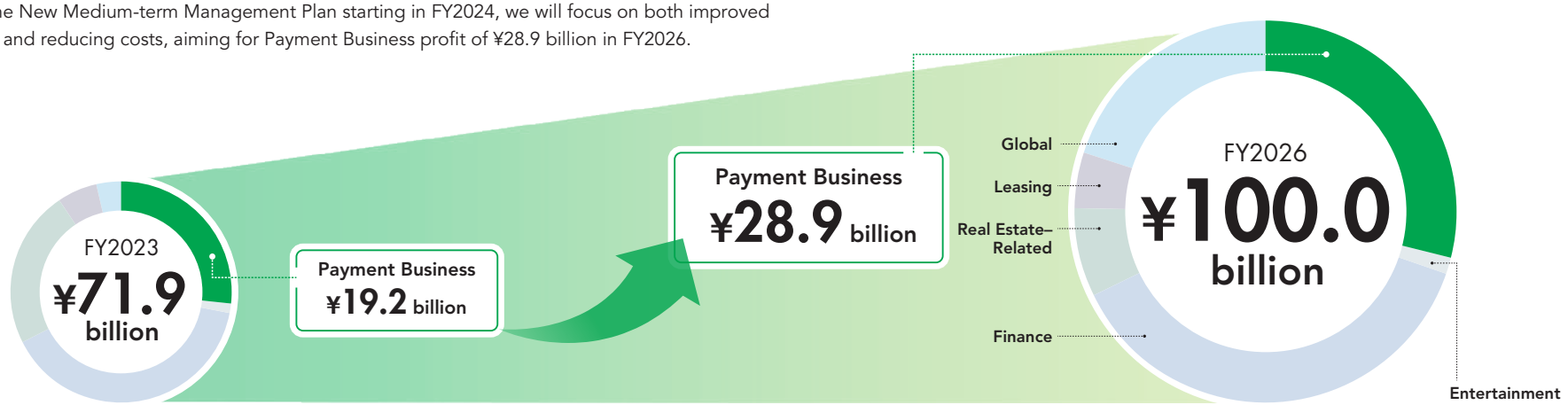
Payment Business

Generating profits through improved profitability and cost structure reform

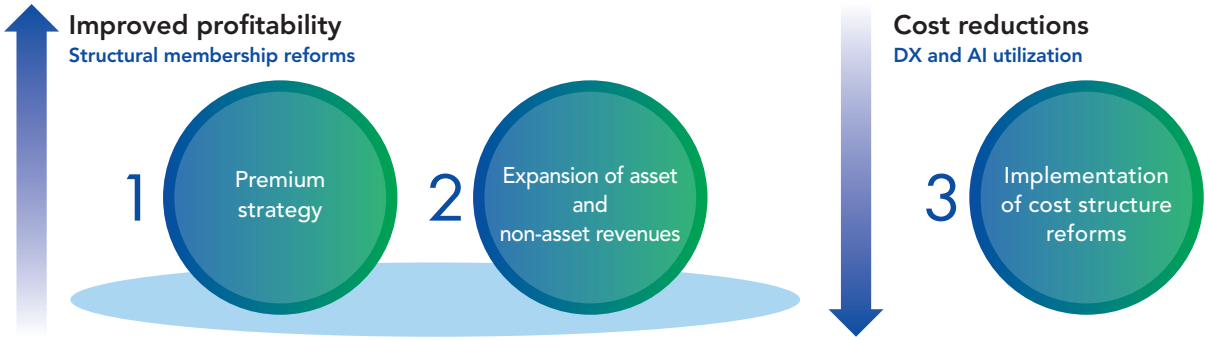
In the Payment Business, which aims to expand its business while differentiating itself from other companies, we expanded the wealthy demographic and corporate markets under the theme of "Revitalization of the Payment Business" in the previous Medium-term Management Plan, and as a result, we were able to contribute to an increase in profits by expanding shopping transaction volume and revolving balances.

Under the New Medium-term Management Plan starting in FY2024, we will focus on both improved profitability and reducing costs, aiming for Payment Business profit of ¥28.9 billion in FY2026.



