



Chapter 5

Innovation and Technology

We innovate to create modern, effective and secure user experiences, facilitating access to our products and services in a streamlined and timely manner.

Let's *innovate*

Banco de Bogotá 



5. Innovation and Technology

The economic cycle that the country is going through and the different factors that impact the competitiveness of financial entities have been subject to analysis and caused generation of strategy; this has translated into concrete actions focused on a structured and organized transformation process, the main objectives of which are the pursuit of operating efficiency, customer service excellence, and technological innovation.

These actions have had positive effects on several of the Bank's fronts, which, through research, innovation, the adoption of new technologies and the implementation of efficient and effective operating processes have resulted in the creation of different elements that will allow us to maintain our leadership during the era of the digital revolution.

These elements have served as a guide for the activities carried out during the first half of 2016, broken down into the following areas:

Social Banking – TuitBdB

Creating distinctive initiatives of value for our clients through innovation is one of the structural components of Grupo Aval's corporate strategy and, therefore, one of our institutional goals. In recent years, we have led important developments on the

technological and service fronts, which come as a result of working alongside our clients to understand their needs and anticipate their expectations.

It is exactly this commitment that has inspired us to seek out new ways of being present in their everyday lives; to this end, we are using cutting-edge international technology as a platform to come closer and maximize the service experience in both virtual and real environments, accessing previously unimaginable stages through modern and agile banking.

As part of this innovation strategy and in a bid to interpret the spaces where our clients interact and have fun, we developed TuitBdB, the first social network-based financial transaction solution created in Colombia. With this new service, via Twitter, clients can check their balances and request certificates for the products with the Bank.

TuitBdB is the first social-network based financial transaction solution created in Colombia.

Mobile Banking

Continuing with our strategy to provide multiple service channels for our clients, we developed the new SMS Mobile Banking service, which allows our clients to make balance enquiries regarding their products and request tax certificates for free, simply by sending text messages to the Bank's short code.

In addition, with our clients' security and ease of use in mind, we developed a new secure purchasing service for Mobile Banking with the aim of controlling the authorization of online or international purchases, thereby reducing the risk of fraud and providing clients with control over the use of their credit cards. It initially applies to Visa cards, while the others will be included as the service develops.

Digital Wallet – Aval Pay

In order to promote mass access to Aval Pay, Colombia's first mobile wallet which enables purchases to be made without the need for physical cards, the possibility of adding our Bank's debit cards with security codes on the rear was included. In this way, we continue expanding the service for all our clients, who can now make purchases through the digital wallet by using their credit and debit cards.

Virtual Dataphones – Vlip

As a result of the Aval Fintech Challenge, an open innovation contest organized by Grupo Aval, we supported the development of the Vlip app, a solution that allows our clients to make payments at businesses by asking for the bill and making the payment by cell phone. This innovation employs Beacons technology, which, along with a cell phone's Bluetooth, can establish the exact position of the table where the diners are located in order to request the bill using the handset.

The Vlip application can be used at affiliated businesses and will accept Visa, MasterCard and American Express cards from any financial establishment in Colombia, as well as debit cards from our Bank with the security code on the reverse.

Vlip will accept credit cards from any financial institution in the country, as well as debit cards from our Bank.



Technology at the Service of Our Customers

Self-Service Areas

As part of the transaction migration strategy to electronic channels, the operating platform for the self-service areas was upgraded and a pilot was authorized for public utility payment charged to accounts.

Coffee-Growers Management Model

Continuing with the bank inclusion strategy, we completed the activation of biometric records (photo, fingerprint and identity card) for 264,000 coffee-growers who can now make use of the benefits available to our clients in order to carry out

transactions, with additional elements that strengthen their security model.

In addition, a functionality was added to the Coffee Grower's Management system to allow growers to use specific funds designated by the Colombian government for supporting their work.

Mobility

We implemented a technology platform to provide mobility to the sales force for approving mass credit, including biometric registration of individuals.



Expansion of the Service Portfolio

Moreover, we implemented the process for issuing, delivering, and activating the Banco de Bogotá Elite Negocios credit card, aimed at business clients commercially assigned to the SME Banking segment.

Credit Card

After a scrupulous process of adapting developments and integrations with the Bank, the first phase of the implementation project for a new credit card processing platform entered production (First Vision, from the supplier FirstData). As a result, in May we migrated 126,000 cards belonging to individual clients, guaranteeing integration with local networks and internal platforms in line with the model established at corporate level.

