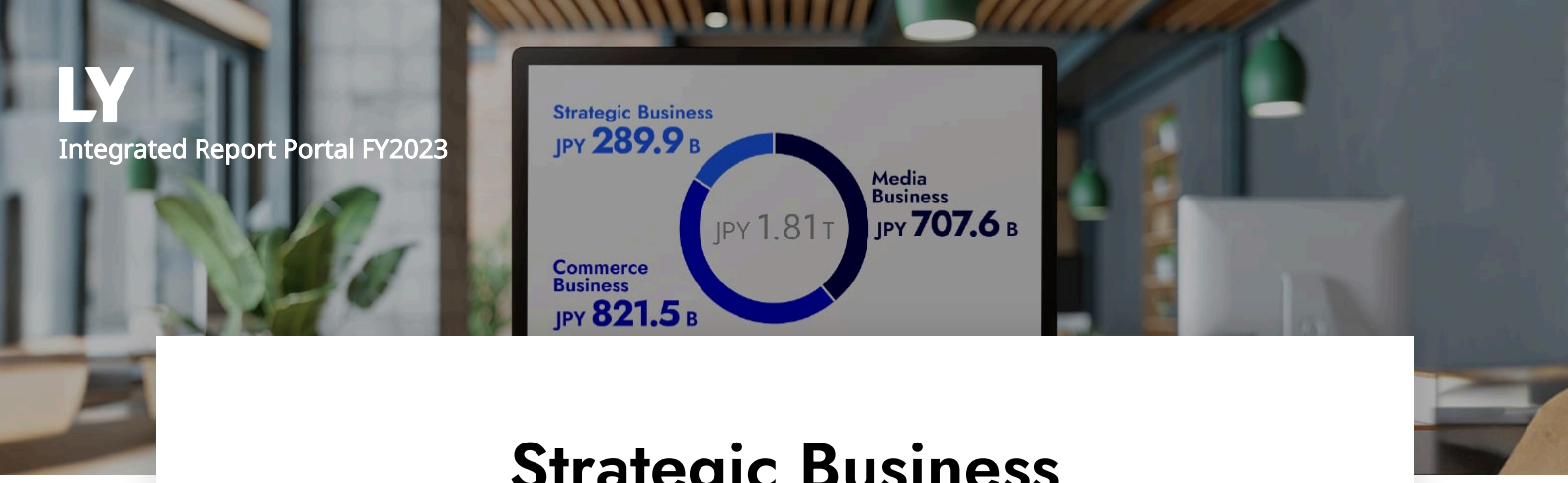


Strategic Business

Last updated: 10/1/2024

We will create new a revenue pillar around the fintech domain.

PayPay

PayPay Card (Japanese only)

PayPay Bank (Japanese only)

PayPay Insurance Service (Japanese only)

LINE Pay (Japanese only)

LINE Pocket Money (Japanese only)

DOSI

LINE ドクター (Japanese only)

PayPay
Registered users

63.04 mil

(As of March 31, 2024)

PayPay
Consolidated GMV*
(Including PayPay Card)

JPY 12.5 T

(FY2023 result)

PayPay Bank
Deposit balance

JPY 1.78 T

(As of March 31, 2024)

PayPay Card
Active card holders

11.62 mil

(As of March 31, 2024)

* The use of the “Send/Receive” function of “PayPay Balance” between users is not included. From FY2021 Q4 onward, payments via Alipay and LINE Pay, etc. are included. Payments through “Credit (Pay Later)” launched in February 2022 are included. Consolidated the transaction volume of PayPay Card Corporation from the beginning of FY2021. Figures are shown after the elimination of internal transactions between the two companies.

Our View of the Business Environment

The Japanese Ministry of Economy, Trade and Industry promotes cashless payments with the aim of increasing the ratio of cashless payments to around 40% by June 2025 and then further to the world's highest level of 80%. The ratio rose steadily and reached 39.3%[*1] in 2023.

Meanwhile, the cashless payment ratio in major countries as of 2020 is around 40-60%, higher than that of Japan. Therefore, we believe there is still room for the cashless ratio in Japan to rise. In addition, much like how LINE Pay is used daily in Taiwan, we believe that high-quality cashless payment services is a business that has the potential to expand in other regions.

