

Bancamía Colombia

Bancamía mainly serves disadvantaged people whose precarious economic situation impedes them from accessing financial products and services. Its aim is to improve the standard of living of its clients and their families. 3,583 professionals work in the institution, covering both urban and rural areas of the country.

Elkin David Pérez and fellow fisherman

Outstanding areas of initiative in 2015

Technological programs

Digital services for agricultural financing

Technology solution that generates the credit amortization best tailored to each small producer's cash flow. This provides a personalized system that is adapted to the entrepreneur and the location of the business.

Correspondents

With over 3,000 customer care points around the country under the partnership banking correspondent model and with "Servimía", its own network of banking correspondents.

Mobile banking

Turns the mobile phone into a convenient, fast and safe connection between the client and the bank. Enables the client to access and handle their financial products from any category of mobile phone.

Environmental programs

Signatory to the Green Protocol

Committed, together with the Colombian Government, to joining forces for the benefit of sustainable development in the country, environmental conservation and the sustainable use of natural resources.

EcoMicro, mitigation measures

"Green finance" project, an environmentally respectful financial solution that supports energy efficiency in clients' productive units.

Microfinance for adaptation to climate change based on eco-systems

Technical and financial guidance for adapting small producers' agricultural business to climate change.

Eco-efficiency program

Awareness, training, communication and habitat improvement activities to optimize the consumption of the natural resources employed.

Bancamía Colombia

Banco de las Microfinanzas - Bancamía, S.A (Bancamía) is a recognized social bank, specializing in microfinance, that opened its doors to the public in 2008 with the aim of improving the quality of life of low-income families. It was formed from the merger of three non-profit entities: Corporación Mundial de la Mujer Colombia, Corporación Mundial de la Mujer Medellín and the BBVA Microfinance Foundation. The International Finance Corporation (IFC) became a partner in 2010.

Made up of 3,583 coworkers, it focuses mainly on vulnerable Colombians in both urban and rural areas who find it difficult to access products and financial services because of their economic situation. Bancamía believes in people’s capabilities and abilities, recognizing their natural aspiration to progress by generating productive activities. All the clients whom the institution supports with credits carry out a productive activity in trade, services, production or farming. For these Colombians, Bancamía offers financial and non-fi-

nancial products and services tailored to their needs. These range from microcredits, savings accounts and TDCs (term deposit certificates), to insurance and international transfers, and channels and services such as mobile banking and debit cards, whilst also providing financial education.

It operates through 200 branch offices in 29 of Colombia’s 32 departments (91% of the departments), looking after clients in 889 municipalities covering 80% of the country’s landmass. It also has its own well-positioned network of 3,400 banking correspondents.

For Bancamía, the best way of fighting poverty and inequality is by sowing a positive future among low-income families. Responsible Productive Finance have become an efficient tool by helping the most disadvantaged communities to develop socially and economically, by providing them with products and services aimed at generating revenues and profits by running a business. This will continue to be the bank’s goal in 2016.

Management team and board

Management Team	Board
María Mercedes Gómez Executive President	Ignacio Rojas-Marcos President
Margarita Correa Executive Vice-President	Edith María Hoyos Vice-President
Olga Lucía Calzada Vice-President, Legal	José Antonio Colomer Member
Germán Reyes General Auditor	Pedro Saiz Member
Miguel Achury Vice-President, Planning	Jaime Ospina Member
Marcelino Romero Vice-President, Financial	Javier Flores Member
Oscar Romero Vice-President, Risks	Adriana Senior Member
Carlos Hernán Quintero Vice-President, Client Product Development	
Juan Manuel Rincón Vice-President, Staff Development	
Luis Enrique Collante Vice-President, IT & Resources	
Germán Millán Compliance	

Bancamía Stories of Hard Work and Achievement **Floralba Lucumí**

“I started with just one plot, now I have six.”

Floralba Lucumí talks energetically and passionately about her life, her enterprise and her family. This entrepreneur from Puerto Tejada (Cauca) is 51 and mother of three children, whom she has brought up by working in a number of areas, all of them on her own initiative. These temporary jobs enabled her to learn about baking, farming and livestock breeding, while bringing money into the home.

