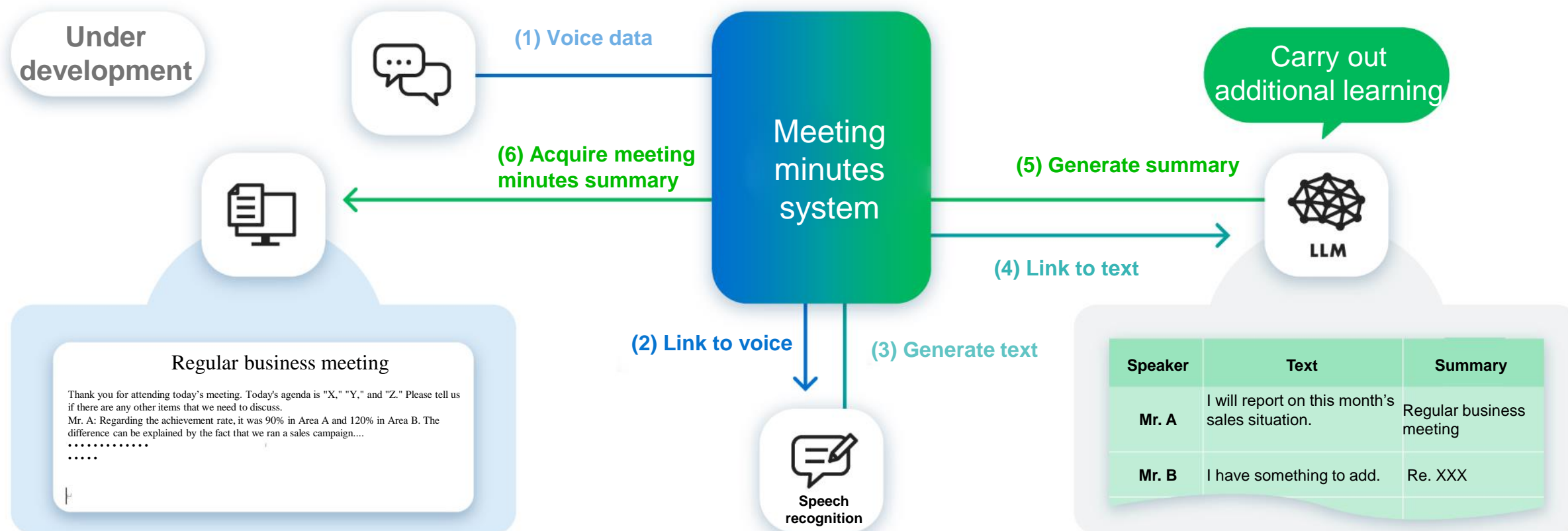
Generative AI (2) In-house chatbot

- We have promoted the development of responsive chatbots on Slack using an internal FAQs system built through insourced development.
- We aim to be able to answer all common internal queries semi-automatically using a chatbot.



Generative AI (3) Meeting minutes preparation system

- We have promoted insourced development of a system for converting voice data from meetings into text and creating summaries using an LLM.
- For speech-to-text conversion, we have equipped the system with a self-improvement feature through additional learning, aimed at enhancing the handling of internal terms that are often misinterpreted during transcription.

