



Social Performance Report 2023

Our digital journey



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For years, the BBVA Microfinance Foundation has driven digital transformation in its entities with the aim of strengthening their relationship banking model. Internal processes have been streamlined to provide better service and improved relationships with entrepreneurs, who are also being mentored in their take-up of new technologies.

The digitalization process requires coordinated, timely action and entrepreneurs increasingly appreciate propositions with added value that have been adapted to their needs. To meet this demand, it is essential that we develop new digital business models that are based around the growing body of understanding we have of our entrepreneurs. For this reason, when digitalizing productive finance in the group, we take several issues into account:

- **The development of digital financial services**
- **Data transformation at the service of the client**
- **The inclusion of entrepreneurs in the digital economy.**

In this continuous process of adaptation, we should not forget that the digital journey is not the same for everyone. There is a generation of entrepreneurs that has grown up

with internet, that uses social media intensively, that “lives” online and wants to use self-service models on their mobiles. But there are also entrepreneurs who are less digitally literate, who need in-person advice from someone they can sit down with, through traditional channels like the loan advisor, banking correspondent or branch office.

To provide a response to all these needs, we are building a hybrid model where the in-person and online channels complement one another to offer a truly omnichannel experience, that is, the same value proposition, the same service, at any time and through any channel, with the option to switch from one to the other instantly and with no interruptions, easily and transparently.



Digital financial services

The *Movilidad Asesor* [Loan Officer Mobility] app continues to evolve over time. More than 4,200 loan officers are using this app, which was developed internally to serve entrepreneurs in their businesses, and a total of **747,368 loans were managed from this app** during 2023.

The **correspondent banking network**, which has both dedicated and third-party correspondents, also continues to be a key form of mentoring entrepreneurs' financial needs in making deposits, withdrawals, and disbursements in spots close to their homes. That is why the number of banking correspondents has expanded to **3,667** and includes different types of provision: traditional banking correspondents, correspondents with satellite link (those to whom we have provided a satellite antenna so that they can serve people in remote areas with no standard internet connection, providing financial services, training, and access to internet), and mobile correspondents (a new model whereby the officer is mobile, without a physical location). They all operate with the *Corresponsal* app, developed internally according to the features of our service model.

KEY MOBILE BANKING RESULTS 2023



BBVAMF (aggregate)

N° clients signed up

845,044

Clients signed up as % of all clients

28.41%

N° products contracted

286,125

N° of loan disbursements

159,112

But whether due to geographical restrictions, ease of use or another reason, often our entrepreneurs prefer using remote tools. That is why online channels create opportunities in this field, enabling entrepreneurs to access and manage their financial services remotely and safely while saving time on traveling to branch offices. This leaves them with more space to develop their businesses and for their domestic and personal affairs.

In 2023, we reached the figure of **845,044 online users** – that is, who are registered on the mobile banking or virtual office app– comprising over 28% of all entrepreneurs served by the group. Using the **Mobile Banking** app, they were able to apply for loans, contract products, open accounts, make transfers, and pay for services, among other uses.

During 2023 we introduced new ways of authenticating and validating the identity of our entrepreneurs by physical features recognition, reducing the risks of identity theft and potential fraud, but also providing easier access to their products and services, with less friction.

Thus, in the hybrid process of getting a loan, which is a mixture of in-person and online service, from the moment when an entrepreneur goes to any one of our 5 institutions until the disbursement or reception of the product, there have been **24,264 online registrations** (17,793 using facial biometrics and 6,471 voice biometrics), as well as **4,993 authentications** using voice biometrics in other transactions.

ONBOARDING WITH FACIAL BIOMETRICS

Onboarding with facial biometrics is a process in which the identity of an entrepreneur is validated on an online platform, thanks to the use of artificial intelligence that can compare their identity documents and their face with photos or videos.

Furthermore, there have been **540,523 transactions using electronic signatures**, with the aim of guaranteeing the legality and confidentiality of the documents and statutory compliance across all the institutions.

Some of the fastest growing platforms in the world, and that have a positive impact on the population, are instant payment systems that improve settlements and minimize uncertainty around payments and money collection.

In the Dominican Republic, we have incorporated the central bank's Real-Time Gross Settlement system into our mobile banking app enabling entrepreneurs to make electronic transfers with one another and with the central bank. As a result, **100,986 transactions were conducted in 2023**. In Colombia, Bancamía was the first microfinance bank to integrate that country's TransfiYa platform to send, receive and request money between mobile phones, used by 1,936 Bancamía entrepreneurs to carry out over **11,900** transactions. A pilot program was started in Peru to incorporate a QR code charging system into the

entrepreneurs' app. The Dominican Republic, meanwhile, has developed a solution in partnership with a Fintech to provide life insurance for entrepreneurs directly via its app, without intermediation from loan officers, as well as adding a function for easy payment of public services, fines, and taxes.

