



# The Japanese Fintech Market - Overview, Trends, and Opportunities

Yuki Kishi,  
Fintech Association of Japan  
2021-May

---

## Self Introduction



### Yuki Kishi

Director, Fintech and Brand&Retail, Plug and Play Japan

### Biography

Yuki is a Director at Plug and Play Japan for Fintech and Brand & Retail verticals. He joined the company in 2018 overlooking corporate partnerships, investment and accelerator program operation. Prior to Plug and Play Japan, Yuki worked at Deutsche Bank Group in Japan for 8 years, involved in Operations and Finance such as global project management, risk management, and valuation of financial products.

He holds an MBA from University of Cambridge and a BS from University of London, Queen Mary college.



# History of Fintech Association of Japan

## Supporting the expansion of the Japanese Fintech Ecosystem since 2014

2014

FINTECH MEETUP



Casual meetup

2015

FINTECH ASSOCIATION



Foundation as Association

Description

The FAJ is a general incorporated association that promotes open innovation in the Japanese fintech industry by organizing events for its members and the fintech community, conducting working groups on key fintech subsectors and areas of interest, researching market trends, and other activities in support of the fintech ecosystem.

The FAJ collaborates with domestic, international, and government organizations in support of the fintech ecosystem in Japan and globally.

# More than 150 Fintech startups from various categories join us



# Also more than 250+ enterprise members are with us

Financial Institution



MUFG 三井住友銀行 MIZUHO  
NOMURA 日本生命 SOMPO ホールディングス  
Afiac 東京海上ホールディングス MS&AD  
住友生命 第一生命  
SBI Holdings ソニーフィナンシャルホールディングス ゆうちょ銀行  
農林中央金庫 リそな銀行 セブン銀行

Regional Banking



横浜銀行 Fincross DIGITAL ZERO BANK DESIGN FACTORY

Payment · Loan



VISA JCB Orico ARUHI  
CREDIT SAISON Diners Club INTERNATIONAL GMO PAYMENT GATEWAY

Telecommunication



docomo KDDI  
NTT東日本 SoftBank

Trading · Life style · Media Advertising · Real estate



ITOCHU RECRUIT mixi GROUP  
HAKUHODO ADK<< EPOS CARD  
平和不動産株式会社 Digital Garage  
エムティーアイ

Systems Integrator Software Manufacturing



HITACHI Inspire the Next NEC TOSHIBA  
NRI OKI TERACKA  
NTTdata TOPPAN  
TIS TIS INTEC Group DNP UNISYS  
MJS OBC 弥生

Technology



aws Microsoft  
salesforce intel

## Japan's market size - the third largest economy after US and China

Population by city  
(2017)

Rank	City	Population (Million)
1	<b>Tokyo</b>	<b>37.5</b>
2	Dheli	28.5
3	Shanghai	25.6
4	Sao Paulo	21.7
5	Mexico City	21.6
6	Cairo	20.1
7	Mumbai	20.0
8	Beijing	19.6
9	Dhaka	19.5
10	<b>Osaka</b>	<b>19.3</b>

