Mobile Wallet Service in Japan (Osaifu-Keitai)

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◆ the number of mobile phone users in Japan is more than 100million
  ⇒ 80%+ penetration rate

◆ Unique Features of Mobile Phone Market in Japan
  ① 90% of mobile users are connected to 3G network
  ② more than 80% of mobile users are using mobile internet service
     ( 90% of DoCoMo customers are using i-mode service )
  ③ about 50 million mobile phones are contactless IC (CIC) embedded
     ( of which 30million handsets are from DoCoMo )

Broadband NW + Mobile internet + CIC phone = various ubiquitous services
Evolution of Keitai (mobile phone) service in Japan

- **Communication infrastructure (voice)**
- **IT infrastructure** (Internet connectivity)
- **Lifestyle infrastructure**

- **1st stage**: '96 '97 '98 '99 '00 '01
- **2nd stage**: '02 '03 '04 '05 '06 '07 '08
- **3rd stage**

- **DoCoMo Subscribers**
- **i-mode Subscribers**

- **Number of subscribers**
  - 40 millions
  - 20 millions
  - 30 millions
  - 48 mill.
  - 54 mill.

- **3G FOMA**: Launch (oct. 01)
- **Osaifu-Keitai**: Launch (jul. 04)
- **i-mode**: Launch (feb. 99)

- **Mobile wallet phone**
◆ Osaifu-Keitai as a Lifestyle Infrastructure
why contactless IC chip in mobile phone?
Plastic card with CIC is not enough?

⇒ Combination of mobile phone & CIC increases user convenience and security
DOC grips its Credit Brand as an Open Platform

**Issuers**

- Serves to 9 million iD members

**Acquirers**

- Serves to iD merchants with 380,000 R/W

**BRAND**
- Offer platform
- Provide rules

Same layer as Int’l Brand
Rapid growth of e-money in Japan

<table>
<thead>
<tr>
<th>Contactless IC embedded</th>
<th>Prepaid type</th>
<th>Postpaid type (credit)</th>
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<tbody>
<tr>
<td>Plastic card</td>
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<td>Plastic card</td>
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<td>Wallet-phone</td>
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<td>QUICPay</td>
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<td>Smartplus PITAPA</td>
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- **<Major 6 prepaid e-money>**
  - Total 87+ million issued, of this 10+ million for wallet-phone

- **<major 3 postpaid mobile e-money (credit)>**
  - iD: 9 million members, 380,000 R/W (Sep. '08)
  - QUICPay: 4.3 million members, 150,000 R/W (Aug. '08)
  - Visa Touch: 0.46 million members, 49,000 R/W (March '08)
Expansion of mobile e-commerce in Japan

① transaction volume exceeded ¥1 trillion in 2007
② “m-commerce” type transaction grows faster than “m-content” type

Source: Ministry of Internal Affairs and Communications (2008)
◆ challenges of Osaifu-Keitai (Mobile Wallet Service)

1. to achieve interoperability among various e-money

2. to create more attractive services leveraging mobile phone’s various peculiar features