

Zengin System Extended Operating Hours

- Zengin System extended operating hours refers to an initiative to make this system, which communicates credit transfer information between banks, operational 24/7.
- This would improve the convenience of credit transfers by making real-time payments possible for credit transfers to other banks between late afternoon and morning on weekdays and on Saturdays, Sundays, and holidays.
- The target date for extending the operating hours is the second half of 2018 (the time when individual banks start participating will vary depending on when they complete their own preparations).

Framework for Realizing Extended Opening Hours

- Participation in this initiative is at the discretion of individual banks. Furthermore, participating banks will also be able to choose the time period during the newly extended operating hours (between late afternoon and morning on weekdays and on Saturdays, Sundays, and holidays) when they will be connected to **the More Time System***1 and therefore able to handle credit transfers.
- However, all banks participating in this initiative shall be **connected to the More Time System during the period from 3:30 p.m. to 6 p.m. on weekdays**, when there is high demand among both individuals and companies (for banks that do not participate in the initiative, there will be no change).

*1 The new platform to be built separately from the current system in order to realize this initiative. It will be used only to handle transactions during the period between late afternoon and morning on weekdays and on Saturdays, Sundays, and holidays, which are not covered by the current system.



During the newly extended operating hours, **real-time payment will be possible in cases where both the bank of the customer requesting the credit transfer and the bank that will receive the credit transfer are connected to the More Time System at the time the credit transfer is requested**

(Please note that channels [ATMs, etc.] for making credit transfers and the time periods when they are possible will be specified by individual banks. Furthermore, there are cases where real-time payment may not be possible, depending on the recipient bank and account conditions.)

Operations Covered by Newly Extended Hours

- The extended hours shall cover credit transfers of less than 100 million yen.*2

*2 The actual amount that customers can transact may vary depending on factors such as the maximum handling amount specified by the participating bank.

- Credit transfers involving a deposit date specified in advance (post-dated credit transfers) or **credit transfers involving requests to make multiple transfers at once (bulk transfers or salary/bonus transfers) shall not be covered.**

Intention of Banks to Participate in the More Time System

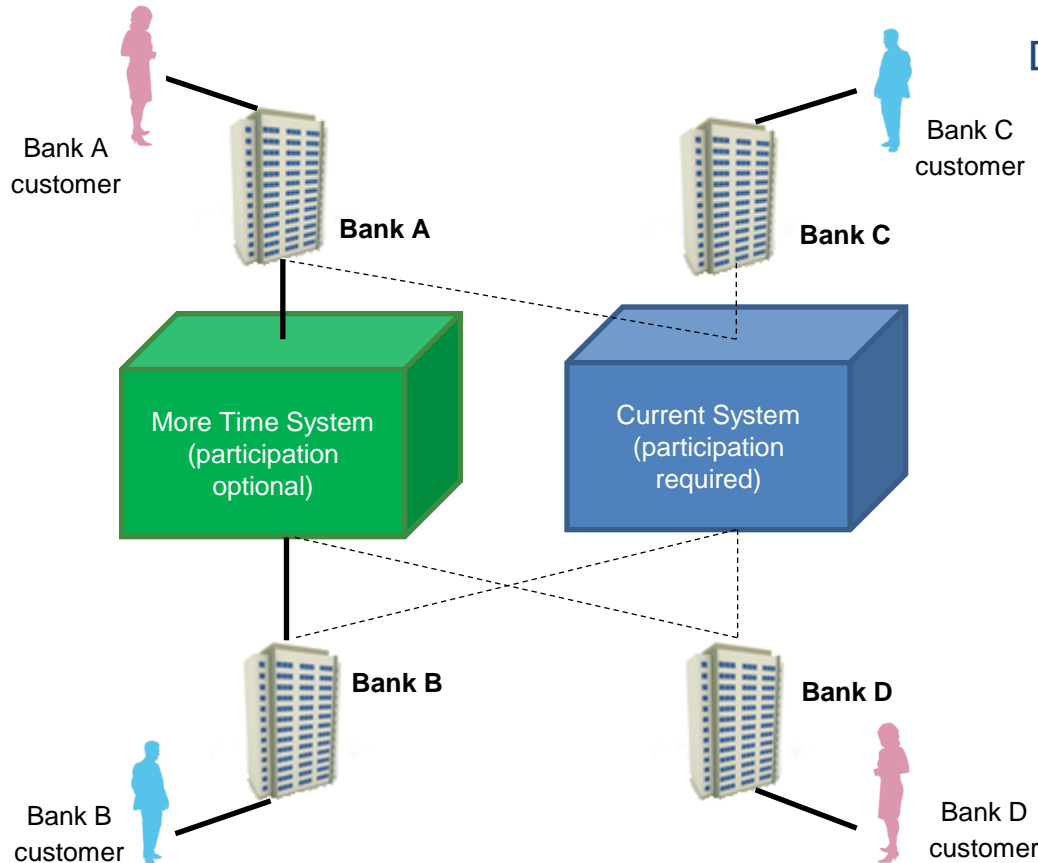
- As of the end of May 2016, **approximately 80% (112 banks) of all member banks***3 wished to participate from the beginning of the service.
- The framework is designed to also enable participation by banks who do not participate from the beginning, once they are ready. The number of participating banks is therefore expected to gradually increase.

