(Figure 1)

Traditional Financial Infrastructure

"Structural Segmentation of the Financial Industry by Business Type" -- Economic Entity-Based Approach Centered on Industry-Specific Laws --**Financial Sector** [Non-Financial Sector] Cryptoasset Exchange Non-Financial Business **Insurance Companies** Banks **Securities Companies** Service Providers, Companies among others Information Brokerage Information Information Information Exchange Underwriting Production Production Production Commerce/E-Commerce. Production Telecommunications. Transport, Logistics, Securities Securities Securities Loans Loans Loans Energy, Health Care, Investment Investment Investment Media, Education, Real Estate, Government, **Deposits** Insurance IT, Security, among others (Small and I premium Large) **Insurance Information Business and Customer** Banking **Securities Information** Customer Management **Information Systems** Systems System Information **Systems** Settlement systems, among others **Payment Services Financial Instruments** Insurance **Banking Act** and Exchange Act **Business Act** Act Other Laws

-1

Next-Generation Financial Infrastructure

- 1. Cross-Sector Structure of the Financial Industry—Financial Function-Based Approach
 - →Restructuring financial services and providers
- 2. Rebuilding the foundational layers (← promoting financial services)
- 3. Collaborating and integrating financial and non-financial sectors
- 4. Capturing and visualizing user needs through the utilization of data + Automating and refining service production processes
 - → Enhancing value creation of financial and non-financial services



Layered Structure + Modularization of Financial Services and Foundational Layers

Modularization of Financial Services through the Unbundling and Rebundling of Financial Functions

Perspectives for unbundling financial services

Financial Functions: exchange and settlement functions, value-preservation functions (including funding, credit, and maturity transformation functions), unit-of-account functions, insurance functions, information production functions, among others

Attributes of Financial Service Users: amount of assets held and investment assets, eligibility as a professional investor, information gathering and analysis capabilities, among others

Risk Characteristics: price fluctuation risk, liquidity risk, among others

Time Horizon of Financial Services Provided: short-term, long-term, among others

Market Type: retail, wholesale, and cross-border markets, among others among others

Modularized
Financial Services
rebundle

.

(Figure 3)

A Blueprint for Next-Generation Financial Infrastructure —Shift to a Financial Function-Based Approach—

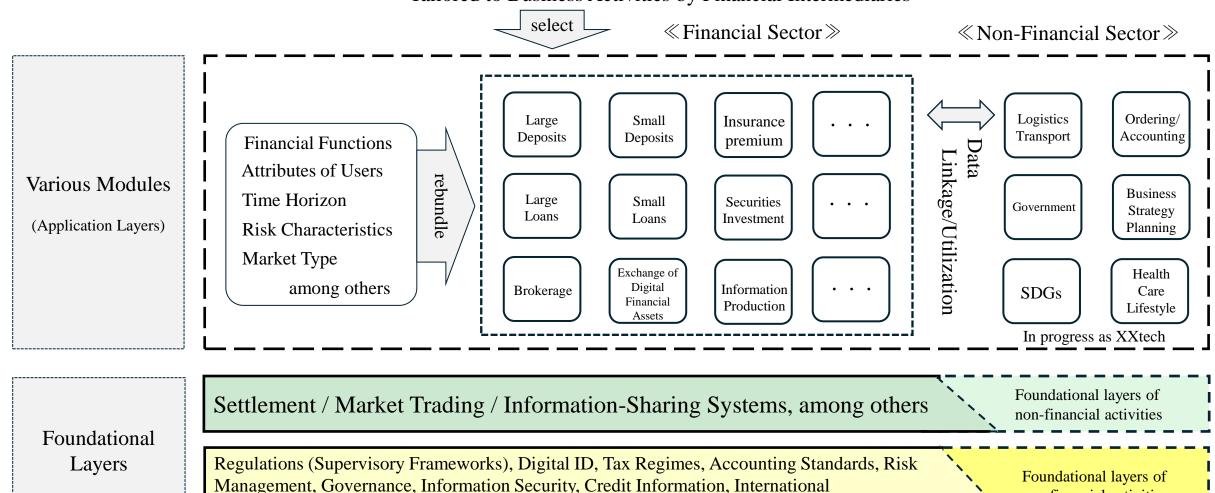
≪ Financial Sector ≫ ≪ Non-Financial Sector ≫ Small Logistics Ordering/ Large Insurance **Financial Functions Transport** Accounting **Deposits** Deposits premium Attributes of Users Linkage/Utilization Various Modules Time Horizon rebundle **Business** Large Small Securities Government Strategy Loans Risk Characteristics Loans Investment Planning (Application Layers) Market Type Exchange of Health among others Brokerage Digital Information **SDGs** Care Financial Production Lifestyle Assets In progress as XXtech Foundational layers of Settlement / Market Trading / Information-Sharing Systems, among others non-financial activities **Foundational** Regulations (Supervisory Frameworks), Digital ID, Tax Regimes, Accounting Standards, Risk Layers Foundational layers of Management, Governance, Information Security, Credit Information, International non-financial activities Coordination Rules, Practices, among others

