

For Immediate Release

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Japan in the Midst of a Paradigm Shift from Cash to Cashless:

2023 Infcurion Consumer Payment Trend Survey

Tokyo, Japan, June 21, 2023—Infcurion (CEO: Hiroki Maruyama, Head Office: Chiyoda-ku, Tokyo) conducted the 2023 Consumer Payment Trend Survey covering 20,000 people aged 16-69 across the country. The survey showcases Japan's ongoing transition from a predominantly cash-based society to a cashless one. This shift has reshaped the market structure and the way Japanese consumers conduct transactions, providing new opportunities and challenges for businesses and financial institutions alike.

1. Key Findings

i. The Paradigm Shift from Cash to Cashless

Even before COVID-19 hit, Japan's transition towards a cashless society was already underway. However, the onset of COVID-19 crisis greatly accelerated the paradigm shift that is reshaping Japan's consumer payment landscape, which entails an increase in cashless transactions, amplified digital service utilization, and a rising preference for smartphone app-based payments.

ii. Credit Cards Reign Supreme

Despite the surge in new payment technologies, credit cards remain the most popular method of cashless payment in Japan. The widespread acceptance, established trust, and consumer familiarity with credit cards give them an edge over newer, emerging payment platforms.

iii. Rapid Adoption of QR Code Payment Apps

QR code payment applications have played a pivotal role in transforming consumer payment behavior in Japan. The convenience and simplicity of presenting or scanning a code with a smartphone have contributed to their rapid adoption, driving an impactful change in Japan's cashless payment market structure.

2. Summary of Survey Results

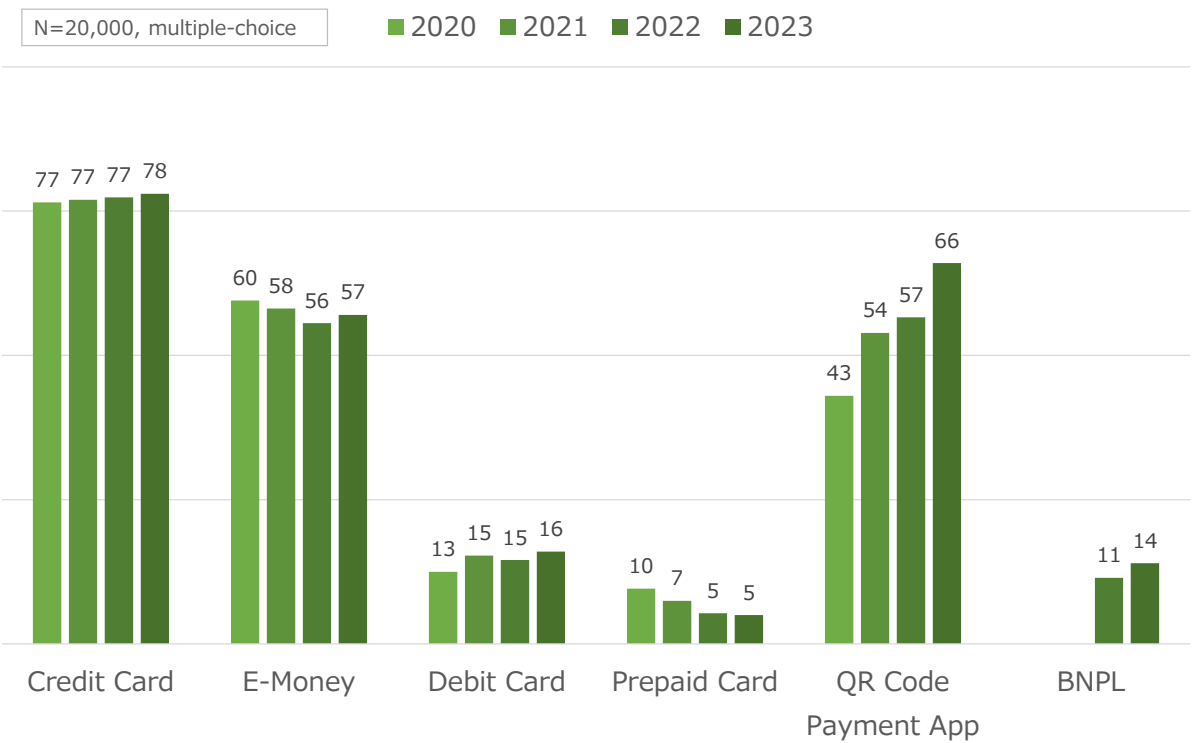
- QR code payment app usage has reached an all-time high of 66%.
- In terms of the individual payment services' usage rate, PayPay has seized the top spot with a usage rate of 49%, dethroning Rakuten Card, which had held the top position since the Survey began in 2015.
- More than one in four respondents reported an increase of cashless payment usage across broad categories including QR code payment apps over the period of one year. Conversely, 36% indicated their cash usage decreased.
- When asked to classify themselves as either *Cashless User* (who primarily pay with cashless payment methods) or *Cash Users* (who primarily pay with cash), 61% of the respondents identified as Cashless Users.
- More than half of those identifying as Cashless Users anticipate becoming even more reliant on cashless payment methods a year from now. Notably, a significant proportion of Cash Users expressed the same expectation.
- When asked to choose between cashless payment methods and cash based on convenience, half of the respondent found cash to be more convenient for determining how much money can safely be spent. While cashless payment methods are generally considered more convenient for making a payment, cash remains the preferred choice for budgetary management.
- 89% of respondents are feeling the impact of price inflation. Amid this economic climate, reward point cards, credit cards, and reward point apps are gaining popularity as effective tools to manage finances. However, traditional paper-based services such as flyers and receipt coupons are receiving low ratings from both Cashless Users and Cash Users.
- In terms of payment service utilization across various business sectors, while the healthcare sector has been slower to adopt cashless methods, there has been a notable increase in the usage of QR code payment apps across all sectors compared to a year ago.