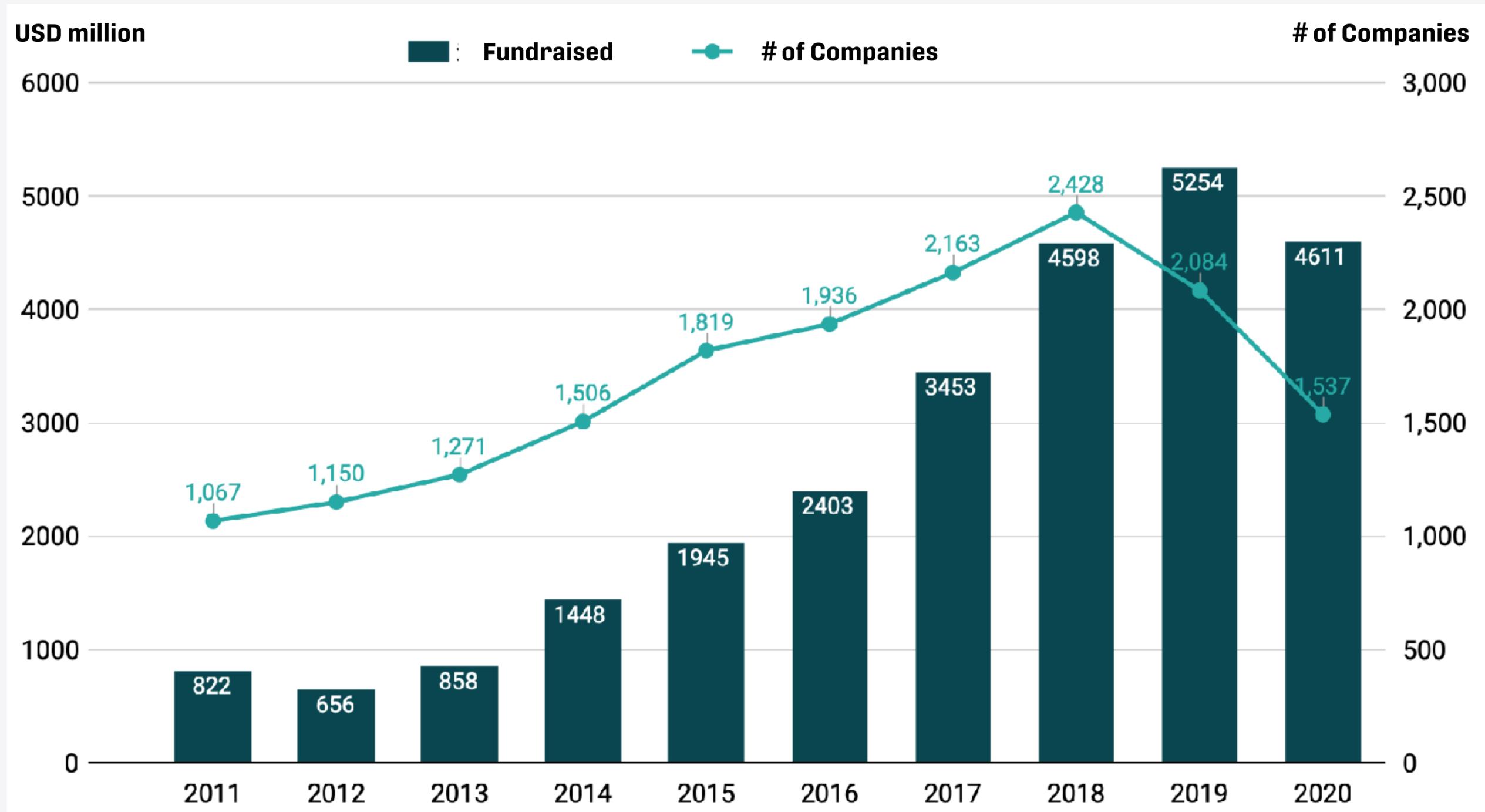
GDP by city  
(2014)

Rank	City	GDP (Billion)
1	<b>Tokyo</b>	<b>1617.0</b>
2	New York	1403.0
3	Los Angeles	860.5
4	Seoul	845.9
5	London	835.7
6	Paris	715.1
7	<b>Osaka</b>	<b>671.3</b>
8	Shanghai	594.0
9	Chicago	563.2
10	Moscow	553.3

