Digital Strategy

Message from the CIO/CDO

As efforts toward promoting Japan as a leading asset management center, exemplified by the growing adoption of the new NISA system, gain momentum, financial institutions are facing increasingly strong demands for customer-oriented business conduct as well as the provision of products and services that serve their customers' best interests.

Daiwa Securities Group views such environmental shifts as medium- to long-term structural changes. Under the strategic theme of pursuing digital innovation, one of the key pillars of the Medium-Term Management Plan "Passion for the Best" 2026, we are advancing initiatives based on three pillars: transforming the business model for high-net-worth customers; transforming the business model for asset-building customers; and digital innovation.

In FY2026, the final fiscal year of our current Medium-Term Management Plan, we will work diligently to complete the goals set out under our Digital Strategy and enter a phase in which we will turn the results of our digital investments over the past three years into a full-fledged expansion of business profits. To achieve these aims, the Group is actively investing in and deploying AI technologies. AI serves as a foundation for providing higher quality services to a broader range of customers by blending the strengths of both online and face-to-face interaction to meet increasingly diverse advisory needs.

Furthermore, we are advancing business reforms that are designed to create more time to engage with customers. By visualizing the work of sales personnel and improving efficiency through advanced technologies, we are enabling higher quality proposals, deeper trust-based relationships, and the maximization of asset value. To handle the significant increase in inquiries from customers newly interested in asset-building, we have also introduced automated responses via AI operators for routine administrative procedures and stock price inquiries. We have thus put in place a framework that enables operators to focus on more complex consultations and high-value-added services.

In addition to so-called offensive investments, defensive investments in resilience and security are also a key pillar. We are strengthening our systems to protect customer assets and information through the introduction of passkey authentication as well as by increasing the sophistication of our cybersecurity framework and reinforcing our data infrastructure in light of the risk from natural disasters. Due to the progress being made in advanced technologies such as generative AI, cyberattacks and information security risks in particular are becoming increasingly diverse and more sophisticated. The Group has designated this as one of its top risks. Accordingly, we have strengthened our governance framework by establishing a dedicated department and appointed a Group Chief Information Security Officer (CISO). It is my belief that balancing growth investments with risk management is the prerequisite for sustainable growth and the enhancement of corporate value.

P92 Systems Risk Management

As CDO, with responsibility for data management, I have placed a high priority on enhancing our data governance. Based on the premise of full-scale AI utilization, we are putting in place a governance environment, including the redesign of data structures and a review of access privileges, to ensure that AI handles data safely and appropriately, thereby creating the foundation to protect customer information.

The driving force behind these initiatives is human resources. The very talent that combines the ability to create new value with the capacity to utilize AI safely and appropriately while steadfastly upholding customer trust represents our greatest resource that underpins our Digital Strategy. We will evolve into an organization where people and AI co-create value by developing highly skilled digital talent and enhancing the digital literacy of all our employees.

To realize its Vision 2030, the Group is steadily translating the results of its digital investments into customer value and will further accelerate business transformation through AX and DX under its next Medium-Term Management Plan. Through digital innovation we will strengthen the virtuous cycle of **maximizing customer asset value** and enhancing corporate value while remaining a trusted securities group committed to sustainable growth.

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Image of improving the value provided to society through Digital Strategies