

Chapter 5

Innovation and Technology

We encourage the generation of new ideas to reinvent the Bank



We **encourage**

5. Innovation and Technology

With the aim of guaranteeing optimal, high-quality service, during the first semester we strengthened our technology platform and implemented new service and contact dynamics to improve the service experience of our customers and users.

We have continued working to meet the needs of our customers in all segments, through the following initiatives:

Technology in Service of Our Customers

During this period we implemented the Banca Joven Portal (Youth Banking Portal). This service uses a cloud-based infrastructure model to promote non-transactional business

With the new Mobile Banking application, we give our customers new electronic channels.

campaigns. Likewise, to provide new electronic alternatives allowing our customers access to self-service transactions, we released the new Mobile Banking smartphone application in the Android, Apple and Blackberry stores.

We also are improving hardware and software resources for our personal and business internet portals, to support the increase in operations in these channels. For the Corporate

and Business Portal we have enabled access through all of the most-used web browsers, improving the final user's experience.

We improved the internet portal self-service module, enabling consultation and download of various certifications, such as withholding taxes, financial movement tax (GMF in the Spanish initialism), interests paid and total costs. We also made it possible for customers to update information, change their Credit Card pin and generate tax payment certifications through the Personal Web Portal, while mass management of business wire transfers can be handled through the Business Portal.

In order to provide our analytics employees with self-service tools, we have updated the telephone and phone call recording systems and have enabled a technological platform that improves the efficiency and productivity of research and data analysis. We have also implemented an information platform in our offices for the Mobile Sales Team.

Service Portfolio Expansion

We continue with our service portfolio update process, to meet the needs of our customers. During this period, we advanced the following initiatives:

- We developed the Transfer Savings Account, a product with a simplified opening process that allows customers to easily enroll from their cellphones. This avoids lines and paperwork, and allows us to reach Colombians who do not currently have banking services.
- We launched the *Alianzas* application, which gives customers access to a digital catalog of promotions and benefits for purchases made with the Bank's cards.
- We started-up our new electronic, kiosk and multi-



functional channels in a Self-Service Area, migrating transactions traditionally carried out in the Bank's offices to electronic devices. This gives us a cost-efficient presence that provides ease in service and lowers crowding in offices.

- We implemented the electronic toll payment system (Facilpass), that directly charges customers' accounts and lowers cash transactions for toll payments on the road concessions in which the Grupo Aval participates.
- We enabled cellphone credit recharge services for the carrier Virgin Mobile in different electronic channels.

Process transformation: improving the experience of our customers

In the second semester of 2013, we began an ambitious project that seeks to create efficient and effective processes for our customers, redesigning them point by point and multi dimensionally, with a short- to medium-term vision. Through a co-creative process that integrates the suggestions of employees and industry best practices, implementation plans have been prioritized and set into place for the optimization of our customers' most important operational and commercial processes.

We have thus established the Process Transformation Project, which includes 100 short-term initiatives that are focused on lowering the number of requirements for enrollment and reducing response times to customers. A decision-making Committee comprised of an interdisciplinary group of employees was formed within senior management, whose goal was to analyze and monitor the different plans carried out.

Process Transformation Project Committee, General Management



In the first semester of 2014 we began point-by-point redesign of mass credit processes and enrollment of legal entities, with the purpose of making great strides in efficiency and customer service, by automating and digitalizing of these processes. In order to make this goal a reality, we have carried out the first technological development phase to bring new functionalities to the market.

We are improving our processes to offer our customers quicker, more effective service.

In order to provide better service to our customers, we have optimized response times, easing the enrollment process and simplifying documentation needed for both the opening of liability products and the Corporate Business Portal. With that same goal, we have created a virtual file that allows our users to efficiently provide the Bank information and decreases the paperwork required to open products.

At the semester's close, we had implemented 84 initiatives, of which 80% were underway and being monitored according to the indicators defined. The remaining 16 initiatives will be implemented during the second semester. The main themes implemented were:

- The enrollment process for individuals underwent significant improvements in terms of forms, documentation and commercial record, applications, and immediate activation, among other things. This reduced said process from 62 minutes to 24 minutes and decreased the duplication of work, with improvements in the return of requests and operative FTEs.
- We made changes to the mass credit request filling process which resulted in a 25% reduction in said process, freeing time for commercial activities.
- The renewal processes for CDs were optimized.
- Opening times for liability products and legal entity services also underwent notable improvements, with adjustments to forms, linking of the portal with the Superintendence of Financial Services (SSF, in its Spanish acronym), creation of an annex for enrolled customers, as well as automatic portal news updates and activation of checkboxes to be managed on the part of the customer.
- The processes for service enrollment and contract creation (special services with customers) for corporate and SMEs banking were made automatic.
- A simplified model for the mark-up of special rates was created to decrease operational burdens and accelerate the rate



update process, thus avoiding customer complaints. Time reductions of 65% in the mark-up process and 30% in portal enrollment are expected. A tool pilot was implemented and is currently undergoing adjustments for large-scale launch in the second semester.

Security Strategy Progress

We have continued to work on the security strategy for our platform and for our products and services portfolio. At the close of June, Credit and Debit Cards had been completely changed over to chip technology. We also implemented chip reading technology in cooperative network datapones (Red Express), complying with Bulletin 042 of the Financial Superintendence.

We have also implemented the VCAS tool to reinforce security for online purchases on secure sites. We have had successful results with the Classic BIN (Banking Identification Number) and we are in the process of enabling this service for all Credit and Debit Cards.

We have also begun the development and review of alerts for the Business and Corporate Portal to give the businesses that use these channels better security and services. Likewise, we are strengthening the customer profiling process for monitoring management through the acquisition of more modern computing solutions.

Service Continuity

We adapted and opened a new Contingency Operation Center to guarantee the continuity of our service. The Center has the capacity to back-up around 700 work stations which will support the 43 processes identified as most critical due to financial and qualitative impact.

During this period, real crisis scenarios occurred that caused us to activate the Crisis Management Committee and move our operations to alternate headquarters. Events were resolved in a satisfactory manner and the effectiveness of the strategies implemented was verified.

We also carried out preparations for moving the technological infrastructure housed in Terremark to Calle 80 Siberia, the New

Alternate Computer Center. As a result, starting in the second semester of 2014, we will have a new DWDM network¹³ that will allow us to improve the back up information kept in the main-frame central storage system.

By strengthening our operations, **we guarantee service continuity and efficiency.**

¹³Dense Wavelength Division Multiplexing



"The Process Transformation Project has changed us, made us into a more agile and efficient Bank. As employees, we see that the Bank has definitely evolved. We have cut procedure times and documentation requirements, and have gained time to serve our customers and make their lives easier."

Carolina Ávila - Manager, Zipaquirá Branch