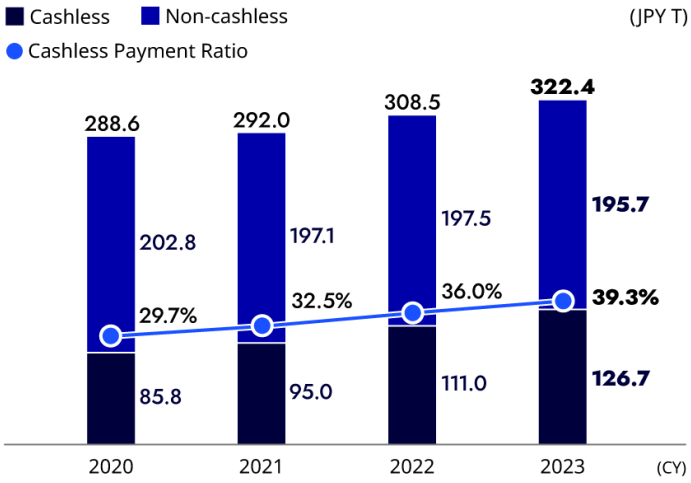
Of the 39.3% cashless payment ratio in 2023, 83.5% was credit cards, 8.6% code payments, 5.1% e-money, and 2.9% debit cards. The indicator of domestic spending using credit cards, which makes up the largest share of cashless payments, is the amount of credit provided. In 2023, this increased by 12.7% over the previous year's level to JPY105.7 trillion[*2]. Code payments at stores also expanded dramatically in 2023, with a 37.5% year on year increase to JPY14.8 trillion, while the number of in-store payments was 33.0% higher at 9.3 billion times[*3]. Code payments recorded the highest growth rates among the cashless payment methods, and drove up the cashless payment ratio.

*1 Ministry of Economy, Trade and Industry, Cashless Payment Ratio for 2023

*2 Japan Consumer Credit Association, Credit Statistics of Japan (2023)

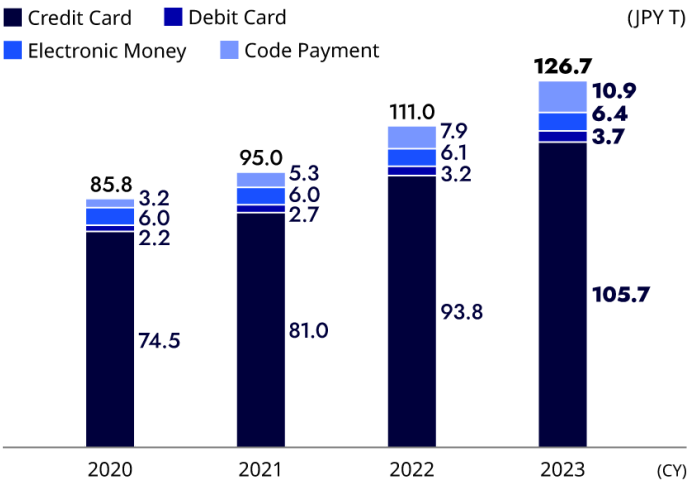
*3 Payments Japan Association, STATS – CODE PAYMENT (March 25, 2024)

Cashless Payments as a Percentage of Domestic Final Consumption Expenditure of Households