Note: *QR code* is a registered trademark of DENSO WAVE INCORPORATED.

3. Survey Outline

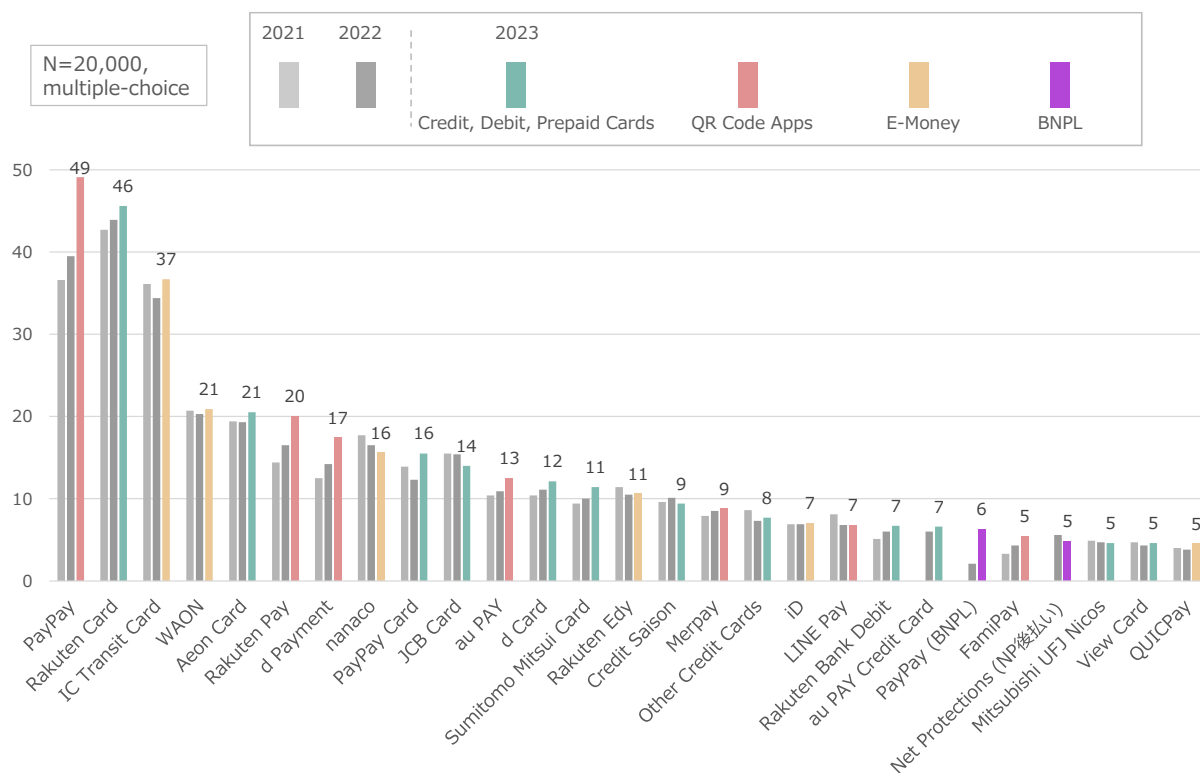
Method	Two-phase online survey
Period	April 11- 13, 2023
Geographies	Japan
Panel	People aged 16 – 69
Phase 1 Description	Payment service usage survey (N=20,000)
Phase 2 Description	Economic activities including purchasing, payment, and financial service usage (N=824)

4. Cashless Payment Service Usage, 2020-2023 (%)



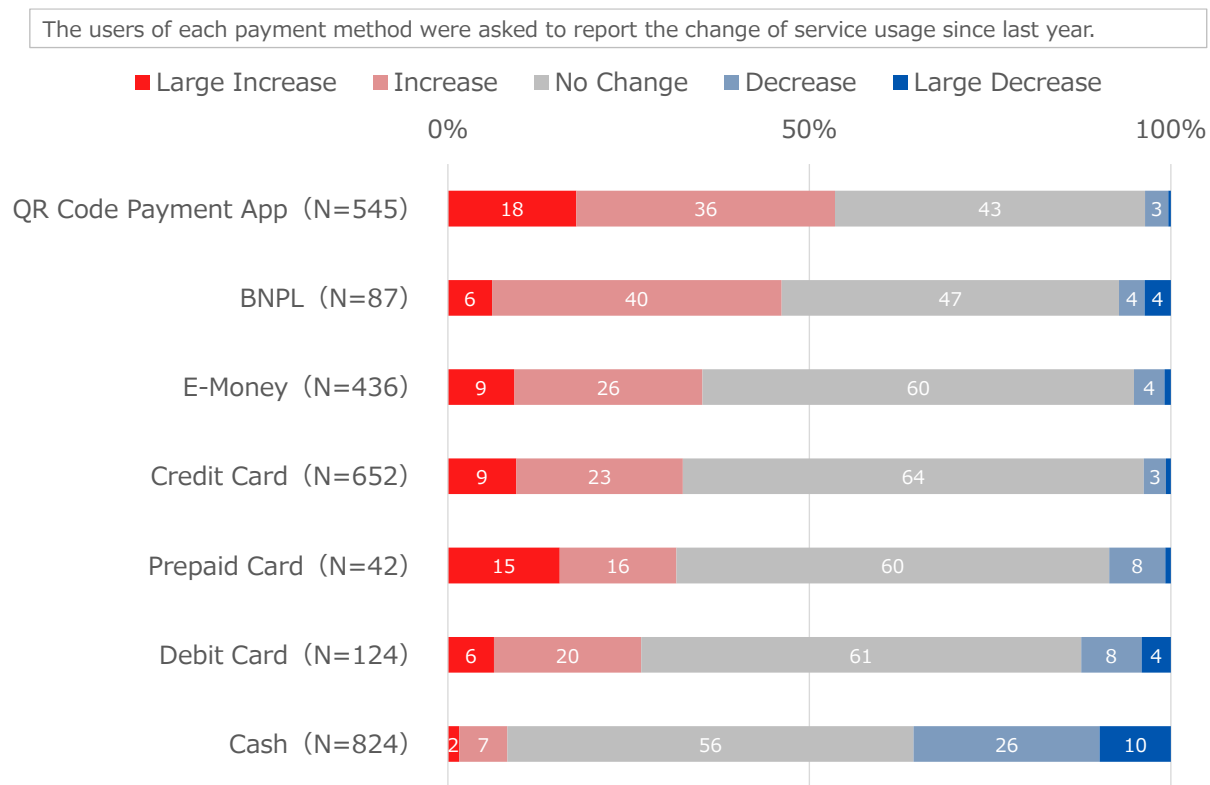
- QR code payment app usage has reached an all-time high of 66%, making a significant increase of 9 percentage points year-on-year.
- BNPL (Buy Now Pay Later) usage has reached 14%, indicating growing adoption and a steady establishment of its usage.