These developments allowed the implementation of a new product for individuals, the LAN Clásica credit card, which is the first product created on the new First Vision platform and is already on the commercial network.

Standardization of Securities

As part of the corporate strategy to standardize processes, we initiated the securities standardization project to bring into line in the Grupo Aval entities the physical characteristics of the documents and the security elements to be used, thus guaranteeing the validity and originality thereof; this constitutes an effort to optimize production costs and generate a unified client service experience.

Employee Fund Platform Upgrades

Supporting the entities' Group is part of our philosophy, and it was with this in mind that we undertook the upgrade of the technology platform for the Bank Employee Fund, implementing the new LINUX Core system and enabling the website for the service of affiliates.





We transform the experience of our clients

In the first half of 2016, we continued to make progress with process optimization. In this way, we were able to expand the registration of business clients, reaching more than 2,700 users at 889 different locations for the activation of checking and savings accounts as well as business portal access. In turn, the document digitalization process and management of single client files automatically reduces paper usage and improves the document request process for our clients. This has allowed us to improve client incorporation and product activation times from 1.5 days to 45 minutes.

Moreover, for portal opening, the process was reduced from five days to 45 minutes, with which we hope to significantly improve average openings and/or cross sales of other products.

Another achievement during the half year concerns the mobility of our sales teams. Thanks to the developments made during this period, from May the sales force began the implementation of sales management pilot, which will allow online reporting of visits and referrals, as well as reporting on the support of coordinators and advisors, thereby facilitating the sales process from first contact up to activation or disbursement.

In addition, in the credit card sales and delivery process, we recorded an increase in the number of single-product mobile

We undertook the sales management pilot, with online reporting of visits and referrals.

force users, enabling the placement of 73% of requests under the mobility scheme and thereby facilitating the pre-approval of 53% of product requests. It is notable that through this solution we were able to optimize the capacity of the operating area in order to process a greater number of requests.

Moreover, with the implementation of the LEAN methodology in the mobile sales force's operating processes, the document digitalization time was reduced to one day, whereby it was guaranteed that all requests reaching the document review process are processed that same day, compared to the two days that it could previously take.

We also implemented the Corporate, Business, Governmental, Institutional and Social Banking commercial loan disbursements through images, eliminating physical docu-

ments; in addition to the positive environmental impact of this measure, it generated savings of COP 30 million per year. In addition, as part of the commercial loan approval process, we established a new request module within the debt center app, enabling automation of process traceability from placement through to approval and thereby improving the loan area management model.

As to payroll loan payments and developments, we implemented an automatic report generation module with the structures requested by companies that currently have a written agreement in place with our Bank, reducing by 50% the information consolidation time for the preparation of client reports. In addition, we standardized the operating model for the payroll loan process, thereby improving productivity and saving COP 300 million to date.

In the first half year we improved the service process for business clients through the implementation of the Practical Requests

Guide (GPS, for the Spanish original), which equips our employees with a single tool for accessing a database in which they can acquire knowledge of the most frequent post-sales requests received from clients, so as to identify the management times and the documentation or conditions required for responding swiftly and in a timely manner.

Meanwhile, business clients now have the means of downloading account information letters through the Business and Corporate Portal, by calling our telephone service lines, or through a sales executive, who generate these letters automatically.

To continue progress with our digital communication strategy, we improved our data update process, activating the means of updating data pertaining to communication type and email address during service calls; in addition, we extended the amount of client location data that can be updated through external call campaigns.

We improved our processes

In the context of consolidating a business architecture model that covers process definition, IT reference architecture mapping, and risk mapping thereof, we continued to make progress in the risk, architecture and process management project such that to date, 24% of all of the Bank's processes have been modeled under the new value chain definitions. In this way, we ensured that the process catalogs, our organization chart, information assets, glossary and the application functionalities are centralized in the Process Management area, thus ensuring timely and up-to-date information on the process management tool defined at corporate level.

As part of the redesign, we implemented a solution to identify deceased clients with active bank products whose death has not been reported, in order to make life insurance claims effective. As a result of this initiative, to date we have recovered COP 3,000 million in life insurance claims payments by the insurer.

