

Nomination: 20910

MDC’s Vendor Financing Program - KaAgaPay

Page: General Information
Name of Organization / Company Ayala Land, Inc. - Makati Development Corporation
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Web Site Address www.mdc.com.ph (http://www.mdc.com.ph)
Page: Entry Information
Entry Title MDC’s Vendor Financing Program - KaAgaPay
Category T01 - T11 - Achievement Categories > T04. Innovative Achievement in Finance
Submission Format An Essay of up to 625 Words
Essay <p>Makati Development Corporation (MDC) is a leading Engineering, Procurement, and Construction (EPC) company in the Philippines. An ISO-certified company and a Quadruple A Platinum-licensed Contractor, MDC’s 50-year track record spans more than 800 commercial, residential, high-rise, industrial, land development, and infrastructure projects for parent company Ayala Land, Inc. (ALI), as well as public, and private sectors.</p> <p>In the Philippine construction industry, it’s inherent that vendors and subcontractors (our partners) incur upfront costs for heavy equipment, machinery, and huge working capital to achieve committed construction milestones while paying for their own workforce and suppliers. Small and medium-sized enterprises employ debt financing – resulting in high borrowing costs which negatively impacts their financial ability to deliver projects. This is aggravated further by the stringent lengthy loan application and approval process they undergo with banks to prove their creditworthiness.</p> <p>To address these pressing issues and help our partners, MDC developed a fully automated program to bridge their financing gaps by reducing the payment term cycle from the traditional thirty-day period to seven days, improving their cash flow and financial liquidity.</p> <p>“KaAgaPay,” MDC’s vendor financing program (VFP), is an in-house early payment financial solution on a digital platform. It allows our partners to enjoy early cash access with zero collateral, reduced charges, and lower risks. MDC is the first Filipino construction firm to use this type of innovation, going beyond traditional means and rising to the level that fintech companies are capable of.</p> <p>KaAgaPay is a play on the Filipino word “kaagapay” which means “companion” or “trusted friend”, and is anchored on our belief in inclusivity and synergy. Another way to interpret it is with “Ka” or Kapit-Kamay, “aga” or early, and “pay” or payment: Kapit-Kamay (Working Together) for Early Payment - embodying the spirit of mutual success shared hand-in-hand within the construction community.</p> <p>With the new approach, MDC achieves process streamlining while ensuring regulatory compliance. Risk management is also considered, as it provides host-to-host integration, minimizing human touchpoints and interventions. The embedded controls not only preserve data integrity and privacy but also accelerate the end-to-end process of delivering results. KaAgaPay bridges the gap in Fintech, optimizing software investments, and reaping extended benefits on minimum build effort with high-yield returns.</p> <p>MDC shall process vendor payment through a host-to-host data transmission with our partner, Bank of the Philippine Islands (BPI) of the Ayala Group, within the 7-day turnaround time based on the approved and endorsed billings from MDC. Upon settlement to vendors, MDC is accountable for paying BPI within 37 days.</p> <p>MDC optimized and integrated its existing in-house systems with BPI. Billing information, financing costs, interest rates, and net amounts are available to vendors via the VFP Online Portal. This provides an enhanced user experience through a simplified onboarding and automated availment and collection process – resulting in timely payments and reduced administrative burdens.</p> <p>Initially, MDC expected around 100 vendors to avail with an initial credit limit of USD 8.57M. For an average of USD 685M level of revenues, this can scale up to USD 22.3M. Five months after the program was launched in August 2024, over 400 requests were granted - totaling USD 14M and supporting over 8,600 Filipino family members. As a testament to its innovativeness, KaAgaPay was recognized at the Ayala Innovation Excellence Awards 2024 – winning top awards for innovation and synergy within the conglomerate.</p> <p>Our partners’ success is pivotal to MDC’s growth and success. With this in mind, KaAgaPay was established to help our value chain by streamlining processes, negotiating better financial packages, and forging better working relationships. These efforts help us take better care of our workers and their families, empower our partners to grow, and ultimately delight our customers.</p>

For this category please provide

An essay of up to 625 words describing the nominated innovative achievements since July 1 2022, **OR** a video of up to five (5) minutes in length illustrating the same.

Optional (but highly recommended), a collection of supporting files and web addresses that you may upload to our server to support your entry and provide more background information to the judges.

Credits**Do You Have Supporting Files You Would Like to Upload?**

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