June 23, 2025
Digital Garage, Inc.

Digital Garage

NEWS RELEASE

Digital Garage Expands B2B Card Payments via Regional Bank DX Platform

First phase is implementing "<HIROGIN> Smart Fine" to Support Local SMEs' Operations and Cash Flow

- **Digital Garage, Inc. (TSE Prime section: 4819; HQ: Tokyo; Representative Director, President Executive Officer and Group CEO: Kaoru Hayashi; Digital Garage) as launched an invoice card payment service (BIPS: Business Invoice Payment Service) based on the B2B Payment service "DGFT Invoice Card Payment"(*1) for "DX Connect Gate," an accounting and operational efficiency platform that includes invoice receiving and payments, jointly developed for regional banks by Digital Garage, TIS Inc. (HQ: Tokyo; President: Yasushi Okamoto; TIS) and The Hiroshima Bank, Ltd. (HQ: Hiroshima Prefecture, President: Kazuo Kiyomune; Hiroshima Bank).**

- **For the first phase of this project, we hereby announce that we have implemented an invoice card payment function for "<HIROGIN> Smart Fine" DX digital solutions for local Hiroshima companies.**

■Background of Collaboration

There are cases of SMEs where manual operations are still used for accounting work, such as managing daily invoices and payments. Even when systems are implemented for accounting work, there are many cases where data is not linked smoothly and manual operations remain, due to suppliers using different services.

To develop the DX platform "DX Connect Gate" that supports SMEs optimize their cash management by eliminating issues with accounting operations like these for regional banks, linking the invoice card payment function (BIPS) based on "DGFT Invoice Card Payment," a B2B Payment Service developed by Digital Garage, provides a quick and simple method of cash management using a card scheme that differs from conventional financing methods by financial institutions, and will encourage further growth of SMEs.

For the first phase in the "DX Connect Gate" project, The Hiroshima Bank has implemented the invoice card payment function for "<HIROGIN> Smart Fine," which it will begin providing in collaboration with several companies.

■ Key features of "DX Connect Gate," a DX platform for regional banks

1. Operational efficiency with centralized management function for received invoices
2. Diversification of payment methods, provision of invoice card payment function
3. Increase in management decision-making speed through visualization of management and financial data
4. System that can be rolled out in phases utilizing existing environment

* See the following URL for details.
https://www.tis.jp/service_solution/dx-connect-gate/ (Only in Japanese)

■ "<HIROGIN>" Smart Fine service details

(1) Invoice DX service

・ Automatically digitizes details with the use of AI-OCR, etc. after receiving invoices.
・ Automatic linkage function for data automatically links invoice data with the payment DX service.

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(2) Payment DX service (including BIPS based on "DGFT Invoice Card Payment")
・ The Invoice DX service enables seamless settlement and payments of invoices with automatically linked invoice data.
・ Invoice data can be managed centrally, for enhancing operational efficiency and preventing missed payments.
・ Payments can be made with methods such as bank transfers and invoice card payment (BIPS), depending on the company's requirements.
・ These eliminate the need for manual management and payment processing work by accountants, who are now able to complete transfer procedures from a simple list screen.

■Advantages of the invoice card payment service (BIPS)
・Bank transfer to invoice issuer
Money is transferred to the invoice issuer's bank account in the company's name in as soon as three business days ("transfer processing service").
・Flexibility with cash management
By using card payments instead of regular bank transfers, the payment to the invoice issuer can still be made on the specified date, while the actual debit from your account is delayed until the card's withdrawal date—effectively extending the payment term and improving cash flow stability.
・More efficient accounting work
Integrating credit card payment information into "**<HIROGIN> Smart Fine**" allows invoice data and payment information to be managed centrally, thereby simplifying accounting processes.
・Utilization of points and cash back
The use of credit cards (with a shopping limit) allows for the use of reward points and cash-back programs for businesses.

See the following URL for details on "<HIROGIN> Smart Fine."
https://www.hirogin.co.jp/corporation/service/efficiency/smart-fine/ (Only in Japanese)

■ (*1) "DGFT Invoice Card Payment Function" service at the core of this BIPS
"DGFT Invoice Card Payment" is an initiative aimed at further expanding payment services for the B2B market, which is an important part of the Digital Garage Group's strategy, "DG FinTech Shift." By switching invoice payments from bank transfers to credit card payments, companies can achieve operational efficiency through the use of cards that are extremely convenient, and alleviate issues related to cash management through effectively extending payment deadlines. The service can even be used if clients do not support card payments. In this way, Digital Garage supports SMEs with their financing needs, including regular funding shortages due to seasonal factors and unexpected financing needs.