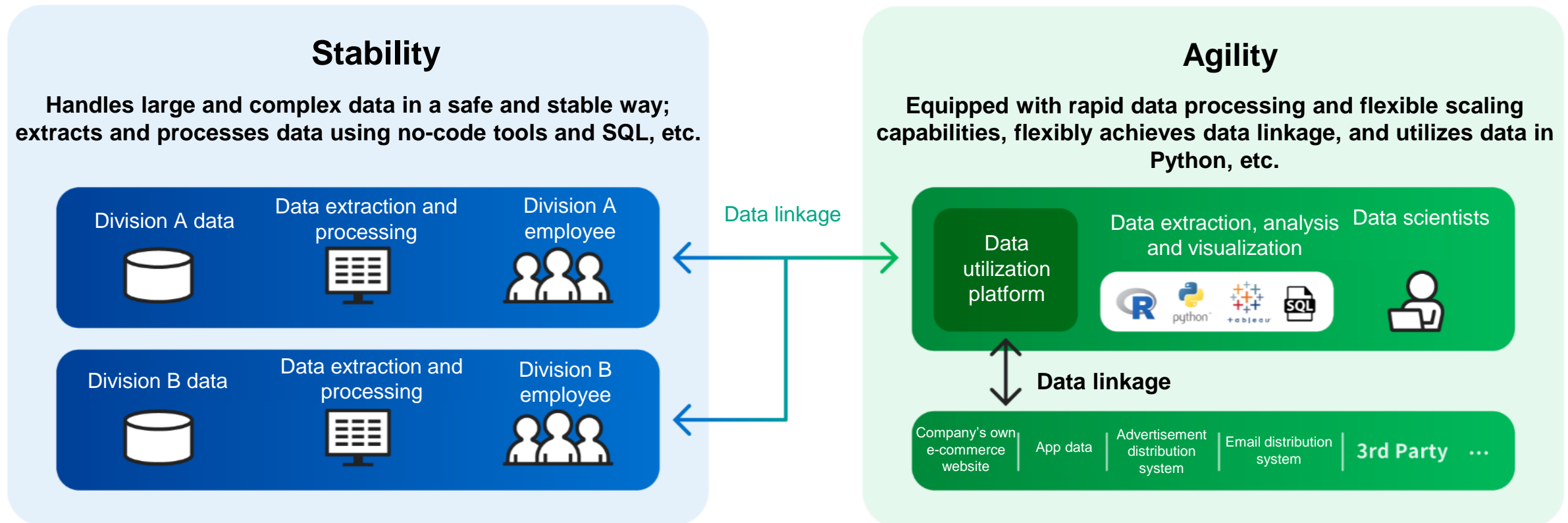


Data Utilization



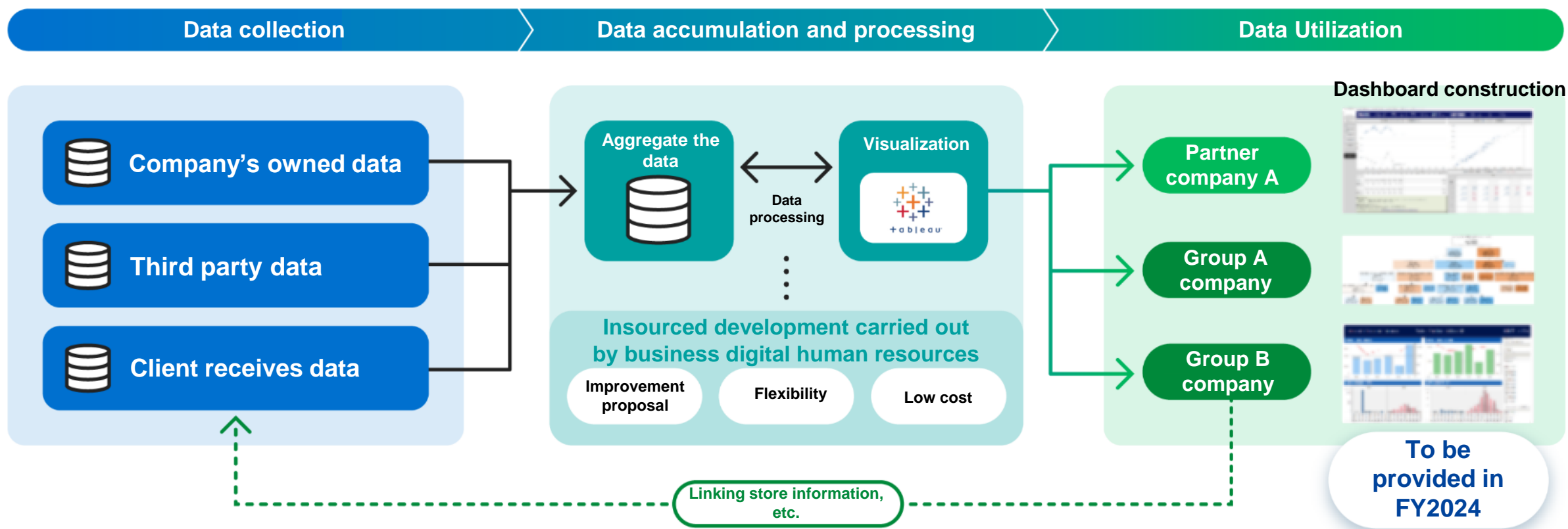
Using cloud computing to build a data analysis platform

