

Business Briefing

Financial IT solutions - from usage to co-creation -

Nomura Research institute, Ltd.

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March 10, 2025



Hiroyuki Nakayama

Experienced in executing business operations in various sectors of financial IT and industrial IT solutions, focusing on solution planning and system development for securities firms and asset management companies.



April 1990		Joined the company (Financial IT: 28 years, Industrial IT: 3 years)
April 2021	Managing Director	Deputy Division Manager of Financial Technology Solution Division, Capital Markets & Wealth Management Solutions Division, and Asset Management Solution Division
April 2022	Senior Managing Director	Division Manager of Capital Markets & Wealth Management Solutions Division
April 2023	Senior Corporate Managing Director	Head of Financial Strategy, Capital Markets & Wealth Management and Asset Management Solutions Division Manager of Capital Markets & Wealth Management Solutions Division
April 2024		Head of Financial IT Solutions Division Manager of Capital Markets & Wealth Management Solutions Division

1

Environment Surrounding NRI Financial IT

2

Growth Strategy for NRI Financial IT Solutions

3

Impact of AI & Future Outlook

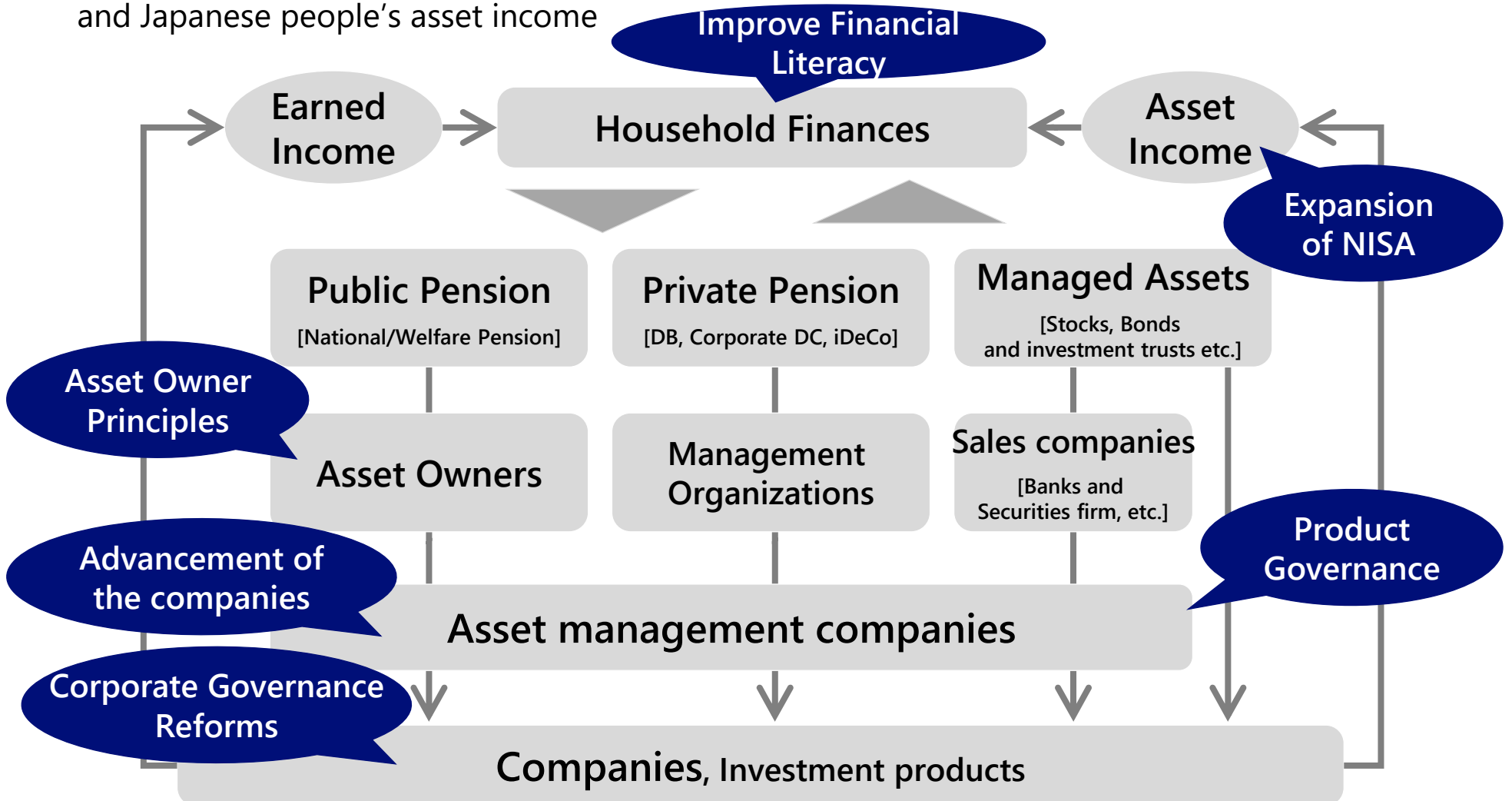
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Continuously Achieving Growth

1. Environment Surrounding NRI Financial IT

The government's policy plan for Promoting Japan as a Leading Asset Management Center seeks a more sophisticated investment chain

- Achieving a "virtuous cycle of growth and distribution" which fuels the growth of Japan's economy and Japanese people's asset income



1. Environment Surrounding NRI Financial IT

Including the new NISA system, the transition “from savings to investment” is starting to take root in society, and finance business is steadily growing as financial assets grow and asset management business becomes more sophisticated

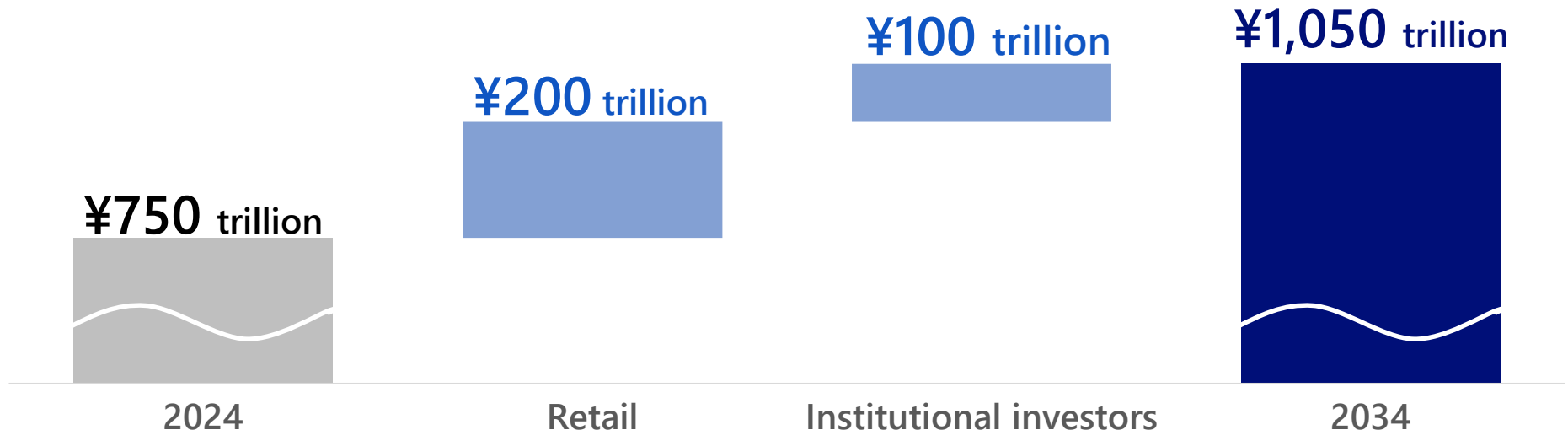
Drivers of Financial Asset Growth

Growing financial assets
& more accounts

More scenarios for
utilizing financial
services

Diversifying
products & markets

Projected Balance of Domestic Asset Management



(Source) Estimated by NRI

These materials were prepared for the sole purpose of providing information to use as reference in making investment decisions, and are not intended as a solicitation for investment.

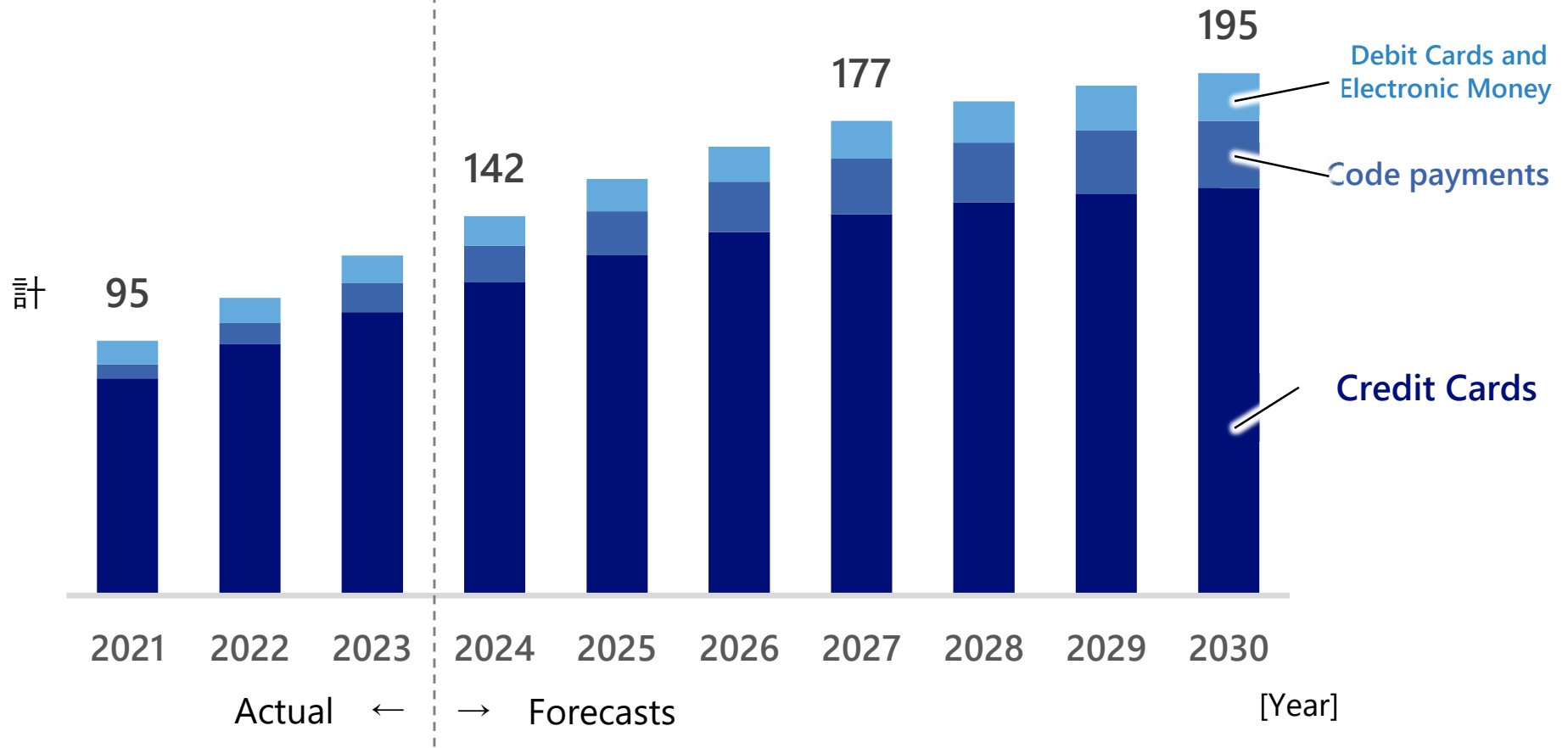
1. Environment Surrounding NRI Financial IT