*3 Out of all clearing participants (144 banks) and financial institutions that outsource clearance using a separate connection method (1 bank) (total of 145 banks as of the end of May 2016). This count therefore does not include credit unions, credit associations, labor credit associations, agricultural cooperative credit federations, fishing cooperative credit federations, agricultural cooperatives, and fishing cooperatives.

Image of Credit Transfer during Newly Extended Operating Hours

<Presumed conditions>

- Bank A, Bank B, and Bank D are participants in the More Time System (Bank C is not a participant)
- The transaction occurs at a time when only Bank A and Bank B are connected (Bank D is not connected due to system maintenance, etc.)



- Solid lines (—) indicate network lines that are in communication.
- Dotted lines (- - -) indicate network lines that are not in communication.

[Credit Transfer Transaction Cases and Payment Timing]

Transaction Case		Payment Timing
Case 1	Bank A customer making credit transfer to Bank B customer	(Credit transfer between banks connected to the More Time System)
Case 2	Bank B customer making credit transfer to Bank A customer	⇒ In either case, <u>real-time payment is possible</u> *4
Case 3	Bank A or Bank B customer making credit transfer to Bank D customer	(Credit transfer between a bank connected to the More Time System and a bank that is not connected)
Case 4	Bank D customer making credit transfer to Bank A or Bank B customer	⇒ Payment will be made when Bank D <u>reconnects to the More Time System</u> or on the following <u>business day</u>

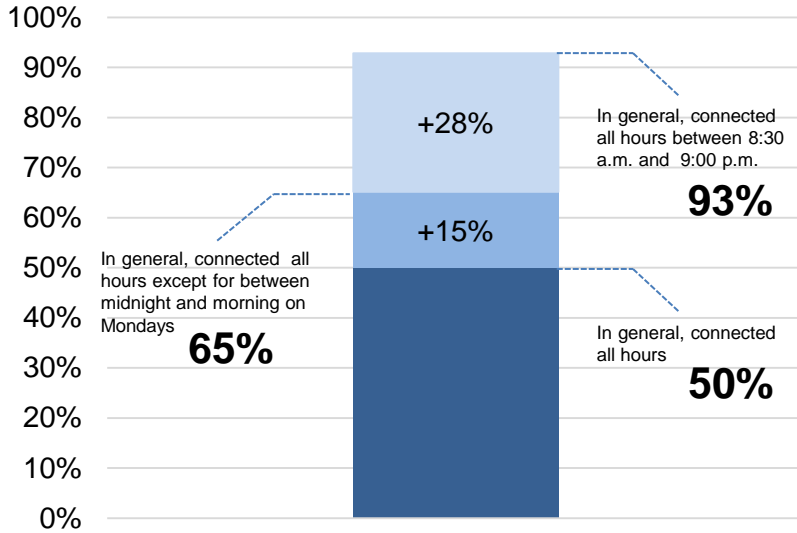
- Cases other than the above (e.g., credit transfer from or to Bank C)
⇒ Payment will be made on the following business day, as is currently the case

*4 Channels (ATMs, etc.) for making credit transfers and the time periods when they are possible will be specified by individual banks. Furthermore, there are cases where real-time payment may not be possible, depending on the recipient bank and account conditions.