Along the same lines, to optimize assistance and respond to entrepreneurs' inquiries, we incorporated innovative technologies both on web channels and social media. Initiatives such as ChatDopem in the Dominican Republic and WhatsApp-enabled chatbots, as utilized by entities like Bancamía and Microserfin, were rolled out.

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Data at the service of the client

Making processes digital entails an enormous increase in the data available, so having accurate, comprehensive, and properly filed information can be the difference between good and excellent service in terms of understanding the entrepreneurs, their needs and delivering timely information about the products and services that generate most impact on their development.

That is why we continue to strengthen **Nexo**, an informational environment that connects data to better serve more entrepreneurs. This initiative integrates a cross-platform technological framework for the five entities, under a common provisioning model, evolutionary development, and rules for data governance that ensure quality and traceability.

By incorporating internal and external data sources, as well as predictive models based on machine learning and advanced statistics, **Nexo** enhances analytical capabilities that enable a deeper understanding of areas such as clients' activity cycles, their needs and those of their families, as well as the identification of behavioral patterns, improvements in user experience, and the opportunity to incorporate new products and services that generate ever greater inclusion and impact.

In Chile, Fondo Esperanza incorporated the Social Evaluation Form [Ficha de Evaluación Social FES] into its Mobile Banking

platform, through which it has already captured data from **15,245 new entrepreneurs**. This form allows access to information to generate a multidimensional profile of each entrepreneur, including their initial situation in areas such as business, family, level of empowerment, access to technology, and housing status; and to track the evolution of each dimension throughout their relationship with the organization. This profile enables continuous measurement of the impact achieved by Fondo Esperanza and the BBVAMF Group, as well as segmentation to adjust and generate an increasingly deep and personalized value offering.

Additionally, in 2023, all entities together with BBVAMF participated in the **Digilab Data** program, developed in collaboration with the World Bank's IFC, to strengthen the strategy and define the roadmap and action plan that will set the agenda for the coming years.



Entrepreneurs and the digital economy

Digitalization must be progressive in order to be inclusive for all entrepreneurs and promote their entry into the digital economy. Therefore, the organization works on three levels: reducing the access gap, developing digital skills, and creating a digital ecosystem.

Considering that 29% of entrepreneurs do not have internet access in their business or home, we aim to reduce the access gap to new technologies in the most vulnerable sectors, in remote and poorly connected areas. To date, there are already 62 connectivity points in Peru and 22 in Colombia. In Panama, 75 entrepreneurs were able to access the internet thanks to the first pilot with Starlink in the Darién jungle area, through which they could conduct their operations without having to go to branch offices in person, saving more than an hour of travel time on each trip.

Our institutions' head offices and branches have also been transformed into connection nodes, enabling access to Wi-Fi in their branches and opening 'digital corners' to provide support to entrepreneurs as they go about incorporating technology. Over the course of 2023,

Financiera Confianza's 112 offices in Peru all came to provide these spaces for entrepreneurs, and pilot programs in Chile and Panama followed; in Colombia, Bancamía provided open Wi-Fi in 219 branches so that clients can access its mobile banking app.

At the same time, progress in digital literacy for entrepreneurs is being pursued through online learning platforms in all group entities. **56,469 entrepreneurs accessed training modules** to promote their fluency in the technological environment and the development of their businesses. As a way to expand the course offerings, strategic partnerships emerged with the MasterCard Strive Community & Caribou Digital for the free provision of e-commerce content, with WOM for digital skills training in Colombia, and with the Trust for the Americas in the Dominican Republic.

Thanks to these actions, entrepreneurs are becoming increasingly more comfortable with technology.

DEMO DAY: ONLINE AND INNOVATIVE

Given that technology is an essential lever in executing BBVAMF Group's strategy, the *Demo Day: Let's Go Forward Together* initiative was launched in 2023, a regular in-person and virtual encounter where collaborators from the five institutions present their most innovative digital transformation experiences, to share knowledge, exchange ideas and find solutions to the needs of the 3 million entrepreneurs served by the group in Latin America.

The institutions have already talked about projects such as *Microserfin Responde*, a virtual AI assistant for sales advisors to get support quickly while they are attending entrepreneurs; **partnerships with Fintech** to sell life micro-insurance in a customer-friendly way; and a number of **integrations for sending instant inter-bank transfers** from corporate mobile apps.