Smart payments* are even more commonplace, financial inclusion through digitalization is advancing

*Credit cards, code payments, debit cards, and electronic money

Smart payment market size

[Unit: trillion yen]



(Source) Estimated by NRI

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1. Environment Surrounding NRI Financial IT

Financial institutions are maintaining earnings from their core businesses while seeking further transformations

- While “large movements underfoot” can be felt including in government policies and interest rate trends, there are also signs of innovation such as AI

Banks and Securities

- Pursuit of **investor-centric** business operations (fees rather than commissions)
- **Flows of funds in big cities & communities** (demographics & inheritance, regional businesses)
- **Alliances, strategic partnerships**

Asset Management

- Pursuit of **beneficiary-centric** business operations (partnering with authorities & associations)
- **Asset management in a broader sense** (trusts, asset management, pension, insurance, etc.)
- **Global management, geopolitical risk**

Insurance

- **Sense of fatigue from intensifying industry competition** including Japan’s agent system
- Life-insurance: Expansion into the **asset management business**
- Non-life insurance: Impact of new insurance products (automation & shift to AI, natural disasters, etc.)

In addition to their core businesses, we are committed to supporting financial institutions’ transformations to new business models.

We in the NRI Group must also transform our own service models.

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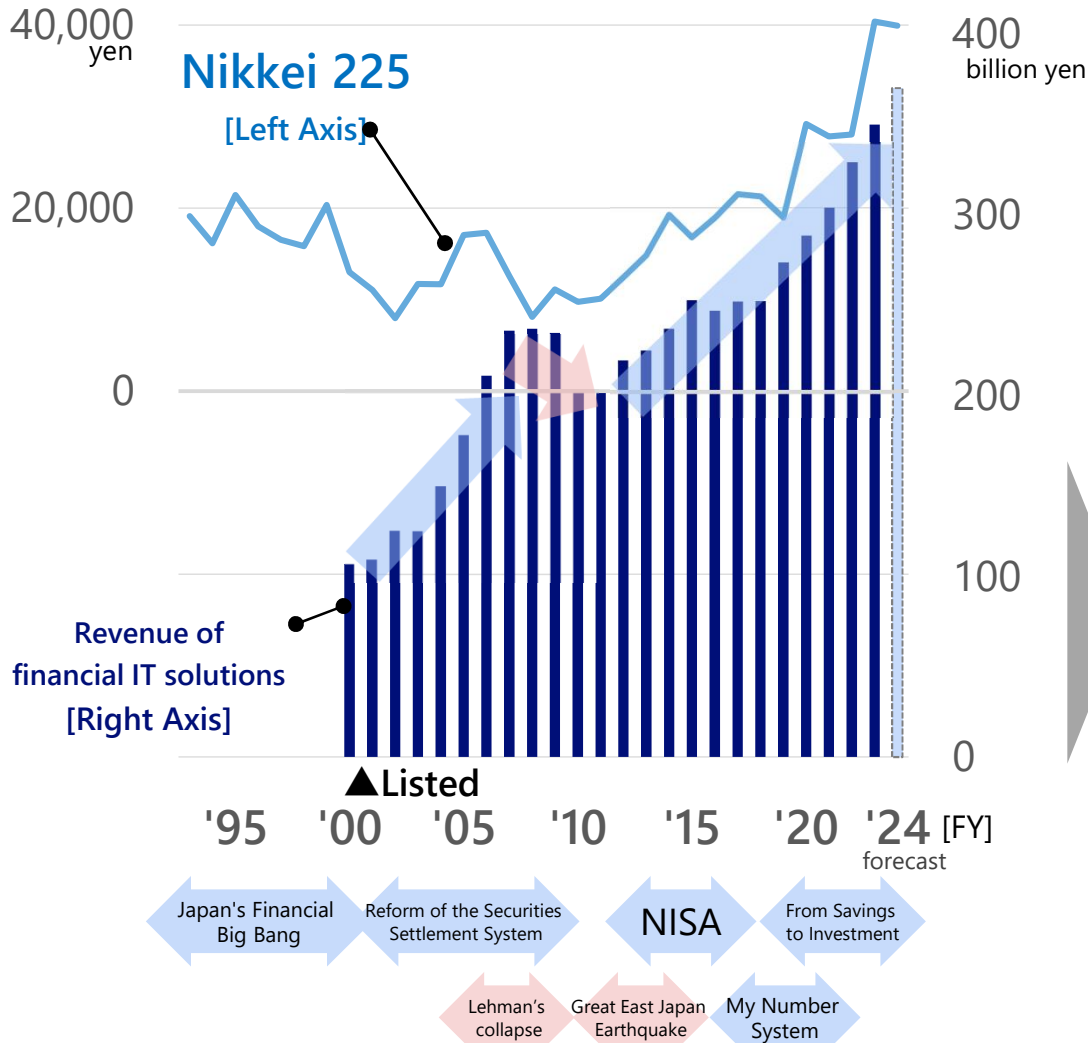
Impact of AI & Future Outlook

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Continuously Achieving Growth

2. Growth Strategy for NRI Financial IT Solutions

Leveraging the transformation and growth of domestic finance business as an opportunity to grow with a distinctively NRI approach



Key points
to NRI's financial IT business growth until now

Close partnerships with diverse financial institutions across business categories

Pioneering SaaS initiatives

Accumulated expertise & ability to navigate financial regulations & systems

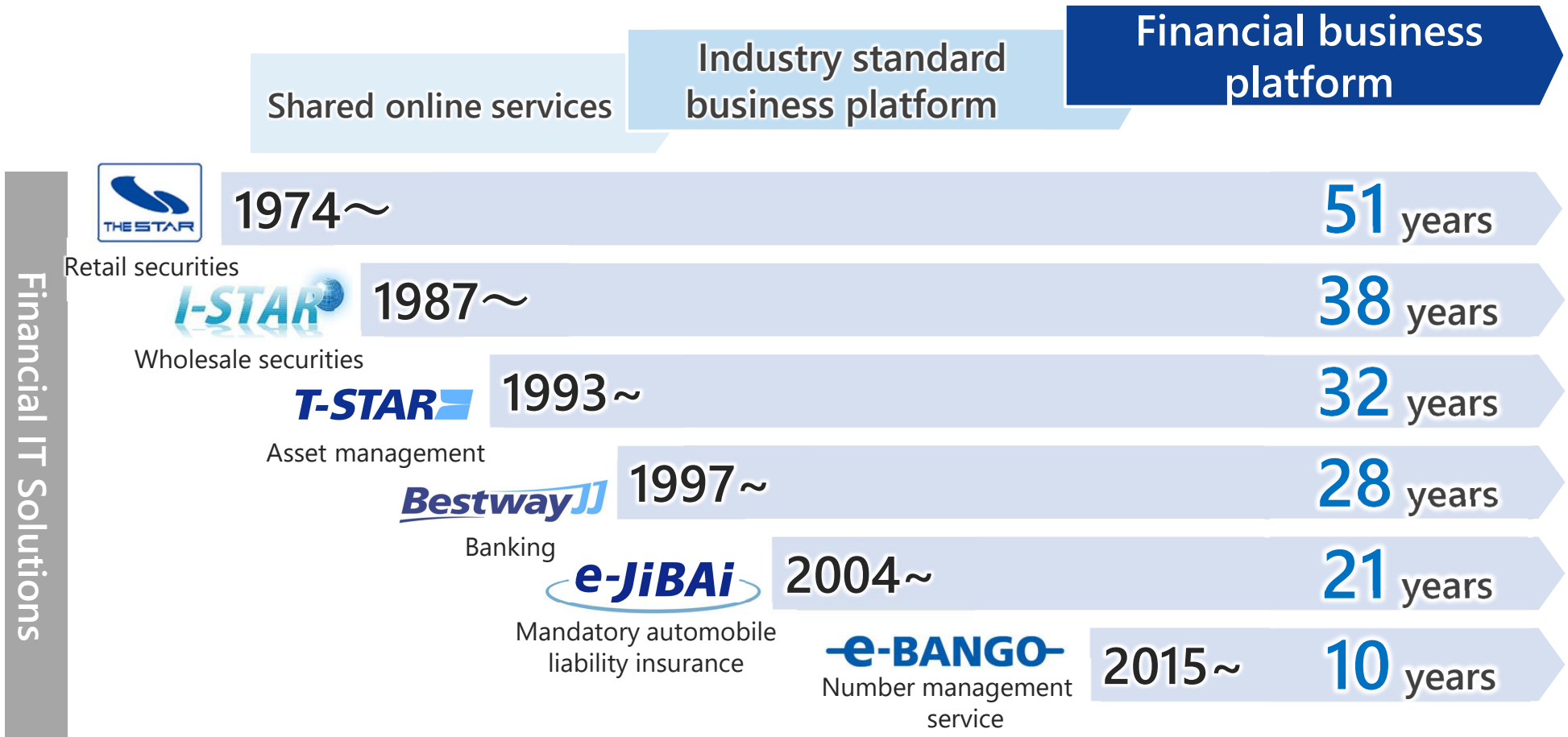
Rebuilding solutions as an opportunity to work on new technologies while evolving

* The graph is created based on data from the Bank of Japan's statistics and NRI website

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2. Growth Strategy for NRI Financial IT Solutions