When Floralba arrived in Jamundí (district of Valle) she started making bread. Then for four years she tried pineapple farming as well as looking after animals, but these activities did not lift her out of poverty. *“I stopped growing pineapples because although I had sales, there was a lot of competition, and the fruit took a long time to be ready for market, so my income was not good. With the animals I had to wait a long time for them to grow too”*, recalls this entrepreneur.

After that she started sowing sugar cane on a rented plot of land. As she didn't have the

money to pay for day laborers, to prepare the seeds and to sow, she turned to Bancamía, who believed in her project and provided her first loan: ***“I went to the office opening in the municipality of Jamundí, where they explained everything and I become one of the pioneers in the bank. I recommend it to lots of my friends and neighbors; the arrival of Bancamía has been a really good thing for us in this region, because it has brought lots of help and I have learned that you have to go beyond the “drop by drop” lenders”.***

The option that Bancamía gave her of paying back the loan in monthly installments was fundamental if she was to see her business grow. *“In the last four years my life has changed in a very positive way; today I am not afraid if someone says - “I'll lease ten plots of land to you” - because I know where to go. Just think, I started with just one plot, but now I have six, so it has gone very well”.*

She describes her enterprise with pride. During the year that the crop takes to grow, Ms. Lucumí employs 13 people who help with the tasks of fumigation, fertilization, cleaning, draining and harvesting. **This success has enabled her to generate jobs and support development in her region.** She has also been a member for the past five years of an association of *“women who save, who have been taught how to save and how to increase the little we have; the best part is leaving our fears behind us. I told them about Bancamía and they all went to open accounts with the bank, which has given us free courses in financial literacy, because it is not only a question of being lent money, but of learning how to invest it.”*

People always say that the best lessons in life come from example and in Floralba's case she is a testimony to entrepreneurship for the entire community. ***“Through my enterprise I feel that I have been able to change lives”***, she says, her face wreathed in smiles.



Floralba Lucumí

Scan the QR code and watch the video about Floralba.



Bancamía Stories of Hard Work and Achievement

María Aurora Múnera Vásquez

María Aurora Múnera Vásquez

“Bancamía has been my strongest support”

This entrepreneurial lady was born in the municipality of Frontino (Antioquia) and lives in Medellín. **She states effusively that at 52 years of age, her life burns with a brighter flame because now her business is a reality which has allowed her to make many of her dreams come true.**

25 years ago, after deciding to separate from her husband and leave her job as a sous pastry chef in Medellín's Club Unión, María Aurora Múnera decided she was going to be an independent businesswoman so that she could spend more time with her son, and also make more money. She started off selling cheese straws door to door in the Robledo Las Margaritas neighborhood, which earned her the nickname of 'María Straws', as she is known there and in a large part of the city.

After selling door to door, she set up her enterprise on a sidewalk until she could get her own space, which she repurposed as a home and in which she also ran a fast

food restaurant. It was then that she could extend her business offering. As well as the cheese straws, she had French fries and fried plantains; by the time she had finished there were thirty different dishes making up the menu offered by 'María Straws'. The restaurant has cheered the neighborhood up enormously, because as well as good food she has created jobs for several people.

“In my enterprise I take care of all the administration, I became the manager and I'm also the cook; the last job is the one I am proud of”, notes the businesswoman, who has had loans for 20 years with Corporación Mundial de la Mujer Medellín, one of the founding institutions of Bancamía. **“Thanks to the loans I have grown in entrepreneurial terms, I have my own house, my enterprise has been visited by officers and managers and everyone at the bank has made me feel very important”,** continues María Aurora.

As of today, this entrepreneur has taken out over 20 loans, either with Corporación Mundial de la Mujer Medellín or Bancamía. She started with COP 1 million and she currently has a loan of COP 28 million. *“Not everything is about the money, it's not only about what you pay: I pay for quality and the enjoyment of seeing the faces of the manager and the officers who are always so kind and attentive to me”.*

Now she dreams of buying another house and setting up an ice cream business. She is sure that the bank will continue to help her, *“I'm going to take out loans until I die, I'm married to Bancamía”,* says 'María Straws', full of the euphoria produced by her happiness at seeing her dreams come true and of living the life for which she fought.