5. Individual Payment Service Usage, 2021-2023 (%)



- PayPay's usage rate has significantly increased from 40% to 49% in a year, surpassing Rakuten Card for the first time to secure the top spot.
- The usage rate of PayPay's BNPL service has also surged dramatically from 2% to 6% in a year, surpassing Net Protections' BNPL to become the top BNPL service.

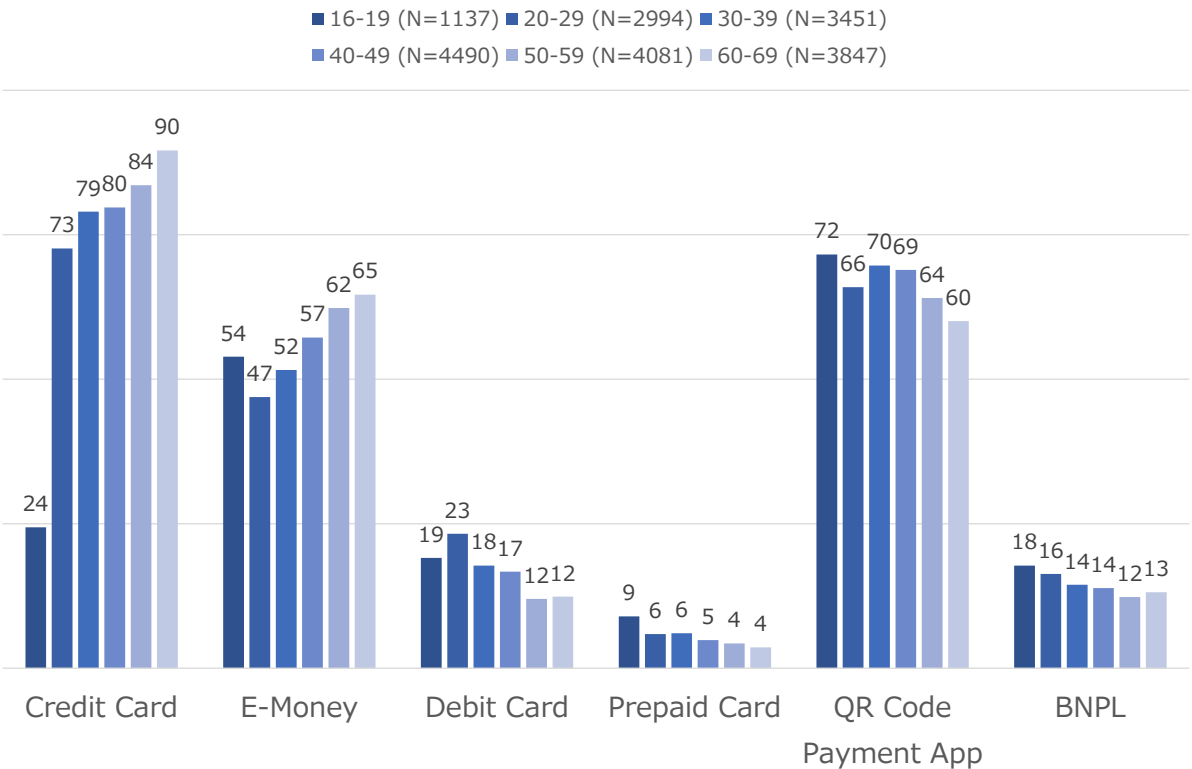
6. Change of Cashless Payment Usage over the Period of One Year (%)



■ 54% of QR Code Payment App users and 46% of BNPL users reported an increased usage.