Modularization of Foundational Layers

(Figure 4) Next-Generation Financial Infrastructure: Providers of Financial Intermediation (1)

[Case 1] Financial Intermediaries Play a Core Role in Next-Generation Financial Infrastructure

Selecting and Rebundling of Modularized Financial Services
Tailored to Business Activities by Financial Intermediaries



Coordination Rules, Practices, among others

non-financial activities

Examples of "Diverse Financial Intermediaries" in Next-Generation Financial Infrastructure

≪Retail-focused institutions ≫

Brokerage

Insurance

Premium

Exchange of

Digital Financial

Assets

Non-Financial

Activities

Small

Deposits

Small

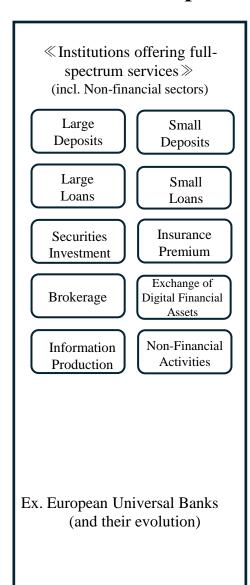
Loans

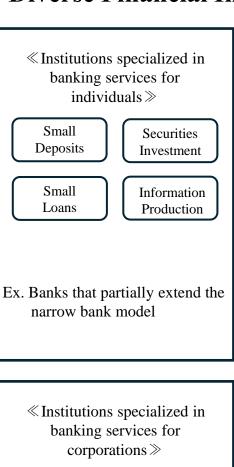
Securities

Investment

Information

Production





Securities

Investment

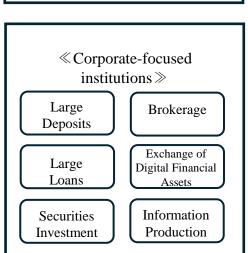
Information

Production

Large **Deposits**

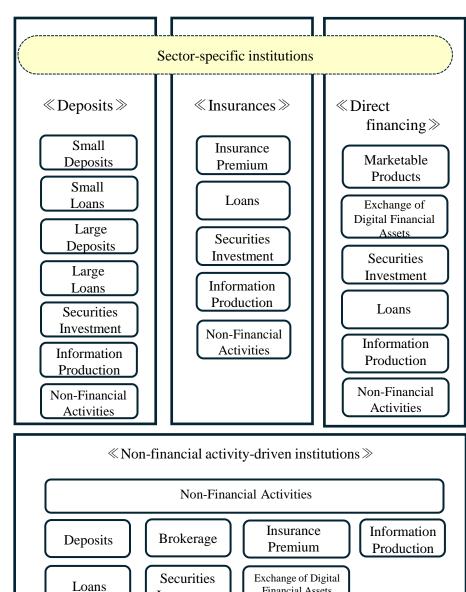
Large

Loans



Ex. An ecosystem that utilizes digital-

only businesses and customer IDs



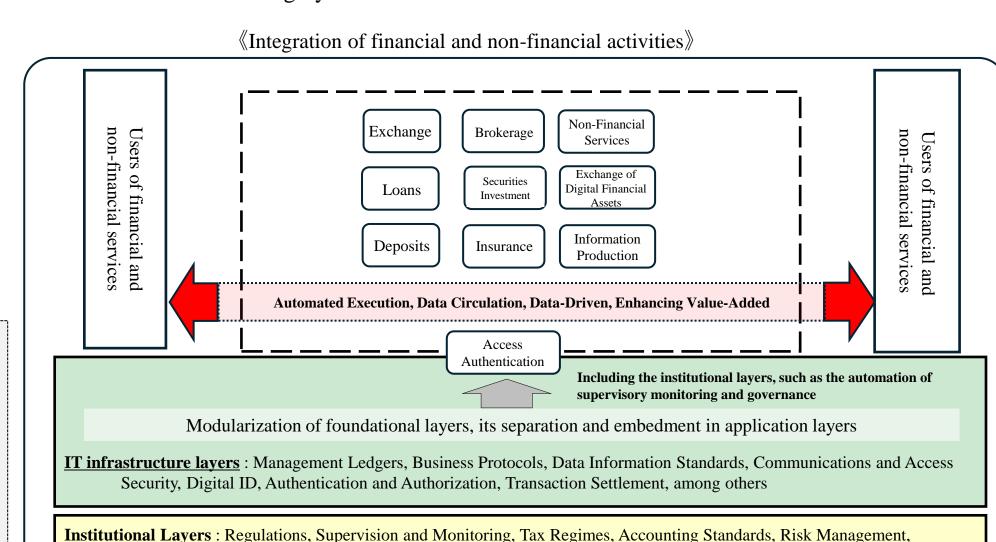
Investment

Financial Assets

(Figure 6)

Next-Generation Financial Infrastructure: Providers of Financial Intermediation (2)

[Case 2] Settlement and Information-sharing Systems as Substitutes for Financial Intermediation Functions



Governance, International Standards and Coordination Rules, Social Practices, Norms and Culture, among others

Various Modules

(Application Layers)

Foundational Layers