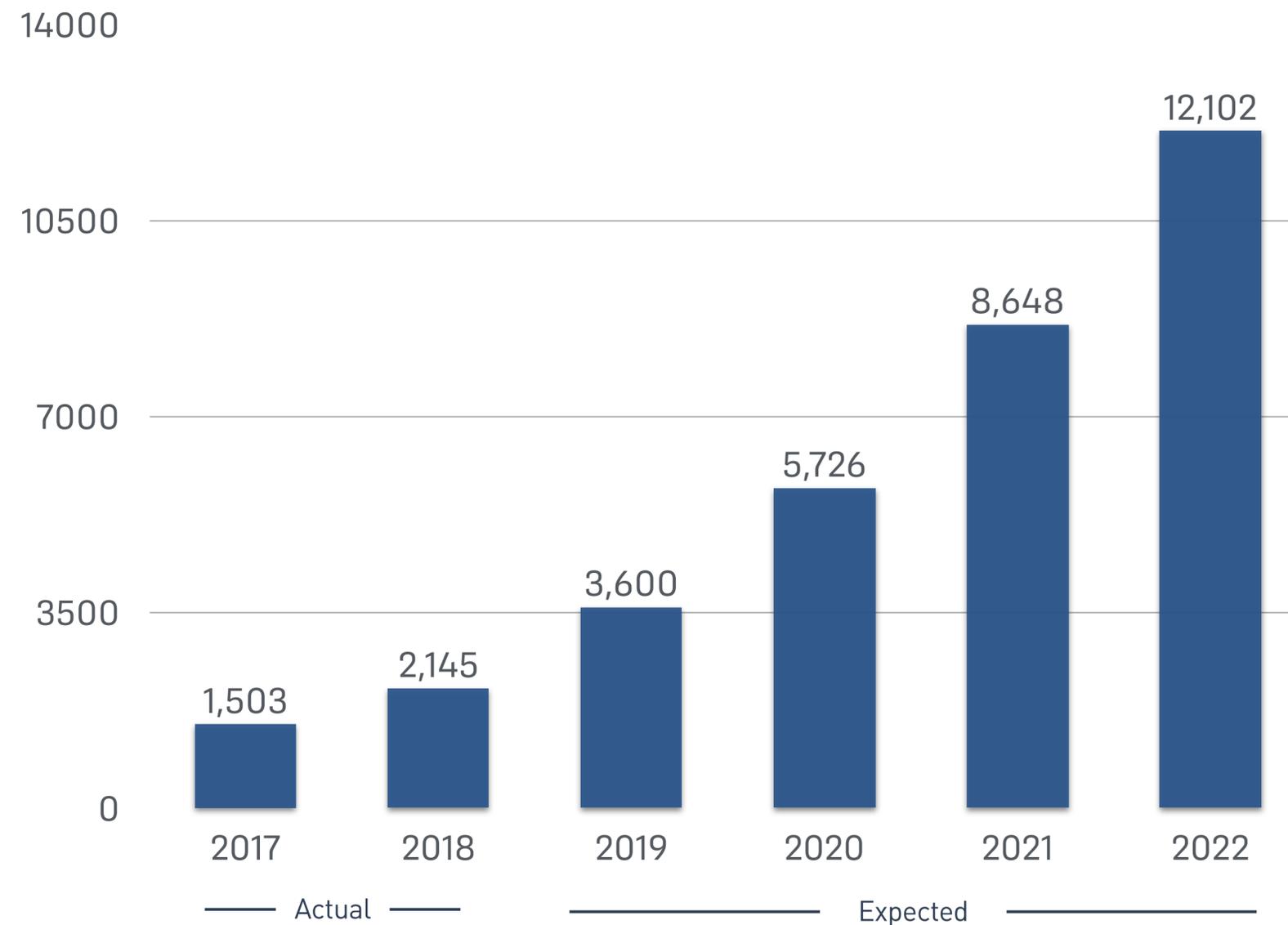
Number of Fortune Global 500 companies by city (2017)

Rank	City	# of companies
1	Beijing	51
2	<b>Tokyo</b>	<b>38</b>
3	New York	20
4	London	18
5	Paris	18

