AI to boost PHL fintech industry

ARTIFICIAL INTELLIGENCE (AI) and efficient data management in business operations will boost the Philippine financial technology (fintech) industry, according to AI-powered platform Provenir.

"The pandemic and its restrictions caused a huge generational spike in the eruption of digital services and has demanded that businesses adapt themselves at a very high speed," said Provenir General Manager for Asia-Pacific Bharath Vellore.

Firms and institutions are now expected to offer financial services that would generate alternative revenue streams and improve the customer experience amid the pandemic, he said.

In a forum titled "Fintech: A people's revolution in the Philippines," Mr. Vellore said the future of financial technology lies in the ability of businesses to harness the potential of data.

"AI in fintech opens the doors for the digitalization of credit-rich verticals and diversifies products and capabilities. Agility and speed in personalization play critical roles in providing personalized offers to customers, aiding in hyper-growth," Mr. Vellore said.

Fintech is not limited to digital banks and neobanks. The industry also includes embedded and open financial services that are on the rise.

"With so much innovation happening in the fintech space, there arises the question of how we can be more responsible and secure in our digital transaction for both businesses and consumers," Digital Pilipinas and World FinTech Festival PH Co-Founder Amor Maclang said.

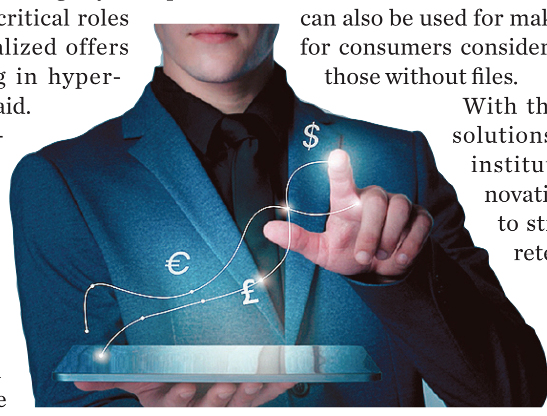
The forum showed that tools like AI can transform data into valuable insights such as consumer patterns that help with fraud detection and business risk decisions and that AI fraud detection is fast, efficient, and effective.

AI can also reduce transaction costs, improve data management, and increase employee productivity.

"AI also helps organizations discover new patterns in data that empower them to serve a much wider base of people," Mr. Vellore said.

FINANCIAL INCLUSION

Fintech companies and financial services providers can also reach the unbanked using AI. Patterns can be identified from alternative, traditional, linear, and non-linear data. It can also be used for making decisions, even for consumers considered as "thin-file" or those without files.



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With the surge in fintech solutions, 77% of financial institutions have put innovation as their priority to strengthen customer retention.

AI can also reveal complex and unexpected variables that cannot be derived by manual analysis alone. It can "advise managers on how to use the information to increase profit," Mr. Vellore said.

"Through AI, an e-wallet is no longer just a channel for paying bills but is now also a bank, and it contains your investment portfolio, insurance, and so much more. A 'super app,'" he added.

In 2021, the Department of Trade and Industry launched a national AI road map, making the Philippines one of the first 50 countries worldwide to do so.

The road map aims to transform the country into a Southeast Asian AI powerhouse and leverage AI to boost local businesses' regional and global cooperation.

"Anchoring our nation's progress with AI is a must. The collaborative efforts among the public and private sector, the academes, and our ASEAN partners have greased the runway towards the movement of money through the power of data," Ms. Maclang said.

The Bangko Sentral ng Pilipinas (BSP) wants at least 50% of the volume and value of retail transactions in the country done online by 2023. It also wants 70% of Filipino adults to have accounts with financial institutions by the same year.

The share of digital payments in the total volume of retail transactions in the country rose to 30.3% in 2021 from 20.1% a year earlier, according to latest data from the BSP.

Meanwhile, the value of payments done online represented 44.1% of total retail transactions last year, higher than the 26.8% share in 2020. — **K.B. Ta-asan**

PayMongo ties up with Trade dep't for MSMEs' digital transformation

ONLINE PAYMENTS enabler PayMongo Philippines, Inc. announced on Tuesday a partnership with the Department of Trade and Industry (DTI) aimed at increasing micro, small, and medium enterprises' (MSMEs) access to financial services.

The partnership aims to help MSMEs digitize their businesses through digital payment solutions, PayMongo said in an e-mailed statement.

Under the partnership, PayMongo and DTI intend to enable MSMEs to accept online payments, manage their finances online, and reach a wider market of online customers.

"In order to extend the partnership's reach, DTI and PayMongo will disseminate educational content and facilitate demonstrations and webinars through the department's regional offices," the online payments company said.