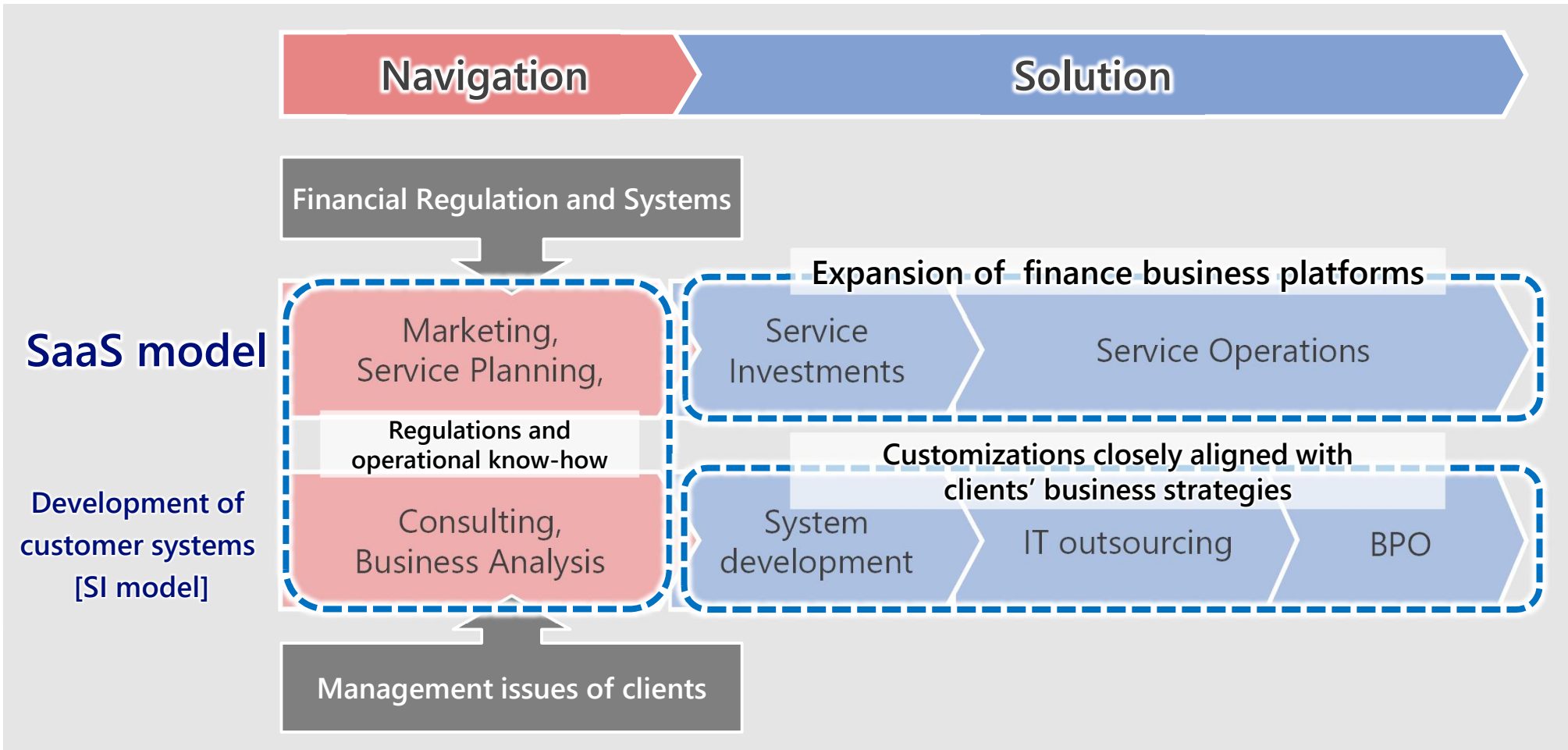
Reflecting on our growth trajectory while further evolving with sights set on the future



2. Growth Strategy for NRI Financial IT Solutions

The NRI Group deploys a distinctive business model through “systems integration x SaaS”

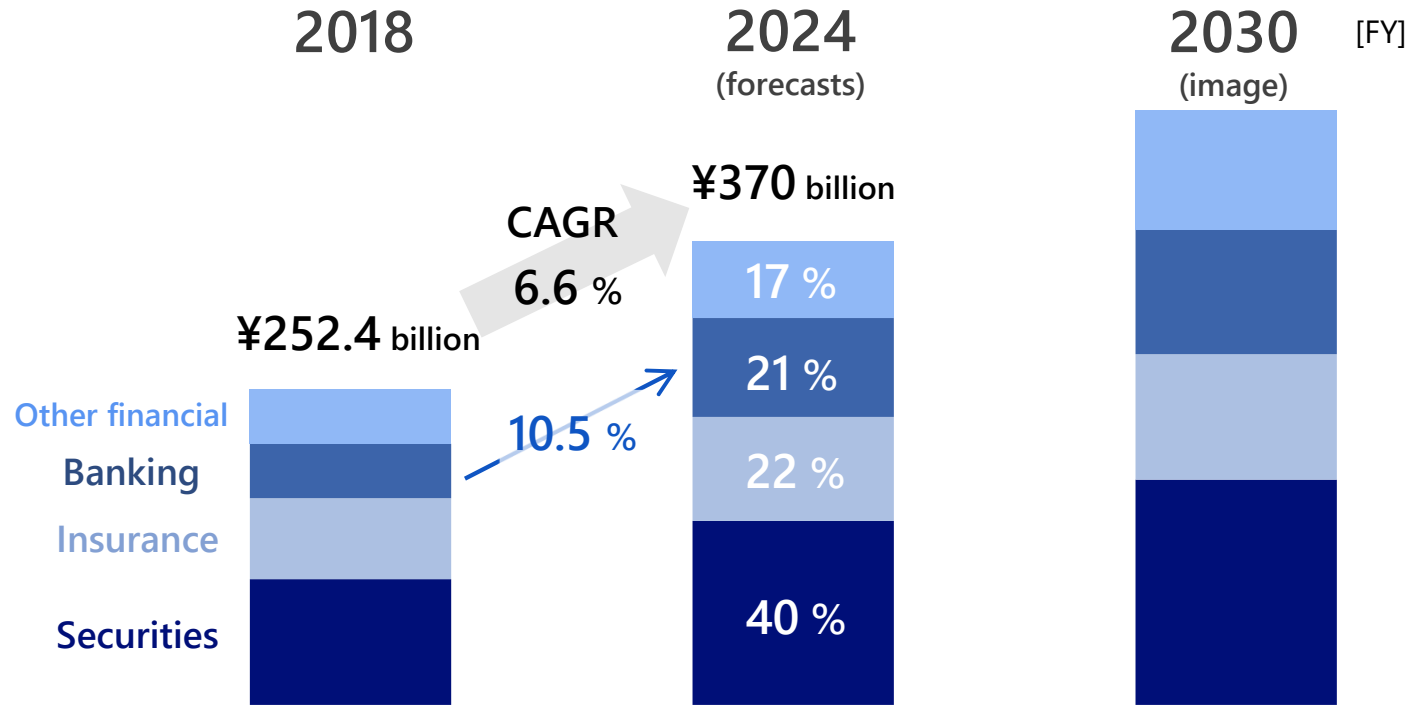
Our Business Model



2. Growth Strategy for NRI Financial IT Solutions

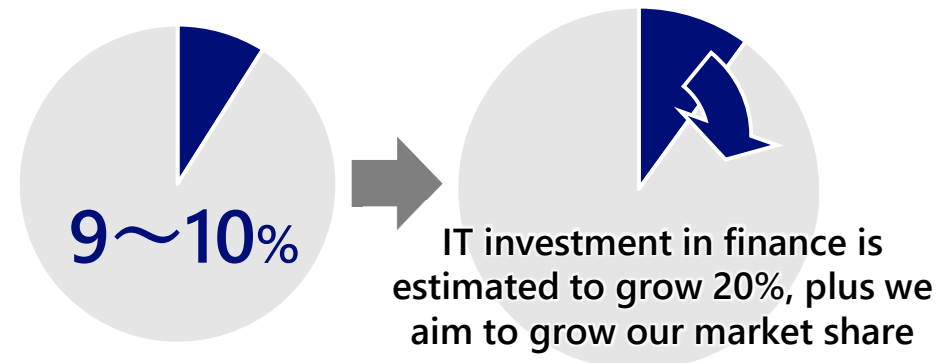
Balanced business structure via “systems integration x SaaS.” Further growth opportunities are broadly emerging

Business portfolio in NRI Financial IT Solutions



Estimated NRI share of financial IT investment

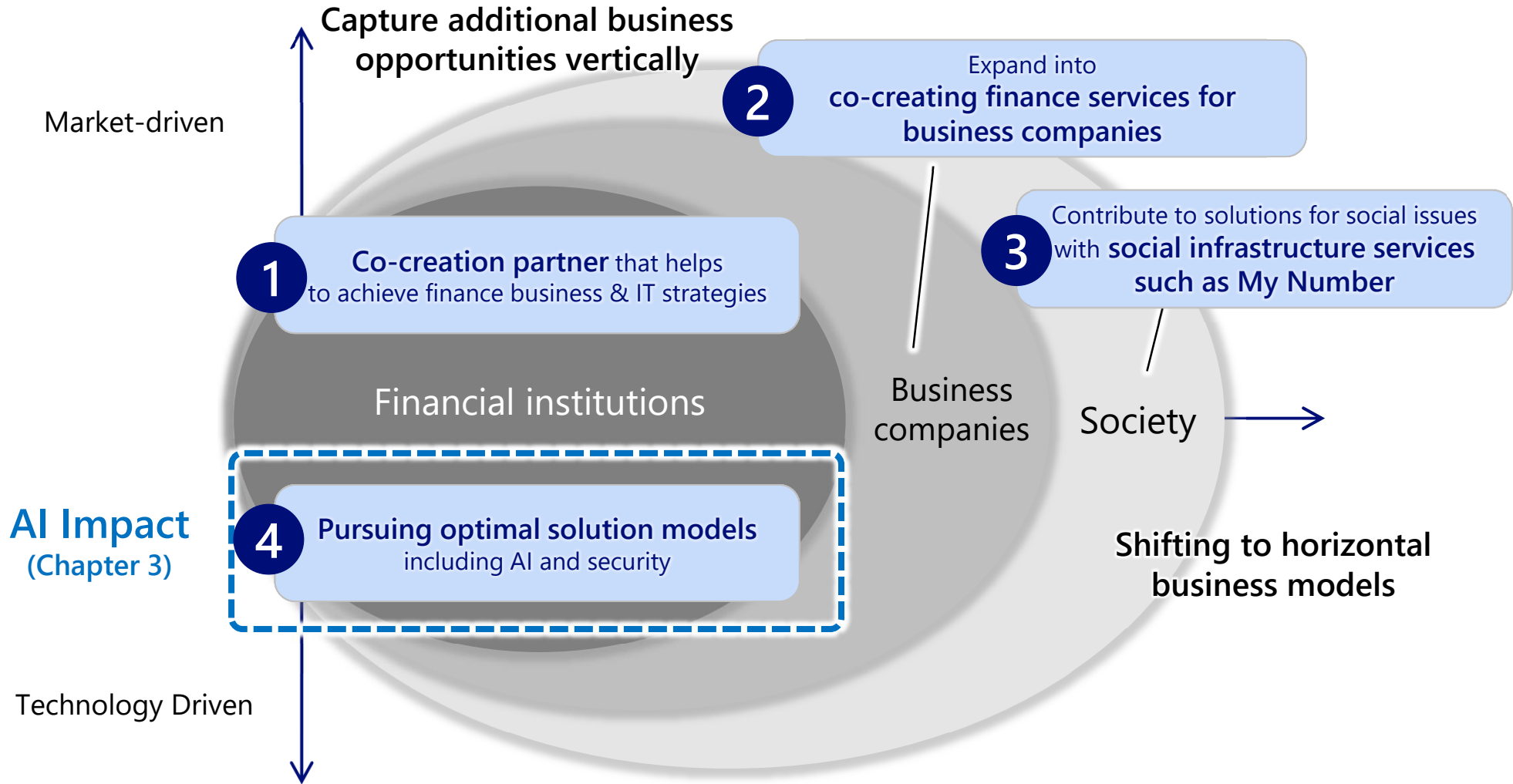
[The revenue of NRI as a share of IT investment in the domestic financial industry.]