- We have already built a data platform with a focus on stability, and this is being widely used by the employees.
- We have also built a new data platform in the cloud that focuses on flexibility, enabling quick linkage with companies' own e-commerce websites and apps.



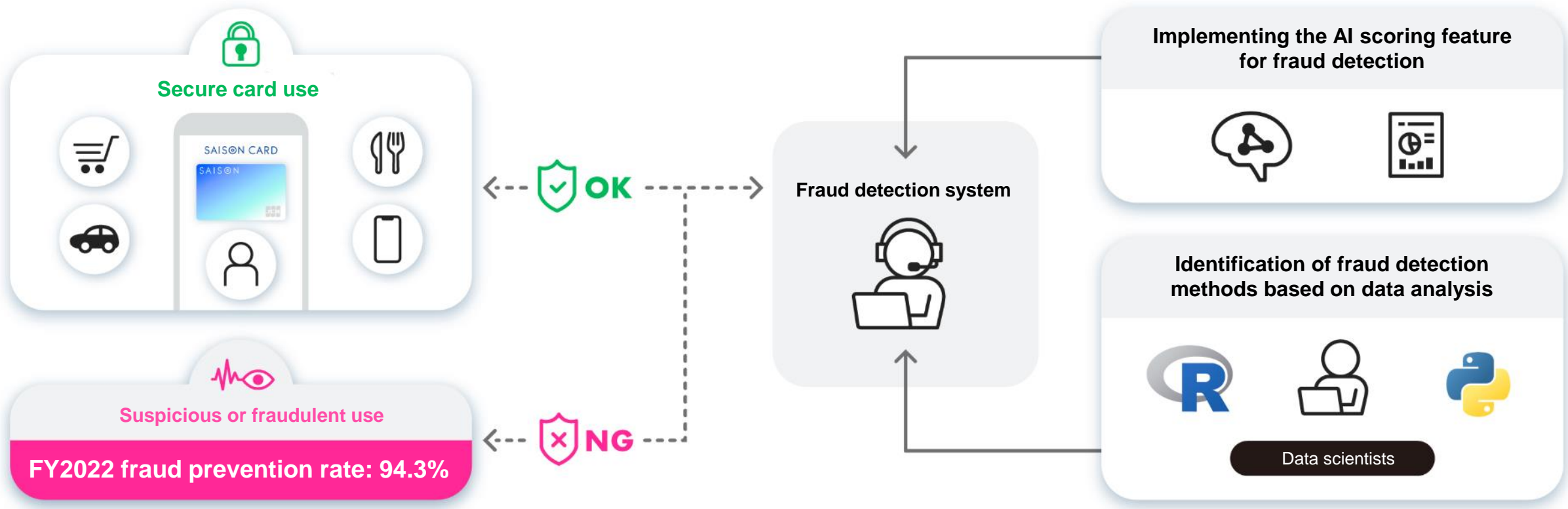
Providing dashboards to group and partner companies

- We accumulate and process usage data owned by the company and data received from group companies and partner companies, and we will start to provide dashboards to support sales at partner companies.