## Total volume of fundraising in Japan

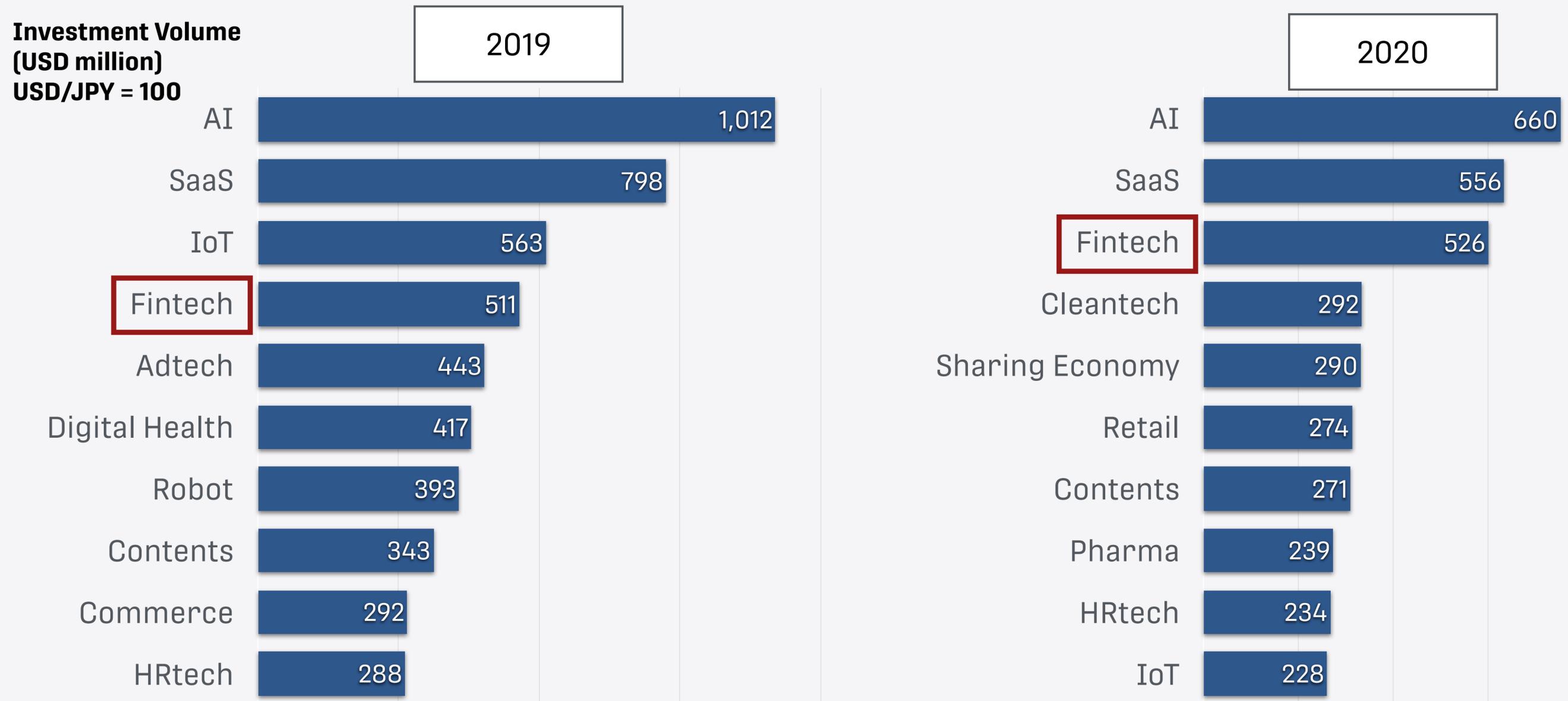


## The Japanese Fintech Market is expected to grow in the coming years as well



- The word “Fintech” has started to appear on the Japanese media since 2015
- According to EY, the growth rate of Japan’s fintech ecosystem will surpass the rate of APAC, US, and EU