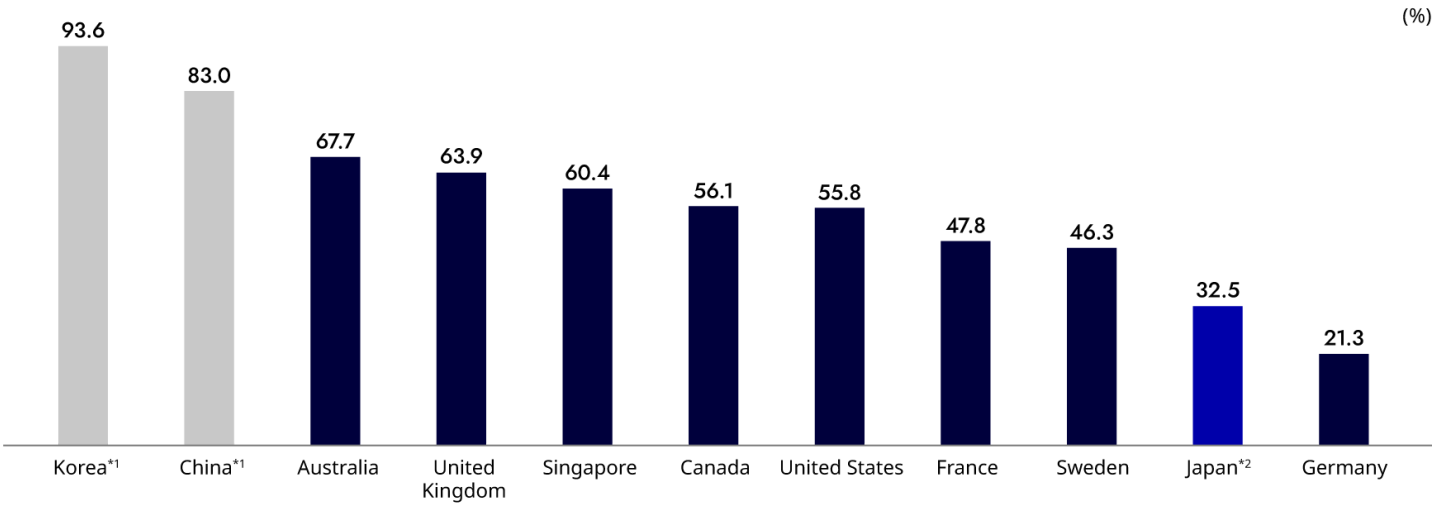
Source: Ministry of Economy, Trade and Industry, Cashless Payment Ratio for 2023

Breakdown of Cashless Payment Amounts



Source: Ministry of Economy, Trade and Industry, Cashless Payment Ratio for 2023

Comparison of Cashless Payment Ratios in Various Countries (2020)



Source: Cashless Roadmap 2022 (Japanese only)

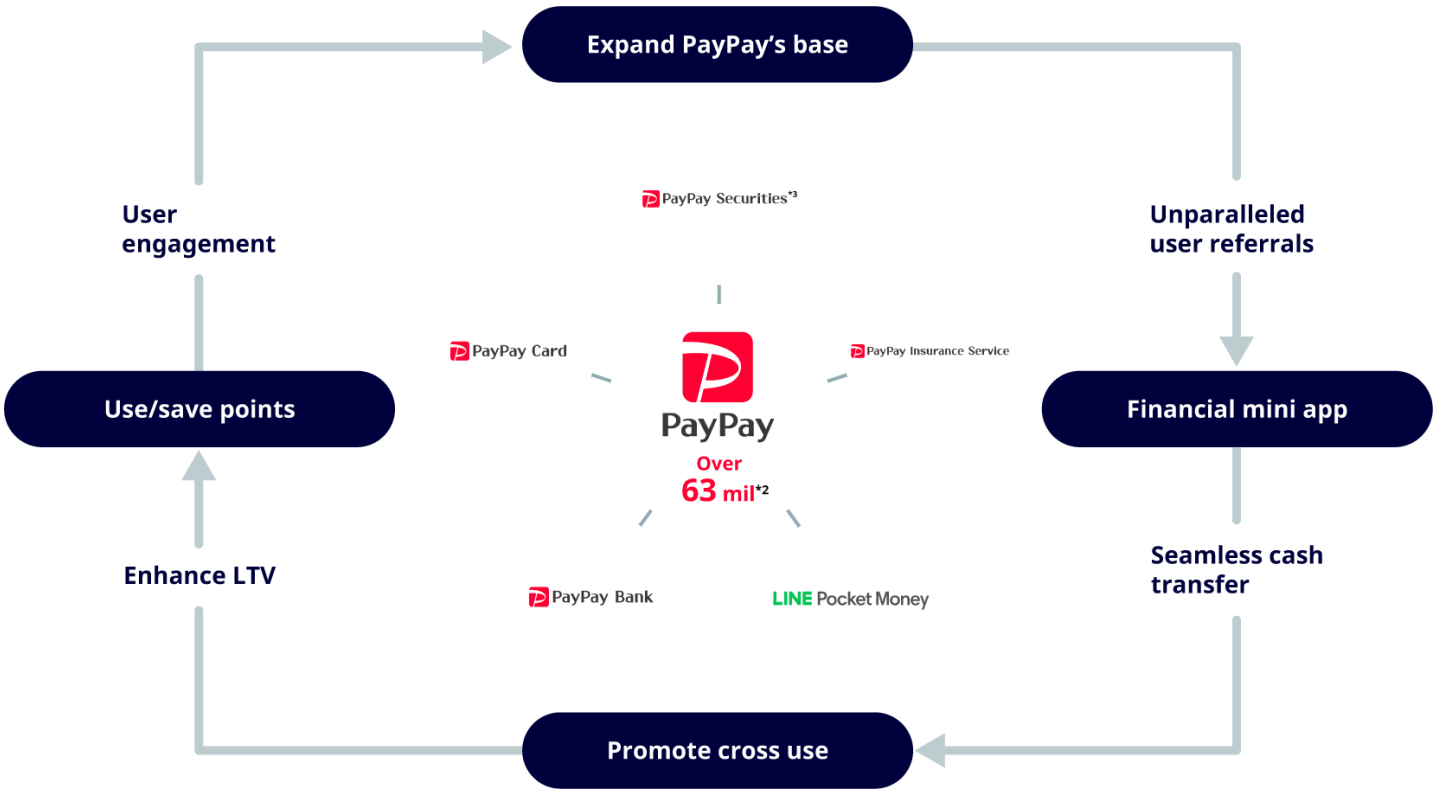
Calculation based on The World Bank, 2018 Household Final Consumption Expenditure (February 17, 2021) and BIS, Red Book, annual payment amount made by cashless methods

