

NYK Group Innovative Story

Circulating Value through MarCoPay

Many non-Japanese seafarers encounter various financial problems due to their fixed-term employment for each period of work aboard a ship, which can be more than six months.

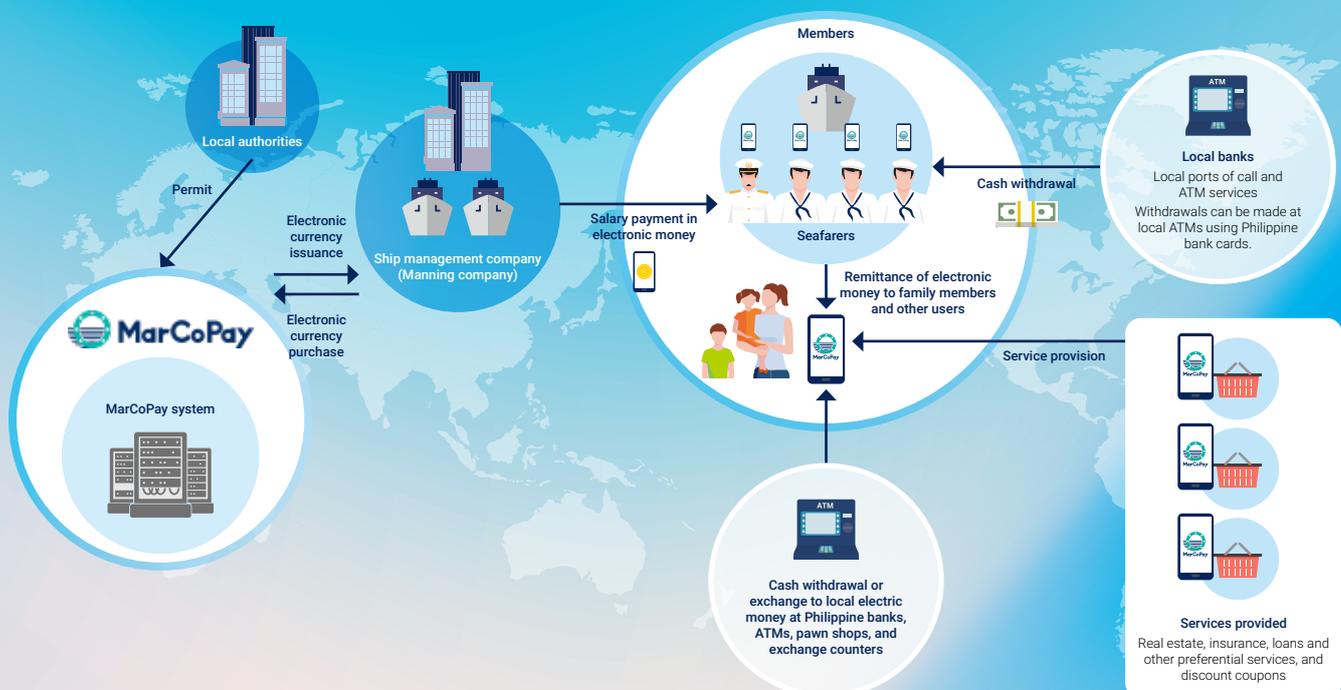
To improve the daily lives of seafarers as much as possible, we established MarCoPay Inc. and worked tirelessly to resolve social issues. This section provides a glimpse of how MarCoPay works in practice.

What is MarCoPay?

It is an electronic money platform for seafarers.

Many talented seafarers hail from the Philippines. With local financial infrastructure still underdeveloped in many ways, seafarers previously faced difficulties in obtaining personal loans and other services. Through MarCoPay, we can help solve these issues and contribute to improving the quality of life for seafarers.

Conceptual diagram of onboard use of electronic money platform



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Full-Scale Operation of the MarCoPay Platform Created by a Maritime Shipping Company

MarCoPay was officially launched in the Philippines in 2021. Jointly operated by NYK and its long-standing business partner in the Philippines, Transnational Diversified Group (TDG), MarCoPay is a life-supporting platform for seafarers that utilizes electronic money. The platform enables users to receive their salaries in electronic money, transfer money to family members and friends, pay bills, and convert the electronic money back into cash at bank counters, ATMs, and non-bank institutions across the Philippines, as well as apply for loans prior to embarking on ships. The system is licensed by the central bank of the Philippines and is also recognized by the Department of Labor and Employment and related government agencies. In the Philippines, ongoing restrictions on movement and other measures to prevent infection during the COVID-19 pandemic are driving growth in needs for digital settlements, and the amount of settlements made using electronic money is growing exponentially. However, the core concept of MarCoPay is much more than just an electronic money settlement service.