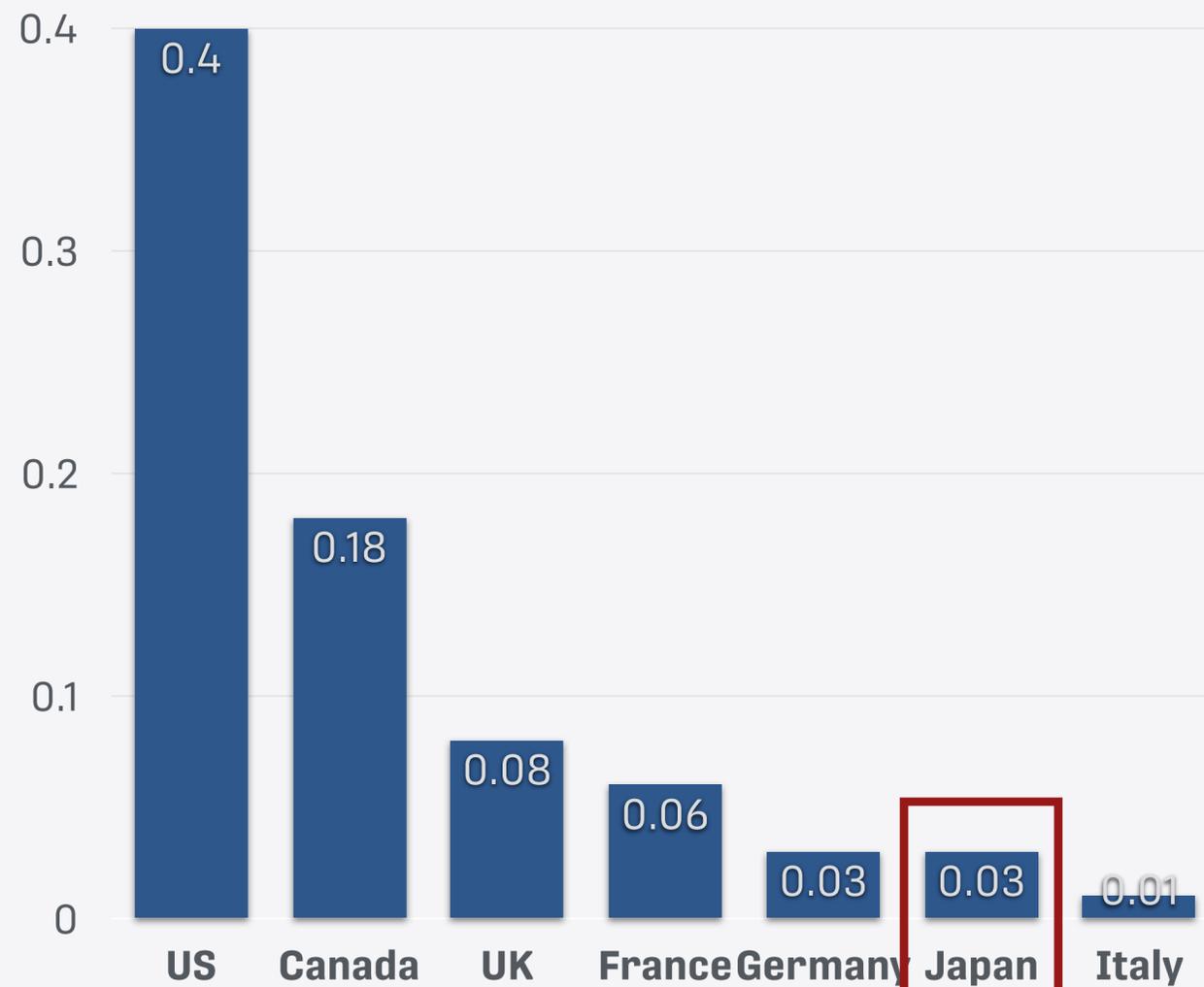
## Fintech is still the one of the strongest categories in Japan