*1 Figures for China and Korea are taken from Euromonitor International as reference figures.

*2 2021 figure for Japan.

Competitive Edge

We have built a financial ecosystem that includes credit cards, banking, securities, and insurance around PayPay, our cashless payment service that accounts for approximately two thirds*1 of Japan's QR code payment market.



*1 Share of payment GMV: Calculated by the Company based on the 2023 total payment amount in stores from STATS – CODE PAYMENT (March 25, 2024) released by Payments Japan Association.

*2 Number of PayPay registered users as of March 2024.

*3 PayPay Securities Corporation is a consolidated subsidiary of SoftBank Corp.

Revenue increase:

over **+20%** every year

Adjusted EBITDA:

JPY **100.0** billion within a few years

1. Expansion of the Payment and Financial Businesses around PayPay

The LY Corporation Group will work to expand its financial services, including credit card, banking, securities, and insurance, around its cashless payment service, PayPay, with the aim of making the fintech domain a new revenue pillar next to the Media and Commerce Businesses.

● PayPay

PayPay Corporation aims to achieve growth through a three-tiered revenue model consisting of payment fee income, merchant services, and financial services. For payment fee income, it will work to improve profitability by enhancing efficiency in fund source costs while continuing to strive to increase the number of users and payments. In merchant services, it will work to develop and provide marketing solutions that help merchants increase sales. In financial services, it will aim to increase revenue in areas such as asset management and insurance by collaborating with Group companies and external companies.

● PayPay Card

PayPay Card Corporation, which provides credit card services, aims to increase its active cardholders and transaction volume by reinforcing links with PayPay. The company changed its name to PayPay Card Corporation in October 2021, launched Credit (Pay Later) in February 2022, and became a wholly-owned subsidiary of PayPay Corporation in October 2022. PayPay Card Corporation will accelerate its strategy for integration with PayPay to triple the number of active cardholders compared to the end of June 2022.

● PayPay Bank

Founded in 2000 as the first pure Internet bank in Japan, PayPay Bank Corporation aims to increase its number of accounts and deposit balance through its collaborations with PayPay. The company changed its name to PayPay Bank Corporation in April 2021 and launched a feature that enables users to use PayPay Bank services from the PayPay app in August 2022. It will continue to work to increase revenue by reinforcing links with PayPay.