(Source) Estimated by NRI

2. Growth Strategy for NRI Financial IT Solutions

Refine our core business (systems integration x SaaS) while rolling it out to the finance market and society as a whole

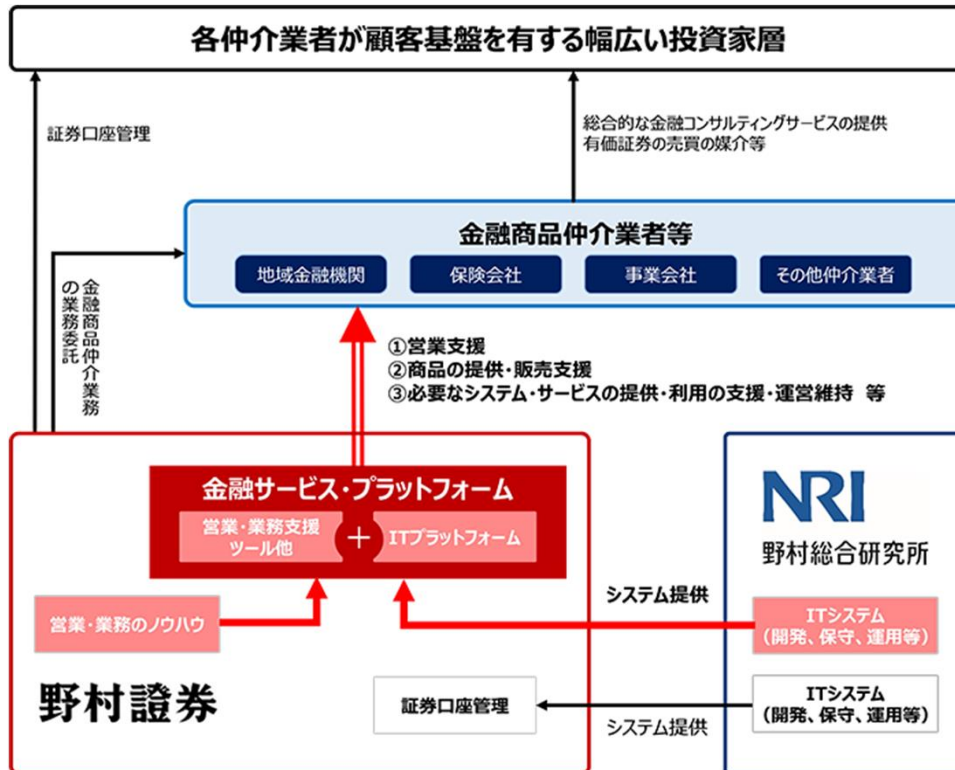


2. Growth Strategy for NRI Financial IT Solutions

① Co-creation partner that helps to achieve finance business & IT strategies (example)

Support for providing financial services & platforms

Launched services for financial product intermediary business in 2023, then expanded the lineup to cater to duties of business companies in 2024



(Source) Nomura Holdings Website (only in Japanese)

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Support for implementing digital strategies of trusts through joint ventures

SUMITOMO MITSUI TRUST GROUP

Investment ratio
60%

Strengthening IT talent to
promote DX

トラスティITコンサルティング株式会社

Capital : 100 million yen

(Scheduled for establishment on April 1, 2025.)

Investment ratio
40%

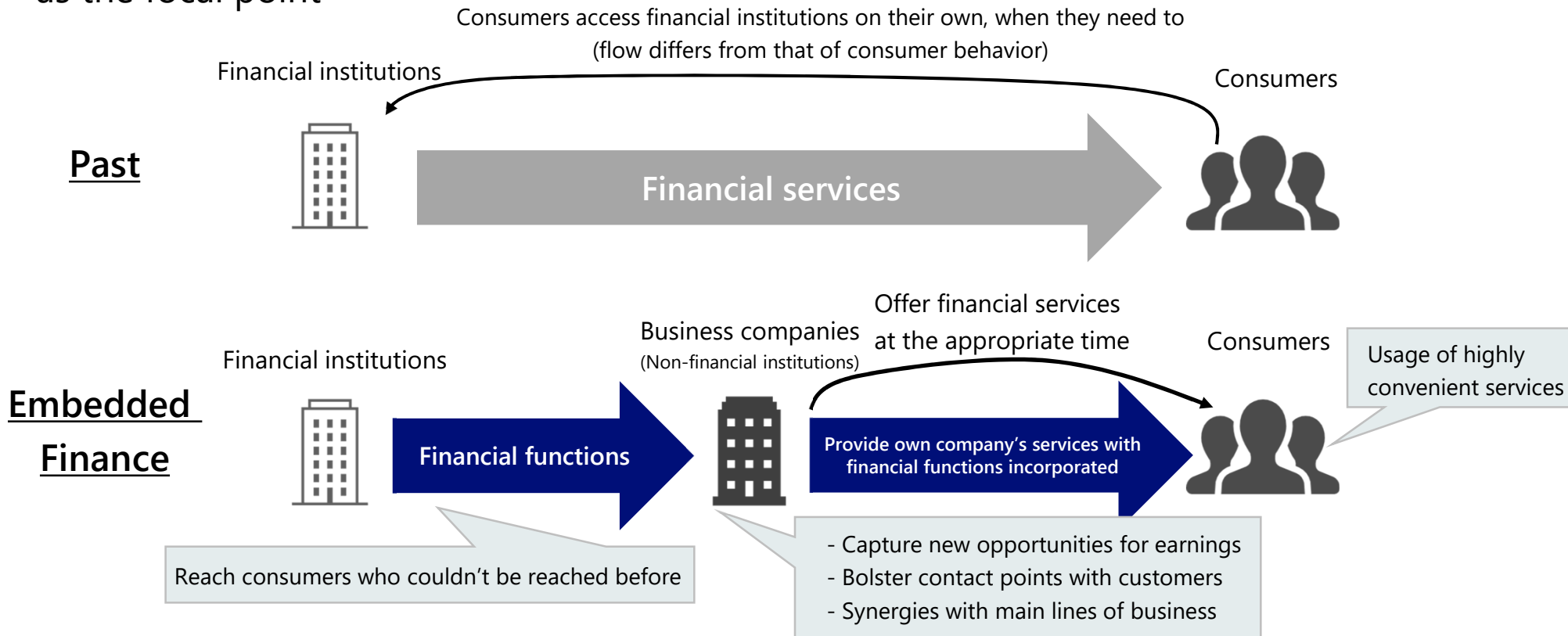
Co-creation of
Trust Digital Business

NRI GROUP

2. Growth Strategy for NRI Financial IT Solutions

② Expand into co-creating finance services for business companies

- Link with the flow of consumer behavior and integrate the **client companies' main lines of business (products, services) with financial functions**
- **Incorporating financial services into client ecosystems at an accelerated pace, with retailers and telecom carriers** who have numerous everyday contact points with consumers as the focal point

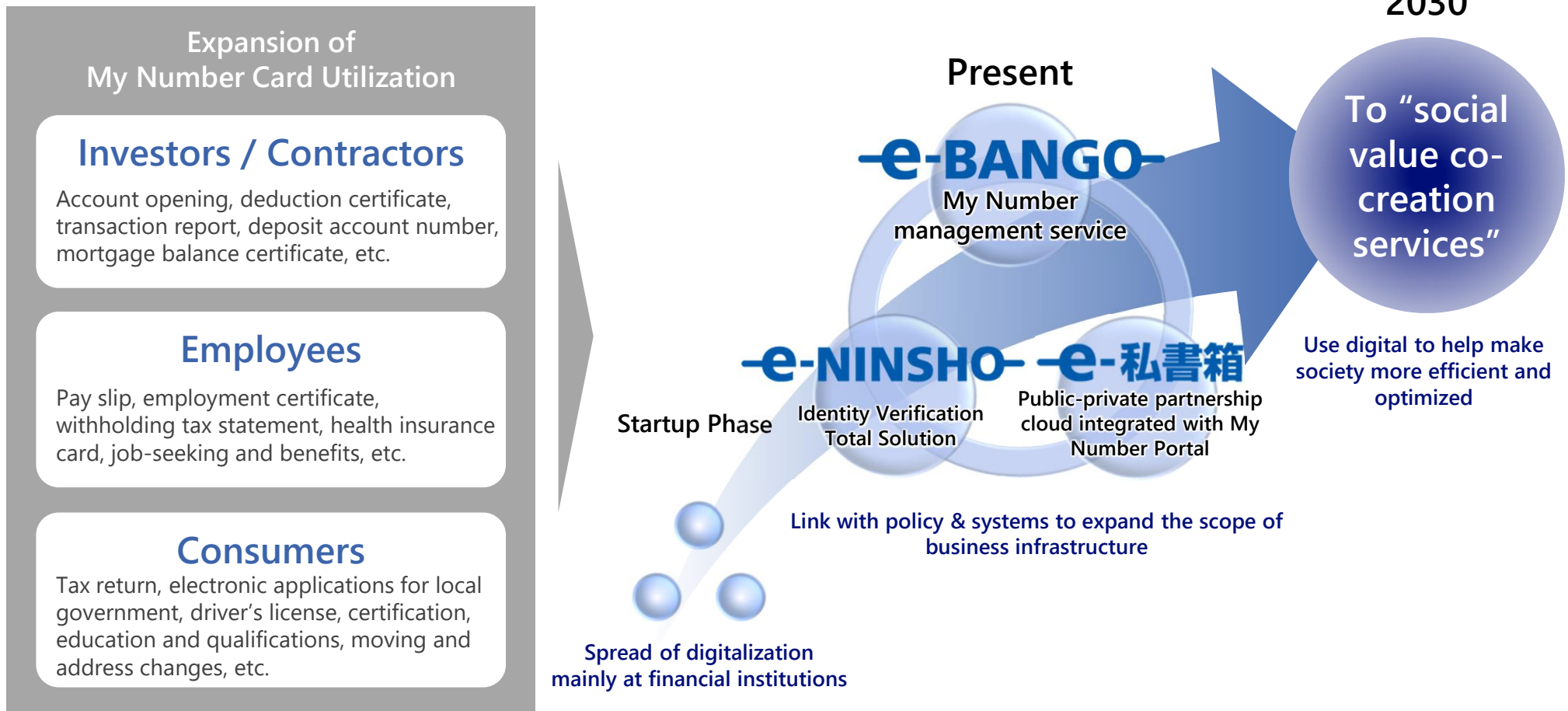


(Source) NRI

2. Growth Strategy for NRI Financial IT Solutions

③ Contribute to solutions for social issues with social infrastructure services such as My Number

- Approximately 97 million My Number cards were held at the end of January 2025 (77.6% of population)
- From finance to industry and the public sector. Evolve to “social value co-creation services” that transcend industry types and businesses, linking the public and private sectors