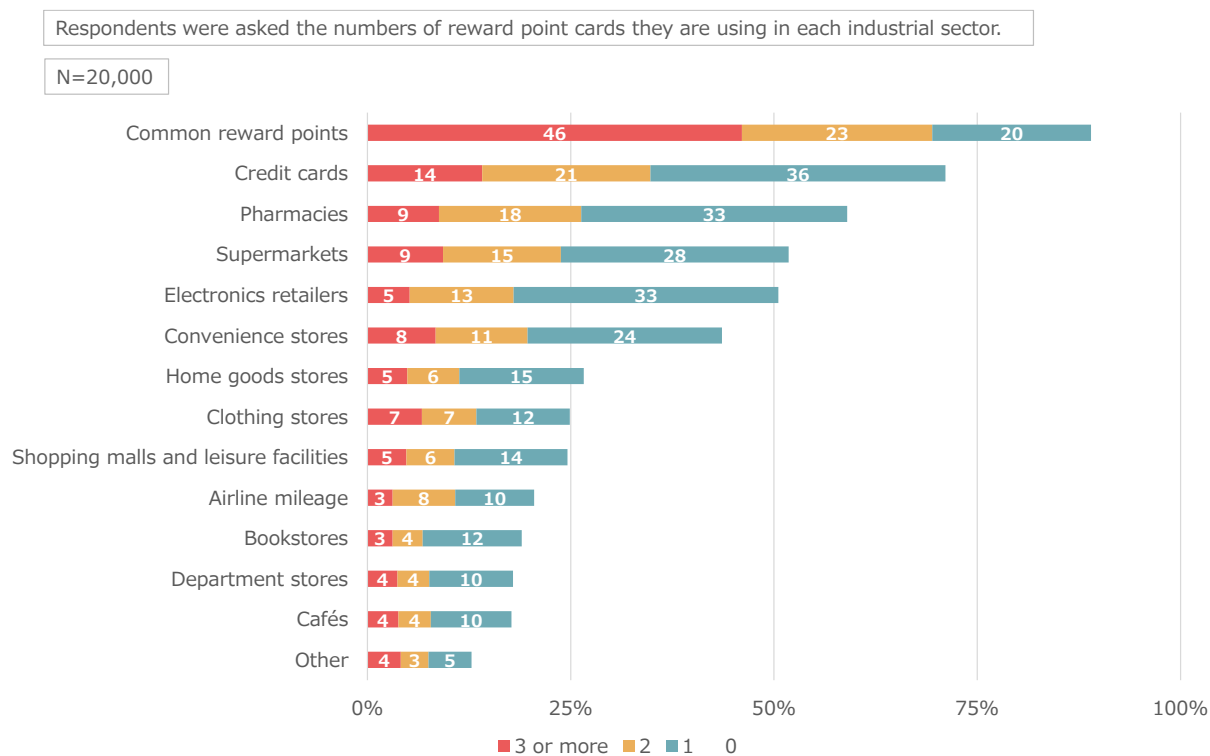
■ 36% indicated their cash usage decreased.

7. Cashless Payment Usage by Age Group (%)



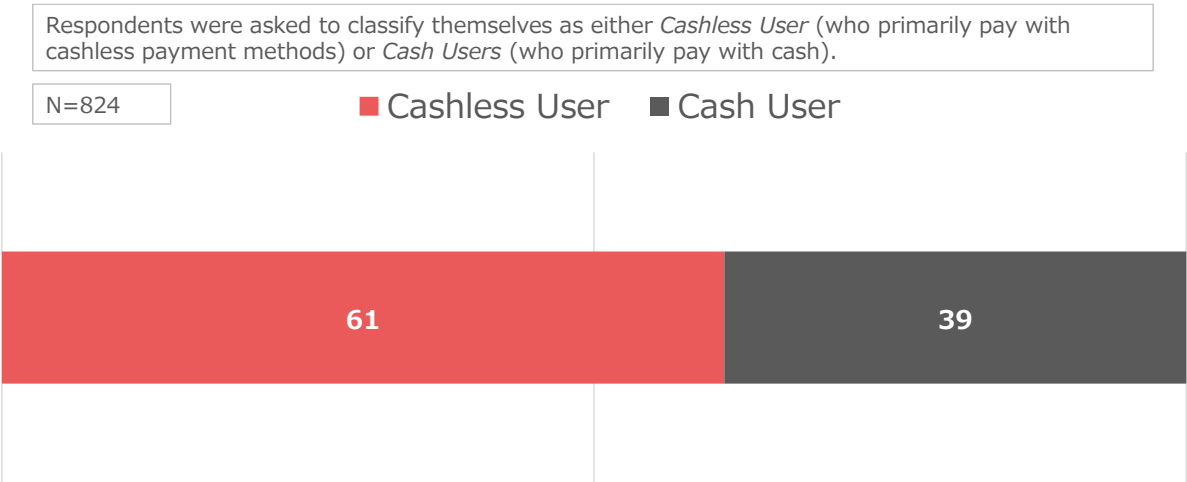
- The usage rate of Credit Card and E- Money is highest among people aged 60-69.
- QR Code Payment App has penetrated a broad age demographic, from the younger generation to those in their 60s.
- While BNPL usage is still higher among the younger generation, its adoption is increasing among broader age groups.

8. Reward Point Program Usage Across Business Sectors (%)



- Common reward points (Rakuten Points, T Points, V Points, d Points, ponta), recognized for their high convenience, are the most used, followed by those offered by credit card companies.
- Pharmacies, Supermarkets, and Electronics retailers are also among the top.