In addition to basic financial services such as deposit management and money transfers, MarCoPay focuses on the potential value of seafarers and their financial needs. It aims to serve seafarers as a life-supporting platform that provides services such as loans, insurance, and communications—which are necessary at each stage of life—with better conditions. “MarCoPay reduces the burden of dealing with cash on seafarers and those around them,” says Toshiaki Fujioka, the president and CEO of MarCoPay Inc. “Our mission is to provide opportunities for seafarers to harness their economic potential to enrich their lives. I believe that achieving this mission will lead to not only the success of our business but

Profile

Toshiaki Fujioka

MarCoPay Inc.
President and CEO



Mr. Fujioka joined NYK in 2000. After working at NYK Bulkship (Atlantic) NV and in the Nippon Yusen Secretary Group and Digitalization Group, he was appointed to his current position in October 2019.



also the sustainable growth of the maritime community, based on which MarCoPay is named.”

The Philippines provides more global seafarers than any other country. While they earn higher than the average income in their home country, the immature state of the financial infrastructure in the Philippines and the fact that seafarers from there have fixed-term contracts for each period of work aboard ships mean that their economic value is not properly recognized by society and its systems. There are almost no local loan services in the country available to seafarers, and those that are available have high interest rates. Even captains, whose annual income exceeds ¥10 million, are required to provide proof of employment when using loan services. However, proof of employment is issued just before boarding. This means that they have virtually no access to unsecured personal loan services at appropriate interest rates. To address this issue, MarCoPay launched a personal loan service in the Philippines in the fall of 2020. The service provides loans with competitive conditions in cooperation with a crew manning company, and the loans do not require collateral. “In addition to electronic money, we aim to be a provider of

attractive services that closely reflect the lifestyles of seafarers and their families, including loans and insurance. We also aim to provide seafarers with ways to enrich their lives by encouraging them to not only use money but also build assets, including savings. This personal loan service is the first step toward realizing this vision,” explains Mr. Fujioka.

The COVID-19 pandemic will also help to increase the use of MarCoPay. The Philippines comprises over 7,000 islands, not all of which have banks or ATMs within the areas where people live. Strict controls on people going out have made it even more difficult to access banks. Ship management companies are actually beginning to distance themselves from cash dealings. There are also signs of cross-industry efforts to improve the environment for seafarers under the influence of COVID-19. MarCoPay will surely prove to be a valuable service for many seafarers.

02

The Unique Perspective of a Maritime Shipping Company



MarCoPay is based in the Philippines for several reasons. First, Filipinos make up a significant proportion of the world's seafarers, particularly on Japanese ships, where they account for 80% of crew members. Another major reason is that financial infrastructure and financial literacy in the Philippines are still developing, and there is a lack of services that match the economic potential of seafarers.

Seafarers and their families often spend long periods living apart. Therefore, they tend to face problems with various aspects of life, such as funds and healthcare. The MarCoPay concept is based on developing services to provide multifaceted support for talented seafarers, as well as making the overall maritime shipping industry more

competitive through the circulation of value. It is for this reason that MarCoPay has adopted a neutral position and offers its services broadly to all shipowners, ship management companies, and crew-managing companies. "The maritime shipping and logistics businesses involve more than just transporting goods; they are excellent at circulating value. However, measured by the yardsticks of value in industry and society overall, these businesses tend to be underappreciated. MarCoPay was established from a sense of urgency that we and the younger generations must do something ourselves," Mr. Fujioka emphasizes.

Today, MarCoPay receives many inquiries from various companies, including NYK Group-related companies. MarCoPay's

initiatives are drawing strong interest from an increasing number of operators from the perspectives of ESG and the SDGs. Mr. Fujioka has also noticed the surge in interest: "As the yardsticks for measuring value evolve with the times, people are beginning to appreciate the significance and value of MarCoPay even more."