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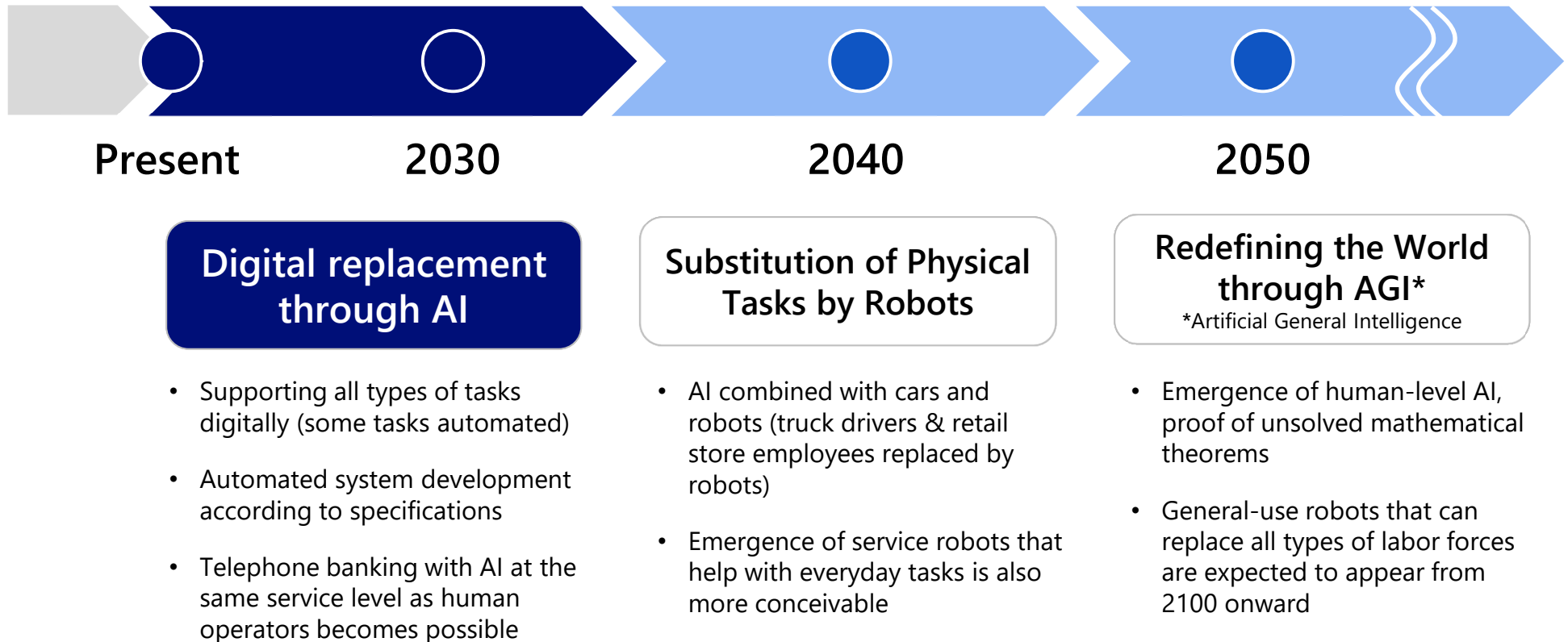
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Continuously Achieving Growth

3. Impact of AI & Future Outlook

Topics are the dawn of generative AI & digital replacement through AI over the next decade

- The lifelines will be the ability to adapt to change & ability to utilize AI vs. those who cannot

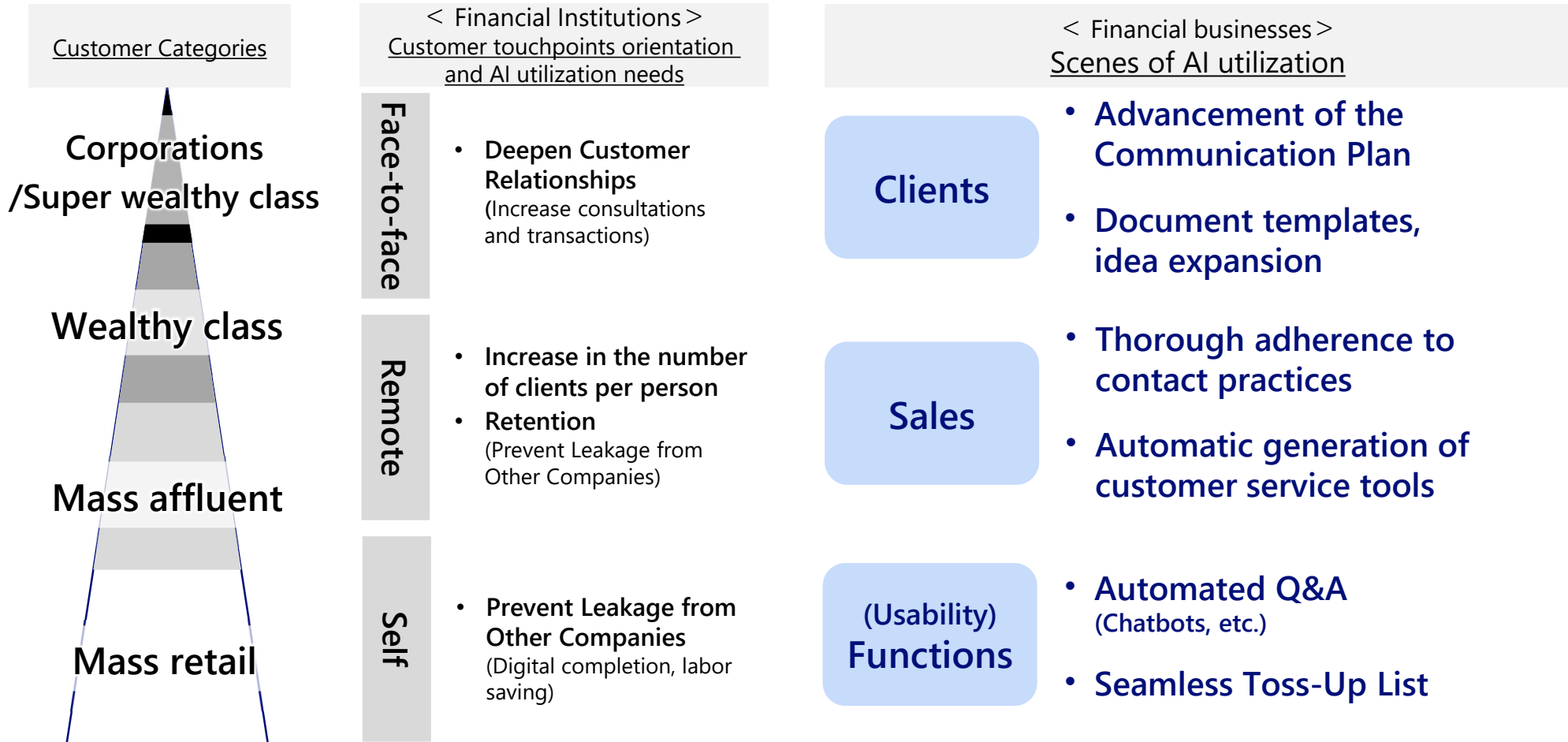


(Source) Created by NRI with reference to "Thousands of AI Authors on the Future of AI"

3. Impact of AI & Future Outlook

Digital replacement through AI has the largest effects in transformation of financial channel strategy

- Use specialized or general purpose customer contact points (many types & volumes) according to customer needs & nature of the operations

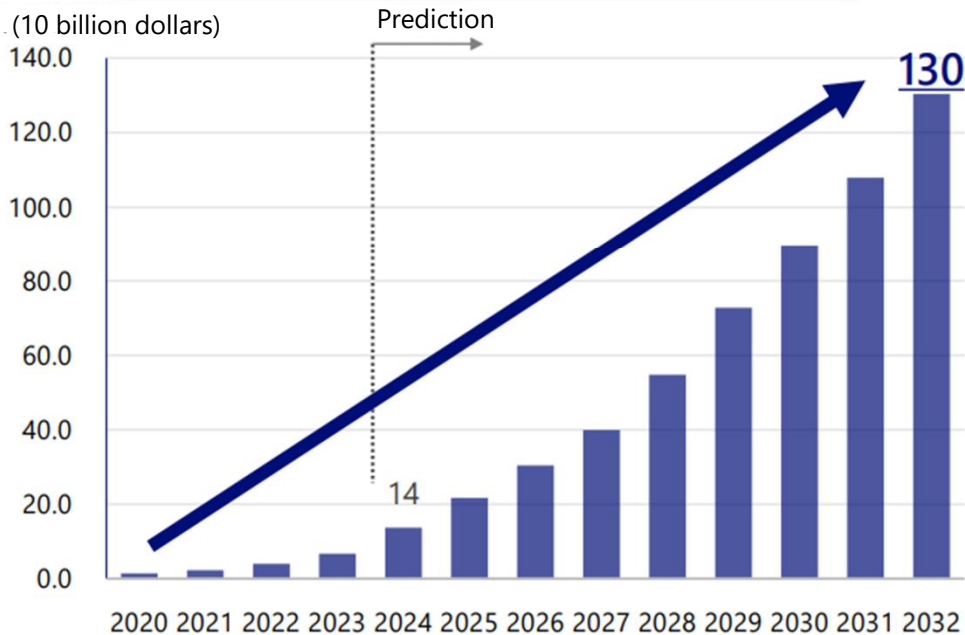


3. Impact of AI & Future Outlook

Along with the advancement of generative AI, IT infrastructure is needed to optimally handle diversification & volume of data

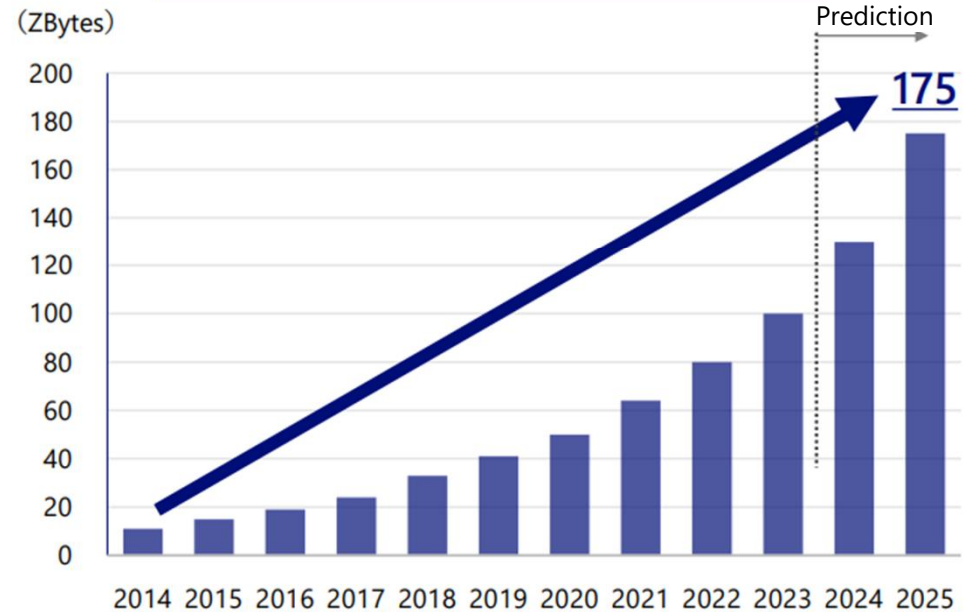
- AI usage harnesses greater effects the more diverse and voluminous the operations data is, and the more labor it requires

Changes and forecast in the size of the global generative AI market



(Source) Ministry of Internal Affairs and Communications, Japan, "Information and Communication in Japan WHITE PAPER 2024" (Year)

Annual size of the global datasphere



(Source) IDC, "The Digitization of the World From Edge to Core" (Year)

3. Impact of AI & Future Outlook

Fully utilize AI in platforms & development methods optimized for finance business

Improve

Corporate Value

Continue

Corporate Value

Offense-oriented AI

Preemptive actions toward new business opportunities & risks through AI usage

Business co-creation in NRI financial AI platforms

Defense-oriented AI

Robust actions against business threats & risks through AI usage

Introducing AI in development processes for large projects

3. Impact of AI & Future Outlook

Through dialogues with managers of financial institutions



In finance, being able to deal with regulations & legal systems, compliance, and copyrights is a prerequisite.