María Múnera is the living proof that “the success of its clients is the success of Bancamía”.

Bancamía Stories of Hard Work and Achievement **Daniel Cepeda Mejía**

“It is great to be providing a job instead of asking for one.”

Colombian **Daniel Cepeda Mejía** was destined to be a businessman. He was born in Bogotá 41 years ago, has been married to Paola Andrea Rincón for nearly 20 and they have 4 children. *“Ever since I was a child I wanted to have a company, but I began to realize it wasn’t easy; before I set up Tu Carrito Ofiexpress there were two attempts that didn’t work out”*, recounts Daniel Cepeda, remembering that he had the original idea of setting up a trolley from which to sell food and beverages 10 years ago, when he was the soft drinks supplier for events in an organization.

Names of big multinationals such as Coca-Cola figured at the beginning of Daniel’s working life: *“one of the jobs I had was store-to-store sales and the sun was really hot, not having money was also really hard; you reached the middle of the month, and you still had another two weeks before the next pay check. Looking after four children wasn’t at all straightforward either”*, recalls this entrepreneur, whose life changed five years ago.

When the company for which he worked started putting in orders for its employees with him, the seed of a new enterprise in food products was planted. *“Then they put us in contact with Bancamía so that we could offer them our service, with the added value that all the people working there could buy essential food at their work place, without having to travel long distances, making the most of their time and eating fresh, healthy food”*, continues this entrepreneur.

So Daniel built a cart on wheels, to carry fruit, packaged food, sandwiches and desserts around all the offices at Bancamía’s headquarters in Bogotá. His wife Paola was the first person to open it for business in July 2010. The take-up was instantaneous and very positive, with people asking for a wider range of products. It was then that Bancamía offered them a loan so that they could grow their production unit.

The effort and hard work have paid off. In the five years of operations, **Daniel Cepeda’s business has expanded its services to other companies; now they have eight carts selling food and beverages to seven organizations:** *“it is hugely satisfying for us when we recall that at the beginning we didn’t have the facilities to work in the most efficient way possible but that now, although the premises are not ours, we have an area for getting the product ready, a storeroom and offices. What is more, in our micro-enterprise, 90% of the women are the main breadwinners in their family, and their working terms and conditions are fully in compliance with the law”*, notes the entrepreneur.



Paola Andrea Rincón and Daniel Cepeda

Scan the QR code and watch the video about Daniel.





Creating jobs is one of Daniel's greatest satisfactions; he adds: "it is so great to be providing a job instead of asking for one". **He currently provides employment to 13 people who work every day in something which started off as a good idea, a great dream to be built up and that has come true.**

"Thanks to the first Bancamía loan we were able to get our company off the ground; to start with, the cart service only had a few products and we couldn't buy di-

rectly from suppliers; now with four credit solutions that the bank has offered us, our business has grown much more than we could ever have imagined".

Daniel won the 2015 Citi Micro-entrepreneurship Award in the Trade category, which recognizes growth in small companies having a high impact on economic development in regions, families or communities. He was nominated by Bancamía itself.



Marcela Muñoz, Daniel Cepeda, Paola Andrea Rincón and Liliana Gallo

Bancamía Outstanding Areas of Initiative in 2015 Mobility

Innovation and technology at the service of financial inclusion in rural communities: Bancamía improves process management and reduces the barriers to entry on banking services for geographically remote population groups thanks to the use of mobile applications.

Digital services for agricultural financing

The provision of financial and non-financial products and services to support entrepreneurs in the farming and stockbreeding sectors is one of Bancamía's lines of action, and one in which it made significant progress in 2015 in the area of digital services for agricultural financing.

The most disadvantaged and least cared-for segment of Colombian society is to be found in the countryside. Geographical dispersion is one of the big challenges; in the case of productive agricultural activities, this is in addition to irregular incomes and peaks and troughs in cash flow, factors which have represented an obstacle to financial inclusion in rural communities in the past.