→ Top Executive Dialogue: Why PayPay Bank is Highly Rated Now—Surpassing 8 Million Accounts and Soaring Customer Satisfaction (Japanese only)

PayPay Securities Corporation* is a securities company operating exclusively via smartphones. The number of accounts opened exceeded one million in February 2024, as a result of measures to increase securities accounts through the reinforcement of collaborations with PayPay such as the launch of PayPay Asset Management in August 2022. PayPay Asset Management enables users to buy and sell securities on the PayPay app. In addition, the number of NISA accounts opened has also exceeded 230,000 in the six months since applications for account openings began on October 1, 2023.

* PayPay Securities Corporation is a consolidated subsidiary of SoftBank Corp.

→ Start Your First Asset Management with PayPay Securities—No. of Accounts Opened Exceeds 1 Million (Japanese only)

PayPay Insurance, operated by PayPay Insurance Service Corporation, aims to increase its number of insurance policy contracts by offering the PayPay Insurance mini app, which provides various types of easy-to-subscribe insurance policies within the PayPay app. The company's insurance products, which meet user needs and can be purchased in as little as one minute, have gained popularity, and in December 2023, the total number of insurance policies sold by the company exceeded 5 million in just around four years since the service was launched.

→ Cumulative Number of PayPay Insurance Subscriptions Exceeds 5 Million in Four Years Since Service Launch (Japanese only)

2. Further Profitability Improvement

In FY2023, the Strategic Business recorded the first full-year profitability in adjusted EBITDA. We will further aim to improve profitability in FY2024 through revenue increase in PayPay Corporation, PayPay Card Corporation, PayPay Bank Corporation, and LINE Credit Corporation, which provides LINE Pocket Money. In addition, we will continue to optimize costs through structural reform such as elimination and integration of overlapping businesses and services in the Group.

Results of FY2023

Revenue	Adjusted EBITDA	Adjusted EBITDA (Margin)
JPY 289.9 B	JPY 11.5 B	4.0 %

Revenue of the Strategic Business for the consolidated FY2023 increased by 51.0% year on year to JPY289.9 billion, constituting 16.0% of total revenue.
The main contributing factor was the revenue increase in PayPay Corporation and PayPay Card Corporation.
Adjusted EBITDA for FY2023 increased JPY43.3 billion year on year to JPY11.5 billion due to reduced losses achieved through the promotion of cost optimization and selective focus on business areas.

PayPay & PayPay Card

The consolidated FY2023 revenue of PayPay Corporation, including PayPay Card Corporation, was 26.1% higher year on year at JPY211.5 billion, while consolidated EBITDA[*1] increased JPY21.8 billion to JPY9.8 billion. PayPay Corporation's consolidated GMV[*2] increased by 22.2% year on year to JPY12.5 trillion.

PayPay Corporation's number of PayPay payments grew significantly (+23.8% year on year) to 6.3 billion, indicating that PayPay has further been established as a daily-use payment method. In addition, PayPay is building an even more robust business base, with the number of PayPay registered users as of the end of FY2023 increasing by 11.3% year on year to 63.04 million.

As of the end of FY2023, the number of active cardholders of PayPay Card increased by 15.8% year on year to 11.62 million, while the transaction volume for FY2023 grew by 29.9% year on year to JPY4.72 trillion, both achieving a double-digit growth. This can be attributed to the success of integrated promotions with PayPay,

launched after PayPay Corporation consolidated PayPay Card Corporation. The revolving balance also grew dramatically (33.1% year on year) to JPY345.9 billion. Furthermore, PayPay Card Gold was launched in November 2022 to increase average spend and encourage users to make the card their main credit card. The number of active cardholders of PayPay Card Gold is increasing steadily.

PayPay Bank

PayPay Bank Corporation's revenue[*3] grew by 15.4% year on year to JPY44.1 billion. The bank achieved steady growth in its KPIs as of the end of FY2023, with the number of accounts increasing by 13.4% year on year to 7.89 million, the deposit balance by 6.8% to JPY1.78 trillion, and the loan balance by 16.8% to JPY729.3 billion.