9. Ratio of *Cashless Users* and *Cash Users*

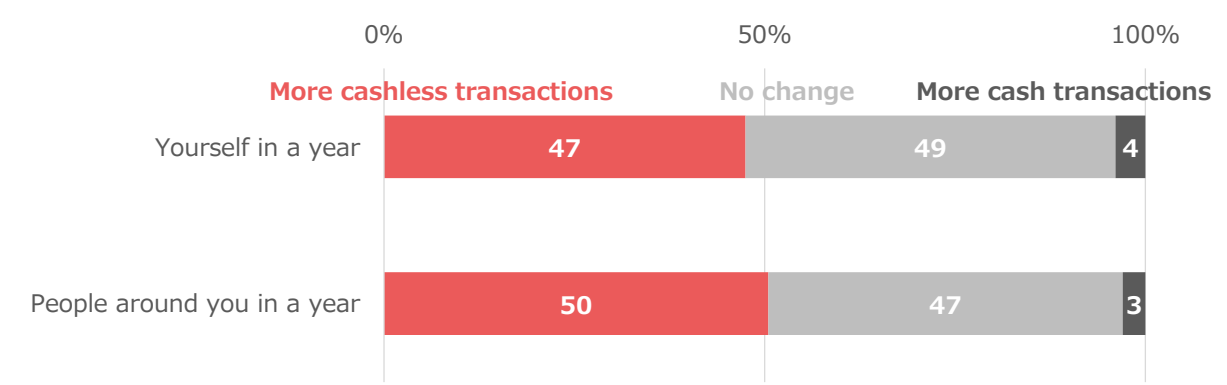


- 61% of the respondents identified as Cashless Users.
- 39% identified as Cash Users.

10. Prediction of People’s Payment Behavior A Year from Now

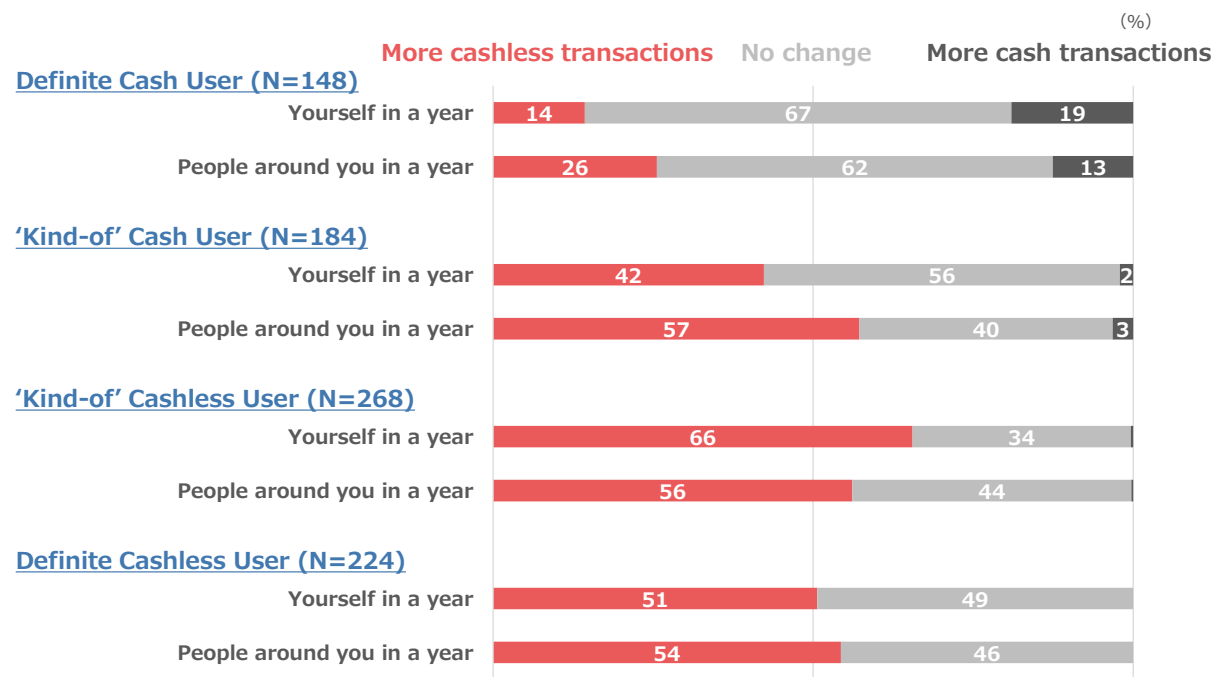
Respondents were asked to predict their own payment behavior a year from now. They were also asked the same for people around them.

N=824



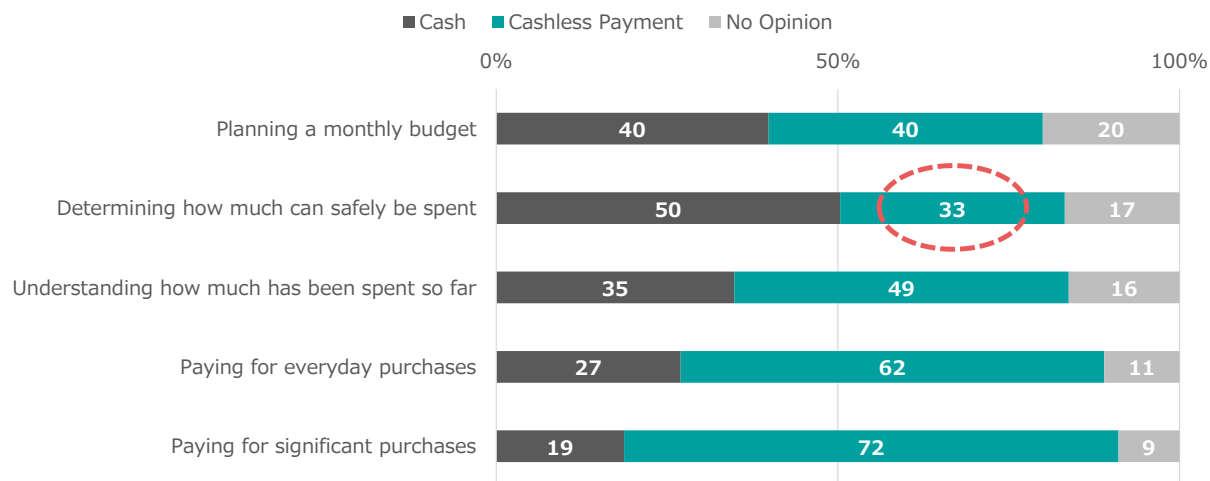
- 47% of respondents anticipate moving toward more cashless transactions while 49% anticipate no change in their current habits. Only 4% indicated they will be using more cash.
- When asked about the people around them, half of the respondents said they will be moving toward more cashless transactions.