Improving fraud detection accuracy through data analysis

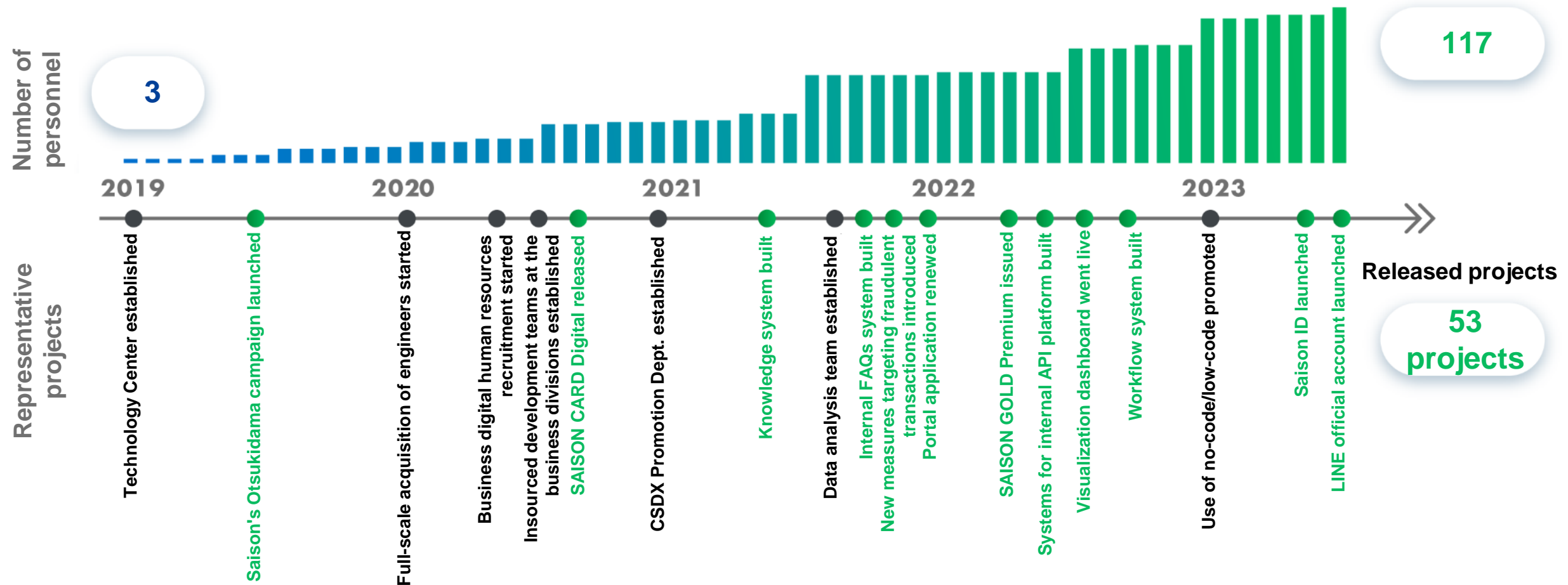
- In addition to the existing measures for detecting fraud, the internal data analysis team updates the fraud detection model on a daily basis to achieve safer card usage.
- We have realized improved fraud detection accuracy through implementation of an AI scoring function and new fraud detection methods.





