

# Case Study

## Financial Supply Chain Solutions for a Philippines bank

### Business Context

A 'Customer Bank' in The Philippines, in addition to offering cash management services, developed a strong revenue model around providing Financial Supply Chain solutions to a large retailing company.

The retailing company, with an extensive presence across the country, stores and sells a variety of goods ranging from branded apparels, packaged foods and toiletries to furniture, electronic items, sports goods, books and stationery. In all, it stocks more than 8000 varieties of items and many of them coming in different packing types and sizes. The vendor base of the company for procuring such a wide array of products was over 1500.

### Challenges to the Retailing Company

- Working capital locked up in a large inventory of small value goods.
- Inability to force vendors to extend their payment terms
- Longer credit periods meant delayed payments by vendors to their own creditors, resulting in the retailing company incurring higher costs for their business credit
- Burdensome Manual-intensive financial processes

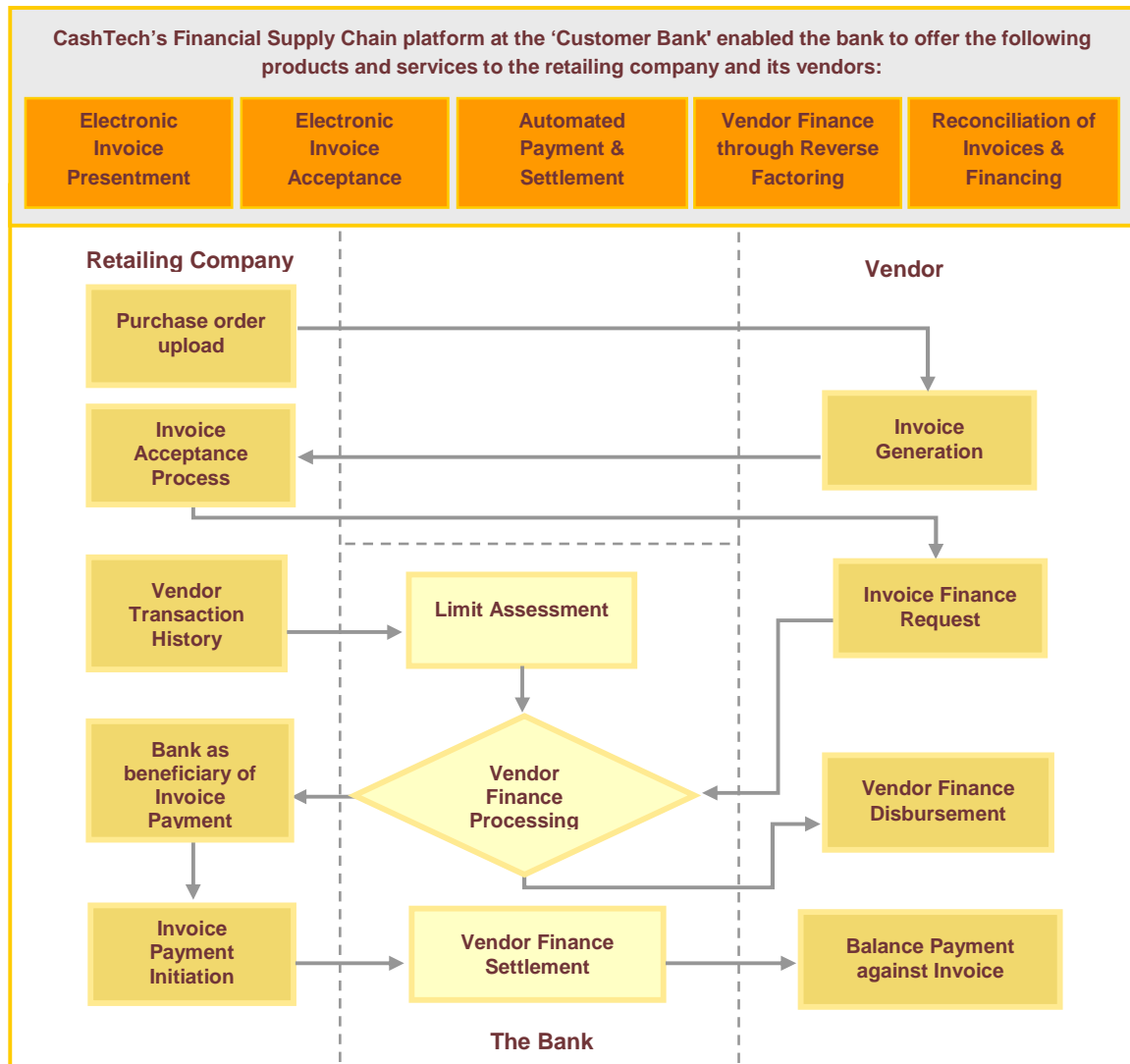
### Challenges to the Vendors

- Pressure to lower the cost of goods sold / extend payment terms
- Difficulty obtaining low-cost short-term financing for the small value of traded goods
- Cash Flow Uncertainty due to inability to forecast receipt of payments

### The Bank's Requirement

- Streamlined transaction processing & document management to manage large number of small value transactions
- Template based automated system that can process transactions with little or no supervision to keep costs low
- Operational efficiency through self-service financing options
- Effective risk control for financing vendors' receivables that have been accepted by the retailing company
- Flexible reporting, automated asset creation and tracking
- Integrated and end-to-end payment and settlement system that captures data required for reconciliation of invoices and payments

## The Solution



## Benefits of the Solution

### Benefits to the Retailing Company

- More liberal stocking of inventories in line with the business growth
- Automation of the financial process
- Online view of the entire payment process

### Benefits to the Vendors

- Improved working capital due to easier access to financing to support production / work in process / buyer required inventory
- Reduced receivables processing costs / time
- Online view of the entire payment and financing process

### Win-win for the Retailing Company and its Vendors

- Enhanced automation and transparency of the invoicing and payment process
- Greater visibility of the cash flow
- Improved working capital efficiency

### Benefits to the Bank

- Reduced risk in financing new customers with the Retailing Company agreeing to route payment on financed invoices through the Bank
- Cost and operational efficiency with template based automated transaction processing, self-service financing options.
- Ability to expand customer base at a low cost by facilitating selling to vendors of the company
- Ability to add new avenues of revenue through fees and financing