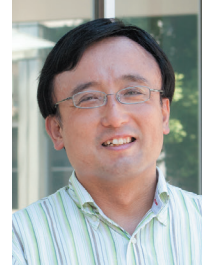


# Current Status of Cashless Payments & Transactions in Japan



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## Limitation of Data to Understanding the Current Status

The Japanese government began a system of point returns for cashless payments when the consumption tax rate was raised in October 2019. Not only is this policy part of the consumer demand levelling measures, but it also aims to expand the scope of cashless payments. Has it expanded as initially planned?

According to the “Payment and Settlement Systems Report - Annex” (September 2018) published by the Payment and Settlement Systems Department of the Bank of Japan (BOJ), what is considered equivalent to so-called non-cash payments and settlements and at the same time can also be grasped by statistical data are payment and transaction values for credit cards, electronic money, and debit cards only. As I pointed out in another study, in a country like Japan where bank account transfers are prevalent, the percentage of cashless payments and transactions in private consumption comes out lower than in other countries, thereby indicating that Japan is behind the rest of the world and that this is problematic. In addition, non-cash methods such as those using QR codes, which have been increasing recently, cannot be captured as data at this point. Despite these limitations, this article tries to capture the current status of cashless payments and transactions in Japan with available data.

## 73 Trillion Yen in 2018, Likely a 13.7% Increase

Cashless payments and transactions in Japan totaled 73.57 trillion yen in 2018, thought to be an increase of 13.7% from the previous year. The breakdown is 66.68 trillion yen for “sales on credit by credit card” (Japan Consumer Credit Association (JCA) survey), 5.47 trillion yen for “electronic money payments and settlements” (BOJ survey), and 1.41 trillion yen for “debit card payments and settlements” (BOJ survey). Some 90% of cashless payments and transactions were through credit cards.

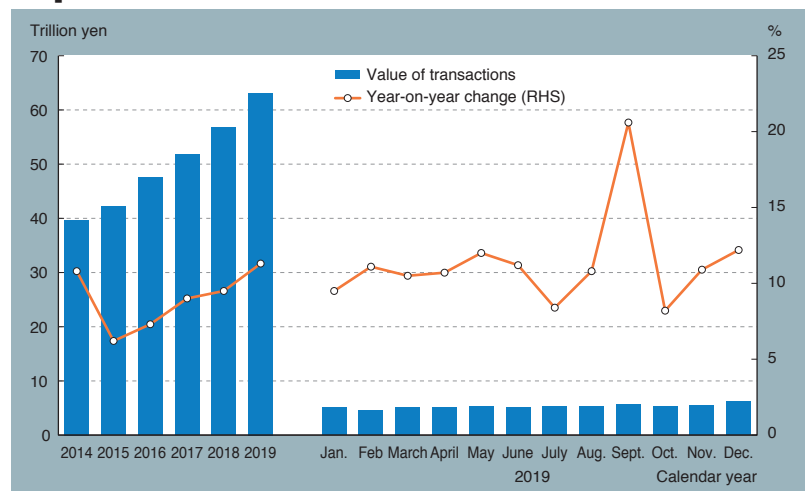
Incidentally, figures for electronic money cover electronic money which requires users to load a

certain value before use (pre-paid type) and in which a contactless integrated circuit (IC) chip is embedded. These are calculated by submitted data from eight issuers – electronic money service providers (Rakuten Edy, Inc., “Rakuten Edy”), public transportation service providers such as railway companies (East Japan Railway Company, “Suica”; Hokkaido Railway Company, “Kitaca”; Kyushu Railway Company, “SUGOCA”; PASMO Co., Ltd, “PASMO”; and West Japan Railway Company, “ICOCA”), and retail companies (AEON Co., Ltd, “WAON”; and Seven Card Service Co., Ltd, “nanaco”). The value and volume reported by public transportation service providers do not include those for fare collections. Furthermore, figures for debit cards are an aggregation of figures submitted by four debit card networks – JEPPO, JCB, VISA, and UnionPay. Transactions at domestic and overseas merchants and overseas ATMs are counted. Transactions at domestic ATMs are excluded.

