

Mobile Wallet Service in Japan (Osaifu-Keitai)



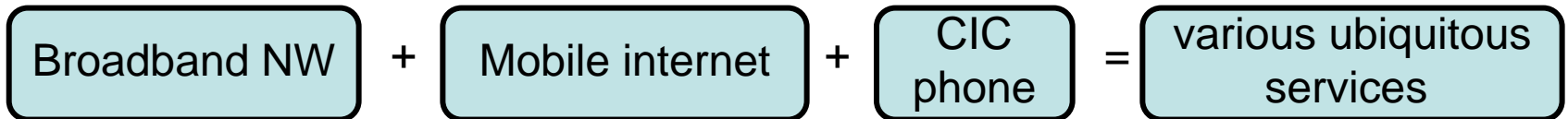
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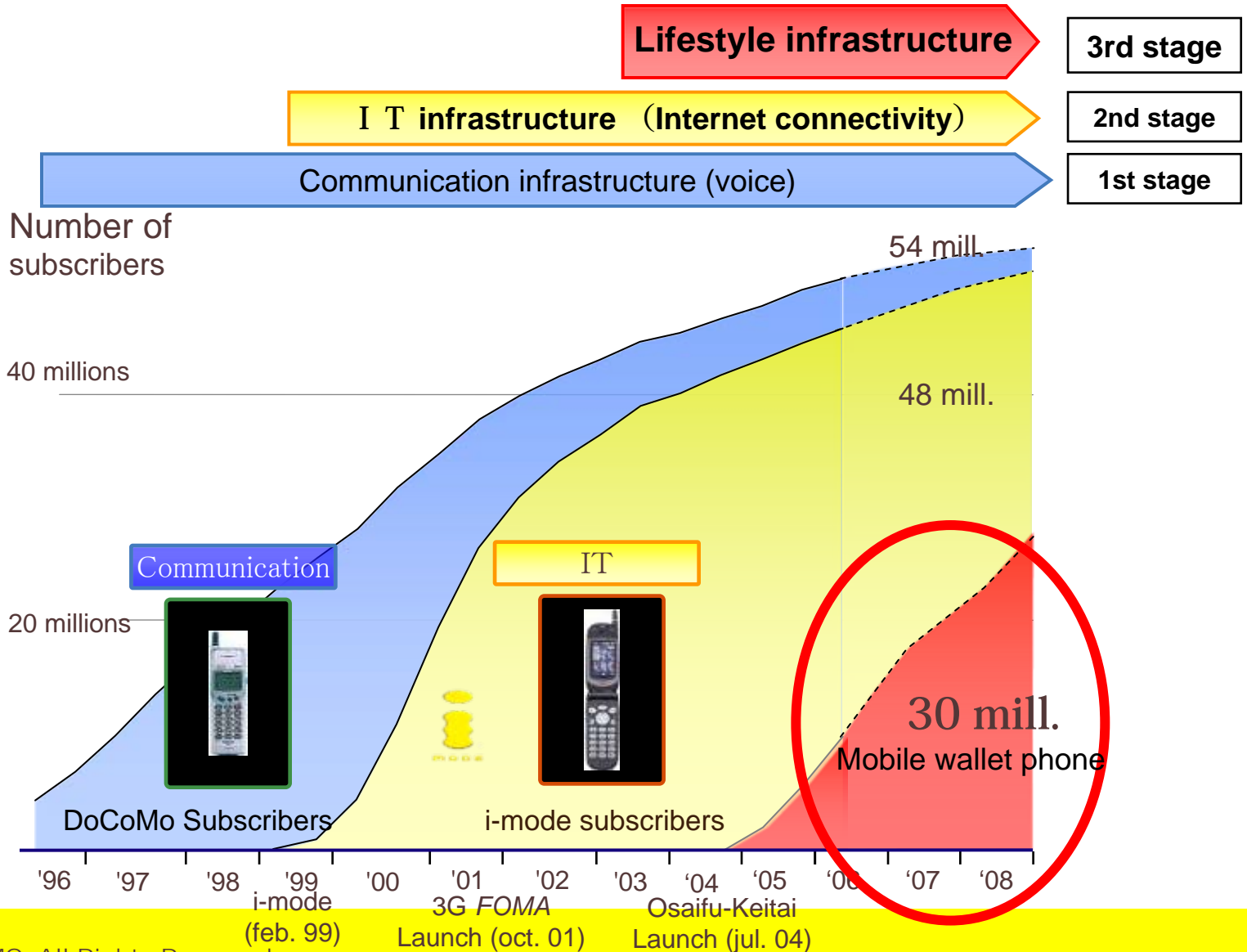
- ◆ the number of mobile phone users in Japan is more than 100million
⇒ 80%+ penetration rate

