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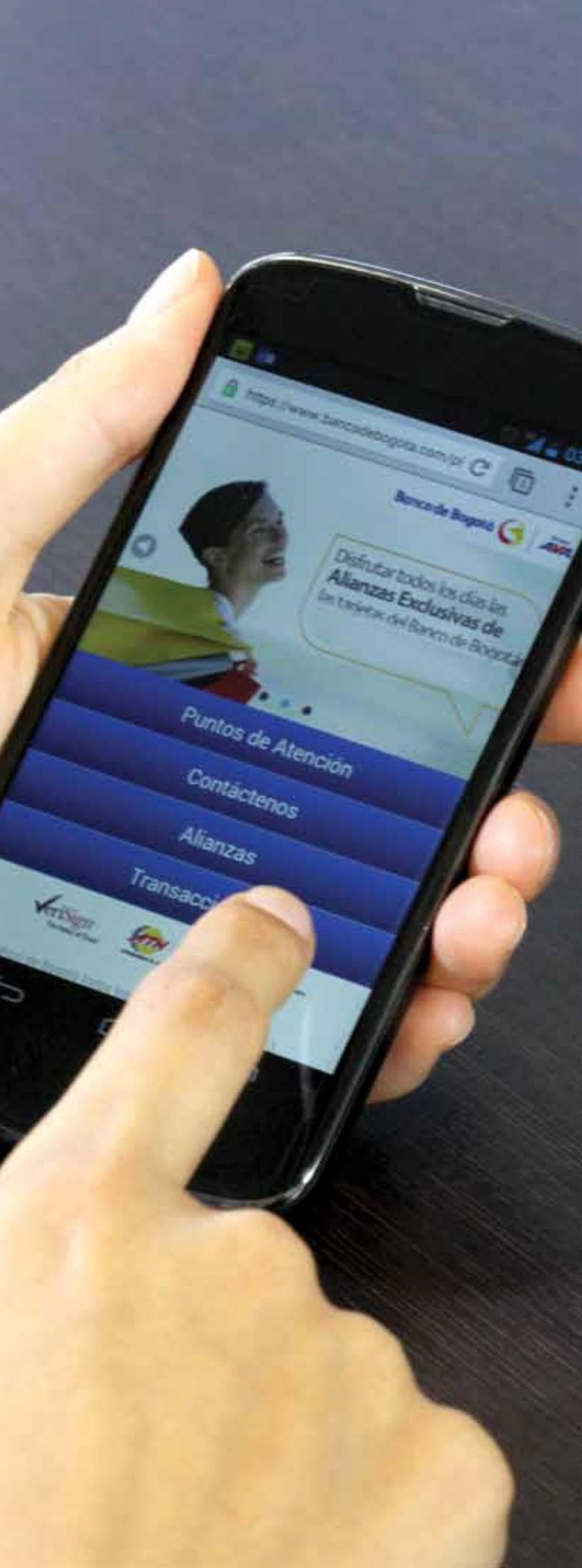
Chapter 5

Innovation and Technology



*We make our customers' lives
easier to save them time.*

We improve our stakeholders' quality of life by incorporating cutting-edge technology into all our processes.



5. Innovation and Technology

The dynamic and sustainable growth that we have obtained in recent years is based on strengthening technology strategies and speeding up operations to ensure a continuous offer of efficient, secure and high-quality products and services that respond to our customers' expectations in terms of generating value and differentiation by applying principles of innovation and constantly updating technology.

Thus far in 2013, our investment in technology amounts to approximately USD 34 million. This has allowed us to develop and implement various action plans:

- **Service Portfolio Expansion**

We continue to develop the collection process through an incorporation model using Web Services technology. This allows our customers to update their information systems online and in real time with collection transactions made through our branches. Similarly, the scope of the services was expanded to the dispersion of funds and sending transactions.

Additionally, the self-generation of PINs for debit and credit cards issued in branches was enabled. This is where a PIN is assigned by a customer through a PIN PAD. This change significantly improves the speed, security and reliability of the card activation service.