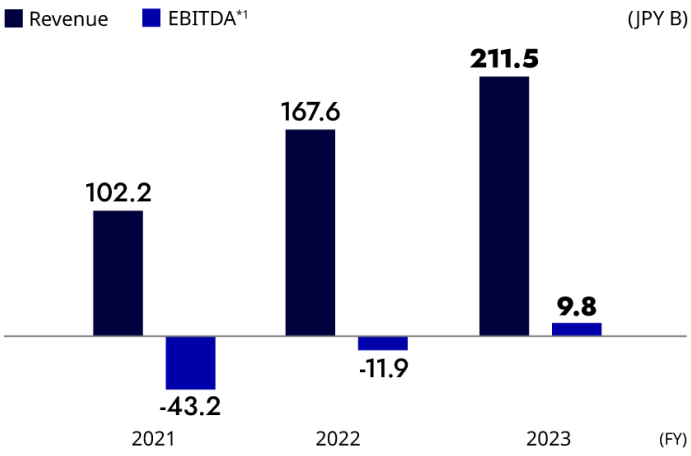
Other Fintech

The revenue of other fintech grew by 5.5% year on year to JPY35.5 billion, mainly as a result of the expansion of financial services operated in Taiwan, Thailand, and Indonesia. The number of LINE BK users in Thailand and LINE Bank users in Indonesia increased significantly by 20.5% and 69.8%, respectively, compared to the end of FY2022. Furthermore, LINE Pay Taiwan Limited, an LY Corporation Group company and provider of LINE Pay, became listed in Taiwan's Emerging Stock Board on January 26, 2024.

→ LINE Pay: Why It's Popular in Taiwan, How It Became the Most Popular Payment Service in the Taiwanese Market, and the Company's Challenges in Going Public

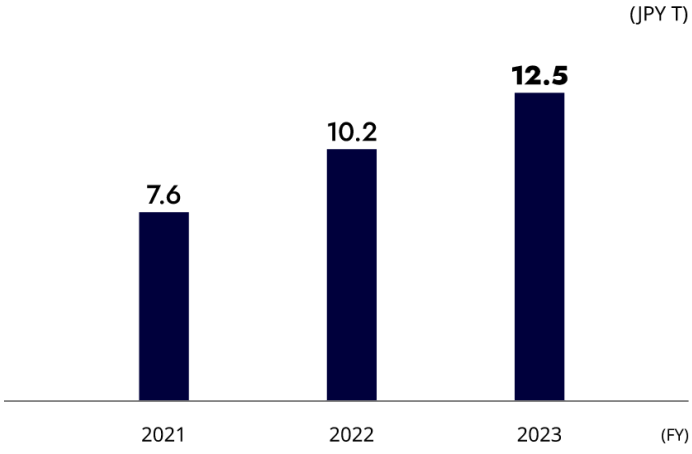
PayPay Consolidated Revenue/EBITDA[*1]

(Includes PayPay Card)

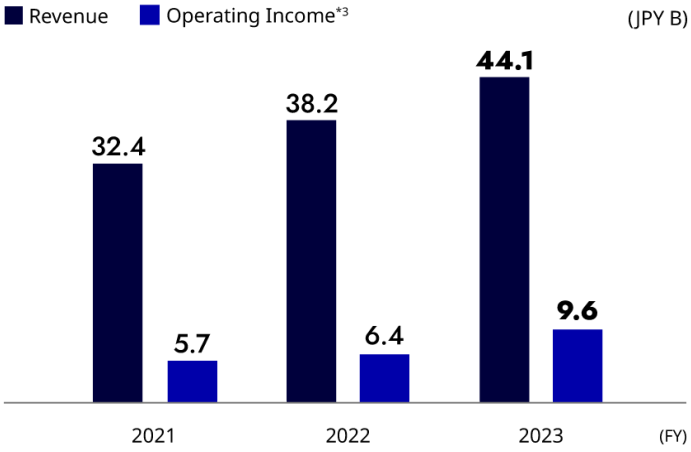


PayPay Consolidated GMV[*2]

