

Japan startup gets bank money as entrepreneurship grows

October 22 2015, by Yuri Kageyama



In this Friday, Oct. 16, 2015 photo, Moneytree CEO Paul Chapman works at his office in Tokyo. Tucked in a shabby alley of Shibuya, Japan's Silicon Valley, is a startup that's done the almost impossible: win funding from the country's notoriously conservative banks. Moneytree, with a staff of 18 people, has developed technology for free iPhone and iPad applications that allow people to track their expenses, bank accounts, credit-card billing and other aspects personal finances, attracting 850,000 people over three years. (AP Photo/Yuri Kageyama)

Tucked in a shabby alley of Shibuya, Japan's Silicon Valley, is a startup that's done the almost impossible: win funding from the country's notoriously conservative banks.

It's a hopeful sign the world's third largest economy, known for tight regulations, the old boys' network and adversity to risk-taking, may be warming up to new types of entrepreneurship.

Moneytree, with a staff of 18, has developed iPhone and iPad applications that allows people to track their expenses, bank accounts, credit card billing and other aspects of personal finances, attracting 850,000 downloads over three years.

The company has been a hit with the younger generation in Japan, who routinely use smartphones to pay for goods and services. Half the Moneytree users are women, unusual for financial applications, which tend to attract older men.

Founders say one reason for their success is how Moneytree is based on the old Japanese idea of "kakeibo," a tabulated book housewives used before the arrival of computers to keep a daily record of household spending, which still resonates with Japanese.

Nagisa Ichikawa, consultant and editor-in-chief of an online fashion magazine, said Moneytree is handy because she hardly ever uses cash anymore. She often leaves home without her wallet and just takes her laptop and phone.

"It's good for people who might spend too much, like on clothes, without realizing it," she said.

But what really sets Moneytree apart is how it has convinced banks to back it.

Japanese banks are known for keeping their business restricted to a circle of established companies. But these days even they are trying to change, seeking ways to jump on board the growing field of financial technology, said Nobi Hayashi, who consults and writes about technology in Japan.

"It's a stunning achievement that they got such significant funding," Hayashi said of Moneytree. "Startups like this one tend to be seen as outsiders and encounter a lot of problems."



In this Friday, Oct. 16, 2015 photo, Moneytree spokesman Zach Taub, right, checks his mobile phone as other staff members work at their office in Tokyo. Tucked in a shabby alley of Shibuya, Japan's Silicon Valley, is a startup that's done the almost impossible: win funding from the country's notoriously conservative banks. Moneytree, with a staff of 18 people, has developed technology for free iPhone and iPad applications that allow people to track their expenses, bank accounts, credit-card billing and other aspects personal finances, attracting 850,000 people over three years. (AP Photo/Yuri Kageyama)

Moneytree, which has relied on money from its founders and "angel" investments, which come from supportive wealthy individuals, since setting up in 2012, is getting financing in the millions of dollars from Japan's three biggest banks: Mizuho Capital Co., Mitsubishi UFJ Capital Co., SMBC Venture Capital, as well as Salesforce.com Inc.

A monetary breakdown of the investments, announced Thursday, was not disclosed.

Startups getting that kind of money have tended to be venture wings of bigger companies—not one like Moneytree, founded by an Australian and two Americans, with employees from Britain, Indonesia, New Zealand and Sweden, as well as Japan.

With the Japanese economy gradually humming again, after two decades of stagnation, investors are looking to budding entrepreneurship in Japan. Every weekend in Tokyo is filled with events and parties for investors to meet up with aspiring business owners.

Capital raised by venture companies in Japan topped 100 billion yen (\$1 billion) for the first time in six years last year, reflecting the health of the startup scene. It's still going strong, at 62.4 billion yen (\$520 million) for the first half of this year, according to Japan Venture Research.

Matthew Romaine, who founded Gengo, a Tokyo-based startup for online translation services, said he had to go to Silicon Valley for fundraising five years ago, and got money from Japanese angel investors only afterward.

"There's a lot more opportunity. It's a really good time for entrepreneurs," he said of the startup environment.

The unraveling of lifetime employment at traditional companies is helping by providing a breeding ground for talent looking for more excitement than the drab "salaryman" lifestyle, said Romaine.



In this Friday, Oct. 16, 2015 photo, Moneytree CEO Paul Chapman, center, works at his office with his staff members in Tokyo. Tucked in a shabby alley of Shibuya, Japan's Silicon Valley, is a startup that's done the almost impossible: win funding from the country's notoriously conservative banks. Moneytree, with a staff of 18 people, has developed technology for free iPhone and iPad applications that allow people to track their expenses, bank accounts, credit-card billing and other aspects personal finances, attracting 850,000 people over three years. (AP Photo/Yuri Kageyama)

Paul Chapman, chief executive and founder of Moneytree, said he hopes the company will serve as a role model for other startups, helping break down barriers.

"Moneytree is growing up," he said of the bank investments.

The startup hopes to make money by offering the service to companies, and has already signed a deal with Dai Nippon Printing Co. Other companies have expressed interest.

Security is a major concern. Moneytree officials said there have been no problems so far, as long as users keep to the rules, such as avoiding free Wi-Fi connections. Moneytree says it uses the same security technology as Amazon.



In this Monday, Oct. 19, 2015 photo, singer Miho Fukuhara, brand ambassador of Moneytree, checks her discount point on Moneytree App on her mobile phone as Moneytree spokesman Zach Taub checks his computer during an interview in Tokyo. Tucked in a shabby alley of Shibuya, Japan's Silicon Valley, is a startup that's done the almost impossible: win funding from the country's notoriously conservative banks. Moneytree, with a staff of 18 people, has developed technology for free iPhone and iPad applications that allow people to track their expenses, bank accounts, credit-card billing and other aspects personal finances, attracting 850,000 people over three years. (AP Photo/Yuri Kageyama)

Part of Moneytree's appeal for Japanese is that it's designed to keep tabs on discount "points" from stores and services, popular here much like airlines' mileage points. People lose out on perks if they don't use such points before they expire.

Singer Miho Fukuhara, tapped as "a brand ambassador" for Moneytree, said she has never kept kakeibo but likes Moneytree for tracking spending on her three credit cards in one place.

"I can see I am eating out too much," she said. "And then I know I have to start cooking."



In this Monday, Oct. 20, 2015 photo, Moneytree user Nagisa Ichikawa checks Moneytree App on her mobile phone during an interview, in Tokyo. Moneytree, with a staff of 18, has developed iPhone and iPad applications that allows people to track their expenses, bank accounts, credit card billing and other aspects of personal finances, attracting 850,000 downloads over three years. Ichikawa, consultant and editor-in-chief of an online fashion magazine, said Moneytree is handy because she hardly ever uses cash anymore. She often leaves home without her wallet and just takes her laptop and phone. "It's good for people who might spend too much, like on clothes, without realizing it," she said. (AP Photo/Yuri Kageyama)



In this Monday, Oct. 19, 2015 photo, Japanese singer Miho Fukuhara, brand ambassador of Moneytree, shows her discount point on Moneytree App on her mobile phone during an interview, in Tokyo. Moneytree, with a staff of 18, has developed iPhone and iPad applications that allows people to track their expenses, bank accounts, credit card billing and other aspects of personal finances, attracting 850,000 downloads over three years. Unlike most online financial organizers, which appeal to old men, Moneytree has been a hit with the younger generation in Japan, for which cash is starting to feel less real, and staring at a cell phone screen is the best way to understand debts and assets. (AP Photo/Yuri Kageyama)

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