

Press Release

Embargoed for publishing on March 12th 2011

The International Excellence in Retail Financial Services Awards 2011

Rakuten Bank Wins Best Direct Bank Award

- *Rakuten Bank is the sole winner for the Best Direct Bank Award.*
- *Rakuten Bank has developed a successful e-commerce business for internet banking. This was in part achieved through a series of strategic acquisitions which enabled it to provide speedy and effective remittance and payment services.*
- *Over 170 banks and financial institutions from 29 countries across the Asia Pacific, the Middle East, Central Asia and Africa were evaluated as part of the International Excellence in Retail Financial Services programme.*

Singapore, March 11th 2011—Rakuten Bank has been named the Best Direct Bank at the 10th International Excellence in Retail Financial Services Awards Programme. The bank received the award at The International Excellence in Retail Financial Services 2011 Awards ceremony, held in conjunction with the region's most prestigious retail banking event, the Excellence in Retail Financial Services Convention. The ceremony was held at the Shangri La Hotel in Kuala Lumpur on March 11th 2011.

About 150 senior bankers from award-winning banks in 29 countries across the Asia Pacific, the Middle East, Central Asia and Africa attended the glittering event that recognises their efforts in bringing superior products and services to their customers.

The awards programme, administered by The Asian Banker and refereed by prominent global bankers, consultants and academics, is the most prestigious of its kind.

A stringent three-month evaluation process based on a balanced and transparent scorecard used to determine the winners and the positions of various retail banks in the region is attached.

Rakuten Bank is the sole winner for the Best Direct Bank Award.

Rakuten Bank won the award for Best Direct Bank as it relies on a fully electronic distribution network. The bank's business model is transaction-driven and has resulted in high profitability. The bank offers a comprehensive product portfolio over online channels, including credit cards, payment transactions, e-commerce and financial products such as mutual funds, hedge funds and foreign deposits.

Bank customers are generally defined by asset volume, but Rakuten Bank defines customers by transaction frequency. To measure profitability, Rakuten Bank focuses on the activeness of its

customers rather than absolute subscription numbers; it claims that 50% of its new clients use at least one Rakuten service a month, while 75% of its longstanding clients do so. The bank has adopted various methods and campaigns to trigger customer consumption.

A strong core customer base has helped the fee business prosper. Rakuten Bank has 3.6 million retail customers, almost 1.3 million of whom subscribe to loyalty programmes and carry out frequent online purchases. Fees from settlements are by far its largest source of revenue, supplemented by a growing financial products sales division.

Rakuten Bank has developed a successful e-commerce business for internet banking. This was in part achieved through a series of strategic acquisitions which enabled it to provide speedy and effective remittance and payment services.

A robust e-commerce business model has kept costs low and enabled the bank to outperform its competitors. The bank's key areas of focus were to deliver on the expectations of a niche market, continuously innovate, establish cross-industry alliances and develop a performance assessment system.

With the rapidly growing popularity of online services, the Rakuten Group achieved sustained growth by adapting to new market trends, such as the use of smart phones and other mobile devices, and by enhancing the competitiveness of its online services in Japan. The latter entailed the adding of new features, such as social media marketing and personalisation, to its e-commerce systems and other services.

Chris Kapfer, head of Asian Banker Research, says "With the refinement of its group business model, it appears that Rakuten has matured quite fully beyond even what North American firms have been able to do. Although the integrated businesses may suffer from longstanding challenges that are central to the core business of banking, the new, fully-fledged business model ensures that Rakuten Bank is poised for a period of strong innovative growth."

Over 170 banks in 29 countries across Asia, and this year for the first time Africa, were evaluated as part of The International Excellence in Retail Financial Services Programme.

"This year over 170 banks and financial institutions in 29 countries across Asia were evaluated as part of The Excellence in Retail Financial Services Programme in what has become the most prestigious, comprehensive and anticipated awards programme that recognises the pursuit of excellence amongst retail financial institutions anywhere in the world today" said Philippe Paillart, chairman of The International Excellence in Retail Financial Services Programme. He added: "It is amazing to see the rapid development of the retail financial services industry every year, and to experience the narrowing gap between mature and emerging market banks in terms of operational efficiency and technology."

The transparent award evaluation process uses a balanced scorecard approach and a comprehensive methodology to evaluate the strength of individual banks' retail banking

businesses that involve extensive research and probing interviews, and taps the combined experience of a team of experienced researchers.

Paillard, formerly vice chairman and CEO of DBS Bank and a pioneer in the retail banking industry in the Asia Pacific region, elaborated: “The Asian Banker Excellence Programme was instituted in 2001 on the premise that an outstanding player in the retail financial services industry should build business franchises that are sustainable, competitive and profitable over a period of time. To stay abreast of the rapidly growing geographic scope of the programme, The Asian Banker has renamed the awards ‘The International Retail Financial Services Awards’ in 2011.”

About The Asian Banker

The Asian Banker is the region’s most authoritative provider of strategic business intelligence to the financial services community. The Singapore-based company has offices in Singapore, Malaysia, Hong Kong and Shanghai as well as representatives in London, New York and San Francisco. It has a business model that revolves around three core business lines: publications, research services and forums. The company’s website is www.theasianbanker.com

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