M2P Merchant Management System
A leading digital Bank in Philippines

Executive Summary

A leading digital bank in Philippines aimed to support small and medium-sized retailers by offering credit lines and savings accounts to help them purchase goods from FMCG distributors and wholesalers. However, manual processes and operational inefficiencies posed challenges in merchant onboarding, credit management, and seamless transactions.

By leveraging M2P's Merchant Management System (MMS), the bank

- Streamlined merchant onboarding

- Automated lifecycle management, and

- Optimized credit disbursement and settlements.

The solution also resulted in enhanced financial inclusion and boosted transactional efficiency across the retail ecosystem.

Note: M2P MMS and Loan Management System are also powering the digital bank's Buy Now Pay Later (BNPL) program which is live and growing exponentially.

About the Client

The client is a prominent digital bank in the Philippines focused on providing a range of financial services to customers and SME's including savings accounts, time deposits, loans, insurance, and investment products, all accessible through the bank's digital platform.
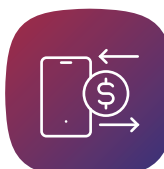
Challenges Faced

Onboarding Inefficiencies
Manual KYC verification led to delays in account creation and access to credit.

Complex Payment and Settlement Process
Inefficiencies due to managing pre-authorized funds, ensuring timely settlements, and handling disputes manually.

Limited Transaction Control
Lack of automated refunds, EMI options, and promotion management for retailers.

Restricted Access Management
Absence of automated workflows for real-time dispute resolution and settlement management.

Lack of Merchant Management Solution
The bank relied on a makeshift platform to manage merchants which was leading to issues in operation, support, and extensibility issues for new programs/products.

Solution Provided by M2P's Merchant Management System

M2P implemented its Merchant Management System (MMS) with an integrated credit management framework enabling seamless onboarding, lifecycle tracking, and payment settlements.

Merchant Onboarding and Credit Enablement

- ### Loan Origination System (LOS) Integration

  Seamlessly integrate with the bank's systems for AML checks, KYC document verification, and dedupe during account creation.

- ### Credit Line Management

Supported credit lines for retailers with multiple distributors	Combined repayment cycles for multiple loans with interest free periods and minimal interest rates.	Automated repayments from retailers to distributors.

- ### Automated Merchant Onboarding

  Multi-level hierarchy support for onboarding merchants, sub-merchants, and distributors based on their role and credit eligibility.

  - Different onboarding processes for both retailers and FMCG / Brand/Distributors based on their specific rules and processes.

  - Creation of bank accounts in client's CBS for the merchants post regulatory checks.

  - Merchant mobile application for onboarding, payments, loan origination, and settlements etc.

- ### User Access Management (UAM)

  Role-based access control for operational teams and merchants, ensuring secure access and visibility.

Pre-Authorization and Capture Payment Flow

- **Pre-Auth Flow**

  Blocking funds from the retailer's account at order placement to ensure order security.

- **Capture on Delivery**

  Debiting funds upon successful delivery to reduce disputes and increase trust.

Payments, Settlements, and Dispute Management

- **Timely Automated Settlements**

  Efficient fund disbursements with reduced manual intervention.

- **Refund Management**

  Instant refunds for failed transactions or order cancellations.

- **Dispute Resolution**

  Dedicated dispute management tools for quick issue resolution between retailers and wholesalers.

Merchant Dashboard and Reporting

- **Integrated Merchant App**

  Powered the banks merchant app end-to-end with real-time transaction tracking, settlement updates, and dispute resolutions etc.

- **Advanced Analytics and Reporting**

  Data-driven decision-making with insights into retailer performance, credit utilization, and payment trends right on the merchant and operations dashboard of M2P MMS.

Reconciliation and Compliance

- **End-to-End Reconciliation**

  Automated tracking of payment statuses, blocked funds, and settlements minimizing errors.

- **Regulatory Compliance**

  AML and KYC verification to ensure compliance with banking regulations.

Results and Impact

80% Faster Onboarding

Automated LOS and KYC processes reduced time to onboard merchants.

60% Improved Operational Efficiency

Automated settlements, dispute resolution, and reconciliation reduced manual workloads.

Stronger Merchant Engagement

Promotions, real time transaction tracking, and enhanced merchant satisfaction.

Future Plans

- Credit Card Extension: Utilize M2P's merchant management system to extend credit cards to
  retailers, expanding the program's impact for the retailers.

- Enhance BNPL Program: Improve Buy Now Pay Later program with multiple payment promotions and subvention offers for the customers.

- Leverage FRM Module; Cater to the onboarding, credit, & transaction risk management.

Conclusion

M2P's Merchant Management System transformed the bank's SME credit offerings by streamlining onboarding, payments, and lifecycle management. The pre-authorization and capture model ensured secure transactions, while automated settlements, UAM, dispute management, EMIs, and promotions enhanced efficiency and trust within the retail ecosystem.

Discover how M2P's MMS can Optimize your Merchant Operations!

Get started with M2P today