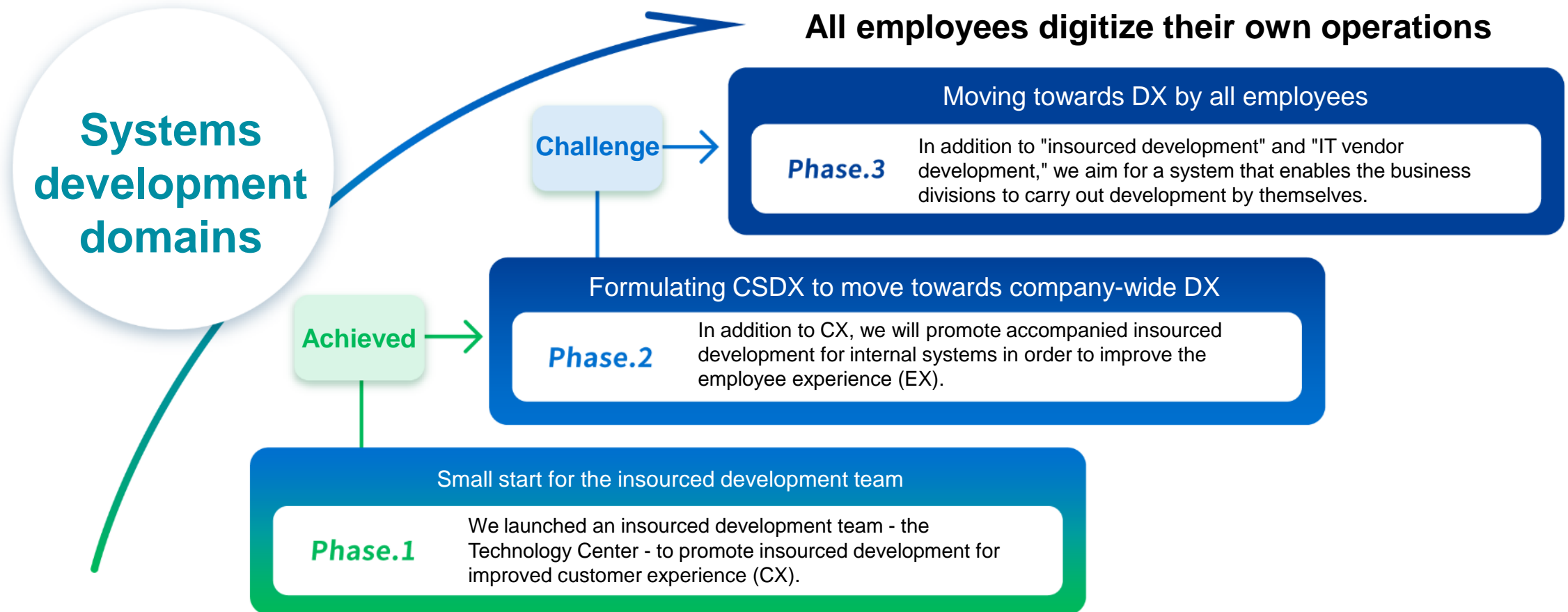
History of our insourced development organizations

- After establishing an in-house development organization in March 2019 with a team of three, including the CTO and two general employees, we have expanded to a structure of 117 members as of September 2023.
- We have insourced development of everything from smartphone applications and internal systems through to data utilization, and we have released 53 projects to date.



Aiming for DX by all employees

- We aim to deploy the knowledge accumulated from insourced development and human resource development across the entire company, and to create a system in which all employees digitize their own operations.