## Upward Trend Continues After Hike in Consumption Tax Rate

Of the statistical data mentioned above, the “sales on credit by

CHART 1  
**Trends in sales on credit by credit card in Japan**



Source: Japan Consumer Credit Association (JCA)

credit card” is an annual survey and actual values for 2019 have not been published. Accordingly, the most recent trend will be identified by using monthly survey results which the JCA conducts separately against 28 major credit card companies in Japan. As mentioned, the total value of sales on credit by credit card was 66.68 trillion yen, but the total for the 28 companies was 56.70 trillion yen which accounts for 85% of the total.

As shown in *Chart 1*, the value of sales on credit by credit card for the 28 major companies for 2019 was 63.13 trillion yen, up 11.3% compared to the previous year. Looking at the monthly trend, although a last-minute year-on-year increase of 20.6% was observed immediately before the consumption tax rate hike in September 2019, the upward trend still continues after October 2019.

A similar movement can be observed in the transactions through electronic money as shown in *Chart 2*. The year 2019 saw an increase of 5% compared to the previous year at 5.75 trillion yen. Looking at the monthly trend, the increase expanded from immediately before the consumption tax rate hike in September 2019. The trends in debit card transactions shown in *Chart 3* are similar, with 2019 seeing a year-on-year increase of 21.4% at 1.71 trillion yen. Trends in debit card transaction values can only be identified on a quarterly basis, but growth of around a little less than 30% was maintained throughout 2019.

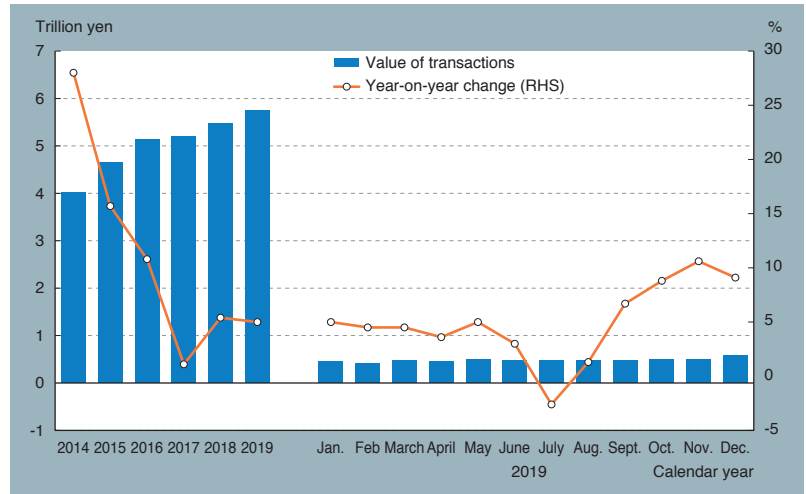
The seemingly huge rush in credit card data is thought to reflect a tendency for credit cards to be used for consumption of expensive items and services. Last-minute consumption before the October 2019 tax rate hike saw a sharp increase in department store sales, which then saw a sharp decline after the tax rate was raised. The average transaction value per electronic money usage is less than 1,000 yen, and around 5,000 yen for a debit card.

### No Impact on Demand Levelling?

As above, although there are limitations to data, cashless payments and transactions are thought to have been expanding since the consumption tax rate hike. On the other hand, Nominal Household Final Consumption Expenditure, which is the denominator of the cashless ratio of Japan as defined in the “Cashless Vision” (April 2018) by the Ministry of Economy, Trade and Industry, saw a year-on-year increase of 1.4% for the period July to September 2019, immediately before the consumption tax rate hike, then fell by 1.6% year-on-year for the October to December 2019 period. Thus, it can be said that if the definition was to be observed, the cashless

