NLEX Connector tolls expected by next month

NLEX Corp., a unit of Metro Pacific Tollways Corp. (MPTC), is hoping for the release of the approved toll matrix for the NLEX Connector Road by next month, after the road was offered for use free of charge over the last three months.

Asked when the company expects the Toll Regulatory Board (TRB) to release the matrix, NLEX Corp. President and General Manager Jose Luigi L. Bautista said: "We hope probably next month because (road use) has been free for three months."

Mr. Bautista did not say what impact free use of the road has had on financial performance.

The company had asked the TRB for a toll of P86 for road users between Caloocan and España. On average, the connector road serves 5,500 motorists daily, well below the projected traffic of 12,000 motorists a day.

NLEX Connector Road is an 8-kilometer expressway linking the Caloocan Interchange on Circumferential Road 3 to Magsaysay Interchange at the Polytechnic University of the Philippines.

In March, the company opened the first five-kilometer segment of the toll road from Caloocan Interchange to España.

Mr. Bautista said the company hopes to open the second segment of the connector road by the end of August, against the previous target of June.

"I think it will be open by the end of August. Substantial completion will be at the end of July, so hopefully we can open it a month after," he said.

The proposed toll fee for the entire NLEX Connector Road will be P125 for class 1 vehicles or regular cars and SUVs, Mr. Bautista said. — **Justine Irish D. Tabile**

OPINION

How embedded finance elevates the customer experience

SUITS THE C-SUITE
JANET A. PARAISO

The global market continually evolves as customers look for ways to better integrate financial services into their daily lives. Consumers now prefer a holistic customer journey rather than siloed transactions. As such, banks and other financial institutions must identify opportunities in this developing ecosystem to stay competitive and drive long-term growth.

On a micro-scale, individuals can locally use e-wallets and online banking apps to send and receive money, pay bills, and perform cashless transactions on their mobile phones. These integrated experiences have evolved past digital financial services, bringing us closer to the next economic revolution.

NOVEL FINANCIAL EXPERIENCES

Non-financial organizations have started recognizing the value of offering seamless financial services to meet the needs of "digital citizens." These businesses are now capitalizing on customer data and analytics to boost brand loyalty, generate new growth, and refine the customer experience. In this new age of technology-driven finance, services are most effective when delivered conveniently and frictionlessly.

Changing and developing customer expectations are driving this new era of integrated finance. E-commerce platforms, online marketplaces, and retailers are starting to embed financial products and services into their end-to-end customer journeys.

Fundamentally, embedded finance involves a non-financial services company integrating financial products or services into its value chain to bolster its customer experience.

According to an EY market survey, with respondents from 21 technology providers across the Americas, EMEIA, and APAC, 94% of global financial technology leaders said that addressing customers' needs in real time is a significant feature of financial products. As such, there is a burgeoning interest for financial and non-financial institutions to collaborate and identify opportunities for mutual growth. Additionally, EY financial research predicts the valuation of global embedded finance to grow from $264 billion in 2021 to $606 billion in 2025.

THE RISE OF EMBEDDED OFFERINGS

Banking-as-a-service (BaaS) providers use modern application program interfaces (API) to provide regulated banking solutions to non-financial institutions. These platforms and related technologies make it easier for financial technologies (Fintechs) to work with brands. The advancement of cloud computing and the omnipresence of mobile devices enables considerable connectivity between brands and consumers.

Moreover, other integrated value propositions are on the rise. For example, a local e-commerce platform allows buyers and merchants to transact within its mobile app through its e-wallet feature. This service eliminates the need for a separate, traditional bank account. Another example is what started as a ridesharing app, but which now has transitioned to payments, food delivery, e-wallets, and more. Furthermore, the EY market survey shows that over 70% of respondents think that non-financial institutions will offer more financial products and services in the future.

For a non-financial services company, having customer transactional data can help the organization create bespoke offerings for its consumers. Online marketplaces, retailers, and software companies, among others, are expected to play a crucial role in the future of the finance sector. Hence, organizations must rethink their positioning, strategic vision, and value propositions to capitalize on this nascent market opportunity.

THE VALUE OF PAYMENTS

Embedded finance is manifold, but payments are the most significant in terms of revenue. According to EY research, the value of embedded-channel payments will grow to $6.5 trillion by 2025 from $2.5 trillion in 2021. Non-financial businesses make use of payments as the first touchpoint of customer transactions. With various offerings like discounts, gifts, and pre-orders, payments can help an organization create new experiences and increase customer retention. Furthermore, brands can integrate other services like insurance into this transactional flow the further it evolves.

Likewise, consumers worldwide have increasingly adopted the use of digital wallets. This development has revolutionized the payment process for customers and merchants. According to an EY report, The Rise of Paytech — seven forces shaping the future of payments, mobile commerce comprised 52% of e-commerce spending, surpassing that of desktop users. Mobile wallets also held a 49% share in worldwide e-commerce payments in 2021. Finally, according to Juniper Research, an analyst house specializing in digital technology market research, the number of digital wallet users globally may exceed 5.2 billion by 2026, up from 3.4 billion in 2022.

THE ROLE OF FINANCIAL SERVICES PROVIDERS

Embedded finance is a disruption that forces traditional financial institutions like banks to embrace this development. It is crucial for banks to adapt, as non-financial institutions have shown that they can now occupy the traditional role of banks. Brands that integrate finance into their customers' end-to-end journeys create a convenient and robust user experience, which can cement their place in the global market.

