

Press Release

September 19, 2018

For General Release

Information Services International-Dentsu, Ltd.
Authlete, Inc.

ISID and Authlete Provide OAuth 2.0 Compliant API Authorization Server for Seven Bank

**Enabling Collaboration with Various FinTech Services in a Secure Cloud Environment,
Supporting the Development of an Open API Infrastructure**

Information Services International-Dentsu, Ltd. (“ISID” Head office: Minato-ku, Tokyo; President and CEO: Setsuo Kamai), announces that, in collaboration with Authlete, Inc. (Head Office: Chiyoda-ku Tokyo; Representative Director: Takahiko Kawasaki; hereinafter, “Authlete”), it has created an API authorization server (hereinafter, “the system”) for Seven Bank, Ltd. (Head Office: Chiyoda-ku, Tokyo; President and Representative director: Yasuaki Funatake), using the AUTHLETE cloud authorization^{*1} service provided by Authlete. AUTHLETE has earned a strong reputation in Japan and overseas as a cloud service providing authorization functions compliant with the OAuth 2.0^{*2} open standard for authorization. Seven Bank is the first Japanese bank to adopt the system.

In addition to the system being used for a “App Bankbook” provided by Seven Bank, from September it will be utilized in conjunction with external FinTech services, and there are plans to use it as an infrastructure system tasked with driving the Seven Bank open API^{*3}.

Background

In response to revisions to the Banking Act^{*4} in May 2017, financial institutions have been hurriedly developing open API structures. Seven Bank is also moving forward with preparations under a policy^{*5} announced in February 2018.

For financial institutions to achieve linkage with the services of other companies through open API, it is essential to create authorization servers maintaining a high level of security. This requires advanced expertise on OAuth 2.0 specifications and is challenging for individual companies to implement and operate.

Authlete is a startup launched in 2015 that develops and provides the AUTHLETE cloud service to enable service providers to implement and operate OAuth 2.0 compliant authorization services. It has built a relationship with ISID through opportunities including participation in FINOLAB^{*6} (2016), Japan’s first FinTech base, and winning the FinTech Japan Grand Prize at FIBC^{*7} (2017), the largest FinTech pitch contest in Japan. Seven Bank also participates in FINOLAB and has adopted AUTHLETE based on the strong reputation of technological capabilities and innovativeness founded during collaboration of Authlete with ISID to examine open API for Seven Bank.

Besides, ISID has already been involved in the development of a cloud-based service development

infrastructure for Seven Bank's internet banking system and was chosen as a partner to implement the system as it has been providing support to accelerate open innovation at the bank through FINOLAB activities. ISID provided services including research and evaluation of various authorization technologies and designs of overall system architecture and processing flow with Seven Bank's existing systems, proofing the authorization process using AUTHLETE and implementation to integrate and control AUTHLETE API with the current systems.

System Overview

The API authorization server implemented by ISID enables a secure mechanism for authorizing external access following OAuth 2.0 specifications so that external service providers can connect to Seven Bank's services via API. AUTHLETE provided various functions required to build the authorization process, leveraging the existing internet banking system including user interface and login authentication function. Exposing API to Fintech and other external services and managing AUTHLETE-related processes were built on Seven Bank's proprietary service development infrastructure powered by Microsoft Azure.

- ※1. Authorization: Authorization here refers to granting third-party access to necessary resources based on specific conditions when linking different online services.
- ※2. OAuth 2.0: Authorization specification used widely throughout the world as an open standard. A client application specifies procedures for acquiring an access token (a character string indicating access is authorized) from the authorization server. The Internet Engineering Task Force (IETF), which standardizes internet-related and other technologies, released the RFC 6749 and RFC 6750 standards on OAuth 2.0 in October 2012.
- ※3. Open API: Application Programming Interface. This indicates connection specifications/mechanisms used by one application to summon and utilize the functions and data of another application. These specifications/mechanisms are open to companies and other entities and are referred to as open API. Open API at banks refers to initiatives for making connection specifications to bank systems available to outside businesses with whom the bank has already established agreements. This is expected to enable banks to collaborate with outside businesses to make it easier to deploy highly convenient and advanced financial services.
- ※4. Revisions to the Banking Act: Refers to the Act for Partial Revision of the Banking Act passed in May 2017. It encourages banks and other institutions to engage in open innovation with regard to electronic payments and other businesses (intermediaries: third-party providers of services facilitating transactions between customers and banks) through the development of systems enabling support for open API. (Reference: Financial Services Agency website: "Overview of Bill for the Partial Revision of the Banking Act" <https://www.fsa.go.jp/common/diet/193/01/gaiyou.pdf> [Japanese language only]).
- ※5. Please refer to the Seven Bank press release "Announcement on Policy Regarding Alliance and Collaboration with Electronic Payment and Other Businesses" <https://www.sevenbank.co.jp/corp/news/2018/pdf/2018021901.pdf> [Japanese language only].
- ※6. FINOLAB: THE FINTECH CENTER of TOKYO, a members-only community space established in February 2016 through a collaboration between ISID, Mitsubishi Estate, and Dentsu Inc. As of July 2018, 45 startup companies and 11 corporations participated in FINOLAB. Official website: <http://finolab.tokyo/>
- ※7. FIBC: Financial Innovation Business Conference. Japan's largest FinTech pitch contest, held by ISID since 2012. Numerous advanced financial services, including unannounced services, are presented each year during this event that introduces the latest FinTech trends from Japan and overseas. Official website: <http://fIBC.info>

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