CHART 2

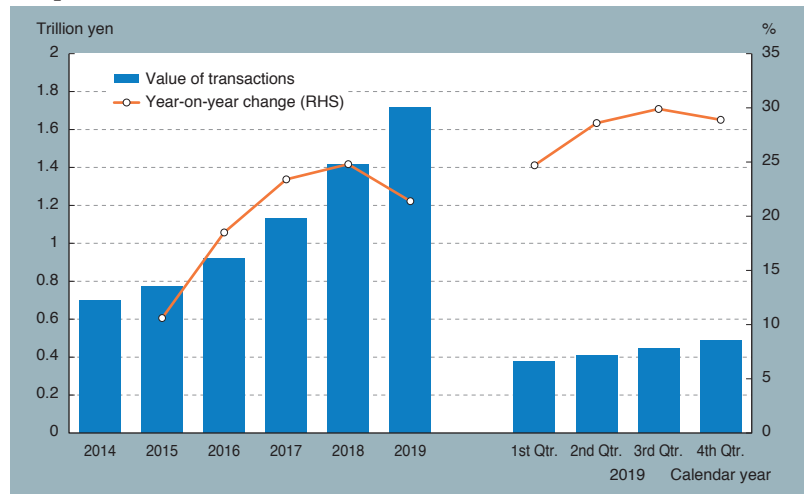
### Trends in transactions through electronic money in Japan



Source: Bank of Japan “Payment and Settlement Statistics”

CHART 3

### Trends in transactions through debit card in Japan



Source: Bank of Japan “Payment and Settlement Statistics”

ratio rose but the policy objective of achieving a levelling of demand was unfortunately not achieved.

**Note:** This article was written based on information available as of March 2, 2020. **JS**

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## ECONOMIC INDICATORS FOR JAPAN

Calendar year, Quarter and Month	Real GDP		Nominal GDP		IIP rate of increase over previous year/term (month) (%)	CPI (All terms, less fresh food) rate of increase over previous year/the same term (month) of the previous year (%)
	Amount (trillion yen)	Rate of increase over previous year/term (%)	Amount (trillion yen)	Rate of increase over previous year/term (%)		
2012	498.8	1.5	495.0	0.7	0.6	-0.1
2013	508.8	2.0	503.2	1.7	-0.3	0.4
2014	510.7	0.4	513.9	2.1	2.0	2.6
2015	516.9	1.2	531.3	3.4	-1.2	0.5
2016	519.6	0.5	535.5	0.8	0.0	-0.3
2017	530.9	2.2	545.9	1.9	3.1	0.5
2018	532.6	0.3	547.1	0.2	1.1	0.9
2019	536.1	0.7	554.0	1.2	-3.0	0.6
2019/1st Qtr.	536.5	0.5	552.7	1.1	-2.1	0.8
2nd Qtr.	539.5	0.6	556.0	0.6	0.0	0.8
3rd Qtr.	539.7	0.0	558.2	0.4	-1.1	0.5
4th Qtr.	529.9	-1.8	549.9	-1.5	-3.6	0.6
2019/July	—	—	—	—	0.7	0.6
Aug.	—	—	—	—	-1.7	0.5
Sept.	—	—	—	—	1.9	0.3
Oct.	—	—	—	—	-4.0	0.4
Nov.	—	—	—	—	-0.6	0.5
Dec.	—	—	—	—	0.2	0.7
2020/Jan.	—	—	—	—	1.9	0.8
Feb.	—	—	—	—	-0.3	0.6
Sources	"SNA (National Accounts of Japan)", Cabinet Office				"Indices of Industrial Production", Ministry of Economy, Trade and Industry	"Consumer Price Index", Statistics Bureau, Ministry of Internal Affairs and Communications