11. Prediction of People’s Payment Behavior A Year from Now: Detailed Analysis



- 14% of Definite Cash Users and 42% of ‘Kind-Of’ Cash Users said they will move toward more cashless transactions in a year.

12. Cash and Cashless Payment: Which is More Convenient for Money Management?

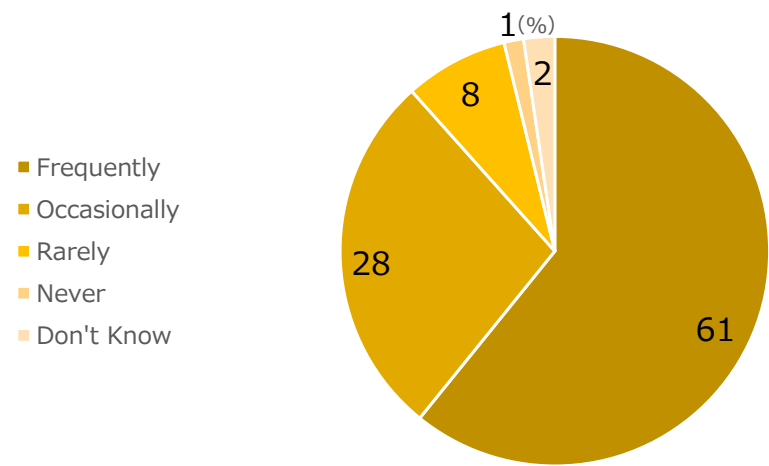


- Half of the respondents found cash to be more convenient for determining how much money can safely be spent.
- While cashless methods are generally considered more convenient for making a payment, cash remains the preferred choice for budgetary management.

13. Awareness of Inflation

Respondents were asked whether they personally feel the impact of price inflation.

N=824

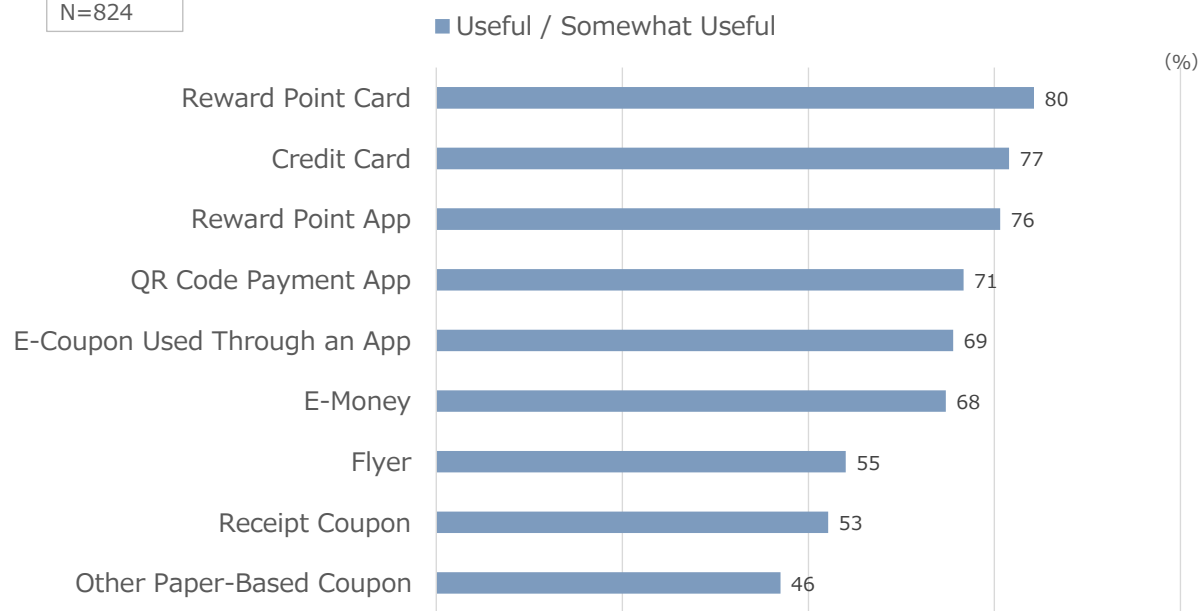


- Regarding price inflation, 89% of respondents said they feel its impact, with 61% frequently feeling it and 28% feeling it occasionally.