■ Future initiatives
TIS and Hiroshima Bank plan to gradually expand the "DX Connect Gate" service area together with regional banks in order to reform the business environment for SMEs and promote DX. Under this initiative, Digital Garage will work with TIS and Hiroshima Bank with joint marketing efforts to promote the provision of the invoice card payment function (BIPS) as a means of optimizing cash management for SMEs.
Furthermore, Digital Garage will work on links with upstream accounting and other business systems (ERP, etc.) to provide a simple, seamless environment for SMEs to use invoice card payments.

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■ Company Profile

<TIS Inc.>

TIS Inc., a member of TIS INTEC Group, is a business partner to more than 3,000 companies in various sectors, including finance, industry, public services, and distribution services. It provides IT to support growth strategies, tackling various management challenges faced by its customers. Leveraging the industry knowledge and IT development capabilities it has cultivated over more than 50 years, TIS aims to realize a prosperous society by providing IT services that have been co-created with society and customers in Japan and the ASEAN region.
URL : https://www.tis.com/

<The Hiroshima Bank, Ltd.>

Since its establishment in 1878, The Hiroshima Bank has grown as a regional financial institution with the support and cooperation of the local community. Together with other Hirogin Holdings, Inc., The Hiroshima Bank is developing services to meet the needs of a wide range of customers, not only in the financial sector but also in non-financial fields, to establish its corporate brand as a "comprehensive regional service group" that stands by its customers and has built up trust with them.
URL : https://www.hirogin.co.jp/

<Digital Garage, Inc.>

With the corporate purpose of “Designing ‘New Context’ for a sustainable society with technology,” Digital Garage operates payment business services for various comprehensive payment platforms as one of the largest payment service providers in Japan. Digital Garage also runs a marketing business providing one-stop solutions in both the digital and real worlds, as well as a startup investment and development business for approaching promising startups and technologies in Japan and overseas.
URL: https://www.garage.co.jp/en/

***Related Press Release:**

“Digital Garage Enables Integration with External B2B Payment System Providers via API “(January 29, 2025)

“Digital Garage and Resona Group Launch “Online Invoice Card Payment,” a B2B Payment Service” (October 17, 2024)

“Digital Garage Launches “Card Payment Request,” Enabling Early Collection of Sales Proceeds for Orico’s Business Customers” (November 30, 2023)

“Digital Garage Launches B2B Payment Service with SG SYSTEMS, a subsidiary of SG Holdings Group Centered on SAGAWA EXPRESS” (November 20, 2023)

“Digital Garage and Sumitomo Mitsui Trust Club Offer BtoB Payment Service for Diners Club Members” (April 18, 2023)

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Strategy and Role of "DGFT Invoice Card Payment" for the B2B Payment Market

To drive DX for a wide range of businesses in the context of drastic changes in society and industrial structure, we have a DG group's strategy, "DG FinTech Shift," which integrates payments, data, and technology. With this strategy, DG is aiming for higher growth by implementing measures that contribute to expanding our market share, developing new services, improving, and strengthening our profit structure, and building multi-layered revenue streams.
"DGFT Invoice Card Payment" B2B payment service was launched in 2022 as a strategically important initiative to enter the larger B2B payment market, in addition to the B2C payment business where the DG Group has been providing services for the past 25 years.

In Japan, the most common payment methods for B2B transactions are bank transfers, direct debits, and cash, while credit card payments rank fourth, accounting for only 38.9% of payments and 22.2% of invoicing, according to a survey[*]. Invoicing takes a great deal of time, and bank transfer payments pose challenges for billers, including credit screening, bad debts, and payment delays. There are many issues for payers as well, such as cash management and cash flows. The B2B payment market is estimated to be worth approximately 1,400 trillion yen[*2]. Fintech services are required in this sector to seamlessly provide cashless payments, DX, and cash management services that help resolve these issues.

The DG Group provides stable system infrastructure for B2B credit card transactions through "DGFT Invoice Card Payment." Digital Garage aims to provide new payment infrastructure services that will help solve a wide range of B2B issues, such as building an original credit model, expanding its factoring and other services, and seamlessly linking SaaS services for business optimization and payment. To this end, DG Group will effectively utilize its technologies and partnerships with banks, credit card companies, trading companies, business application providers, and SaaS companies.

Starting with "DGFT Invoice Card Payment" business, the DG Group strives to support DX in the B2B domain by developing services and businesses in the DX and Fintech sectors that use credit card and transaction data to improve cash management and business efficiency.

* Reference: Business-to-Business Settlement White Paper (2024)

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