## Yet, Japan's investment is low compared to other market

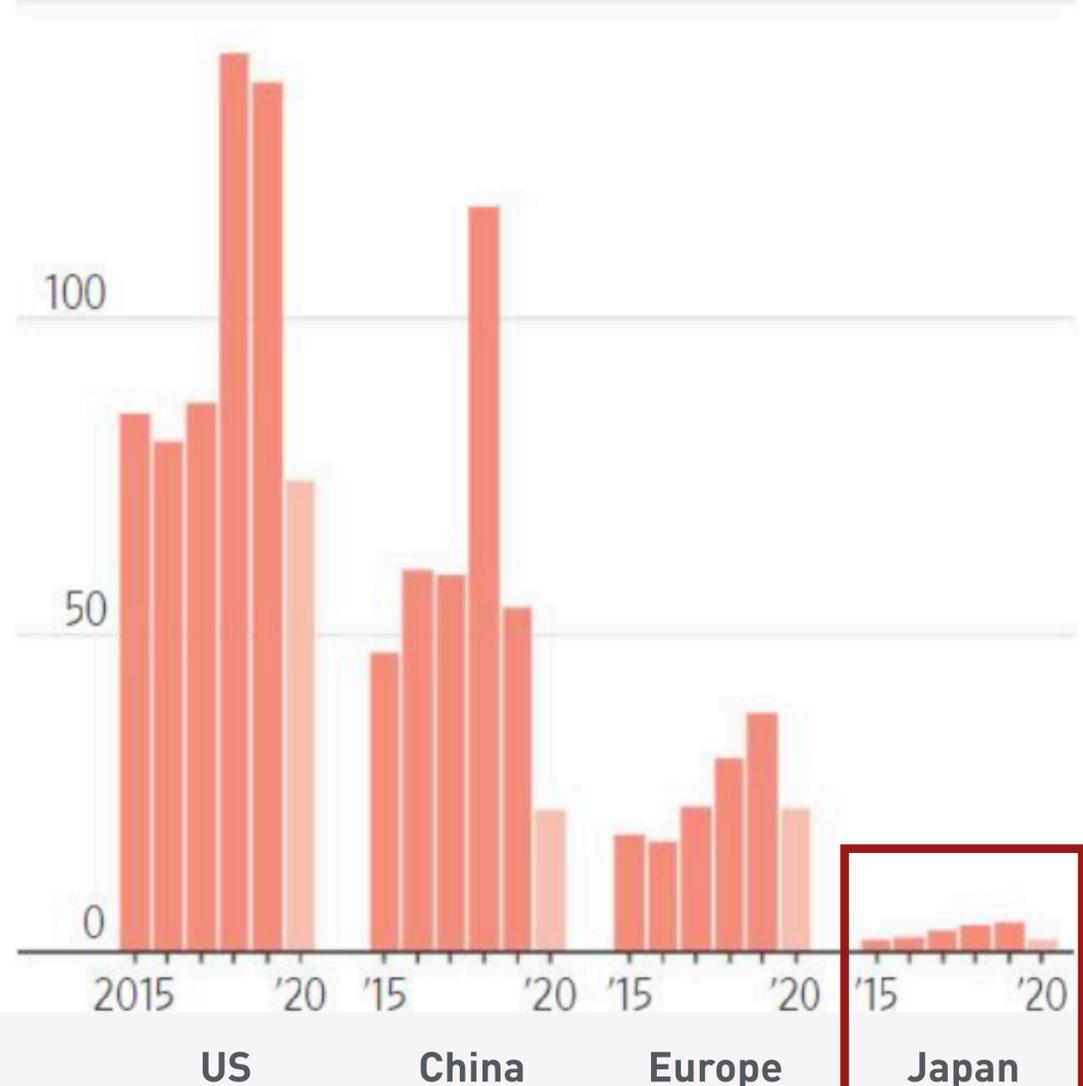
VC Investment ~ International Comparison