14. Services That Are Useful in the Current Period of Price Inflation

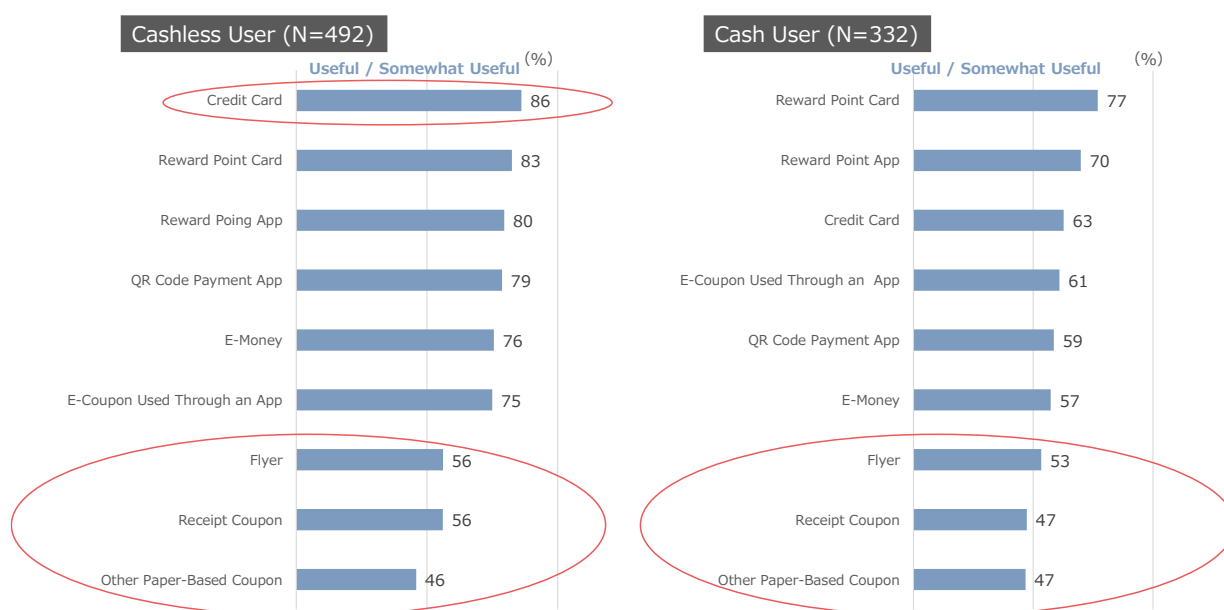
Respondents were asked to indicate for each listed service whether it is useful in the current period of price inflation.

N=824



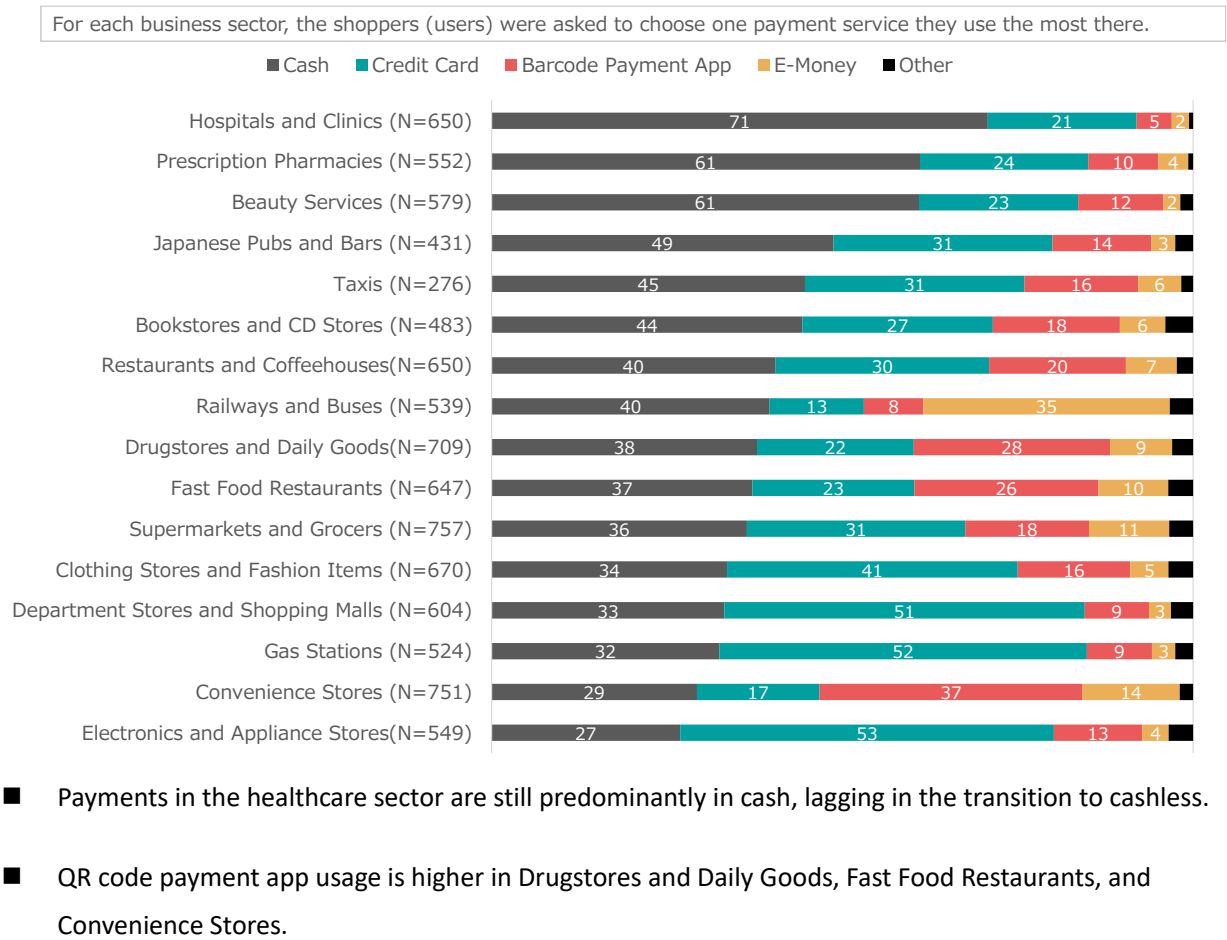
- Amid this economic climate, reward point cards, credit cards, and reward point apps are gaining popularity as effective tools to manage finances.
- Traditional paper-based services such as flyers and receipt coupons are receiving low ratings.

