

October 23, 2017

**GMO-PG to start sales of JCI's tablets and lines from January
for non-retention of credit card data
-to assist mail order operators get ready for March 2018-**

Targeting January 2018, GMO Payment Gateway, Inc. will start sales of Japan Communications Inc. (hereinafter called JCI)'s tablet terminals and lines engineered so that Ecommerce or mail order operators do not retain credit card data entered for payments.

Online operators that involve credit card payments including Ecommerce or mail order operators (merchants) will be required either to not retain credit card data¹ or to comply with PCI DSS² from March 2018. One option for merchants receiving orders through phone calls, FAX, letters, etc. who choose to not retain credit card data is to enter credit card data into tablets that meet certain requirements³ and to pair it with a settlement system that complies with PCI DSS.

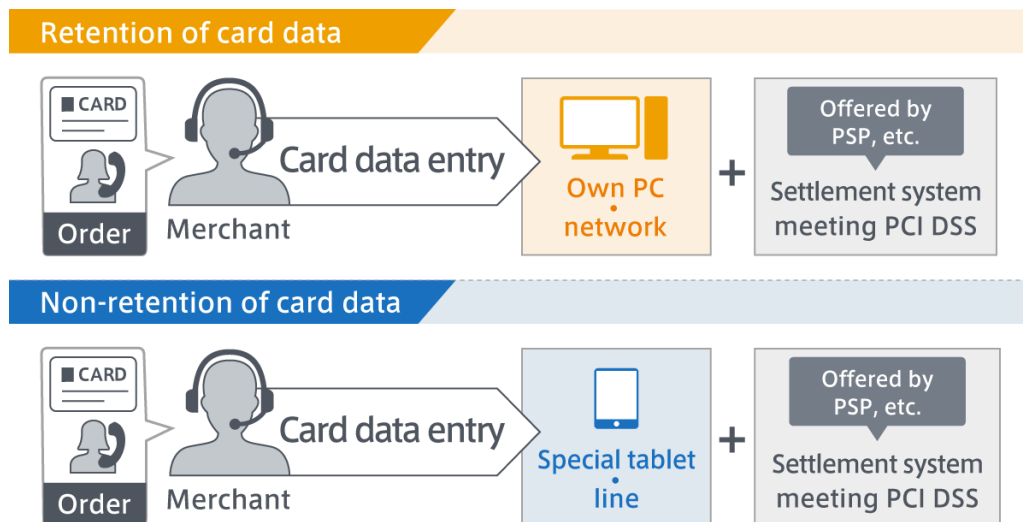
GMO-PG will comprehensively support online merchants by starting sales of the new tablet terminals and lines, in addition to the existing "non-passing-over settlement"⁴ service.

¹ A state in which merchants do not "store", "process" or "pass over" consumers' credit card data (card holder's name, card number, expiration date, etc.) in or through their terminal or network

² PCI DSS (Payment Card Industry Data Security Standard) is the global security standard for credit card industry formed by the five global credit card brands of JCB, American Express, Discover, MasterCard and VISA.

³ Action Plan 2017 stipulates that one of the measures to not retain data is to install terminals and lines to be used for this purpose only that meet all of the following requirements: not owned by the merchant, not have access to merchant's internal network, payment service provider and the likes has either did or instructed security condition setup.

⁴ A settlement system that eliminates the chance for online merchants to access buyer's credit card number, enabling "non-retention" of credit card data.



【Background and overview】

With an eye on the upcoming 2020 Olympics and Paralympics, there have been growing calls in Japan for raising credit card transactions' security environment to a global level in a bid to improve payment convenience and efficiency amid spreading cashless payments. "Act for Partial Revision of the Installment Sales Act" is a compilation of measures including mandating merchants to take security measures on credit card data, planned to be implemented by June 2018. Credit Transaction Security Council⁵ published "Action Plan 2017"⁶ as its guidelines.

Under Action Plan 2017, online operators handling credit card payments through Ecommerce, mail order, etc. (merchants) are mandated either to adopt “non-passing-over settlement” method to not retain credit card data or comply with PCI DSS from March 2018 onward. Receiving orders through phone calls, FAX, mails, etc. and storing consumers’ credit card data on paper form is not regarded as a retention act while merchant staff inputting received card data into company’s computer, etc. is considered a retention act. Therefore, merchants will be required to use PCI DSS-compliant external services (IVR settlement system, tablet terminals and lines designed specifically for this purpose, BPO for card data entry work, etc.) for card data entry as well as to use a PCI DSS-compliant settlement system that payment service providers offer.