Data structures are increasingly complex in mergers & restructuring, partnerships, etc. Could there be a framework to manage data comfortably without getting discouraged?



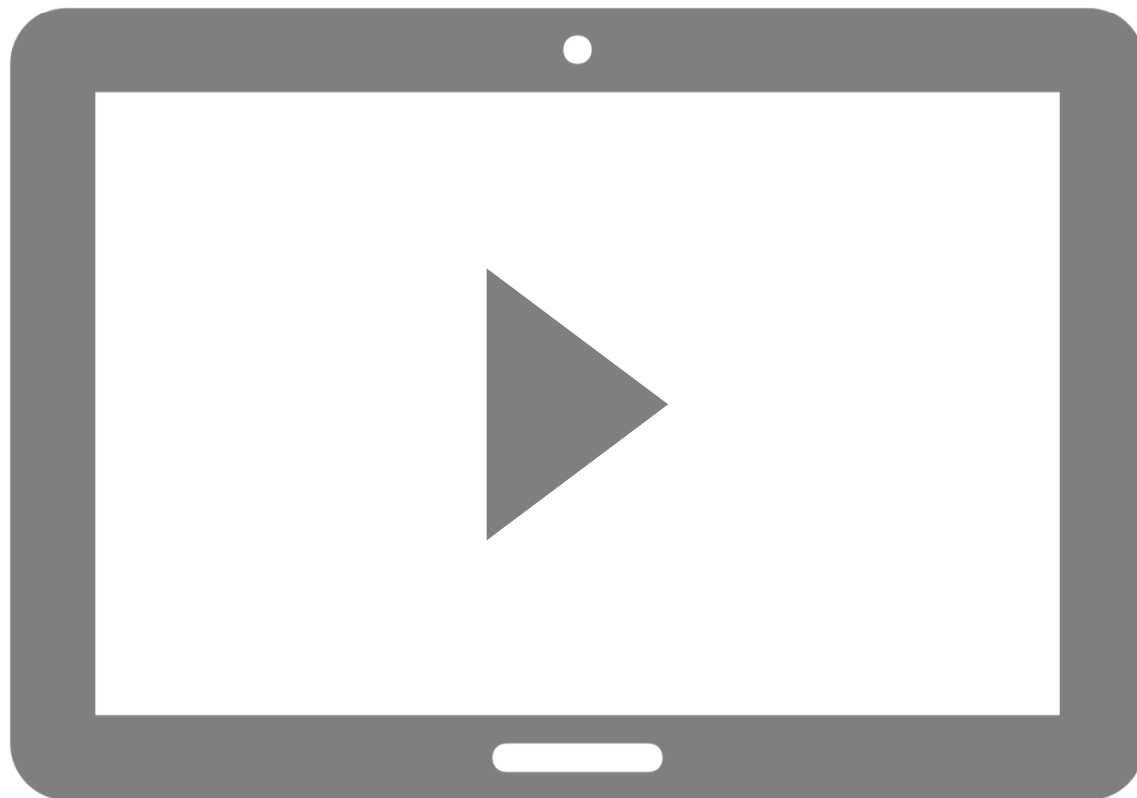
My understanding is that it's still just a tool for efficiently recognizing past information. It does not seem useful in people being able to derive value.

We need staff who can utilize AI in their work and are constantly receptive to new technology.



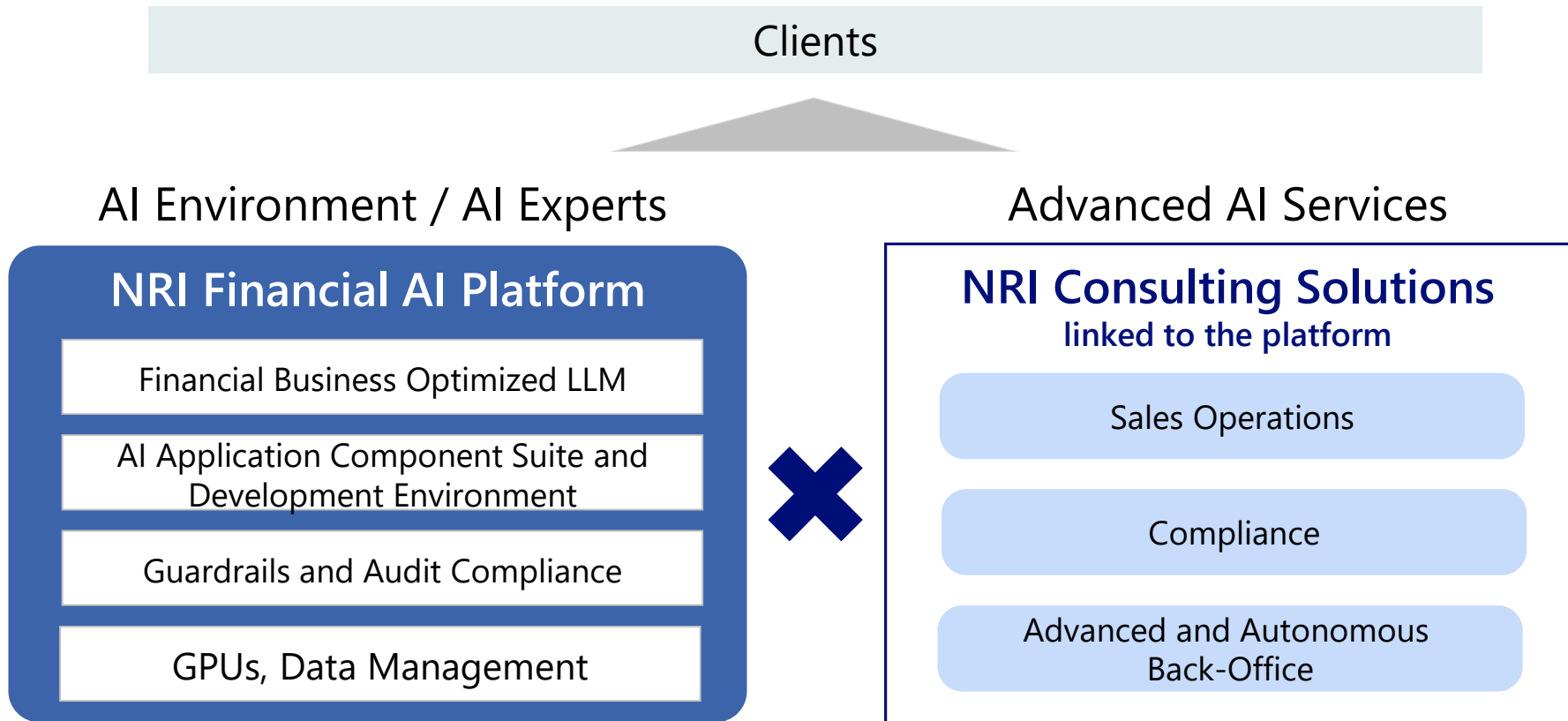
We can make small tasks more efficient but are thinking about how to roll those out to other cases. I think we need a framework for horizontally rolling out success cases.

Offense-oriented AI : Sales Operations by AI assistant (Utilization image)



Offense-oriented AI: Business co-creation in NRI financial AI business platforms

Plan to provide the platform starting from the first half of the FY2025



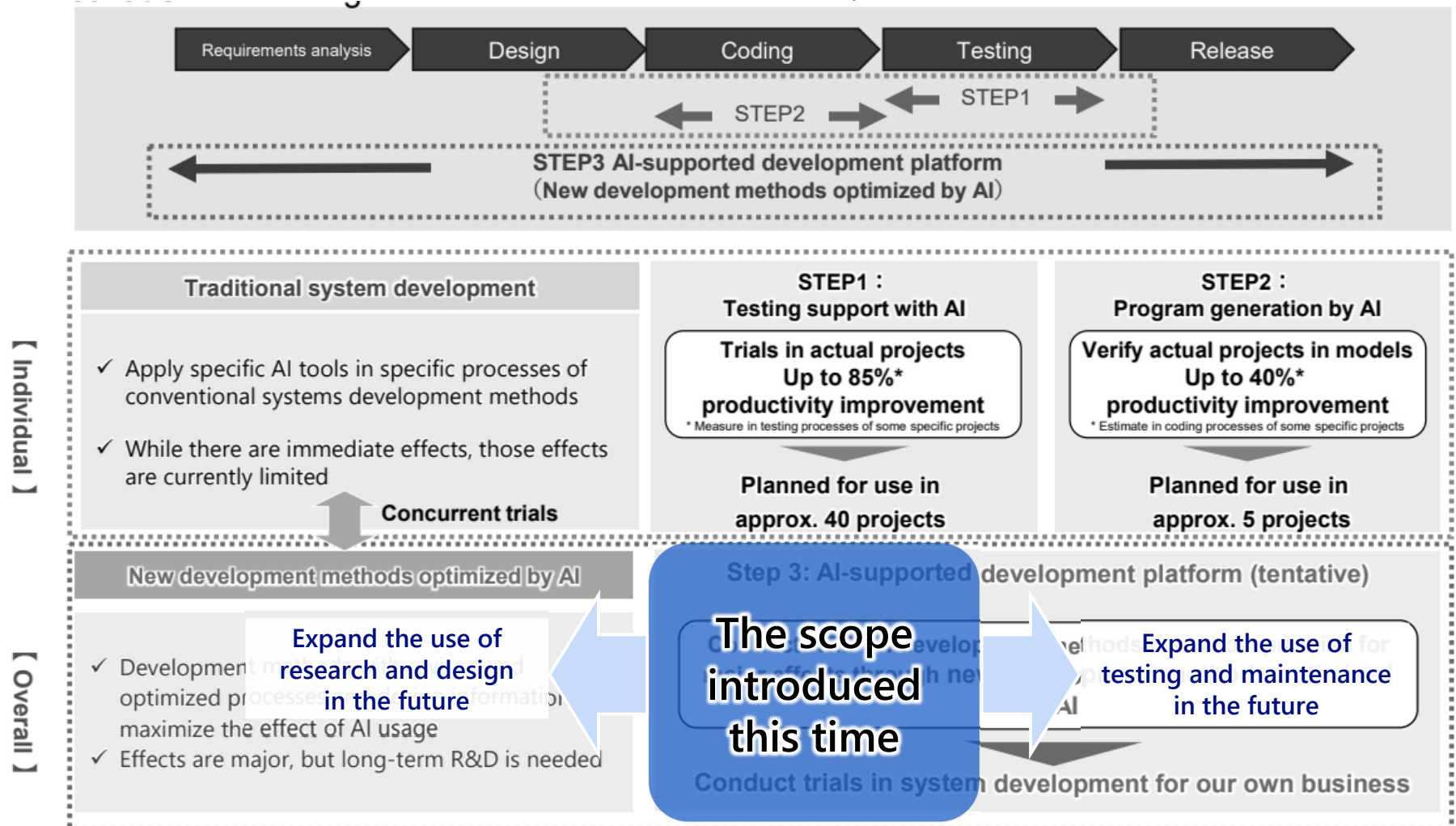
- Enabling the use of AI while ensuring data sovereignty and under rigorous security requirements -