Result of Survey on Planned Hours of Connection to the More Time System (Summary) As of September 30, 2016

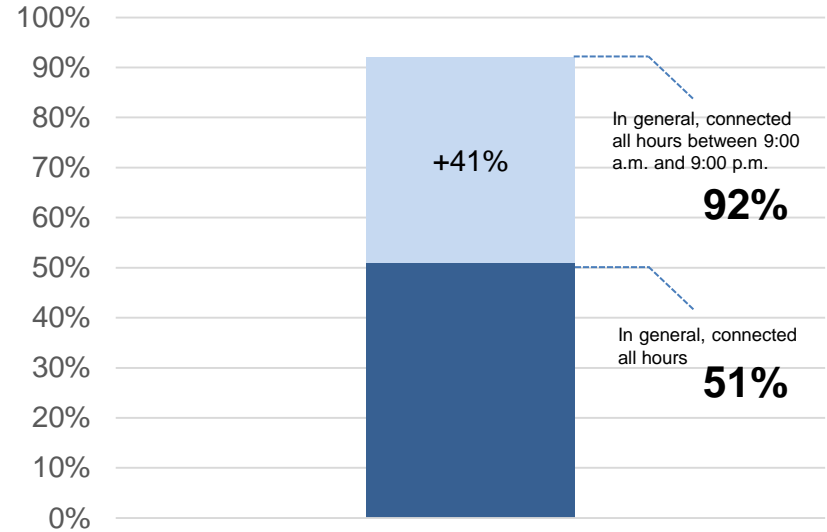
[Planned connection on weekdays]

(Percentage of the entire number of banks applying for participation)



[Planned connection on Saturdays, Sundays and holidays]

(Percentage of the entire number of banks applying for participation)



(Definitions, etc.)

- “The entire number of banks applying for participation” refers to those banks that, in addition to being member banks, have indicated their wish to participate in the More Time System from the beginning of operation (112 banks) and were subject to this survey. “Member banks” refers to all clearing participants (144 banks) and financial institutions that outsource clearance using a separate connection method (1 bank) (total of 145 banks as of the end of September 2016: including banks that do not wish to participate in the More Time System from the beginning of operation). This count therefore does not include credit unions, credit associations, labor credit associations, agricultural cooperative credit federations, fishing cooperative credit federations, agricultural cooperatives, and fishing cooperatives.
- The above is a survey on the planned hours of connection to the More Time System by the banks applying for participation, and not a survey on their available service hours of channels (counter, ATM, internet banking, etc.) to accept credit transfers.
- “In general, connected all hours” and “In general, connected” refer to the cases in which the basic disconnected hours within the subject time frame on each day is less than 30 minutes and exceptional disconnection hours such as for maintenance is two times or less in a month. (For instance, “In general, connected” for all hours between 8:30 a.m. and 9:00 p.m. on weekdays means that disconnected hours between 8:30 a.m. and 9:00 p.m. from Monday through Friday is less than 30 minutes on each day and exceptional disconnection hours such as for maintenance is two times or less during the entire hours between 8:30 a.m. and 9:00 p.m. from Monday through Friday.)
- “8:30 a.m.” in “In general, connected all hours between 8:30 a.m. and 9:00 p.m.” for [Planned connection on weekdays] refers to the start time of the normal core time on weekdays. The core time is a period of time for which all member banks commonly connect (“8:30 a.m. to 3:30 p.m.” on weekdays. However, “7:30 a.m. to 4:30 p.m.” on the last business day of the month (except for the last business day of the year).) This will remain unchanged and all member banks will connect during the core time even after the start of the operation of the More Time System.
- It proved that the percentage of member banks that will connect during the year-end and new year holiday was similar to that for Saturdays, Sundays and holidays.