Amid such environment, GMO-PG has decided to start selling JCI’s tablet terminals and lines designed for this purpose targeting January 2018. Together with the existing “non-passing over type settlement”, this forms GMO-PG’s comprehensive support for Ecommerce and mail order operators to go non-retention.

⁵ Various entities involved in credit card transactions and Ministry of Economy, Trade and Industry established in March 2015

⁶ “Action Plan 2017 for the Consolidation of Security Measures for Credit Card Transactions” March 8, 2017

【Tablet terminals and lines to be sold by GMO-PG】

Ecommerce and mail order operates simply need to replace their computers with our tablets and lines offered by JCI for entering consumers’ credit card data received in order taking via calls, letters, etc. This is a simple way to realize “non-retention” of card data, free of major changes to conventional order taking operations.

Card data entered does not pass through merchant’s internal network since card data entry and settlement take place directly on an administration page of GMO-PG’s settlement system and run on JCI’s dedicated lines. Besides, the installation does not need additional system development since the dedicated tablet terminals are already configured, meeting all the necessary security standards in non-retention of card data.

【GMO-PG’s measures on “Action Plan 2017”】

(URL: <https://www.gmo-pg.com/en/service/mulpay/security/execution/>)

In line with “Action Plan 2017”, GMO-PG has been offering multilateral and multilevel prevention systems/services against unauthorized usage such as “tokenization”⁷ and “redirect type”⁸ settlement system that enables data non-retention for merchants as well as merchant enlightenment activities represented by conducting seminars.

⁷ A settlement method that involves converting credit card number into token (random alphanumeric sequence)

⁸ A settlement method in which the entire processing after card data entry runs on payment service provider’s server

【Japan Communications Inc.】

Japan Communications Inc. (JCI) was established on May 24, 1996 as the company to fulfill the objective of the Ministry of Communications and Internal Affairs (MIC) that next-generation Internet, driven by mobile communications, should form the foundation of Japan’s future economic growth. JCI’s business model later became to be called MVNO. In March 2009, JCI achieved interconnection with NTT docomo under MIC’s policies to liberalize the mobile market. This interconnection meant that consumers could purchase mobile connectivity (SIMs) from sources other than the mobile carriers for the first time and led to the creation of the “kakuyasu SIM” market. Now it is time for companies from all industries, not just cellular companies, to embed mobile connectivity in to their devices. As the MVNO pioneer and the world’s first mobile solutions enabler, JCI is using its strong technological vision and know-how in implementation to build the next generation

platforms required to support the next phase of global economic growth, which will originate in Japan. Offices are located in Tokyo, Japan, Denver (Colorado) and Ponte Vedra (Florida) in the United States, and Dublin, Ireland. JCI is listed on the Tokyo Stock Exchange. (Securities Code: 9424). As JCI's Corporate governance policy, outside directors comprise the majority of the Board of Director and all outside directors are independent directors.

【GMO Payment Gateway】

GMO-PG offers comprehensive payment services and financial services to 88,425 merchants (as of June 2017, GMO-PG Group), including operators of online shops and sellers of digital content, operators who collect recurring monthly payments, such as NHK and those who offer subscription purchases, and public organizations such as the Japan Pension Service and the Tokyo Metropolitan Government. Services for added value such as online advertising services that contribute to boosted merchant sales, focused chiefly on payment services. Supplying loans and other financial services that support the growth of merchants from a funding perspective and actively engaging in overseas initiatives like overseas payment services, the yearly payment amount processed by GMO-PG over 20 billion USD.

GMO-PG aims to enable both consumers and businesses to enjoy payment methods that are convenient and equipped with high levels of security and to serve as the infrastructure for payment processes in Japan. GMO-PG will promote initiatives for new innovation such as FinTech and contribute to improving the rates of e-commerce in Japan as a leading company in the payment industry.

【Related Links】

- GMO-PG (Service) URL : <https://www.gmo-pg.com/en>
- GMO-PG (Company Profile) URL : <https://corp.gmo-pg.com/en>

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