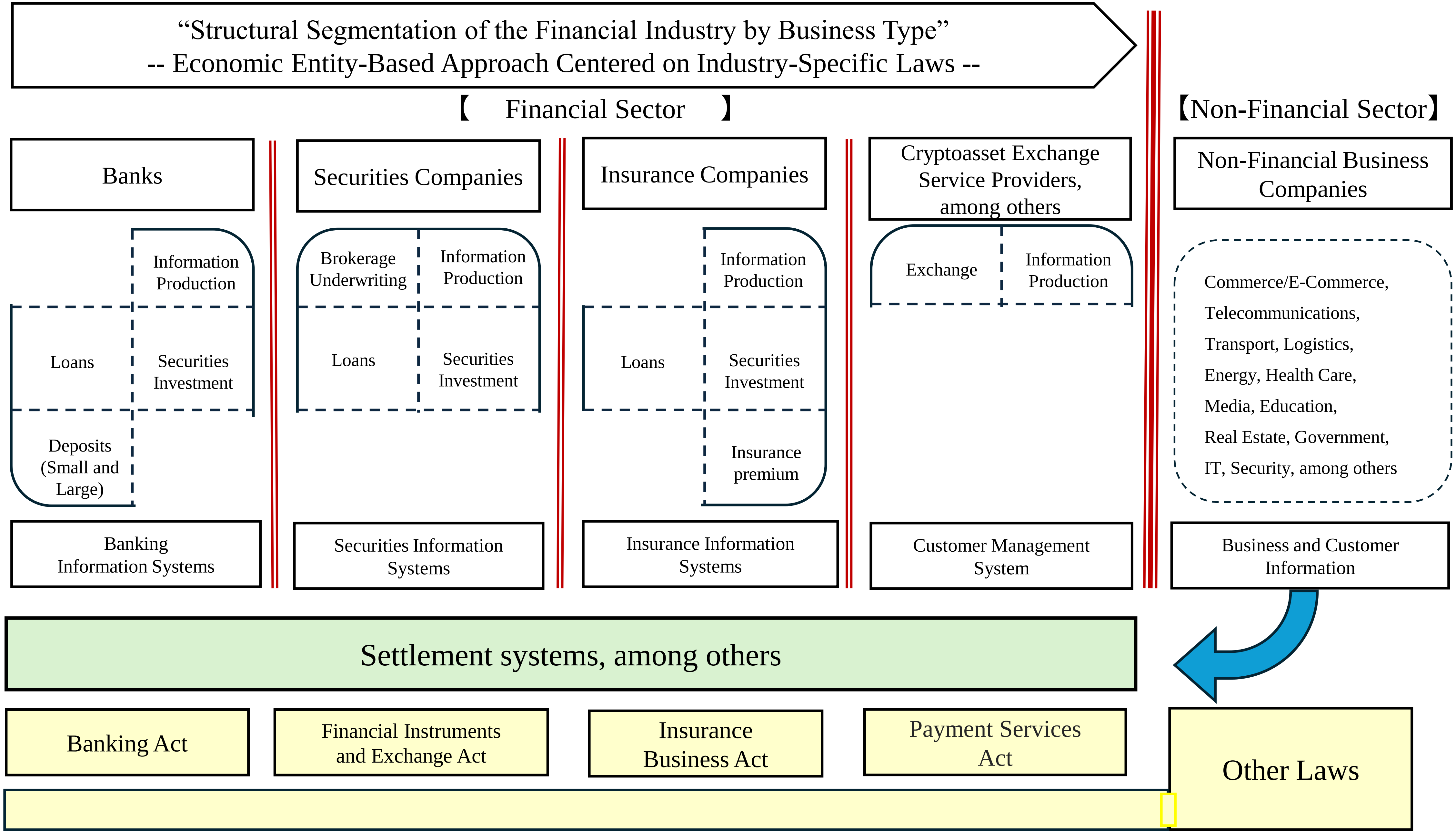
(Figure 1)

Traditional Financial Infrastructure



(Figure 2)

