



Treasury and Trade Solutions



Case Study | Consumer

## Reliability and Innovation in Cash Management at *Philippine Seven Corporation*



### About Philippine Seven Corporation

Philippine Seven Corporation (PSC) is the operator of 7-Eleven stores in the Philippines, the biggest convenience store chain in the Philippines, and is listed on the Philippines Stock Exchange. It launched its first store in 1984, and now has over 3,500 stores, and now opens around 500 new stores each year. It provides a range of services from in-store retail to e-services, bill payments and insurance.



## Better Cash Management for Customer Convenience

PSC has established a strong relationship with Citi to complement its local collection banks. Citi makes supplier payments on behalf of PSC, and consolidates collections from customers across multiple banks through central cash

management accounts and places this money on deposit with the bank. PSC relies on the stability, reliability and long-term viability of its solutions, such as Paylink.

*“The system is very stable compared with those from other banks, and never goes down. This is essential for a fast-growing business with critical daily operations like PSC. We also benefit from tools such as email advising, which helps to provide visibility over payments, particularly given the high volumes we process.”*

Lawrence De Leon, Head of Finance & Investor Relations, Philippine Seven Corporation

PSC’s mission is to ‘make daily life easier by providing modern convenience’. This same mission applies to Citi’s approach to its relationship with clients such as PSC. For example, PSC has always been a keen adopter of Citi’s digital solutions, such as virtual cards, but the two organizations are now working together to digitize business activities such as withholding tax certification, which has been a manual process in the past.

Digitizing payments and cash management is a priority in the Philippines, but it remains a cash-intensive society, with low financial inclusion.

For example, it is also making innovative use of ATM machines, using its innovative recycling feature to ensure sufficient cash to fund withdrawals, so that customers can rely on 7/11 stores for secure access to cash in a safe location. At the same time, this provides intelligence to PSC on customers’ retail, banking and liquidity needs, which helps to inform new product offerings, such as loans and insurance. This in turn helps customers to participate economically and become more financially resilient.

*“Digitizing payments and cash management is only possible if levels of financial inclusion are increased, which is a priority for PSC.”*

Lawrence De Leon, PSC



## Strategic Counterparty Relationships

PSC has major institutional investors in Taiwan, UK, and Scandinavia, including sovereign wealth funds. These investors rely on PSC to deliver robust and sustainable growth and financial stability, so the executive team works closely with Citi to leverage innovation to increase supply chain resilience and ensure sustainable income and an excellent customer experience.

For example, PSC deals with a large number of counterparties, including suppliers and property lessors. PSC has built up many of these counterparty relationships over a long period, from large multinationals through to small, entrepreneurial business owners whose companies

have grown alongside PSC. Furthermore, many of these relationships are quite local in their reach, given the challenging island geography of the Philippines, and the difficulty in supplying a large number of stores. These counterparties play an essential role in the ongoing success of PSC, so the company is keen to ensure that these counterparties continue to be robust and financially secure. To achieve this, PSC has put in place an innovative, cross-sector supply chain finance (SCF) program with Citi. This leverages PSC’s access to capital and effectively shares this with its counterparties by reducing their funding costs which would otherwise be passed on to PSC and its customers.



## More Stores, Better Customer Services

Although the SCF program remains relatively new, we are certain it will deliver improvements in reliable access to goods, better service levels and more robust supply chains through greater supply viability. This is a key priority for PSC post-COVID. During the pandemic, only 30% of

supplier purchase orders were fulfilled; today, service levels are routinely at 80-90%. The supply chain financing is expected to provide a better experience for customers and more sustainable income.

*“The SCF program is good for our suppliers. The portal is easy to use, and they can access financing quickly. Local bank offerings are often complex, particularly as the invoice itself typically needs to be uploaded, which is cumbersome, compared with a far simpler process with Citi.”*

Lawrence De Leon, PSC

In addition to providing financing support to suppliers, the SCF program also has a role to play in building better relationships with property owners. PSC typically works with different property owners for each store, or local franchises. The company is working with Citi to extend the

SCF program to property construction and maintenance, providing access to capital to complete projects more quickly and cheaply, therefore benefitting both property owners, PSC and its customers by accelerating store opening.

*“We have chosen to work with Citi over the long-term on the basis of its robust balance sheet, its depth and reliability of cash management solutions and technology, and the quality of the relationship. By constantly reviewing and exploring new opportunities for digitization, automation and optimization, we rely on Citi as a key partner in helping us both to deliver on our priorities today, and achieve our growth plans.”*

Lawrence De Leon, PSC

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