Potential for the Future

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In the Philippines, MarCoPay has set up a system to handle certain loan and insurance agency services as well as an app, in a bid to increase the numbers of seafarers and operators participating in the electronic payment platform. In other services, the company plans to collaborate with a wide range of partners that share its mission.

The company is also promoting the launch of community-focused services. It set up group insurance services that people can join at discounted rates and introduced global SIM cards in cooperation with

telecommunications providers. In the Philippines, where there is an ongoing house-building boom, MarCoPay provides discount coupons for people purchasing condominiums. These services are able to attract ideal users such as seafarers, and Mr. Fujioka's strategy is clear: "We plan to increase the number of users of electronic currency, loans, telecommunications, and coupons to widen our platform while expanding our offerings to include insurance and deposits."

In June 2021, the Japanese trading company Marubeni Corporation decided to

invest and participate in MarCoPay. Now, Mr. Fujioka plans to develop services to enrich the lives of seafarers and their families. "Going forward, our service development will adopt three themes: securing options, health, and security. First, there are plenty of opportunities to acquire a car or a house, so we will expand the lineup of loan and insurance services to secure options for users. Second, we have also heard that people are anxious about health and medical treatment in the Philippines, where the national health insurance system is still in development,



and that anxiety has increased during the COVID-19 pandemic. Along with expanding the insurance lineup, we intend to look at ways for possibly reducing anxiety about medical care. Third, with regard to security, we want to provide systems that enable people to not only receive loans but also dispel anxiety about their futures by providing opportunities and support for asset portfolio building, including savings and investments. Specifically, we want to provide attractive services linked to savings and asset formation through the MarCoPay platform. I believe these services will promote long-term security and better

support for different life stages. We will carefully gather feedback from seafarers and other relevant people through questionnaires in order to further develop these services.”

Taking Extra Care during Favorable Times

The platform has made a smooth start, but Mr. Fujioka and other people involved are treading carefully. “We feel a palpable response in terms of business development and employee growth, but it is because things are progressing favorably that we are

taking extra care in fully deploying the services. In particular, since we are handling loan services, we need to take every precaution to address security risks. We aim to both expand services that will realize and increase value and continue to steadily offer services that our customers expect.”

We will continue to focus on innovation generated by MarCoPay.

Service Concept for the Future (as of July 2021)

	Service Menu				
Target	Seafarers (some services include those for families and onshore personnel in the maritime shipping industry)				
Service	Electronic money	Loans (preferential conditions)	Insurance (preferential conditions)	Asset formation	Discount services
Details	Salary payment	Salary loans	Life insurance	Financial seminars	Real estate
	Transfers and conversion to cash	Unsecured loans	P&C insurance	Investment trusts	Cars
	Conversion to other electronic currencies	Car loans	Health insurance	Stock investments	Motorcycles
	Bill payment	Home loans	Medical insurance		Home appliances
	QR code payment		Note: All with preferential conditions		Travel
	Debit card				Education
Key theme	Contributing to fulfilling lives for seafarers, their families, and everyone involved in the maritime shipping industry				

Currently available services

History of MarCoPay Inc.

- End of 2017** Several voluntary study meetings held to examine the basic concept
- Feb. 2018** Basic concept announced internally, and with approval from the president and other members of senior management, discussions moved ahead
- Nov. 2018** Shipboard remittance test carried out in cooperation with Japan Card Network Co., Ltd. (applied for patent for a system able to manage electronic currency in an unstable telecommunications environment)
- Feb. 2019** Concluded a memorandum of understanding with business partner TDG
- July 2019** Established MarCoPay Inc.
- Dec. 2019** Acquired license as an electronic money issuer from the central bank of the Philippines
- Oct. 2020** Launched personal loan service in the Philippines
- Apr. 2021** Provided preferential services for home purchase transactions, etc.
- May 2021** Started salary payments in electronic money for seafarers at sea
- June 2021** Investment and participation by Marubeni Corporation

CEO Message



MarCoPay Inc. currently has 40 employees. As a business operating in the cutting-edge field of fintech, we continue to attract talented personnel. Our team members are strongly motivated by the sense that they can deliver significant value to society through MarCoPay. Even if the work is challenging, such as negotiating with financial authorities, developing new partnerships, and implementing security

measures, our people continue to apply themselves with dedication. Our employees are energized by the idea that they can be instrumental in solving social problems such as access to financial services and in transforming the situation of seafarers and their families, who struggle because of these issues. I feel this also contributes significantly to their own personal growth.