- **Operational Efficiency**

Our operating model is the result of a continuous redesigning process, seeking efficiency and operational excellence. We have developed different actions to achieve this objective. First, the decision was made to implement the LEAN methodology for critical processes that significantly increase productivity and decrease process times.

Later, and recognizing that operational efficiency requires a suitable quality management model, in 2012, we started a general process quality plan by certifying two processes with the ISO 9001 standard that greatly impact the service we offer our customer. One of the processes is granting and paying out all pur-

pose loans and Crediservice lines of credit, and the second is in-branch collection through Web Services. That is how we entered the era of quality process management, achieving ICONTEC certification for the two selected processes in May 2013.

We obtained the
ICONTEC certification,
which strengthens our
quality processes.

Regarding credit card operations, through the implementation of online work systems, we improved this product's operation processes, managing to reduce service times by 30%. Additionally, through the optimization of interaction with the card distribution channel, we increased efficiency in delivery and activation procedures.

Furthermore, the adoption of bar code reading to record National Tax collection information allowed us to phase out the manual label process at the counter, significantly reducing waiting times for customers.

• Development of Electronic Channels

Electronic channels are a fundamental pillar for maintaining a large part of the strategy to expand the range of products and services of the Bank's different areas of business. Similarly, together with cellphone technology, these are the basis for improving the structure of transactional costs and the service model, and our relationship with customers.

At the beginning of 2013, we acquired one of the most modern mobile banking solutions in the world. This new platform gives us an important competitive advantage, supported by the ability to activate applications, which, as well as offering our customers basic transactional and consultation services, allows us to set up the mobile banking solution on all the operating systems currently in production. This technology solution gives us the ability to install the application on any device from the broad range of cellphones and tablets that are currently available on the market, and it will support the growth strategy of mobile financial services.

Another one of the channels that has shown important growth and development in this first semester is our network of Banking Correspondents. We expanded the service



portfolio by implementing new transactions such as cash withdrawals, account deposits, cellphone top-ups services, transaction printouts, public utilities payment via reading bar codes and PIN use for transactions at more than 1,500 points in the country.

• Security Strategy Strengthening

Our security strategy and model are recognized within the financial sector as benchmarks of good practices. Through their application, we have obtained positive fraud control results, thus, reducing complaints and response times to claims.

This has been possible thanks to the professional and intensive work of the security and technology departments. With a team of qualified professionals and tools that automate information analysis and processing, we have managed to build a customer profiling and fraud detection model that is applied to the transactional analysis.

In all of our branches, we implemented an authentication model using **fingerprint biometrics** for transactions.

However, it is a reality that fraud is high and detecting it is so complex that it is necessary to support the work of those

experts with customer analysis and profiling tools that can work at the same pace as fraud. Consequently, we started an assessment of a customer profiling, transactional analysis, detection and online fraud management solution in the first semester of 2013.

Continuing our efforts to improve the customer authentication model, we implemented the transaction authentication model based on fingerprint biometrics in all of our branches. It was set up for platform administrative operations and counter monetary transactions. Additionally, we extended our coverage to 29 payment centers and specialized housing centers. As a result, a monthly average of 42 thousand current and new customers were enrolled for the first semester of 2013.

• Business Sustainability

Achieving stability and strength of information systems, which has historically been fundamental in supporting elements for the business growth strategy, requires a continuous updating process, which year-over-year, represents more than 40% of investments in technology.

The investments made to update and expand the central storage platform are also important. To date, we have the latest-generation technology and a total capacity of 360 TB (Tera bytes), in which information about our production and contingency systems are stored. This update required investments of USD 1.6 million.





Improving Quality of Life

Just like Lizeth, thousands of residents in Barranquilla are benefiting from the Banco de Bogotá Transmetro Debit Card. It is a technological innovation that allows our customers to enter the mass transit system's stations and feeder buses without waiting in line and therefore, improves their quality of life.

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