- ◆ Unique Features of Mobile Phone Market in Japan

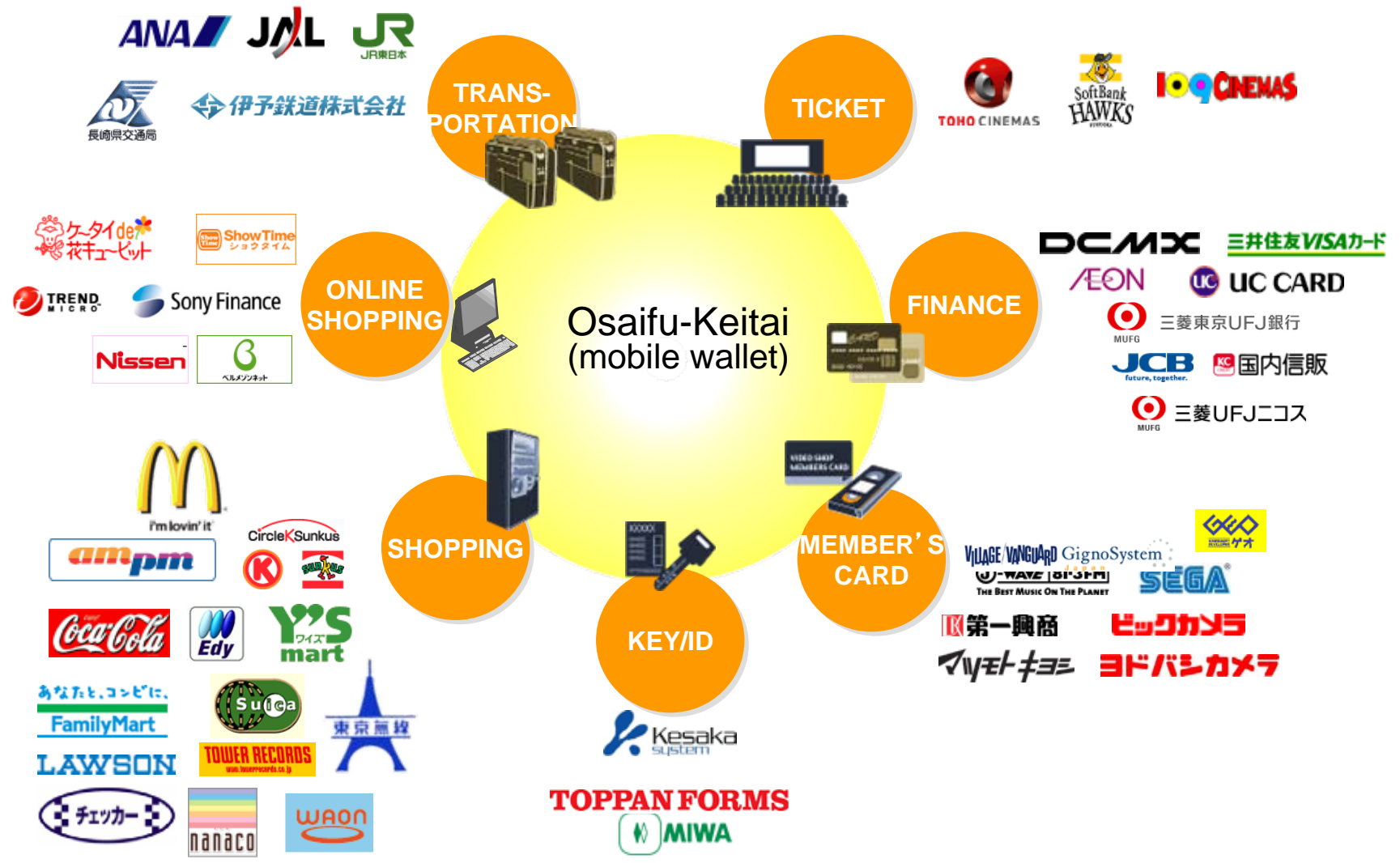
- ① 90% of mobile users are connected to 3G network
- ② more than 80% of mobile users are using mobile internet service
(90% of DoCoMo customers are using i-mode service)
- ③ about 50 million mobile phones are contactless IC (CIC) embedded
(of which 30million handsets are from DoCoMo)



◆ Evolution of Keitai (mobile phone) service in Japan



◆ 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

Anytime, anywhere

- Air-download applications
- Real time one-to-one marketing, etc.

Recharged amount: ¥10.000

Real time approach by mail

Viewer function

- can check shopping history
- can choose various apps. etc.

