

Analysis on the Payment FinTech Business Model of PESONet in the Philippines Using Business Model Canvas Approach

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ABSTRACT

This paper aims to provide an analysis on the payment FinTech (Financial Technology) business model of PESONet in the Philippines. The Business Model Canvas (BMC) which is an innovative strategic management tool is utilized to analyze the overall state of PESONet. The BMC analysis reveals that as a FinTech payment service, PESONet is primarily focused on strengthening its Key Partners, Key Activities, Value Propositions, Key Resources and Cost Structure. This article provides valuable insights on how to analyze the business model of a FinTech service or FinTech startup. Theoretical and managerial implications are drawn from the analysis.

Key Words: PESONet, Payment FinTech Business Model, Business Model Canvas

INTRODUCTION

PESONet is the ideal option to the still generally used paper-based check system (PESONet, n.d.). This electronic fund transfer facility was introduced prior to the COVID-19 pandemic and has shown that the volume of e-payment transactions surged by 10,802%, in 2020 given the community quarantines implemented during most of the year to curb the spread of the COVID-19. The volume of PESONet transfers alone rose to 15.3 million in 2020 to reflect a 376% growth, while the value of transactions grew 188% to P951.6 billion (Cabuenas & GMA News, 2021).

This indicates that the pandemic has forced Filipinos to embrace digital transformation in the Financial industry. Even before the crisis, BSP had already been pushing for a digital shift in the country's financial services in view of the fact that it aims to achieve financial inclusion by promoting financial technology and digitization (Diokno, 2020b).

In line with this, promoting the usage of digitization in financial services highlights the importance of analyzing the overall state of a FinTech business model of PESONet.

METHOD

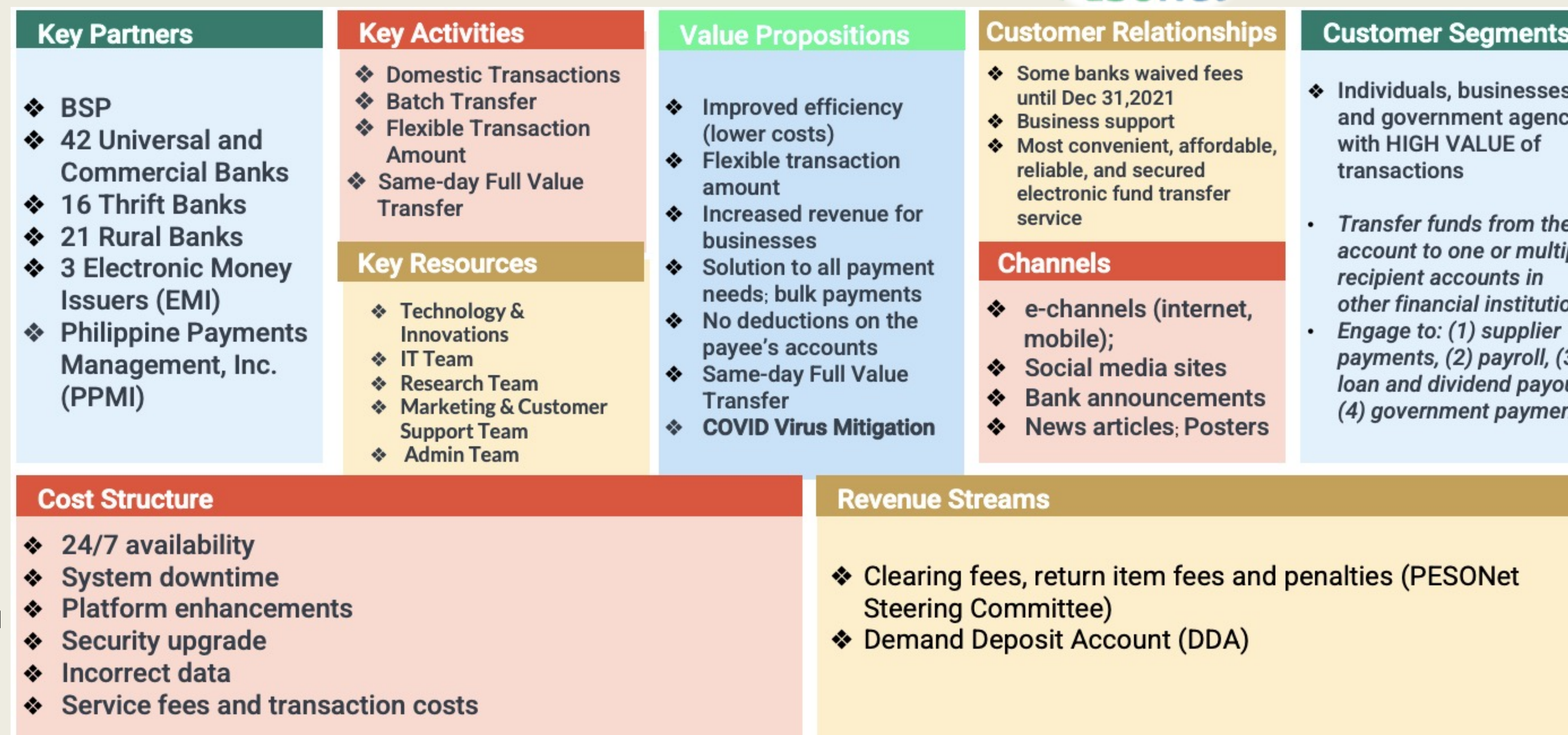
This paper has employed the strategic management tool originally invented by Osterwalder and Pigneur(2010). The BMC is a powerful visual framework for evaluating a business model. It describes the reasoning of why, how, and through which tools a company generates, delivers, and captures value. From a visual point of view, the BMC is a poster format chart or a canvas that portrays nine elements of a business model and permits a discussion on them by a group of people working together.

Business Model Canvas-FinTech Case



As suggested by Nicoletti (2017), the BMC of FinTech Case has specific focus per each element.

BUSINESS MODEL CANVAS ANALYSIS OF PESONet



CONCLUSIONS

Based on the BMC Model of PESONet which contents are gathered from multiple sites, PESONet focuses on Key Partners, Key Activities, Value Propositions, Key Resources and Cost Structure.

Theoretical Implications:

- The utilization of the BMC model in the PESONet Philippines context is also deemed suitable.
- Based on this study, the framework could provide more insights into the rapid development of the FinTech ecosystem by carefully capturing each key part of the model.

Managerial Implications:

Through BMC model:

- Quick assessment of current firm's status
- Improvement of the Key parts
- Provision of starting point to see the overall picture of the key areas
- Detailed planning for each key component
- Key areas as categories for Assessment of the firms seeking for FinTech/Digital related licenses
- Strengthen Key Partners' Section
- Strengthen its partnerships with more financial merchants

LIMITATIONS/RECOMMENDATIONS

There are some limitations /recommendations of this paper such as:

- Only utilized original BMC Model-> it is recommended to also explore Sustainable Business Model Canvas.
- Investigated only PESONet -> it is also suggested to investigate other FinTech related companies such as Gcash, Coins.Ph etc.
- Employed qualitative method->it is highly recommended for further studies to use either mixed method or quantitative method.

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