Calendar year, Quarter and Month	Foreign Trade Statistics									
	Exports amount (trillion yen)	Exports rate of increase over previous year/ the same term (month) of the previous year (%)	Imports amount (trillion yen)	Imports rate of increase over previous year/ the same term (month) of the previous year (%)	Exports amount to US (trillion yen)	Exports to US rate of increase over previous year/ the same term (month) of the previous year (%)	Imports amount from US (trillion yen)	Imports from US rate of increase over previous year/ the same term (month) of the previous year (%)	Exports amount to EU (trillion yen)	Exports to EU rate of increase over previous year/ the same term (month) of the previous year (%)
2012	63.7	-2.7	70.7	3.8	11.2	11.7	6.1	2.5	5.4	-13.9
2013	69.8	9.5	81.2	14.9	12.9	15.6	6.8	12.0	5.9	8.8
2014	73.1	4.8	85.9	5.7	13.6	5.6	7.5	10.7	6.4	8.2
2015	75.6	3.4	78.4	-8.7	15.2	11.5	8.1	6.9	6.7	4.4
2016	70.0	-7.4	66.0	-15.8	14.1	-7.1	7.3	-9.2	6.5	-2.8
2017	78.3	11.8	75.4	14.1	15.1	6.9	8.1	10.5	7.1	9.5
2018	81.5	4.1	82.7	9.7	15.5	2.4	9.0	11.4	7.7	7.8
2019	76.9	-5.6	78.6	-5.0	15.3	-1.4	8.6	-4.2	7.4	-3.0
2019/1st Qtr.	19.2	-3.9	19.7	-1.9	3.9	4.3	2.2	4.7	2.0	1.7
2nd Qtr.	19.1	-5.5	19.4	-0.1	4.0	6.3	2.2	-0.4	1.8	-5.1
3rd Qtr.	19.2	-5.0	19.7	-4.9	3.7	-1.4	2.1	-5.5	1.8	1.3
4th Qtr.	19.5	-7.8	19.8	-11.9	3.7	-13.0	2.2	-13.7	1.8	-9.5
2019/July	6.6	-1.5	6.9	-1.1	1.4	8.4	0.8	3.6	0.6	2.8
Aug.	6.1	-8.2	6.3	-11.8	1.2	-4.4	0.7	-8.7	0.6	-1.2
Sept.	6.4	-5.2	6.5	-1.4	1.2	-7.9	0.6	-11.5	0.6	2.3
Oct.	6.6	-9.2	6.6	-14.7	1.3	-11.4	0.7	-16.9	0.6	-10.8
Nov.	6.4	-7.9	6.5	-15.6	1.2	-12.9	0.7	-10.2	0.6	-9.1
Dec.	6.6	-6.3	6.7	-4.8	1.2	-14.9	0.7	-13.6	0.6	-8.6
2020/Jan.	5.4	-2.6	6.7	-3.6	1.1	-7.7	0.7	-12.2	0.5	-6.5
Feb.	6.3	-1.0	5.2	-13.9	1.3	-2.6	0.6	-5.9	0.6	-7.7
Sources	"Trade Statistics of Japan", Ministry of Finance									

Note: Our data on exports and imports of EU are on the 27 EU member countries excluding UK from this issue. The data in the past years are adjusted as well to this method.

Calendar year, Quarter and Month	Cash salary amount rate of increase over previous year/the same term (month) of the previous year (%)	Active job openings-to-applicants ratio (time(s))	Unemployment rate (%)	M2 rate of increase over previous year/ the same term (month) of the previous year (%)	Balance of payments		Yen/\$ rate (averaged during the term)
					Trade balance (trillion yen)	Current balance (trillion yen)	
2012	-0.9	0.80	4.3	2.5	-4.3	4.8	79.8
2013	-0.2	0.93	4.0	3.6	-8.8	4.5	97.6
2014	0.5	1.09	3.6	3.4	-10.5	3.9	105.8
2015	0.1	1.20	3.4	3.6	-0.9	16.5	121.0
2016	0.6	1.36	3.1	3.4	5.5	21.4	108.8
2017	0.4	1.50	2.8	4.0	4.9	22.8	112.2
2018	1.4	1.61	2.4	2.9	1.1	19.4	110.4
2019	-0.3	1.60	2.4	2.4	0.4	20.1	109.0
2019/1st Qtr.	-0.8	1.63	2.4	2.3	0.2	6.1	110.2
2nd Qtr.	-0.1	1.62	2.4	2.5	-0.0	4.5	109.8
3rd Qtr.	-0.3	1.59	2.3	2.4	-0.1	5.7	107.3
4th Qtr.	-0.1	1.57	2.3	2.6	0.3	3.7	108.7
2019/July	-1.0	1.59	2.3	2.3	-0.1	2.0	108.2
Aug.	-0.1	1.59	2.3	2.4	0.0	2.1	106.3
Sept.	0.5	1.58	2.4	2.4	-0.0	1.6	107.4
Oct.	0.0	1.58	2.4	2.4	0.2	1.8	108.1
Nov.	0.1	1.57	2.2	2.7	-0.0	1.4	108.9
Dec.	-0.2	1.57	2.2	2.7	0.1	0.5	109.2
2020/Jan.	1.0	1.49	2.4	2.8	-1.0	0.6	109.4
Feb.	1.0	1.45	2.4	3.0	1.4	3.2	110.0
Sources	"Monthly Labour Survey", Ministry of Health, Labour and Welfare	"Employment Referrals for General Workers", Ministry of Health, Labour and Welfare	"Labour Force Survey", Statistics Bureau, Ministry of Internal Affairs and Communications	"Money Stock", Bank of Japan	"Balance of Payments", Ministry of Finance		Bank of Japan