The company said the initiative is aligned with Trade Secretary Alfredo E. Pascual's first strategic priority to upgrade, upskill, and upsize MSMEs through digitalization and digital transformation.

"DTI recognizes the need to encourage more MSMEs to digitalize their operations and bring their businesses online. Expanding the use of e-commerce will provide MSMEs bigger markets, thereby increasing their sales and revenues," said DTI-Regional Operations Group Undersecretary Blesila A. Lantayona.

Mr. Pascual has said the digitalization effort will begin with his own agency, the DTI.

"One of my priorities is to promote digital transformation of the DTI and all our functions as well as (the transformation of) MSMEs and other enterprises," he said in a recent television interview.

He said one of the consequences of digitalization is enhancing consumer protection by providing "information on suggested retail prices (SRPs) of any commodity."

"That is the way to approach it. Provide the consumers with the information to serve as the basis for their decision so that there will be no retailer or seller who takes advantage of their lack of knowledge," he added. — **Arjay L. Balinbin**

Battling the carbon crisis: the need to enhance operational efficiency

By Soham Chokshi

SCIENTISTS have warned us with proven evidence that our planet is on the verge of a climate crisis. It brings our attention to how global warming is a distressing fact. Climate change has impacted our planet so much that every year, a gigantic 750 billion tons of ice melt as a result of global warming. The temperature of land and ocean has risen at an average rate of 0.08°C every decade since 1880.

One of the sectors that is accountable for such impacts is logistics. Despite the fact that any economy relies so much on the transportation and logistics industry, these sectors also contribute significantly to the increase in carbon emissions; thus, climate change.

Transport in Southeast Asia is responsible for 40% of global greenhouse gas emissions and 23% of carbon dioxide (CO_2). As one of the most at-risk parts of the globe, Southeast Asia's many coastal regions and island cities are lagging in climate action and may bear the brunt of climate change. The Indonesian government has renewed its commitment to reduce greenhouse gases by 29% below business-as-usual rates in 2030, which will help counter the adverse effects of climate change by the end of the decade.

BATTLING THE CARBON CRISIS: THE TECHNOLOGY IMPERATIVE

Many governments around the world are also taking action to reduce CO_2 emissions by implementing regulations and adopting policies that can help businesses to manage their logistics and transportation processes. Apart from government policies, implementing tech-driven supply chain and logistics management on a larger scale can help logistics stakeholders to build resilient and sustainable supply chains.

Below are some critical ways for logistics-powered businesses to reduce their carbon footprint while saving costs:

1. Decreasing miles traveled

An online report shows that cutting off the number of miles traveled by vehicles, optimizing delivery routes, and avoiding traffic gridlocks can help reduce harmful CO_2 emissions by 37 million metric tons per year. Smart logistics management tools reduce the distance traveled by 5% and lower trip volumes by 6%, making the drivers more time-efficient in executing the delivery tasks.

2. Reducing empty miles

Empty miles or deadhead miles occur when a transport vehicle delivers goods to its destination but returns to base with an empty container. Automated logistics solutions overcome this problem by ensuring that each vehicle's capacity is entirely utilized during each journey.

3. Boosting productivity with order clubbing and multi-drop pickup

Logistics providers who still practice traditional delivery management may require massive investments in infrastructure and drivers to deliver orders. The smart route order clubbing and multi-drop/pickup feature allows managing multiple orders in a single trip to improve delivery efficiency.

4. Reducing returns

Delays in deliveries are one of the main reasons behind the increase in the number of returns. Returning goods causes landfill waste of 5 billion pounds in the US alone, contributing to 15 million metric tons of CO_2 emissions. These numbers are predicted to increase by 30% by 2030.

Incorrect/poor quality addresses are also a cause of delay. Advanced logistics solutions automate order dispatching and AWB generation, eliminating the risk of error in the delivery addresses. Geocoding helps convert addresses into exact coordinates that direct drivers to the precise delivery location.

Increasing CO_2 emissions is not just an environmental problem; it is also a business problem. Businesses have to exercise best practices that help bring financial and sustainability benefits to the ecosystem.

SOHAM CHOKSHI is the CEO and Co-Founder of Shipsy.

MPIC expects 2022 results to 'at least approach' 2019 pre-pandemic level

PANGILINAN-LED Metro Pacific Investments Corp. (MPIC) announced on Wednesday an attributable net income of P9.5 billion for the first half of 2022, down 9% from the same period last year when it booked gains from asset sales.

"We expect that this year will be better than last year," MPIC Chairman Manuel V. Pangilinan said during a virtual briefing.

"We (also) hope that 2022 numbers will at least approach what we accomplished in 2019, or before the pandemic," he added.