3. Impact of AI & Future Outlook

Defense-oriented AI: Working to establish optimal development methods for AI which serve as a foundation in Medium-Term Plan 2025

"AI Usage – Production Innovation Efforts"

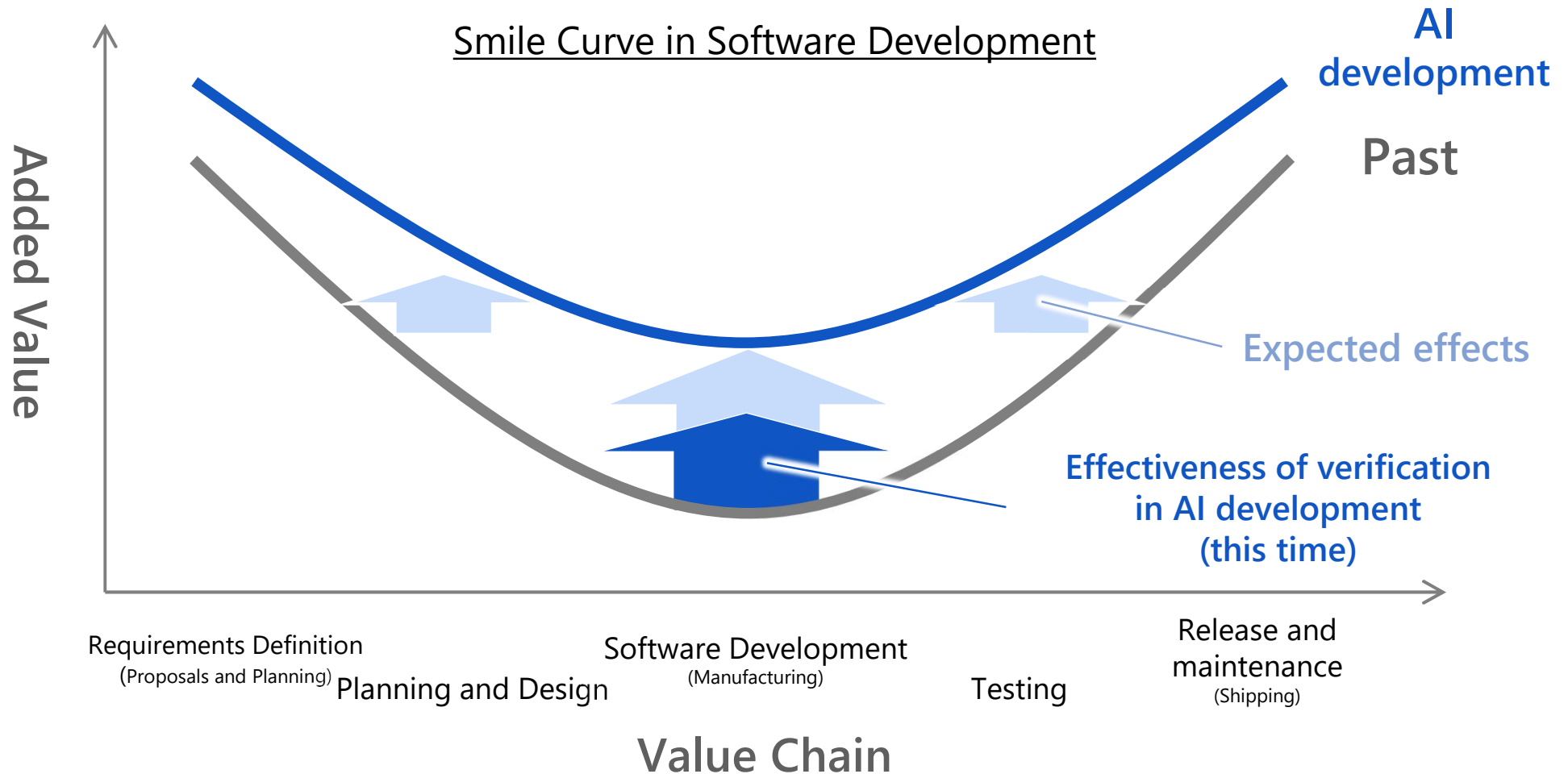
Financial Results Presentation , April 25, 2024



3. Impact of AI & Future Outlook

Defense-oriented AI: Reducing man-hours and time lengths by 20% in application projects to introduce AI in development processes

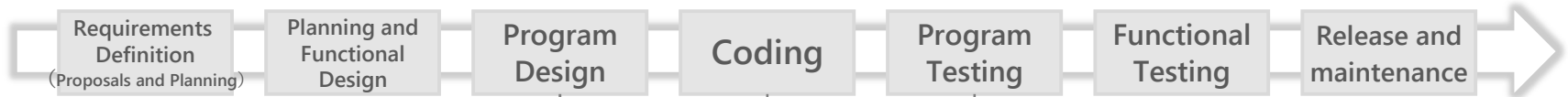
- Three months were reduced and 20% cost savings were achieved (work period of one year, development of around 2.0 billion yen in scale) in a large project applying the AI development model



3. Impact of AI & Future Outlook

Defense-oriented AI: From field testing to commercialization in SaaS, aiming to dramatically improve QCD

As-Is



To-Be



Equation of AI Utilization

AI tools

×

Algorithm

×

Input

Expertise in selecting the best tools for your needs

Retrieval-Augmented Generation, Know-how, etc.

Design information, programs, data, etc.

||

Q

Quality stabilization

(Overcome operational errors and dependency on individual skills)

C

Cost reduction

(Break away from man-month business)

D

Shortening of the period and automated production

(Up to 24 hours of development)

Things we can do

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Continuously Achieving Growth

4. Continuously Achieving Growth

Expanding initiatives that began to sprout in the Medium-Term Plan, and turning the achievements into something more fruitful

NRI Group Medium-Term Management Plan (2023-2025)

Growth Strategies : Core Business

Deepen Core Business (expanding domestic clientele)

[Environment awareness]

- ✓ Integration of management and technology is advancing. DX is growing more complex, and business-operations-core systems integrated large-scale DX demand is emerging. Harness the strength of NRI Con-Solution which knows clients' business and IT inside and out

Consulting (more than ¥5 billion)*	Financial IT Solutions (more than ¥40 billion)
<ul style="list-style-type: none"> • Total support from setting agendas to execution support for increasingly complex DX geared toward digital-first, including business model and organizational reforms, setting KPIs and PDCA through data, etc. • Expand social issue-related consulting projects, including for the public sector, while incorporating new topics such as GX 	<ul style="list-style-type: none"> • Unbundle business platforms and deploy cross-industry services. Also expand our services lineup to address needs • Expand modernization support, including client needs to break away from legacy systems, cloud migrations, etc. • Address industry reorganizations such as securities + local banks, entry into other industries, etc.
Industrial IT Solutions (more than ¥40 billion)	IT Platform Services(more than ¥5 billion)
<ul style="list-style-type: none"> • Capture demand for shifts to DX business such as e-commerce which is spreading to second-tier groups of companies • Handle business process reforms utilizing AI through Con-Solution, and establish deeper connections with clients • Handle large-scale overhauls of core systems including accounting, HR, call centers, and CRM that accompany front-end DX 	<ul style="list-style-type: none"> • Digital risk is getting more advanced and sophisticated. Bolster efforts to address growing cyber security-related needs amid requirements such as legal system compliance. • Offer more cloud platform services, including new services that leverage the advantages of both on-premises and cloud

* The number in () shows revenue growth from FY2022 to FY2025
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Growth Strategies : Core Business

Strengthen Core Business (radical production innovations)

- Work on radical production innovations such as functional integration and cloud migration of existing IT assets, overhauling development frameworks, and leveraging AI in development processes
- Planning a total of approx. 20 billion yen in productivity improvement investments during the term of Medium Term Management Plan 2025

Modernize existing IT assets	<ul style="list-style-type: none"> ✓ Optimize system sizes, including functional integration of financial business platforms ✓ Modernize the industrial field, including infrastructure overhauls and cloud migration
Development framework	<ul style="list-style-type: none"> ✓ Version upgrades for development frameworks • Build embedded development frameworks such as low-code, no-code, and automation • Expand sharing of in-house expertise and establish mechanisms for sharing common modules

Establish development processes that utilize AI

STEP1	STEP2	STEP3
AI testing support	Generate AI programs Automate AI testing	Deploy NRI version AI engines
Utilize AI to reduce man-hours in testing processes	Reduce man hours in testing processes & development processes	Expand application of man-hours reductions in testing processes & development processes

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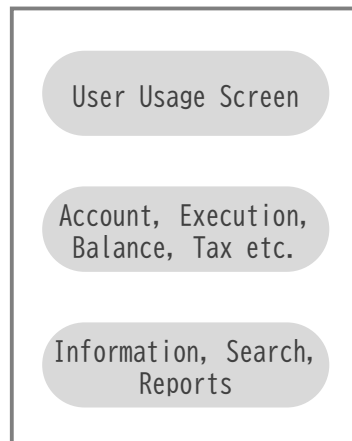
Working on acquiring the expertise be able to apply AI in large-projects after thoroughly understanding the services & operations to fully utilize it as a method instead of a goal