Display the information on your mobile phone

Amount remaining:	¥12.000
Purchase history	
7/30	¥3.000
8/01	¥4.000

Enhanced security

- remote lock is possible using cellular network (both handset & CIC lock)

◆ DOCOMO's Credit Brand as an Open Platform

Issuers

Acquirers



BRAND

- Offer platform
- Provide rules





Serves to 9 mill. iD members



Same layer as Int'l Brand



Serves to iD merchants with 380,000 R/W



◆ Rapid growth of e-money in Japan

Contactless IC embedded			
Prepaid type		Postpaid type (credit)	
Plastic card	Wallet-phone	Wallet-phone	Plastic card
Edy Suica ICOCA Nanaco WAON PASMO	Edy Suica Nanaco WAON	iD QUICPay Visa Touch	iD QUICPay Visa Touch Smartplus PITAPA

<Major 6 prepaid e-money>

[Total 87+million issued, of this 10+million for wallet-phone

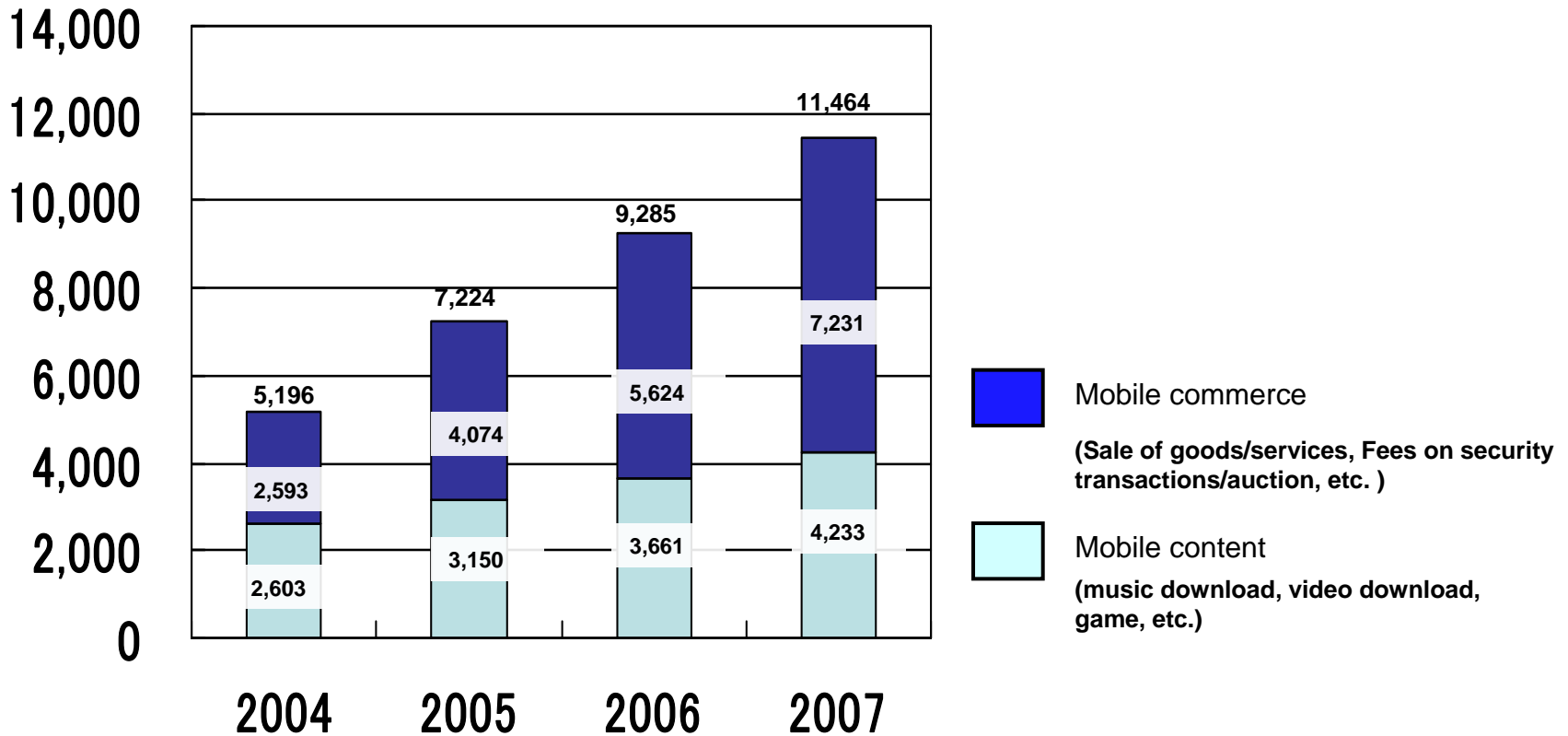
<major 3 postpaid mobile e-money (credit) >

[iD: 9million members, 380,000 R/W (Sep. '08)
 QUICPay: 4.3million members, 150,000 R/W (Aug. '08)
 Visa Touch: 0.46million 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

(100million yen)



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