VC investment volume  
(against GDP)  
%

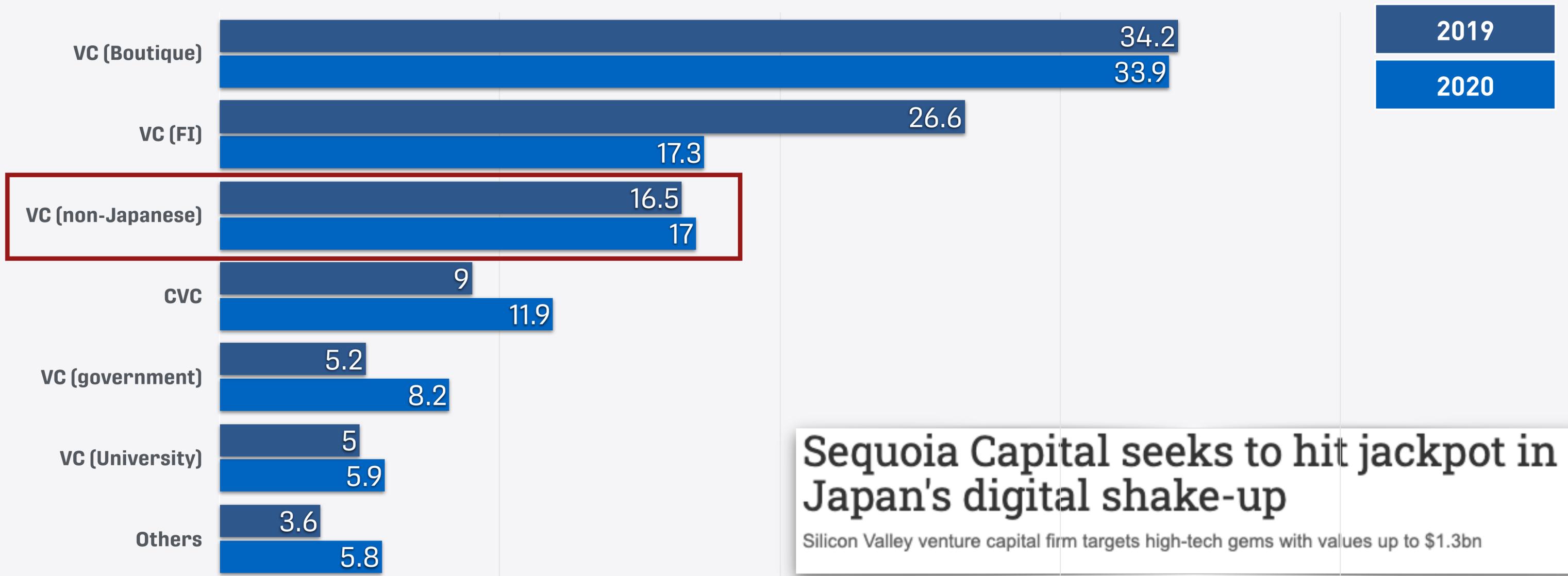


Venture-deal values

\$150 billion



## Increasing presence of non-Japanese VCs in 2020



**Sequoia Capital seeks to hit jackpot in Japan's digital shake-up**

Silicon Valley venture capital firm targets high-tech gems with values up to \$1.3bn

## Some of the notable investments by international VC / organizations

Investor	Startup	Startup Description
Goldman Sachs Paypal Bain Capital	Hey	Platform for consumers to pay at online stores using only their name and email address, offering BNPL function as well
Sequoia Capital	ANDPAD	Construction-tech: SaaS platform to digitize the operational workflow for construction workers
Goodwater Capital (US) Greenspring Associates (US) Greyhound Capital (UK) Altos Ventures (US)	Kyash	Fintech platform offering digital wallet app
Coral Capital (ex-500 Startups)	KOSKA Kakehashi justInCase	Koska: Manufacturing SaaS Kakehashi: Health-tech justInCase: Insurtech