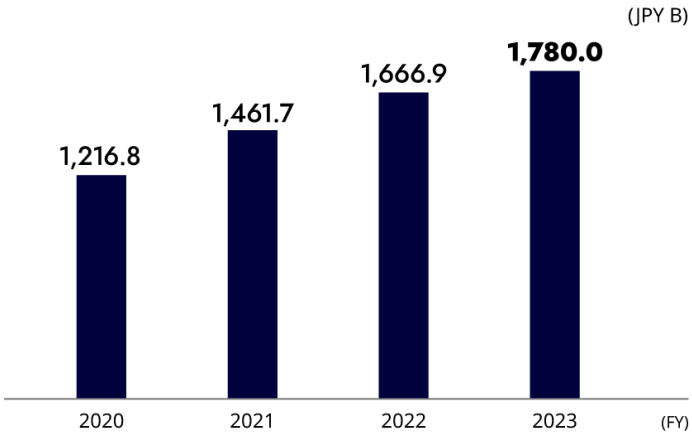
(Includes PayPay Card)



PayPay Bank Revenue/Operating Income*3



PayPay Bank Deposit Balance



*1 Consolidated the financial statements of PayPay Card Corporation from the beginning of FY2021, due to the application of pooling of interest method. Figures after elimination of internal transactions between PayPay Corporation and PayPay Card Corporation. EBITDA is operating income plus depreciation and amortization only, and differs from the adjusted EBITDA of LY Corporation. Unaudited.

*2 Consolidated GMV including PayPay Card's transaction volume from the beginning of FY2021. Excludes Credit (Pay Later) and overlap for topping up PayPay Balance using PayPay Card and PayPay Card Gold.

*3 Independently calculated by making relevant IFRS adjustments from non-consolidated figures under JGAAP.

→ P/L Trend

Priority Initiatives in FY2024

In the Strategic Business for FY2024, we will aim to increase the number of payments for PayPay Corporation and interest revenue from revolving payments for PayPay Card Corporation. We will also promote usage and diversify financial revenue by unifying the experience of code and credit card payments. Through these efforts, we expect a year on year increase in segment revenue in the low 20% range.

For adjusted EBITDA, we forecast an increase of JPY9.0 billion compared with the previous fiscal year, amounting to JPY21.5 billion. Revenue increase and improvement in profitability is expected in PayPay Corporation and PayPay Card Corporation, as well as increased profit accompanying revenue increase in other PayPay-related financial services. Furthermore, we will work to further reduce losses mainly in LINE-related financial services through cost optimization and selective focus on business areas. As part of these efforts, in June 2024, we announced the termination of LINE Pay service in Japan.

→ Termination of LINE Pay Service in Japan

Regional Economy Revitalization Support

Ranging from local stores to major chains, PayPay is working to boost regional economies throughout Japan through various campaigns launched in collaboration with local governments. In addition, local governments can use PayPay instead of issuing and redeeming gift certificates and other items used to boost local economic and community activities. There are many advantages for both local governments and users, including the fact that gift certificates can be purchased without visiting the locations concerned.

→ More details (Japanese only)

Online Medical Consultation Service

LINE Doctor is an online service that allows patients to book medical appointments, speak with a doctor over free video call, and make payments for consultations all on the LINE app. In December 2022, LINE Doctor launched a prescription drug delivery service, making it possible to offer a one-stop service from a doctor's examination to the prescription and delivery arrangement of drugs.
Furthermore, LINE Doctor has enhanced its service so that online medical consultations can be used in a wider range of situations, such as by adding a "face-to-face pickup at registered pharmacies" feature to the method of receiving prescription drugs.
LINE Doctor will continue promoting and spreading online medical consultation and medication instruction services in Japan to create an environment in which users can choose the optimal form of care by contributing to the alleviation of a healthcare crunch and medical disparity.

→ Consultations Using LINE Doctor, an Online Medical Consultation Service, Doubled in a Year—Higher Demand for Medical Treatment on Holidays and Treatment for Hay Fever Concentrated in March for 2023 (Japanese only)

→ Online Medical Consultation Service, LINE Doctor, Adds "Face-to-Face Pickup at Registered Pharmacies" for Prescription Drugs (Japanese only)

Fintech

PayPay

PayPay is a cashless payment service which dominates approximately two thirds* of Japan's QR code payment market. The service can be used just about anywhere, including major retail chains, small and medium-sized stores, vending machines, taxis, and public transport. Other popular uses for PayPay include payment for online services and utility bills. In addition to payments, PayPay is increasingly used as a convenient option for other purposes. These include commission-free remittances between individuals and an asset management service using PayPay Points. As a leading company in cashless payment services, PayPay is also working to strengthen measures against money laundering and terrorist financing by enhancing identity verification.