Priority initiatives: Accelerating the premium and SME strategies and reducing costs through structural reform

As part of our efforts to improve profitability, we are promoting a "premium strategy" that aims to transform the membership structure and improve loyalty by promoting premium cards and providing added value, as well as "expanding asset and non-asset revenue" that aims to improve the revenue ratio by creating a stable base through transforming the membership structure, reviewing revolving rates, and other measures.
In the area of cost reduction, we aim to expand profits by implementing "cost structure reform" through a review of operations utilizing DX and AI, as well as reallocating personnel to growth businesses and reducing temporary employment.



Initiatives for profit growth in the New Medium-term Management Plan

In the Payment Business, we will leverage the business foundation we have built under the previous Medium-term Management Plan to the maximum extent possible and promote steady business operations. We aim to secure stable revenue and further expand profits by transforming the membership structure and strengthening the revenue base in the wealthy demographic and corporate markets, expanding the share of high-utilization, high-unit-price customers, and reducing costs through structural reform.

1 Premium strategy

Expand our share of high-utilization, high-unit-price customers

[Transform member composition]

Cardholder composition ratio*1

FY2023 Approx. 25%

FY2026 Plan Approx. 35%

[Increase in unit price]

Shopping spend per customer (Annual average)

Premium strategy Approx. 2 times

For individuals

Corporations Approx. 6 times

[Expand transaction volume]

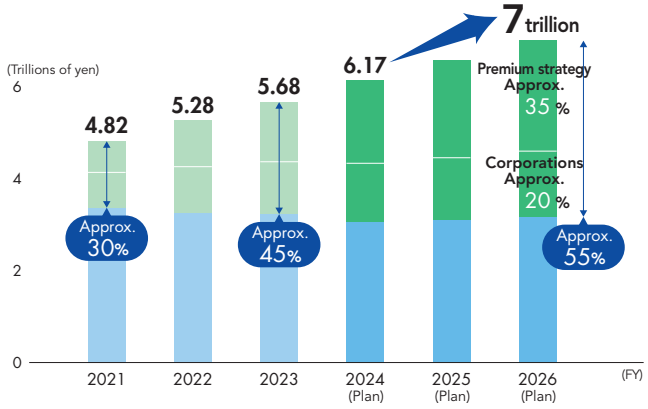
Number of users more than 1 million per year*2

FY2018

FY2023 Approx. 40%

*1 Proportion of active members
*2 Proportion of active individual/SME members

Shopping transaction volume

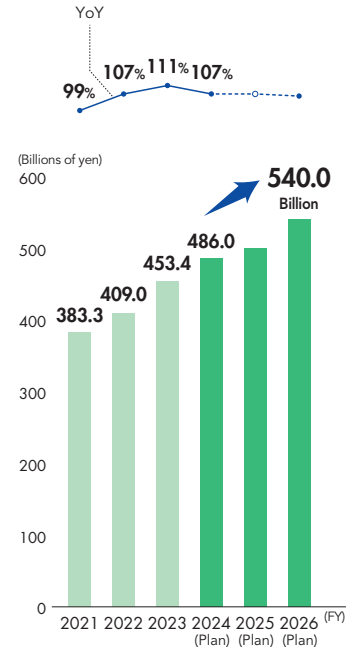


2 Expansion of asset and non-asset revenues

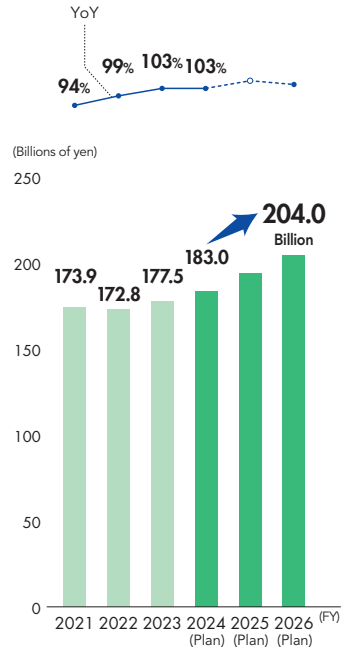
Expand revenue through membership structure reform

We will improve our revenue ratio by transforming our membership structure to create a stable foundation and by reviewing our rates.