4. Continuously Achieving Growth

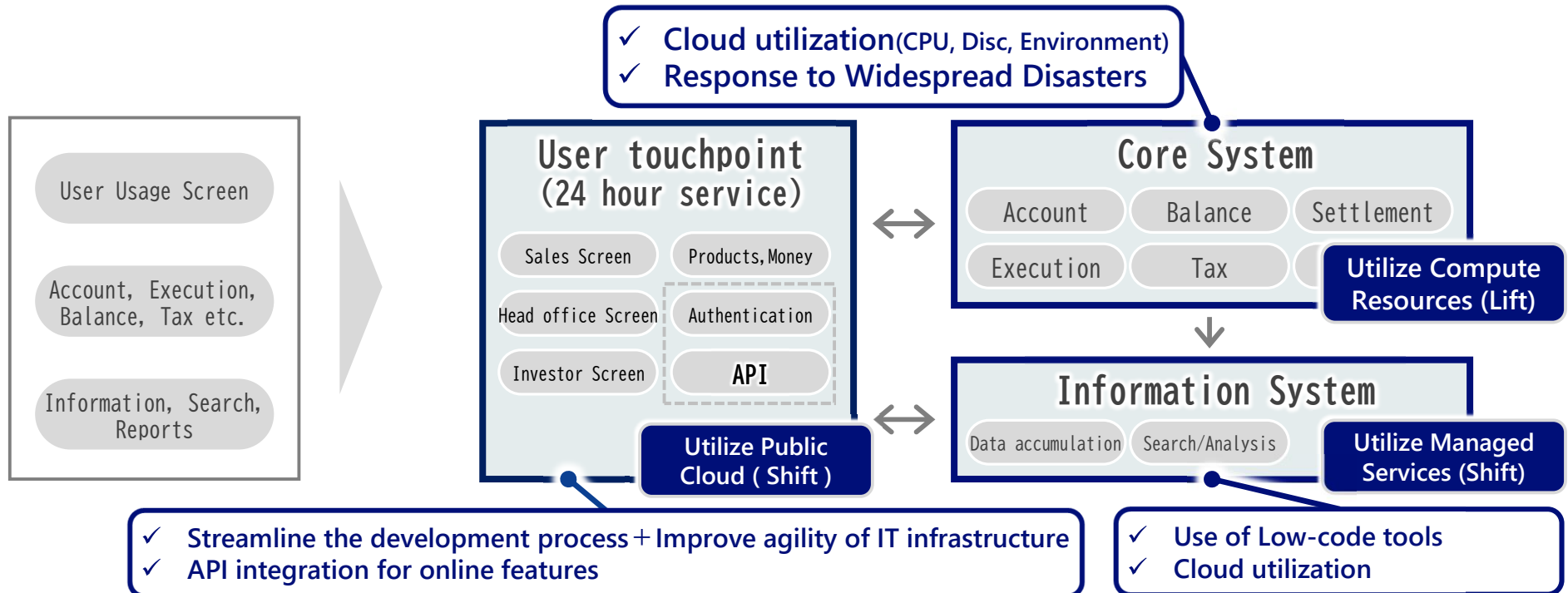
Rather than on an ad-hoc basis, make it a weapon for true future-oriented transformation power

- With STAR, we are using platform overhauls as opportunities to work on phased modernizations of the systems that serve as the basis
(shifting to APIs & multi-cloud, migrations from legacy program languages, applying the latest development frameworks, etc.)
- Going forward, we will work on expanding full-scale application of AI-optimized development methods

old STAR : Monolith



new STAR : Distributed system



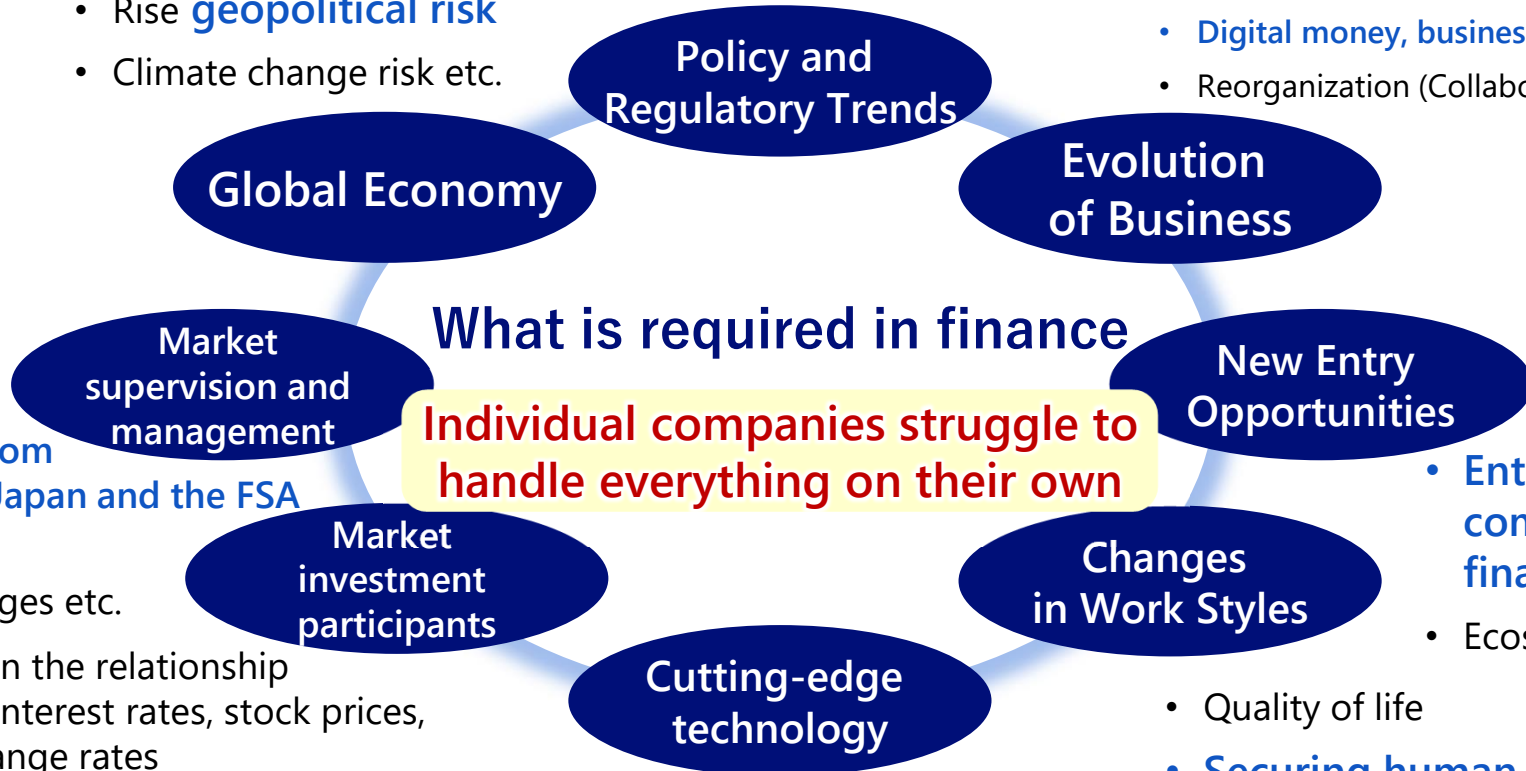
4. Continuously Achieving Growth

Finance must continue to insatiably take on new challenges with sights set on the future

- Plan for achieving a Nation of Asset Management
- Financial regulations by business type etc.

- Rise **geopolitical risk**
- Climate change risk etc.

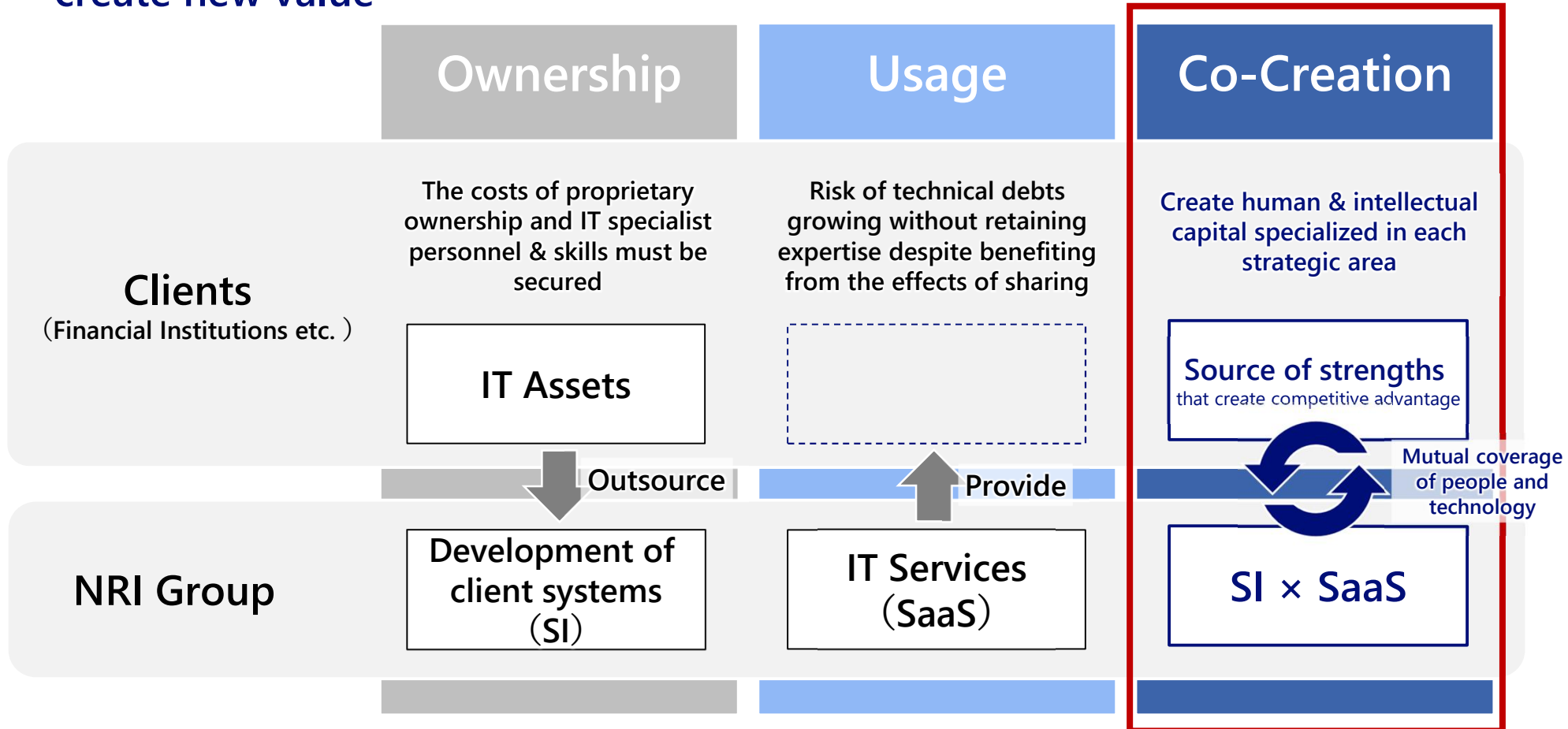
- **Digital money, business digitization**
- Reorganization (Collaboration・M&A) etc.



4. Continuously Achieving Growth

“From ownership to usage” until now, “from usage to co-creation” going forward

- Consolidate the expertise & strengths of clients & the NRI Group to swiftly create new value



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Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ from those in the forward-looking statements as a result of various factors.

The Company does not undertake to revise forward-looking statements to reflect future events or circumstances.

Figures given in the reference data related to the financial results forecasts are figures which are only intended to convey the Company's current circumstances and outlook. The Company does not undertake to revise the forecasts to reflect new information or circumstances.



**Envision the value,
Empower the change**