Calendar year, Quarter and Month	Foreign Trade Statistics									
	Imports amount from EU (trillion yen)	Imports from EU rate of increase over previous year/ the same term (month) of the previous year (%)	Exports amount to Asia (excluding China) (trillion yen)	Exports to Asia (excluding China) rate of increase over previous year/ the same term (month) of the previous year (%)	Imports amount from Asia (excluding China) (trillion yen)	Imports from Asia (excluding China) rate of increase over previous year/ the same term (month) of the previous year (%)	Exports amount to China (trillion yen)	Exports to China rate of increase over previous year/ the same term (month) of the previous year (%)	Imports amount from China (trillion yen)	Imports from China rate of increase over previous year/ the same term (month) of the previous year (%)
2012	6.1	3.9	23.3	-1.8	16.3	3.3	11.5	-10.8	15.0	2.7
2013	7.0	15.6	25.2	8.1	18.3	12.6	12.6	9.7	17.7	17.4
2014	7.5	6.9	26.1	3.5	19.4	6.2	13.4	6.0	19.2	8.6
2015	7.8	4.6	27.1	3.7	18.9	-2.6	13.2	-1.2	19.4	1.3
2016	7.4	-5.0	24.7	-8.7	16.2	-14.5	12.4	-6.5	17.0	-12.4
2017	8.0	7.0	28.0	13.3	18.6	14.8	14.9	20.5	18.5	8.5
2018	8.8	10.6	28.8	2.9	20.0	7.8	15.9	6.8	19.2	4.0
2019	8.8	0.3	26.6	-7.6	19.0	-5.3	14.7	-7.6	18.5	-3.9
2019/1st Qtr.	2.1	-1.4	6.6	-6.3	4.8	-4.2	3.4	-7.5	4.6	0.3
2nd Qtr.	2.2	5.9	6.6	-7.4	4.6	-3.0	3.6	-8.7	4.5	0.0
3rd Qtr.	2.3	1.9	6.6	-8.8	4.7	-3.4	3.6	-9.4	4.7	-2.1
4th Qtr.	2.2	-4.7	6.8	-7.9	4.8	-10.2	4.0	-5.1	4.7	-12.2
2019/July	0.8	-5.3	2.2	-7.7	1.7	-0.5	1.2	-9.3	1.6	2.9
Aug.	0.7	-0.8	2.1	-10.3	1.5	-11.1	1.2	-12.1	1.4	-8.4
Sept.	0.8	13.3	2.3	-8.3	1.6	1.9	1.2	-6.7	1.6	-0.9
Oct.	0.7	-9.8	2.2	-11.7	1.6	-12.5	1.3	-10.4	1.6	-15.4
Nov.	0.8	-4.8	2.3	-5.9	1.5	-12.6	1.3	-5.4	1.6	-16.4
Dec.	0.7	1.0	2.3	-6.1	1.6	-5.2	1.4	0.8	1.5	-3.5
2020/Jan.	0.7	-2.0	1.9	-1.6	1.7	0.5	0.9	-6.4	1.7	-5.7
Feb.	0.6	-8.2	2.2	2.8	1.5	-5.0	1.1	-0.4	0.7	-47.1
Sources	"Trade Statistics of Japan", Ministry of Finance									

Note: Our data on exports and imports of EU are on the 27 EU member countries excluding UK from this issue. The data in the past years are adjusted as well to this method.