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

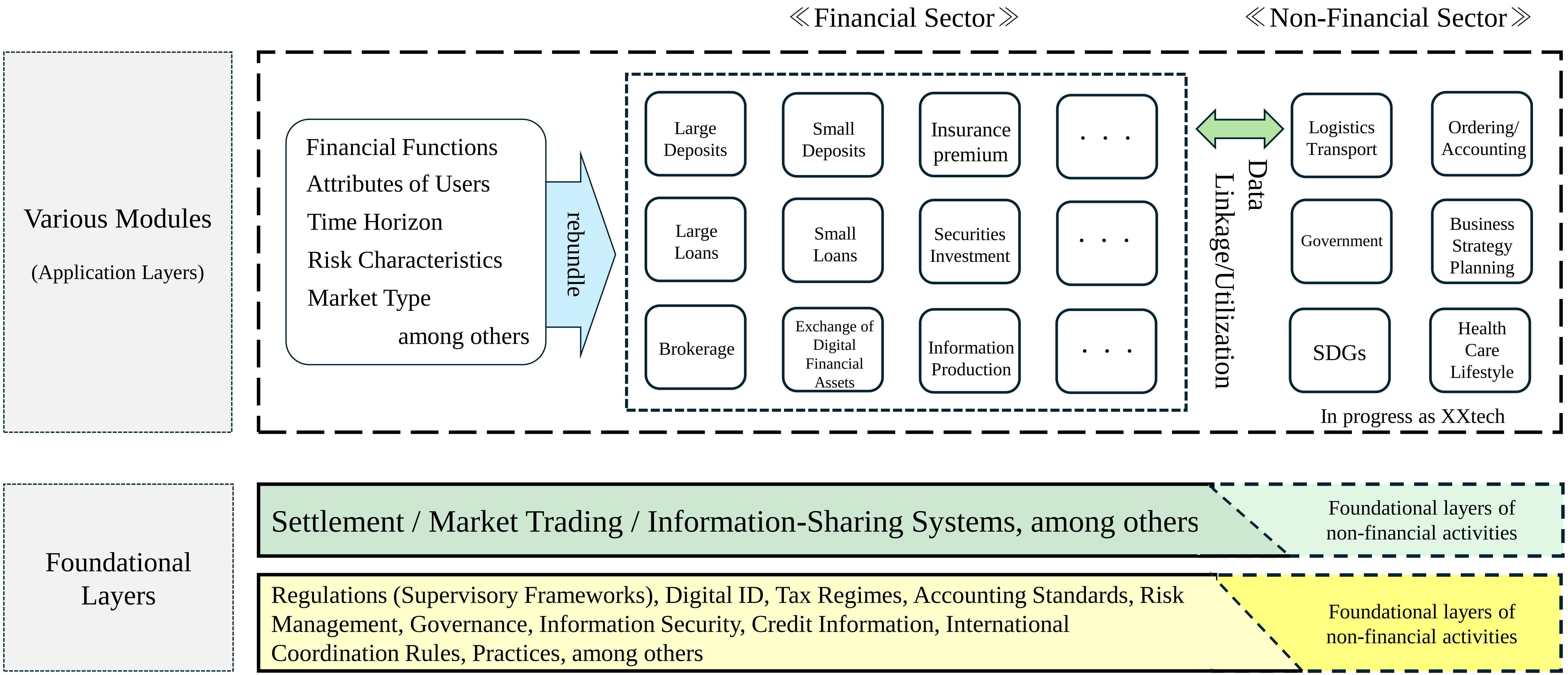
among others

rebundle

Modularized Financial Services

(Figure 3)