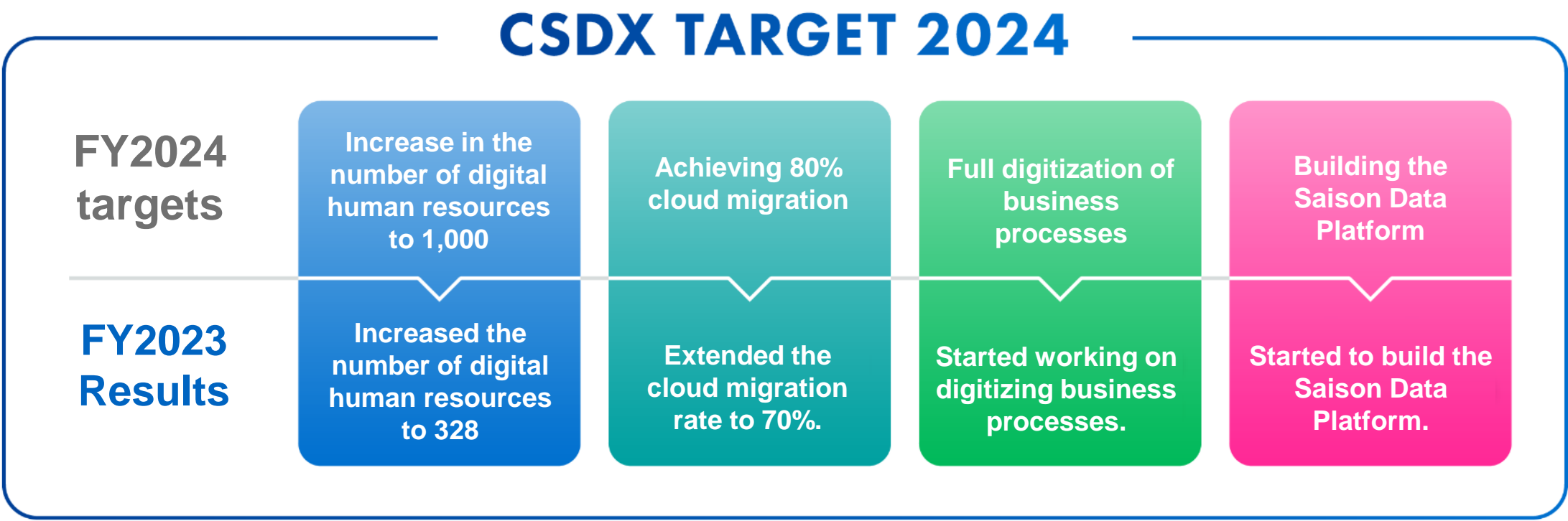


TARGET 2024





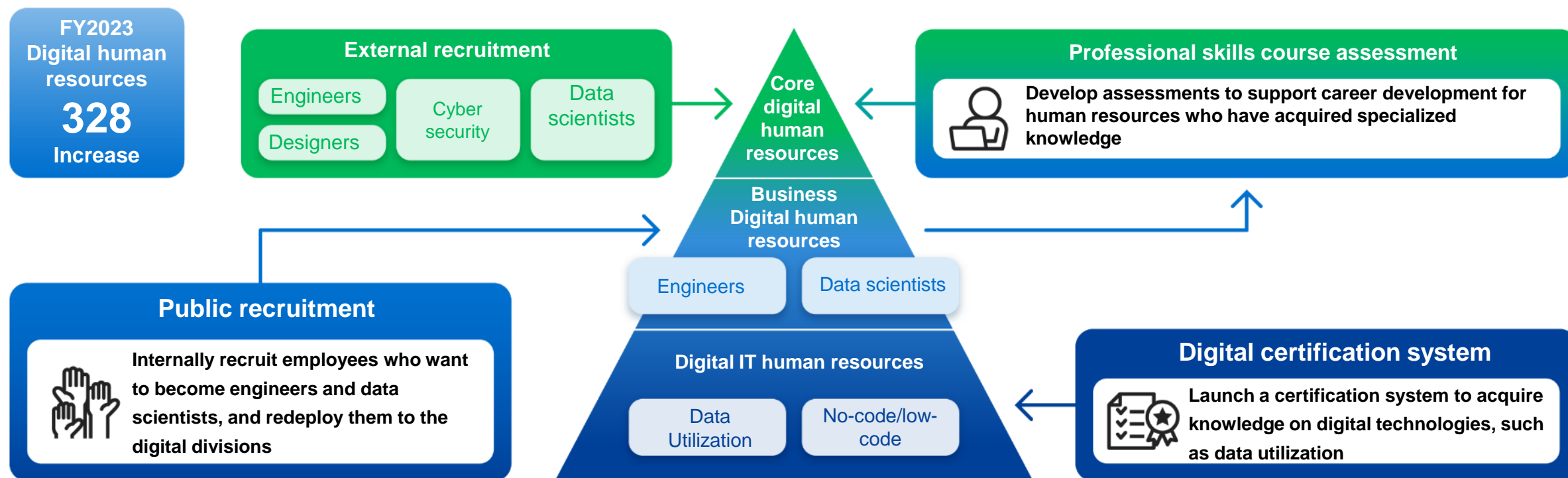
In respect to CSDX TARGET 2024, we are moving towards achieving our quantitative/qualitative targets for the following four progress indicators.