* Share of payment GMV: Calculated by the Company based on the 2023 total payment amount in stores from STATS – CODE PAYMENT (April 25, 2024) released by Payments Japan Association.

→ More details

PayPay Card

PayPay Card Corporation offers Credit (Pay Later), which allows users to make payments without topping up their PayPay Balance on their PayPay app in advance, and PayPay Card, a credit card with lifetime annual fee waivers that can be used at PayPay merchants and stores that accept credit cards. In November 2022, the company launched PayPay Card Gold, a credit card with annual membership charges that offer special benefits when shopping at Yahoo! JAPAN Shopping and paying SoftBank and Y!mobile communication fees.

→ More details (Japanese only)

PayPay Bank

PayPay Bank Corporation is a pure Internet bank that delivers value and convenience through the internet and smartphone app. PayPay Bank offers many services made possible by its characteristics as a bank that operates exclusively via the internet, such as online transfers and other types of payments that can be processed from customers' homes or offices without the need to go to a branch office or an ATM.

→ More details (Japanese only)

PayPay Securities

PayPay Securities Corporation*, a securities company operating exclusively via smartphone, offers services encouraging inexperienced investors to take their first step in asset management. The company aims to achieve top-of-mind awareness in asset management through its original PayPay Securities app, which allows users to trade shares in Japanese and U.S. companies and mutual funds from JPY1,000, and the PayPay Asset Management mini app, which enables securities to be purchased from JPY100 on the PayPay app.

* PayPay Securities Corporation is a consolidated subsidiary of SoftBank Corp.

→ More details (Japanese only)

PayPay Insurance

PayPay Insurance is an insurance service provided by PayPay Insurance Service Corporation. Its primary products are "scenario insurance," which can be purchased at Yahoo! JAPAN services, and the PayPay Insurance mini app, which can be easily subscribed from PayPay app.

→ More details (Japanese only)

LINE Pay

Easily accessible through LINE, one of Japan's biggest communication apps, LINE Pay is a convenient mobile remittance and payment service with a variety of useful money-related functions. These include cash transfers with LINE friends, sharing a restaurant bill, and the LINE Pay Kantan Sokin (easy remittance) service, which enables funds to be transferred from companies to individuals any time of the day and year. LINE Pay also accommodates various payment methods, such as touch payment and a BNPL service. The start of collaboration with PayPay in 2021 has enabled LINE Pay users to make payments not only at LINE Pay merchants but also at PayPay merchants. Please note that in June 2024, we have announced the termination of LINE Pay service in Japan.

→ More details (Japanese only)

→ Termination of LINE Pay Service in Japan

LINE Pocket Money

LINE Pocket Money is a personal loan service through which users can obtain small loans based on personalized terms determined through a unique credit model that combines traditional credit data with a “LINE Score” calculated according to activity data from the LINE platform. The proprietary credit model linked to the LINE Score ensures that users receive fair conditions even for small loans, regardless of the size of the contract amount. All processes, including applications, screening, borrowing, and repayments, are handled on the LINE app, while the user’s identity is confirmed using the electronic Know Your Customer (eKYC) system, eliminating the need to mail documents and other procedures.

→ More details (Japanese only)

Other

DOSI

DOSI is a global marketplace in which valuable digital items can be traded easily. DOSI not only provides opportunity to possess NFT, but also provides membership items that are continuously given as benefit to holders of NFT. Easy member registration and log-ins are available using social media accounts. Digital items can also be easily bought with credit card, LINE Pay, etc.

→ More details

→ Aiming to Be a Leader in the Web3 Industry: Unlocking the Potential of DOSI's Recent Reorganization

LINE Doctor

LINE Doctor is a one-stop service that allows patients to book medical appointments, speak with a doctor over free video call, and make payments for consultations all on the LINE app. Any LINE user can use this service without the need to download an additional app. Subject to certain conditions, a person who feels unwell can contact a physician through LINE and obtain medical advice.

→ More details (Japanese only)