
NEWS RELEASE

**DG Financial Technology Strengthens Efforts to Prevent Financial Crime as
a Payment Service Provider That Supports Social Infrastructure**
~Building a Merchant Screening Structure with a Risk-based Approach Utilizing RegTech~

- **DG Financial Technology, Inc. (DGFT), a payment service provider (PSP) and subsidiary of Digital Garage, Inc. (DG), has built a merchant screening structure with a risk-based approach*1 utilizing RegTech*2.**

■ Background

As the government and private sector have worked to promote cashless payments, the number of cashless merchants is increasing swiftly along with growth in the offline payment market. Society is also undergoing rapid digitalization due to the COVID-19 pandemic. Companies are entering the online business market, and in 2021 damage caused by credit card fraud in online transactions set a record at 33 billion yen*3. In the international community, countries are collaborating on financial crime measures to prevent funds reaching terrorists and criminal organizations. Japan is stepping up its countermeasures by creating laws, ordinances, and guidelines related to the increasingly diverse range of financial crime.

PSPs, credit card companies, and other members of the payment industry must take steps for financial crime prevention and continuous customer management that detects and excludes malicious merchants. Compliance checks in the industry mainly consist of individual tasks performed with various screening tools, and there is significant room for improvement in terms of speed, accuracy, and costs. With a rapidly growing number of merchants, DGFT quickly worked to promote early-stage screening and DX with the aim of creating merchant screening and management structures to optimize management resources and efficiently minimize risks. DGFT has built a speedy, highly precise merchant screening structure with a risk-based approach. Users can add original screening items required when providing various types of services. The structure is based on SimpleCheck*4, a RegTech solution that automatically and instantly gathers and evaluates dozens of items (including risk information) with a high level of corporate data accuracy and completeness.

■ Future developments

The government is aiming to increase the ratio of cashless payments to 40% by 2025 with a future goal of 80%*5. Both online and offline payments are expected to keep increasing as a wide range of business operators enter these markets. DGFT will continue working to build more detailed, functional merchant screening structures as a PSP that supports credit card transactions—an important type of infrastructure.

Based on its “DG FinTech Shift,” a Group strategy that integrates payments and data, the DG Group is carrying out its FinTech business including BtoB payment services. It will work with DGFT on enhanced efforts to prevent financial crime, and to strengthen management structures while expanding the FinTech business across the entire Group.

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*1 Risk-based approach: Efforts to identify and evaluate risks, and to efficiently minimize these risks by taking appropriate measures.

*2 RegTech: Combining “regulation” and “technology,” this term refers to solutions using the latest IT technologies to handle increasingly complex and advanced financial regulations.

*3 Source: Japan Consumer Credit Association “[Japan Credit Statistics 2021](#)” (July 6, 2022)

*4 SimpleCheck: An automated corporation confirmation solution for financial institutions and service providers from SimpleForm, Inc.

<https://simplecheck.site/>

*5 Source: Ministry of Economy, Trade and Industry “[Calculation of the 2021 Cashless Payment Ratio](#)” (June 1, 2022)