Although financial services are currently limited in terms of access and options in our home market, the Philippines, the potential is limitless, with a large population of young people—similar to the situation in Japan in the past. Local people, in particular the young generation, have a desire for growth that is rapidly propelling them forward. They may overtake Japan sooner than one might think in the near future. As the world's largest supplier of seafarers, the Philippines has great potential. We intend to start here, aligning ourselves with the real needs of seafarers and related parties, helping them overcome the chal-

lenges they face, and developing solutions with them moving forward.

At the same time, we are also preparing to deliver value to a large number of seafarers and related parties outside the Philippines as well.

One of the appealing features of platforms such as MarCoPay is that it enables even greater value sharing among people as the circle of supporters and participants widens. Together with many people in the maritime shipping industry and surrounding sectors, we desire to realize solutions to cash-related issues and inconveniences, nurture potential value to be realized, and then tap into that value.



(Top) CEO Toshiaki Fujioka and Vice President Areson Cuevas
(Right) MarCoPay Inc. employees

C O L U M N

Aiming to Impress through Service

The COVID-19 pandemic is having a tremendous global economic and social impact. One positive outcome of the pandemic for society in the Philippines, however, has been the increasing awareness and use of electronic money among Filipino citizens, as restrictions on movement helped increase their reliance on the safety and speed of online financial transactions.

We in the MarCoPay team start each day with the mindset of “the sky’s the limit.” There are so many gaps in the Philippine financial industry that can be bridged through the use of financial technology. This brings MarCoPay to the forefront by having a very focused market—the Filipino seafarers—which has high growth potential but is oddly underserved by traditional financial companies.

Seafarers’ Feedback Is at the Heart of Management

Two or three times a week, Filipino seafarers tell us that they cannot get home loans, that they are lonely being separated from their families or spouses, that they are worrying about their parents’ health, or that they want to give their children a good education. These statements greatly interest and motivate us, as this kind of feedback is filled with hidden keys to unlock our market. We set to work right away, carefully identifying the issues and building and examining potential solutions with colleagues and supporters both within and outside the company. Over the past two years, we have openly repeated this process again and again, and continuing it will always be MarCoPay’s most important task. This, however, is not something that can be achieved by one person alone. It is only made possible by receiving a broad range of opinions from people

Contributing to Business Growth with a Shared Aspiration

The maritime shipping industry handles 99% of the world’s logistics and is supported by a large number of seafarers. Marubeni Corporation moved to invest and participate in MarCoPay Inc. in June 2021, having shared its aspiration to enrich the lives of seafarers and those connected to them. This is Marubeni’s first foray into services for seafarers, but we are encouraged and delighted to be working in partnership with a global maritime shipping company such as NYK.

MarCoPay Inc.’s initiatives are very advanced. They not only provide solutions to problems seafarers are facing but also identify latent needs and create completely new value. We are confident that MarCoPay Inc.’s life-supporting platform will provide a foundation for seafarers to build better futures. As a *sogo shosha* (integrated trading and investment business

MarCoPay is attempting to address issues that seafarers themselves may not be fully aware of. For example, we often receive questions inquiring about how electronic money works, whether it is safe, and recommended amounts to send to families. Some individuals even occasionally comment that they do not see the value of MarCoPay. MarCoPay must always strive to be an exciting and innovative platform that provides an “Aha! I love it!” moment for seafarers. We aim to add value to their lives.

Profile**Areson Cuevas**

Vice President and Chief Operating Officer



with completely different cultures and backgrounds, of different genders and nationalities, both seafarers and land-based employees, from inside and outside the company, and working in different industries. We will provide support for seafarers and their families so that they can enjoy enriched lives. At MarCoPay Inc., we place feedback from seafarers at the heart of our management and continue our nautical chartless voyage at full steam, remembering to be grateful to all of our supporters.

Profile**Ryota Takenaka**

Chief Sales and Strategy Officer



conglomerate), our business domains are diverse, and we can therefore link our operations in financial and medical services, communications, and other areas with the platform provided by MarCoPay Inc. to provide a wide range of services to seafarers. This will boost the growth of the platform and give us the means to bring greater convenience to the lives of seafarers.

Profile**Mikio Wakabayashi**

Assistant General Manager
Ship Project Department,
Marubeni Corporation