# Recent Fintech fundraising and IPOs

			
Name	free	WealthNavi	Paidy
Business	Online accounting software	Wealth management platform	Platform that enables consumer to buy online without a credit card or pre-registrations
Financial Stage	Public (IPO'ed in Dec2019)	Public (IPO'ed in Dec2020)	Series C
Investors	N/A	N/A	PayPal Ventures, Visa, Goldman Sachs, Itochu, etc

Source : Crunchbase

---

## Open innovation is getting very hot in Japan



- Mitsubishi UFJ Financial Group (“MUFG”) has started its accelerator program since 2015
- They initially focused on Fintech only but now opens up for collaborations with non-Fintech players.



- Sumitomo Mitsui Financial Group (“SMBC Group”) opened its “Open Innovation office” space in 2017 in Shibuya.
- The purpose is to support startups and to seek new business opportunities through open innovations.

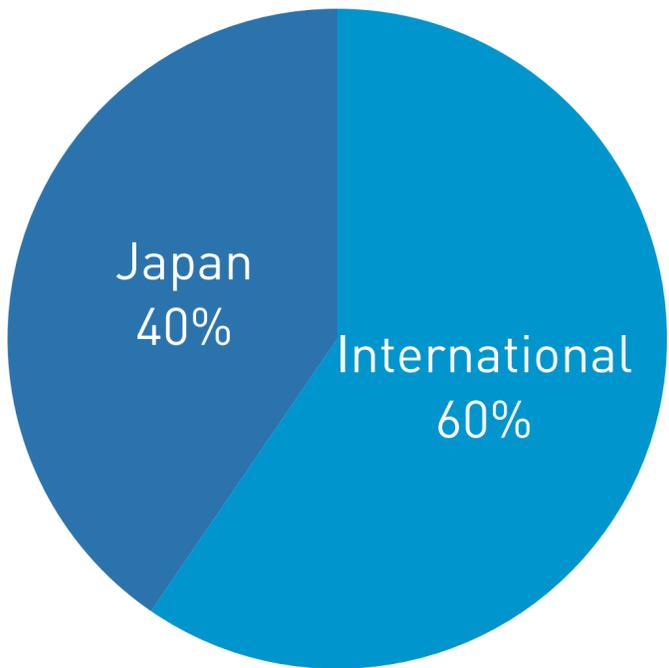
# Non-financial institutions are also interested in Fintech space

<p><u>Financial Institution</u></p> 	<p><u>Telecommunication</u></p> 	<p><u>Systems Integrator</u> <u>Software</u> <u>Manufacturing</u></p> 
<p><u>Regional Banking</u></p> 	<p><u>Advertising</u></p> 	<p><u>Trade·Life style·Media</u></p> 
<p><u>Payment·Loan</u></p> 	<p><u>Tecnology</u></p> 	

Source : Fintech Association of Japan

# Strong appetite from international startups to enter Japanese market

Japan vs International startups selected in Plug and Play's Fintech program from 2018 - 2020 (n=89)



Breakdown of International startups

By Country	
US	22
UK	6
France	5
Singapore	5
Canada	3

By Category	
Blockchain	8
Regtech	8
AI	6
Cybersecurity	6
Capital Markets	5



---

## Some positive perspectives

The government is pushing to embrace a better startup ecosystem

The regulator is promoting more International Fintech to enter Japan market

More private sector players are coming in to the ecosystem

---

## Good opportunities for market entry for Fintech companies. A few tips...

Find a right partner in Japan - Financial Institutions and System Integrators

Find a local talent

Build your relationship with regulator

Understand the business culture

---

**Please contact**



**Yuki Kishi**

貴志 優紀

**Director - Fintech, Brand & Retail Japan**

[yuki@pnptc.com](mailto:yuki@pnptc.com)