15. Differing Views of *Cashless Users* and *Cash Users* on Services That Are Useful in the Current Period of Price Inflation

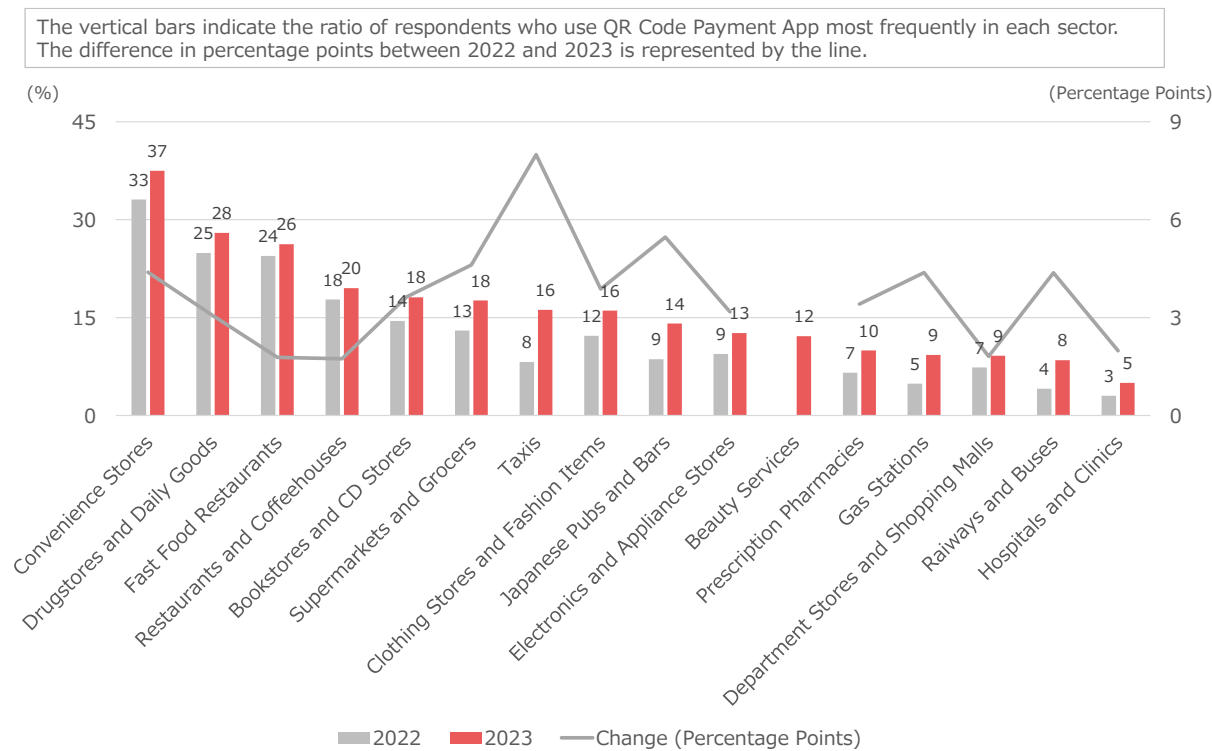


- Cashless Users tend to consider the listed services useful.
- Assessment of Credit Card diverges significantly between Cashless Users and Cash Users. While 86% of the former rated Credit Card as useful, only 63% of the latter did so.
- Traditional paper-based services such as flyers and receipt coupons are receiving low ratings from both Cashless Users and Cash Users.

16. Most Used Payment Service in Each Business Sector (Percent)



17. Growing Usage of QR Code Payment App Usage: 2022-2023



- QR Code Payment App usage increased across all business sectors.
- 'Supermarkets and Grocers' (from 13% to 18%), Taxis (from 8% to 16%), and 'Japanese Pubs and Bars' (from 9% to 14%) experienced particularly large increases.

About Infcurion, Inc.

Infcurion, Inc. is a payment focused fintech company aiming to achieve social change with the power of “Finance x Technology.” Infcurion is focused on building the future of finance by becoming the No.1 Enabler in the fintech space through establishing a finance and payment ecosystem with our partner companies. We are engaged in three core business segments.

① Embedded Fintech business

We provide banking functions as a B2B2C cloud service called Wallet Station which can connect on top of the traditional banking systems and integrate various services such as point cards, coupons, BNPL (Buy now Pay later) etc., as well as various payment methods. In addition, we also offer B2B2B services including our international brand card issuing and processing platform called Xard.

② Merchant Solution Business

We provide payment terminals and settlement center for merchants, with customized terminals for key verticals.

③ Consulting Services

We also provide a comprehensive range of consulting services from new business planning to operational set up support for financial institutions, payment operators and corporates. We maximize group synergies by cross-selling our products and services, focused on supporting our clients in their Digital Transformation (DX) and new service launch, with the ultimate goal of creating seamless UX and smarter and more convenient financial services for end consumers and businesses.

Company Profile

- Company Name: Infcurion, Inc.
- Founder & CEO: Hiroki Maruyama
- Established: May.1, 2006
- Head office: MFPR Kojimachi Bld.7F, 5-7-2, Kojimachi, Chiyoda-ku, Tokyo 102-0083
- Number of employees: 272 (as of April, 2023)
- Description of business: Providing platforms and consulting support in finance, payment and related field
- URL: <https://infcurion.com/>

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