Continuing with our corporate process standardization strategy, we initiated the commercial loan automation project using the BPM tool, through which we expect to standardize the process across Group entities for the Corporate, Business, SME, and Microcredit segments in the medium term.



Operations Division

In addition, following three years of continuous work to improve the Bank's quality management system and make it sustainable, in the first half year the system was recertified in recognition of the effectiveness and compliance of processes with the requirements thereof, on the basis of the ISO 9001 standard.

Finally, we implemented a tool to automate the management and administration of the quality management system, covering elements such as indicators, improvement plans, product or service handling, noncompliant outputs and supplier qualification.

Our quality system was recertified, attesting to process conformity and effectiveness.

Throughout the first half year, we migrated more than 80% of the technology platform for leases to new tools that, accompanied by an operating reorganization and the consolidation of control methods for the debt center, allowed sales staff and clients to increase sales figures and to improve control over assets nationwide.

In addition, the Business Banking Operations Division led three key strategic projects during this period: the operating efficiency project, which seeks to bring about a significant reduction in operating costs; the commissions protocol project, which will enable an increase in income from this source; and the project for the optimization of processes that affect accounting, to eliminate manual tasks in the accounting of the Bank's operations.

Moreover, we initiated the optimization of the listings distribution and preparation process, eliminating the need to print a number of these and allowing the different areas to consult these digitally in the document management system, which is

Quality re-certification awarding





expected to generate annual savings of COP 30,353,488 from reduced printing and paper consumption.

Moreover, we optimized our logistics for routing the operations center for the distribution of listings, through which we hope to save COP 32,424,000 per year in reduced trips.

Business Continuity Management System

We conducted more than 60 tests of the strategies implemented for backing the most critical processes, putting to the test the technical, operating, response and infrastructure capacity of the different areas and multidisciplinary teams engaged in the system. Through these actions we responded satisfactorily to real continuity events carried out during the half year, verifying the effectiveness of the strategies implemented. Our Upper Management participated on these stages, making timely decisions, referring those incidents presented, and preparing action plans that will result in benefits for the entire organization.

We also initiated a best practices for monitoring and coordination processes on continuity matters in order to validate the development of skills and abilities to respond to events that disrupt the critical processes supporting the Bank's operations.

Security Strategy

As part of the company's security strategy, which seeks to strengthen security schemes for clients, we evaluated and selected a final point assurance solution to control attempts against client security through malware or intrusion into computers used to access internet portals. This solution is already being scaled up, and more than 4 thousand business customers are currently using it.

We finalized the implementation of biometrics across all Premium branches, an activity that was initiated last year, to provide more security as part of the service provided to our clients from the moment of their inclusion. Moreover, we installed a new version of a biometrics app, which will allow us to guarantee the universality of fingerprinting, thereby considerably improving control over attracting clients and optimizing security in the services provided at tellers and platforms.

We completed the biometric implementation at all Premium branches, thereby providing our clients with enhanced security.



We promoted the business development of the
Antioquia Region

We have expanded our physical and electronic channels, reaching more municipalities in the region.

The Antioquia Region plays a leading role in the development and modernization of Colombia, not only due to the vigor that characterizes its people but also for its dynamic economic activity across different productive sectors.

Important developments, advances and activities have arisen out of this and garnered international recognition, such as Medellín's status as the most innovative city in the world. It is not for nothing that its healthcare services, the development of its textile industry, its fashion and trends, traffic mobility and its advances in science and technology serve as an example to other Colombian regions.

In line with the dynamism of this part of the country, the Bank supports the different production sectors and participates in its most important events. A sign of this is the presence, since 2013, in two major textiles and clothing showcases: Colombiatex of the Americas and Colombiamoda, both of which promote the growth of this important area of the economy.

Moreover, in the Antioquia region the Bank serves corporate and business clients, thereby building long-term relations and providing support in projects geared toward pursuing their strategic goals and projects.

The Bank also supports initiatives that promote the development of small and medium Antioquia companies through a range of initiatives.

It should be noted that the Bank has undergone a significant expansion process in terms of its physical and electronic channels, reaching more municipalities to provide better coverage. At present, the Bank has 123 branches, 306 ATMs, 663 banking correspondents, and 9 payment and collection centers in the Antioquia Region.

Since 2013 we have participated in Colombiatex of the Americas and Colombiamoda, both of which promote the growth of this important sector.