

Regional Revitalisation with Electronic Local Currency ‘Yuhi (Sunset Coin)’



Background and Reason for the Project

Nishiizu is a small town located on the mountainous west coast of the Izu Peninsula in Shizuoka Prefecture. Surrounded by the sea and mountains, Nishiizu has a population of 7,127.

The fishing industry here flourished due to the natural abundance of seafood in Suruga Bay, and the intricate coastline made the area a popular tourist destination. However, due to the area's geography, it is inconvenient to get here, and an aging local population means there is a lack of successors for local businesses. This in turn has caused both the fishing and tourism industries to fall into marked decline.

Most spending in Nishiizu mainly comes from external sources such as tourists, but nowadays the town is very quiet apart from summer which is the peak tourist season.

With the spread of the COVID-19, Nishiizu could no longer rely on income from tourism.

If something was not done to promote spending in the town, the local stores would have gone out of business. Faced with this crisis, Nishiizu devised a plan for an electronic local currency that could only be used within the town.

Project Aims

In order to support the local economy and stimulate definite demand in the local economy which grew stagnant due to the COVID-19 pandemic, the yuhi, or 'Sunset Coin' was introduced.

Project Outline

An electronic local currency to restart the local economy of Nishiizu Town was introduced.

Upon introduction, a QR code cashless payment card (which can be converted into an e-card on a smartphone app) with 10,000 yuhi* (1 yuhi = 1 yen) points per person were distributed to all town residents. Applications for a fixed grant via post and the online application for the payment card were accepted at the same time as in-person applications were not being accepted to prevent the spread of COVID-19. By starting this electronic local currency, along with promoting the use of cashless payments by local residents and the acquisition of individual Number Card Points, it also acted as a preventive measure for the spread of COVID-19 as users and store staff no longer had to handle hard cash.

*yuhi means "sunset" in Japanese

Features and Innovations

At the beginning of its introduction, project members considered about how they might popularize electronic payment despite having an aged population and came to the conclusion that getting residents to use the currency and feel for themselves how convenient it can be would be the best tactic. In order for this to happen, they had to distribute cards charged with 10,000 yuhi to approximately 7,700 residents.

The budget for introducing the currency was 77,000,000 yen for the initial distribution of 10,000 yuhi per resident. Additionally, with the device (e.g. smartphone) fees and transmission fees for making payments at local businesses, the TRUST BANK company's system usage fee and card issuing fees, a total of 87,900,000 yen was secured for the launch.

It is now in its third year since its introduction, and various yuhi coin projects are being implemented to support the lives of local residents and the management of businesses.

As for the initial introduction timeline, the launch was decided on with the goal of restarting the local economy following the rise of COVID-19 cases in April and a consequent call on restaurants etc. to refrain from business.

First of all, in order to secure businesses that would take part in the project, widespread recruitment efforts were made and a project team was set up with the cooperation of local government staff. 50 people, ranging from managers to young employees joined the project team, directly explaining to and supporting the restaurants and small businesses who were potential partners in the project. This resulted in applications from approximately 100 businesses.

At the same time, smartphones to be used as a payment device were purchased, set up for use, and given to businesses with an explanation on how to use them.

By doing this, the team managed to the environment needed to allow residents to start using the new currency. Yuhi coin cards were distributed to residents from May 18th 2020.

There were 100 partner businesses in the beginning, but that number has now grown to 150 through repeated recruiting efforts.

Since the currency's launch, the project has not charged any fees to the partner businesses for using the service, while still allowing the smartphones as payment devices and continuing to pay the transmission costs. Having zero financial burden on

partner businesses was a strong reason for the high number of applicants.

Carrying out a payment in-person is very simple. All the business has to do is scan the customer's yuhi coin QR code using the dedicated app downloaded to the smartphone they are using as a payment device.

This way, even businesses that are unfamiliar with smartphones etc. can easily process payments.

In addition, the project asks partner businesses to provide unique services such as discounts and drink services as an added value for residents using yuhi coin. Currently, there are only a few stores that provide this service, but it is essential for this project to be able to operate independently without local or national government support to be continually requested of by the partner businesses.

Payments from the local government to each business owner are calculated and paid to them twice monthly. In addition, the amount charged to cards using cash at partner businesses is calculated and paid to the local government in cash twice monthly.

Results of the Project

One of the outcomes of the project is that due to the electronic currency only being accepted within Nishiizu Town, spending is definitely done locally, supporting circulation of the local economy.

Additionally, the QR code method of using the currency is easy and can be enjoyed by everyone from children to the elderly. Because of this, this is a very suitable starting point to continue to carry out many kinds of digital projects in the future.

Furthermore, especially considering the current pandemic, electronic currency is more hygienic than cash payments.

Since the project is implemented by the local government, it is possible to reap the highest benefits possible by providing various administrative services using the yuhi coins.

As for the economic outcome, the amount used in the fiscal year of 2020 was 220 million yen, in the fiscal

year of 2021 it was 250 million yen, and in the fiscal year of 2022 it was 510 million yen (as of September). The reason for the dramatic increase in the amount used was the implementation of an extensive points back campaign this fiscal year.

The points back campaign was designed to give back points for points used by customers. It is expected to have a strong positive effect on the economy by increasing a willingness to spend among consumers. There is currently a 10% point back campaign for the amount used, which is proving to be highly effective in supporting residents in their daily lives and businesses management in response to social change such as rising prices.

Issues, Problems and Responses

Under this system, out of the 510 million yen used, about 50 million yen was spent by the local government, and the remaining 460 million yen was spent by users. There is a budgetary limit to the points provided on a national, prefectural, and town level. As with this project, Nishiizu Town will continue to consider how to bring about maximum economic improvements with a small budget as this is an important issue.

In addition, the project team is also implementing a project to gift yuhi coins to those who participate in volunteer activities in order to maintain the spirit of

volunteering instead of giving monetary compensation.

Future Developments (expected results, project vision and issues)

This way, electronic local currency will be able to help in the development of various businesses according to the region and lifestyle, and can provide immediate support to residents and businesses. Nishiizu Town will continue to implement projects that allow everyone to use yuhi coins in a fun and convenient way.

Reference URL

Sunset Coin Project

<https://www.town.nishiizu.shizuoka.jp/kakuka/kankou/syookou/yuhicoins.html>

10% Points-back Campaign

<https://www.town.nishiizu.shizuoka.jp/forms/40/714.html>

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Terminologies and Coined Terms Used

Ask about any term that is unclear.