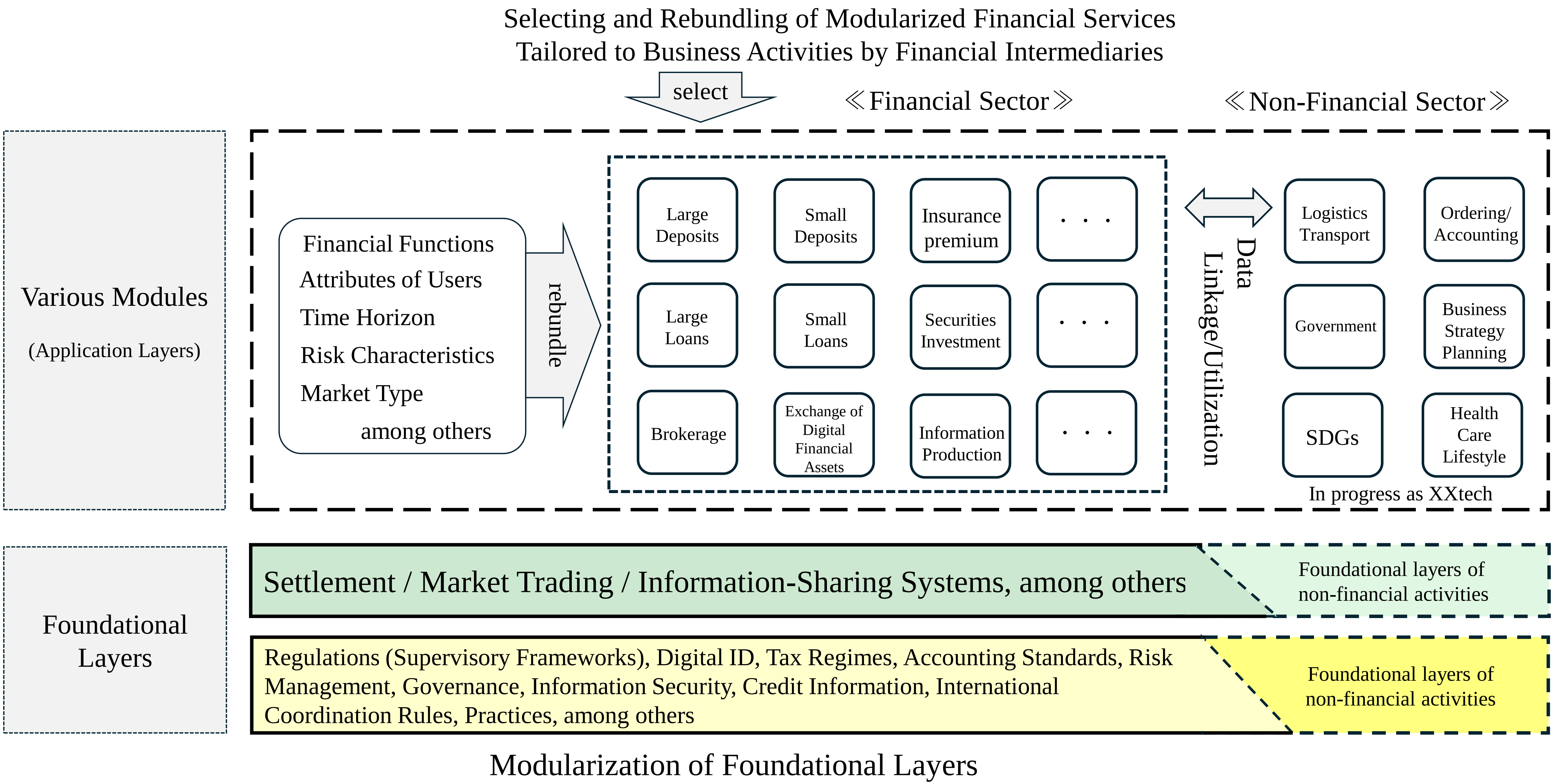
A Blueprint for Next-Generation Financial Infrastructure
—Shift to a Financial Function-Based Approach—