Increasing digital human resources

- We will **expand the number of digital human resources to 1,000** by FY2024 through the expansion of the human resource development system, as well as implementation of the digital certification system for studying data utilization, etc. to accelerate to a digital organization.

Increase the number of digital human resources to 1,000

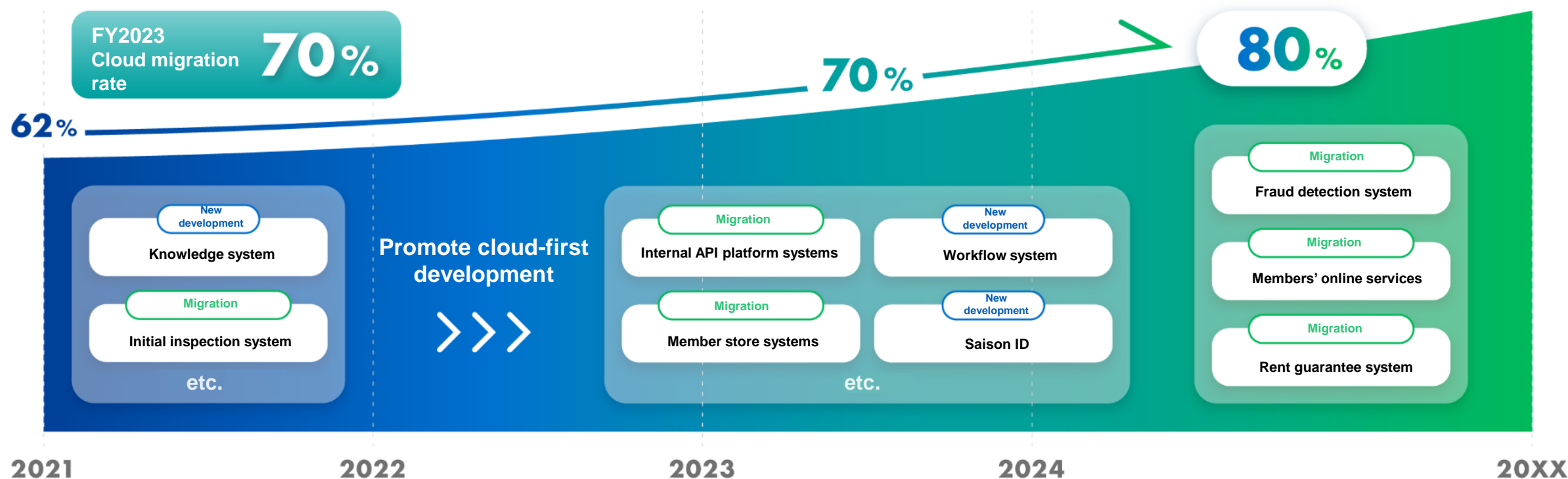




Expanding areas where cloud computing is utilized

- We have proactively used cloud services, such as AWS, for systems development. New services will be developed cloud-first, and existing systems will be migrated, with the aim of achieving **80% cloud migration by FY2024**.

Trends in cloud migrations rates for major systems

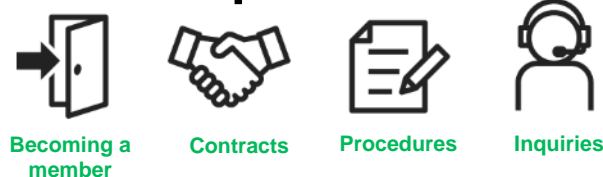




Moving towards full digitization of business processes

- In respect to the tasks and responses required during business processes, we have started **the complete digitalization of business processes** by promoting paperless operations and utilizing data linkage systems, automated AI inquiry handling and BI tools, etc.