A technical solution to this challenge has been created that meets this segment's specific needs; it generates a system for amortizing credit that is better adapted to the cash flow of each small producer in their location. The system is based around introducing a "Cash flow and flexible payments" tool in mobile devices (tablets) used by the executives that make on-site visits to rural clients. This tool enables the officer to analyze farming credit transactions easily and quickly on site, as well as recording income and expenses. The system then consolidates all the activities of the farming production unit and transmits the data to the banking core, generating a cash flow, with the financial conditions appropriate for each client in accordance with the available balances, and generates an amortization plan with flexible payments suited to the flow of the client's income.

The "Digital services for agricultural financing" project makes it possible for the farming sector to carry out transactions and is critical in closing the gap to accessing finance in rural areas.

This IT solution shows the client in a clear, comprehensible and transparent form the flow of installment payments and gives our officers capability and the technological "in situ" independence to carry out the entire process speedily, so that (s)he can reach an agreement with the client on their flexible payment plan.

Bancamía, in line with its long-term commitment to the responsible financial inclusion of Colombians, developed important IT projects over the course of 2015.

Correspondents

As part of its goal to deliver financial products and services in a timely, safe and straightforward manner, Bancamía is continuing to broaden the channels it uses to get closer to its clients and offer them greater convenience in their banking relationship. Over the course of 2015 it extended to over 3,000 the number of service points that use the banking correspondent model, in partnership with a Points Network (MóvilRed). As well as these, the institution has its own network of banking correspondents, "Servimía". These banking correspondents enable Bancamía clients to reduce time and travel costs, giving them service points that are close to where they live or work.

Mobile banking

Channel that has been developed in order to broaden the options of disadvantaged families by giving them access to financial products from their mobile phone and, in particular, designed for those whose geographical location makes it more difficult to access banking services. To break down these barriers Bancamía has rolled out Mobile Banking, a channel that is close to them, easy to use and safe, and that works using an application that can be downloaded on a mobile phone or device, that is available on several platforms (Android, iOS, Blackberry, Windows Phone and Java) and works with high-end, medium and low-end mobiles, and either prepayment or post-payment plans. This option enables our clients to access their products quickly and safely. Once they have downloaded the Mobile Banking app, clients can check

their balance, movements, the date of their next installment payment, transaction costs, carry out person-to-person transfers, top up their phones, pay taxes through their account, as well as requesting and authorizing direct debit, generating and changing transaction PINs for moving cash around, plus a number of other operations.

In 2015 Bancamía also launched its new corporate webpage which makes communication with bank clients and users easier; together with the telephone service lines which are open 24 hours a day, 7 days a week, they bring the bank's services closer to its clients. Our Mobile Banking aims to break the paradigm in terms of the channels used by disadvantaged Colombians and demonstrates our commitment to be at the vanguard in providing our clients with tools that contribute to the aim of financial inclusion for those who do not have that opportunity today.

Demonstrating Bancamía's commitment to be at the vanguard in providing its clients with tools that help to achieve the goal of financial inclusion for those without that opportunity today. It is a channel that is close, easy and safe, that works using an application for mobile telephones and devices. It eliminates distances between the client and the institution, making it possible to carry out a range of operations.

Bancamía

Outstanding Initiatives

Environmental dimension

Green protocol

Bancamía is a signatory to national initiatives such as Green Protocol, a commitment by the government of Colombia and the financial sector to join forces in promoting sustainable development in the country and working to protect the environment and for the sustainable use of natural resources. Keeping to this commitment, Bancamía is developing plans to roll out strategies for issues such as green products, eco-efficiency, environmental and social risks, as well as internally promoting sustainable initiatives in carrying out its activity.

EcoMicro, mitigation measures

Bancamía is developing a “green finance” project, as part of its involvement in the

EcoMicro program, dependent on the Multilateral Investment Fund managed by the Inter-American Development Bank (IDB) and the Nordic Development Fund (NDF). The project is developing a green financial product so that clients can buy energy-efficient equipment for their productive units. The green credit line will be supported by alliances with suppliers in order to guarantee that clients have reliable access, on favorable terms, to a range of alternative energy sources, thus generating greater returns as a result of saving on energy consumption, and lower emissions of greenhouse gases.