Modularization of Foundational Layers

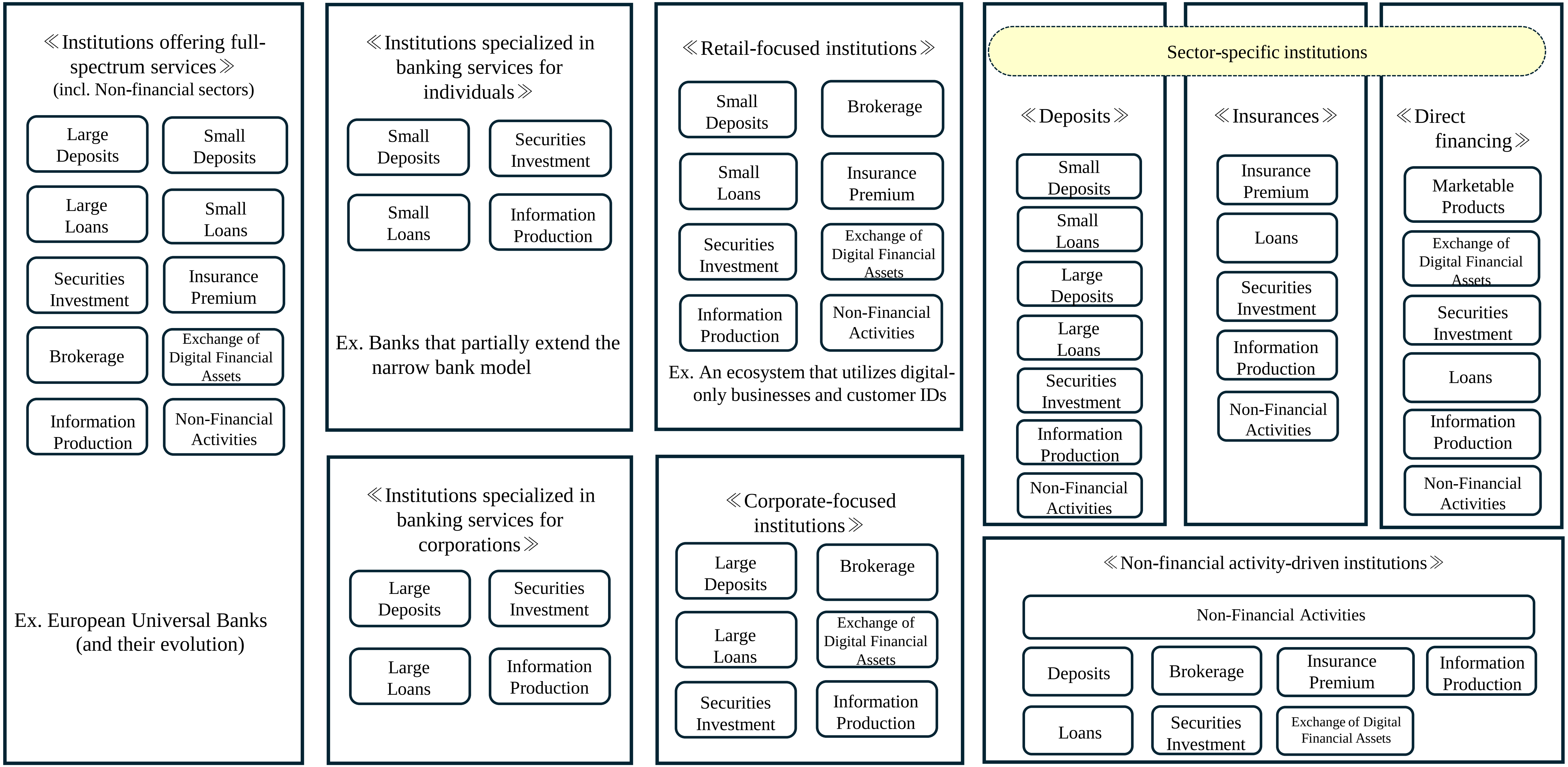
(Figure 4) **Next-Generation Financial Infrastructure: Providers of Financial Intermediation (1)**

【Case 1】 Financial Intermediaries Play a Core Role in Next-Generation Financial Infrastructure



(Figure 5)

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



(Figure 6)

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

【Case 2】 Settlement and Information-sharing Systems as Substitutes for Financial Intermediation Functions