Digitization of the customer experience



Pursuit of customer effortlessness

- Digitization of contracts through electronic contracts
- Realizing multi-channel customer service

Digitization of paper-based work



Pursuit of operational rationalization

- Digitization of reception and screening
- Automation through data linkage systems

Digitization of activity data



Speeding up decision-making and accelerating improvements and reforms

- Visualizing activity data with BI tools *
- Automating analysis tasks with data analysis tools

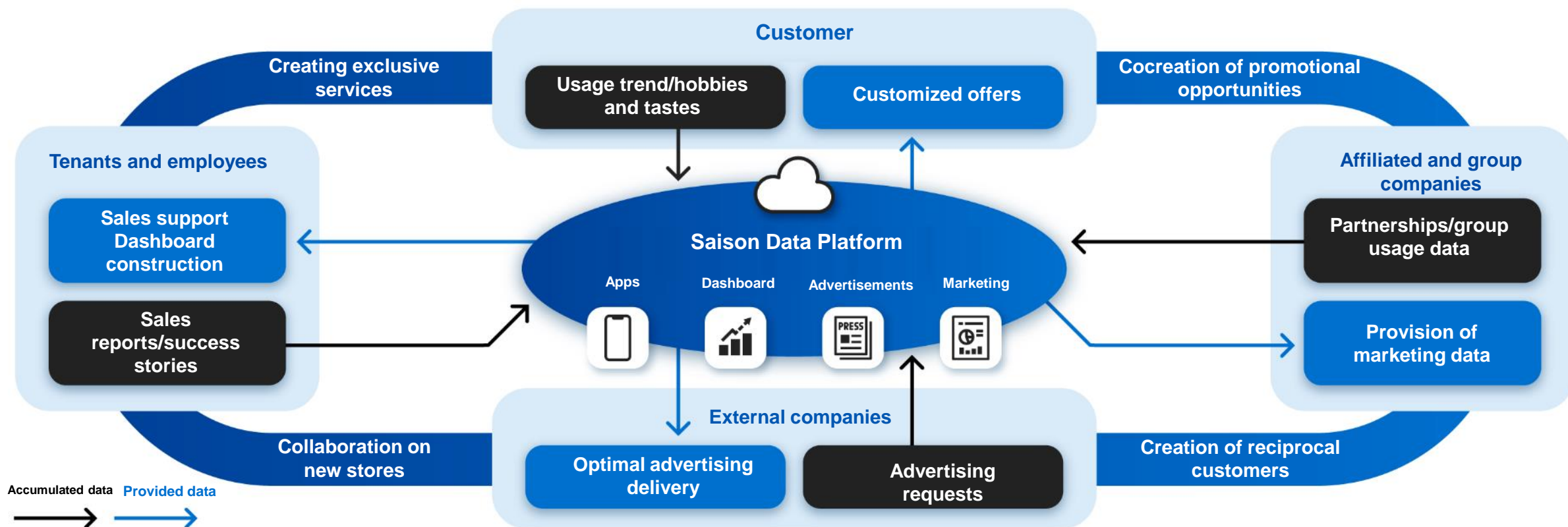


- Starting to build remote environments that can be accessed from home
- Further strengthening security risk measures

*BI tools: software for analyzing and visualizing the wide range of data held by a company

Building the Saison Data Platform

- We are building a platform to allow the needs of customers, partners, and external companies, etc. to be met in flexible ways.
- We will improve the accuracy of customized offers, and reduce lead times for data utilization, for example when building dashboards.



Appendix.



Digital IT budget

- We will manage IT and digital investment budgets across the business divisions and plan investment budgets.
- We will secure investment budgets that can be flexibly invested in new businesses and service improvements.

**New businesses/
service investments**
50%

**Systems operations
(maintenance and
renewals)**
50%