When it comes to mitigation measures, Bancamía complements the EcoMicro program with its introduction of innovative microfinance products and services which enable small producers in rural and suburban areas to adopt measures in their ecosystems to mitigate the negative impact of climate change (droughts, floods, fires, landslides, loss of productivity, damage to crops, increase in pest infestations and lower water availability, among others) and in this way improve their likelihood of doing well, since they will be less vulnerable to the risk of losing or reducing their production.

Microfinance for adapting to climate change based on ecosystems, adjustment measures

The “Microfinance Ecosystem-based Adaptation” project, MEbA is a United Nations Environment Program (UNEP) financed by the German Ministry for the Environment and advised by the Frankfurt School of Business. This project is generating opportunities for climate change

Bancamía contributes to sustainable development by creating and constantly refining solutions targeted at reducing poverty and vulnerability in the environmental sphere too.

adaptation based on differentiated financial solutions that open up the investments needed by clients. Bancamía’s role is to provide producers with an integrated value offering that includes technical guidance and financial resources so that they can apply the relevant measures to their specific circumstances.

As the project has drilled down, 40 adjustment measures have been identified. Bancamía is working with communities of producers in the areas of Ubaté, Mesitas and Villeta. Information about best practice in handling crops was obtained from workshops and focus groups, and then transferred to an automated risk analysis tool that considers the environment, production, climate, pest infestations, illnesses and the market. Since May 2015, Bancamía has been rolling out a pilot MEbA in Ubaté, where awareness has been created about basic concepts in EbA measures for agricultural producers and training provided for 112 farming producers in specific concepts so that they can introduce these measures.

Furthermore, within the MEbA program, a new method for understanding risk is being developed, together with support for the farming sector, in which institutional knowhow is systematized and standardized centrally, incorporating variables on climate risk, plant life-cycle parameters, inputs

required during production and expected prices over a period of time.

Eco-efficiency program

The Eco-efficiency program was launched as part of the institution’s internal environmental strategies. The bank has further materialized its commitment to the environment with awareness, training, communication and habitat improvement activities, together with reduction systems and investments in *green points* for separating solid waste. All of these seek to reduce and optimize consumption of the natural resources used in the course of its activities: water, energy, paper and manufactured inputs.

Protecting the environment is part of the sustainable development promoted by Bancamía among its entrepreneurs, with strategies in green products and eco-efficiency, creating a society that respects its surroundings.

Bancamía

Awards and Honors 2015

Institution

- Bancamía received a special **“Shared Value Award”** as a finalist in these Awards given by the Bogotá Chamber of Commerce to recognize companies which have contributed to improving the living standards of the general population, the productivity of their suppliers and to achieving greater efficiency in the value chain, whilst simultaneously increasing their income. The Chamber of Commerce highlighted Bancamía’s **Agriculture (Agromía) credit lines**, which serve to provide working and investment capital for micro-farming producers, so that they can strengthen their businesses.

Front Line Management

- The Executive President of Bancamía was designated Female Entrepreneur of the Year in Colombia by EY (Ernst & Young), which created the category this year.
- The Executive President of Bancamía was nominated in the Portfolio 2015 prizes in the category of Best Business Leader.

Client(s)

- Bancamía client Daniel Cepeda, whose business is producing and selling prepared food which he distributes to a number of companies in Colombia using in-office food carts, won the **Micro-entrepreneurship Award**. This prize supports the growth of small companies that have a high impact on the economic development of particular regions, families and communities. The award recognizes the vision and continuous striving to progress on the part of these entrepreneurs. Daniel Cepeda began his “Tu Carrito Ofiexpress” business in 2010 when was a soft-goods supplier. After some initial success, he started up a line of food products. From the outset he has relied on Bancamía to help him with business development and the institution has originated several loans adapted to the development phases of his young firm.



Tulio David Niño

Colombia

Macroeconomic Context

The Colombian economy's heavy dependence on the oil sector accounts for its high financial volatility and lower growth rate.

The Colombian economy grew between 2.7% and 3.0% in 2015, the second worst year in growth terms since 2002. Despite the deterioration in private consumption and the external sector, the greater boost to public spending was a sustaining factor for the economy. In the last 10 years, the Colombian economy has increased its dependency on the mining/energy sector, which has risen from representing 2% to 8% of GDP, but accounts for 70% of exports and 85% of foreign direct investment (FDI), making up 20% of the Government's entire fiscal income.