The holding company, which also controls power, toll roads, hospital and rail businesses, posted a core net income of P15.6 billion in 2019, up 4% from 2018.

The company's core net income for the first half of 2022 was P7.5 billion, up 24% from P6 billion in the previous year, it said in a press statement on Wednesday.

MPIC has yet to release its complete financial report for the second quarter.

"Improved financial and operating results of the constituent companies delivered a 15% increase in contribution from operations, mainly driven by a strong recovery in toll road traffic and growth in power consumption as more industries ramped up operating capacity," the company said.

The company said its power business brought in P5.9 billion, or 60% of the net operating income. Toll roads contributed P2.5 billion, or 26%, and water brought in P1.4 billion, or 15%.

Meanwhile, the other businesses, mostly real estate, hospitals, fuel storage, and light rail, incurred a net loss of P35 million.

"Average interest rates on borrowings have been significantly reduced and resulted in a 12% decline in net interest costs in the first half of 2022," MPIC said.

"This was made possible by the company's strategic rerating and refinancing of expensive debt facilities ahead of the current rising interest rate environment," it added.

Mr. Pangilinan said the company remains steadfast in its pursuit of other potential growth areas, particularly in agriculture, tourism, and logistics.

"But we are still mindful of the crucial role that MPIC plays in Philippine infrastructure and enabling the progress that our government envisions. I am hopeful that the positive tone toward infrastructure investment set by the new administration will lead to accelerating development for our country," he added.

Last year, MPIC recognized gains from the sale of power generation company Global Business Power Corp. and Thai toll road operator Don Muang Tollway Public Co. Ltd.

On Wednesday, MPIC shares closed 2.93% lower at P3.64 apiece.

MPIC is one of three key Philippine units of First Pacific, the others being Philex Mining Corp. and PLDT Inc.

Hastings Holdings, Inc., a unit of PLDT Beneficial Trust Fund subsidiary MediaQuest Holdings, Inc., has a majority stake in BusinessWorld through the Philippine Star Group, which it controls. — **Arjay L. Balinbin**

Semirara Mining's earnings rise to nearly P11B

SEMIRARA Mining and Power Corp. (SMPC) reported a second-quarter net income of P10.8 billion, nearly triple the P4 billion a year ago, driven by higher coal and electricity prices.

"As expected, we had a weaker performance quarter over quarter because of the China lockdowns but compared to last year, we did very well," SMPC President and Chief Operating Officer Maria Cristina C. Gotianun said in a disclosure on Wednesday.

"We maintain our view that the second semester will be anemic because of market volatility and unfavorable weather conditions," she added.

Of the total, contributions from the coal segment grew by 195% to P9 billion, followed by Sem-Calaca Power Corp. (SCPC), which was up 81% to P1 billion; and Southwest Luzon Power Generation Corp. (SLPGC), which increased by 107% to P742 million.

In the second quarter, total shipments from coal operations dropped by 24% to 3.7 million metric tons (MMT) to 4.9 MMT as China imposed coronavirus disease 2019 (COVID-19) lockdowns and shifted to Russian coal.

Export sales by 44% to 1.8 MMT from 3.2 MMT while domestic sales grew by 12% to 1.9 MMT from 1.7 MMT.

"Buffering the impact of lower shipments was the 126% increase in average selling prices from P2,393 to P5,399, the highest for any given quarter," SMPC said.

"Heavy rainfall and higher stripping activities curbed coal production, dropping 21% to 3.4 MMT from 4.3 MMT. This, together with lower sales volume, raised high-grade coal inventory by 50% to 1.5 MMT from 1.0 MMT," it added.

Meanwhile, the overall gross generation from its power operations was "mostly flat" at 984 gigawatt-hours (GWh) due to the forced outage of SCPC's second unit because of a defective generator stator.

Total electricity sales contracted by 9% to 900 GWh from 987 GWh. Of the total, 56% was sold to the spot market while the remainder was sold through bilateral contracts.

"High uncontracted capacity allowed SMPC to boost spot electricity sales by 188% to 507 GWh from 176 GWh. Average spot selling prices remained elevated at P6.91 versus P6.87 last year," the firm added.

Total spot purchases also went down by 60% to P245 million from P617 million on higher plant availability.

At the stock exchange on Wednesday, SMPC shares rose by 0.74% or 30 centavos to close at P40.85 apiece. — **Luisa Maria Jacinta C. Jocson**

BRIEFS

Philex raises P2.65B in stock rights offering

PHILEX Mining Corp. has raised P2.65 billion in a stock rights offering that marked its listing on the stock exchange on Wednesday.