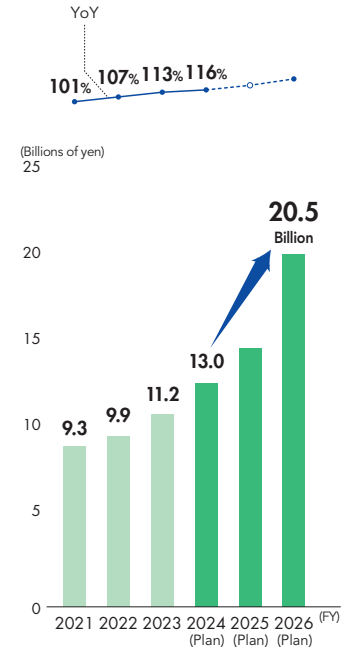
Shopping revolving credit balance



Cash advance balance



Revenues including annual membership fees

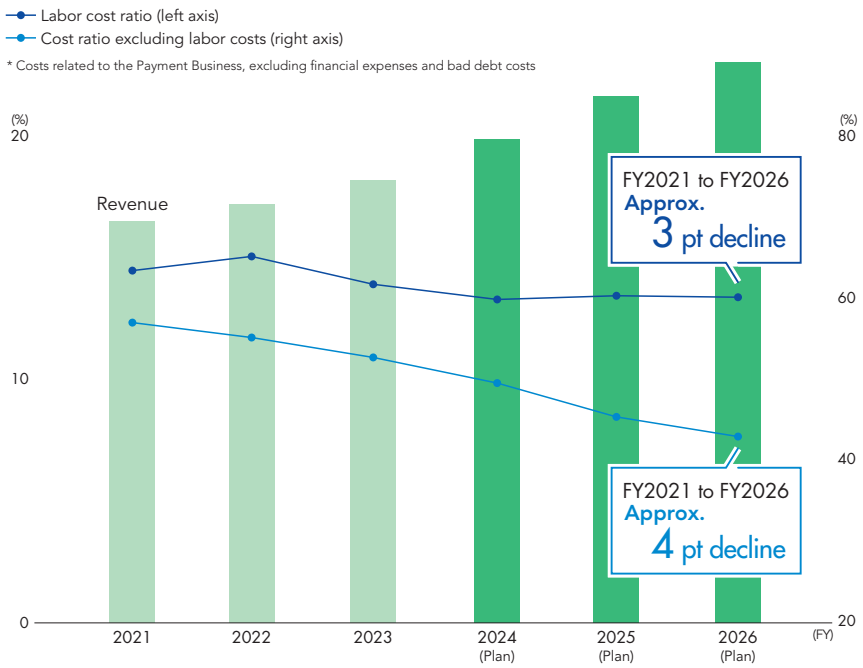


3
Implementation of cost structure reforms

Review operations using DX and AI

We are strengthening the use of DX and AI in face-to-face operations, such as digital counters (online customer service) and information centers, which automate and improve the accuracy of tasks such as receiving phone calls and screening applications. We are also reducing paper-based operations by digitizing application forms, and we are working to reduce costs and improve profit margins by downsizing and eliminating unprofitable operations and reducing the number of staff required for work that utilizes DX and AI.

Payment Business cost ratio to operating revenue



Dialogue with employees regarding the New Medium-term Management Plan

After the announcement of the New Medium-term Management Plan in May 2024, the president himself has been engaging in direct dialogue with employees across the country and at Group companies to explain the plan and promote understanding of it.

This is because in order to generate synergies on a global scale in the Saison Partner Economic Zone created through partnerships that go beyond the realm of a mere finance company, it is essential to ensure that the objectives are understood by the entire Group at an early stage and to have each Group company, both domestic and overseas, work together as a cohesive entity.

To deepen their understanding of our strategy, we held around 10 briefings by June, the first quarter of the year, where we directly explained the overall picture of our New Medium-term Management Plan to around 300 employees. Primarily managers and general managers were targets, and we conducted interviews on issues and addressed questions in each department.

Since July, we have been holding similar direct dialogues with employees at each Group company and at the level of section chief and below, with the aim of clarifying the roles expected of each company and each department and cultivating a culture that works together to achieve the plan.

[Explanation of the New Medium-term Management Plan by top management]

Comprehensive life services group
GLOBAL NEO FINANCE COMPANY

COO Mizuno explaining the New Medium-term Management Plan to employees