The sharp correction in oil prices was the cause of the 35% fall in exports over the year and for a similar drop in FDI which, taken with a 65% slump in portfolio flows has resulted in a 40% correction to the exchange rate, taking it to an area of slight real undervaluation.

This external sector performance generated a current account deficit of around 7% of GDP, one of the highest in the world among similar-sized economies and one which, despite the fall in domestic demand and the correction to the exchange rate, will remain, mainly as result of the structural fall in oil prices and the weak performance of the Venezuelan and Ecuadorean economies, traditionally major export markets.

This situation in the external sector and the effect on portfolio flows of international financial conditions impacted by the Federal Reserve's monetary policy normalization

process does not appear to be transitory, but rather to be affecting the Colombian economy in the long term, in a period during which elements of excessive spending by agents were apparent, reflected in the steep current account deficit, which needs correction in order to prevent this trend from continuing to the point of unsustainability. For this reason the adjustment should be made via domestic demand, to correct the excess spending at a time of continuing cuts in revenues.

The policy response was not counter-cyclical and relative prices were raised between exportable goods and the rest, so that a sharp adjustment in the exchange rate could be effected in order to reduce the dependence on oil revenues, and in search of a change of focus in production, as well as an emphasis on the expenditure type, domestic production and a correction in imports.

The oil situation caused tax revenues to fall, resulting in a 3.3% fiscal deficit, despite the correction in the level of fiscal expenditure and its lower weight as a proportion of GDP.

On the demand side, the adjustment in 2015 was based on lower government spending, which grew at half the rate of 2014, a result of reduced fiscal expansiveness, while the household correction was softer, sliding from 4.4% real growth in 2014, to 3.2% in 2015. Investment is the demand component which has corrected most, moving from an increase in real

terms of 11.7% to growth of around 3% in 2015, with a sharp adjustment in private investment which has been partly offset by the strong boost to investment in building projects. Nevertheless, investment growth in 2015 was 70% lower than in the previous five years, whereas the correction to household expenditure was 17%.

The external sector, despite the correction to the exchange rate and lower growth of imports, will contract because of the effect of a modest recovery in exports.

On the supply side, the construction sector made the biggest contribution to growth, expanding by around 5.3%, mainly as a result of civil building works, and particularly the major investment made in highways and a more expansionary management of civil works on the part of local corporations and regions around the country, associated with the political cycle of regional elections next year.

Growth in the retail sector will be under 3%, as a result of the contraction in the demand for durable and semi-durable goods and the sharp moderation in private consumption. The industry reported growth of around 1%, in spite of the decline in manufacturing production and energy demand in the final part of the year. The effect of the real adjustment in the exchange rate has been to boost the sector at year end, but offset by the lag in the expansion and modernization of the refinery in Cartagena, the impact of which will be noticed in 2016.

The combination of a severe exchange rate correction and the hike in food prices has driven up inflation, which ended the year at around 6%, well above the central bank's targets. The exchange rate correction had

a major impact on the prices of imported goods and inputs which affected production costs, while the impact on food was the result of weather factors affecting the price of fresh food products.

In order to prevent these inflation levels from undermining the credibility of their targets, as well as medium- and long-term expectations, and from producing an unwished-for loss of this anchor for stabilizing wage and service restraints, the central bank responded aggressively on the money market, adjusting intervention rates four times in the final quarter, closing at 5.75%, a rise of 125 base points from the end of 2014.

Despite the slower momentum in the economy, the employment rate improved a little in 2014, to 58.9%. Waged employment grew by 3.5% whereas self-employed workers increased by 2.5%. The latter make up 47% of the labor force and informal employment accounts for 60% of the labor force, a structural feature of the Colombian labor market.

The latest official figures available on going to press, from July 2014 to June 2015, report that 28.2% of the population nationwide is poor, which is 1.1pp (percentage points) down on the same 12-month period the previous year. In all, 402,000 people came out of poverty in this period. 7.9% of the population was in a situation of extreme poverty, 0.5pp down from the previous 12 month period.

According to these economic poverty measurements over the last five years, over 4 million people have come out of poverty, which has fallen by 10.8pp, while 2 million have come out of extreme poverty.