Once organizations clearly grasp their capabilities, leaders can devise strategies to incorporate embedded finance in the following ways:

1. Customer- or product-centered approach

This is a traditional model where banks can extend their services to others while innovating their core offerings. This approach means financial institutions are agile and introduce new products that will retain their customer base as market conditions evolve.

2. Enabler approach

This approach centers on banks extending their products and services via a platform business model. Additionally, they must set up a digital set of core offerings while embedding services into other third-party platforms. By doing so, banks must understand which products and services could synergize with third-party platforms. They also need to consider various partnership models based on their existing capabilities.

3. Builder approach

This technology-heavy approach involves the creation of platforms that house internal and external products. This method relies on agility and functionality as the model continuously adapts according to third-party functionalities. The bank must consider what offerings they can build in-house and which ones they must outsource.

4. Owner orchestrator approach

In this scenario, the bank owns the platform and customer distribution channels while also delivering its products. As such, it must invest in the right technology to bolster customer interactions. This method requires a scalable operating model that continuously improve the functionalities. The bank needs to measure the platform's success and identify ways to increase brand recognition and retain customers.

The conundrum that banks face is that consumers are opting for embedded channels to tap financial services. Financial institutions must find ways to innovate their products and services, lest they fall behind. As the digital age progresses, banks and other institutions should seize the opportunity to differentiate themselves from their competitors.

Ultimately, innovation will drive the advancement of financial services toward integrated customer experiences. The discrepancy between what brands offer and what consumers want creates an opportunity for organizations to develop a new strategic vision to drive long-term growth. Banks and other organizations can explore new options, reimagine offerings, and embrace non-traditional revenue channels as they pivot to a financially embedded world.

This article is for general information only and is not a substitute for professional advice where the facts and circumstances warrant. The views and opinions expressed above are those of the author and do not necessarily represent the views of SGV & Co.

JANET A. PARAISO is an assurance partner and the FSO assurance leader of SGV & Co.

Ayala Land to spend P10 billion more to expand Pampanga estate

AYALA LAND, Inc. (ALI) expects to invest P10 billion more in its mixed-use estate property in Porac, Pampanga in the next three to five years, a company official said.

"Looking ahead within the next three to five years, our plans involve activating another 300 hectares and injecting P10 billion as we pursue the reality of Alviera's vision," said Jennylle S. Tupaz, ALI vice-president and senior estates development head for Central Luzon and VisMin estates, on Friday.

Of the P10 billion earmarked for further development, about P2 billion would be for the newly launched A-Block commercial area, while the remaining P8 billion would be for other parts of the site.

"[The] P10 billion spans across all different products within Ayala Land, this is residential, a part is [infrastructures], and commercial," said Alviera Estate General Manager Melanie Eugenio-Triviño in a media briefing.

Alviera is a joint development by Leonio Land Holdings, Inc. and ALI spanning 1,714 hectares. ALI previously invested P10 billion to develop 430 hectares of the Pampanga estate.

The company also launched the first commercial area of its planned 70-hectare central business district with an initial 12 available units.

Ms. Eugenio-Triviño said the average lots within the A-Block commercial hub span 1,500 to 2,200 square meters (sq.m.) with prices per lot averaging at P70,000 per sq.m.

The company expects to complete the development of the new commercial hub after two to two-and-a-half years, she said, "we'll start land development by the fourth quarter of this year."

The estate also houses nine residential villages in various stages of development. The company has sold a total of 5,000 units across the estate.

"We are at 80% sold from the current inventory level," Ms. Eugenio-Triviño added.

Additionally, it also has an industrial area spanning 64 hectares with three locators currently operating and 10 more are upcoming.

"We have already sold out our industrial lots, so [now we are just] handholding the locators so they can start their construction already," she said.

She identified the current locators in the property as Monde Nissin Corp., Heavy Duty Packaging Corp., and Badan Building Material Corp.

ALI shares rose by 2.95% or 70 centavos to P24.40 apiece on Friday. — **Adrian H. Halili**

SEC warns on 2 unlicensed entities

THE SECURITIES and Exchange Commission (SEC) has warned about two entities taking investments from the public without prior registration.

In separate advisories, the regulator identified the investment-taking entities as Moca Farm Dairy, Inc. and Quick4Speed.

The commission said Moca Farm had been enticing the public online and through social media to invest in the company. It said the entity claims to specialize in producing high-quality dairy products from a "family-owned and -operated agricultural operation."

The entity asks would-be investors to register on its website and invest in their preferred product initially ranging from P50 to P12,790, with a promise to earn P100 after five days or up to P51,600 after 120 days. They may also earn P50 per recruited user plus 7% daily income and another 4% dividend after multiple users.

Meanwhile, the SEC said Quick4Speed specializes in providing top-quality and high-end parts for motorcycles and cars. The entity claims to be a "master trader" in the foreign exchange market.

The regulator said Quick4Speed had been enticing the public to expand their brand and business by promising investment packages with a 10% return every month or 120% capital gains in one year. Investments range from P25,000 to P1 million.

The SEC said both entities are not authorized to solicit investments from the public. Under the Securities Regulation Code, companies are required to register with and secure a license from the commission.

The regulator also identified the entities as offering Ponzi schemes, which involve the promise or offer of profits that are sourced from the investments made by others.

Additionally, the Financial Products and Services Consumer Protection Act prohibits investment fraud, which is defined as any form of deceptive solicitation of investments from the public. — **Adrian H. Halili**