The mining company will use the funds raised from the offering to pay for mine development, construction of a mill plant and support facilities and storage tailings facility for its Silangan project located in Surigao del Norte.

Philex offered one rights share for every 5.8674 common shares held by shareholders as of June 29, 2022, the record date. The shares were priced at P3.15 apiece.

Roel A. Refran, chief operating officer of the Philippine Stock Exchange (PSE), cited regulatory initiatives for the mining sector, including the 2020 Philippine Mineral Reporting Code (PMRC), which was launched last year.

"Among others, we reinforced the gatekeeping roles and responsibilities of accredited competent persons of issuers towards investor protection and full transparency, consistent with international standards and best practices," he said during the bell ringing ceremony.

The PSE worked on the reporting code along with other members of the PMRC committee.

PSE Chairman Jose T. Pardo and Philex Chairman Manuel V. Pangilinan led the bell ringing ceremony.

On Wednesday, shares in Philex slipped by 0.94% or P0.03 to close at P3.16 apiece.

Spectrum energizes PLDT centers with solar power

MSPECTRUM, Inc. has energized solar facilities in five business centers of PLDT, Inc. in the Visayas.

"With sustainability at the core of our operations, we also make it possible for our partners to have a sustainable energy source," said Patrick Henry T. Panlilio, chief operating officer of MSpectrum or Spectrum, in a press release.

The solar rooftop panels were installed in PLDT's offices in La Paz, Iloilo; Mandaue City, Cebu; Cebu City; Roxas City, Capiz; and Bacolod City, Negros Occidental have a combined capacity of 431.21 kilowatt-peak (kWp).

These projects are expected to generate 591,550 kilowatt-hours (kWh) of clean energy per year which will save PLDT an estimated P2.2 million per year.

Following the solar facilities' energization, PLDT is expected to reduce its carbon footprint by 421 metric tons. This translates to 845,000 trees planted over 20 years and 1,678,262 kilometers reduced in vehicle travel per year, Spectrum said.

The initiative to use solar power in PLDT's business centers in the Visayas is part of the company's decarbonization road map that aims to reduce greenhouse gas emissions by 40% in 2030.

"Through Spectrum's safe, reliable and end-to-end solar solutions, we empower customers to manage their electricity expenses at times when energy prices are volatile. Partnering with PLDT was an opportunity for us to enable the company to operate efficiently and sustainably and realize their goal to help preserve the environment," Mr. Panlilio said.

Renewable energy firm Spectrum, a wholly owned subsidiary of the Manila Electric Co. (Meralco), provides tailor-fit solutions for industrial, commercial, and residential customers through an in-depth understanding of energy consumption behavior. It is backed by Meralco's energy expertise and proven safety track record.

Meralco's controlling stakeholder, Beacon Electric Asset Holdings, Inc., is partly owned by PLDT, Inc. Hastings Holdings, Inc., a unit of PLDT Beneficial Trust Fund subsidiary MediaQuest Holdings, Inc., has an interest in *BusinessWorld* through the Philippine Star Group, which it controls.

Century Pacific Food income climbs to P1.5B

CENTURY Pacific Food, Inc. (CNPF) reported a 7.7% increase in attributable net income to P1.54 billion in the second quarter from P1.43 billion a year ago as revenues rise after the robust performance of its branded businesses.

"The environment has been tough for the milk category, but we're grateful that our efforts translated to a year-on-year revenue growth of 23% in the first half. BirchTree's market share increased from 22% to 24% during this time," CNPF Vice-President and General Manager of Milk division Pyrus A. Dela Cruz said in a press release.

The company posted a 20% in net revenue to P16.35 billion from the previous year's P13.62 billion.

"Entering the second half of the year, we are seeing some respite as cost pressures begin to ease for some inputs like tuna, packaging, and freight. We are still pursuing a mid-teens topline growth for the year," CNPF Executive Chairman Christopher T. Po said.

The company reported higher operating expenses totaling P2.23 billion, a 51.2% increase from the previous year's P1.47 billion.

It attributed the rise to higher logistics costs, continuous investment in recently launched innovations, support for demand amidst rising input prices, and brand-building activities like its Century Tuna Superbods LoveStrong campaign.

Year to date, the company's attributable net income rose by 8.5% to P2.95 billion from P2.72 billion a year earlier.

CNPF manufactures, markets, and distributes processed marine, meat, milk, coconut, plant-based, and pet products. It has developed a roster of household names, which include Century Tuna, Argentina, 555, Angel, and Birch Tree.

CNPF also operates as one of the Philippines' leading providers of private label tuna and coconut products for export overseas.

On the stock exchange on Wednesday, CNPF shares went up by P1.15 or 4.93% to P24.50 apiece.