# Digitalization to make progress

Expanding development of, and access to, digital technology has allowed the institutions comprising the Foundation to offer their entrepreneurs a service that is increasingly tailored, proximate, and efficient. The technological capability of our processes and channels, together with personal understanding of our entrepreneurs, means that we have been able to drive responsible and tailored financial inclusion: we have adapted the value offering, promoted its empowerment and we have helped them to improve their business management, their own quality of life and that of their households.
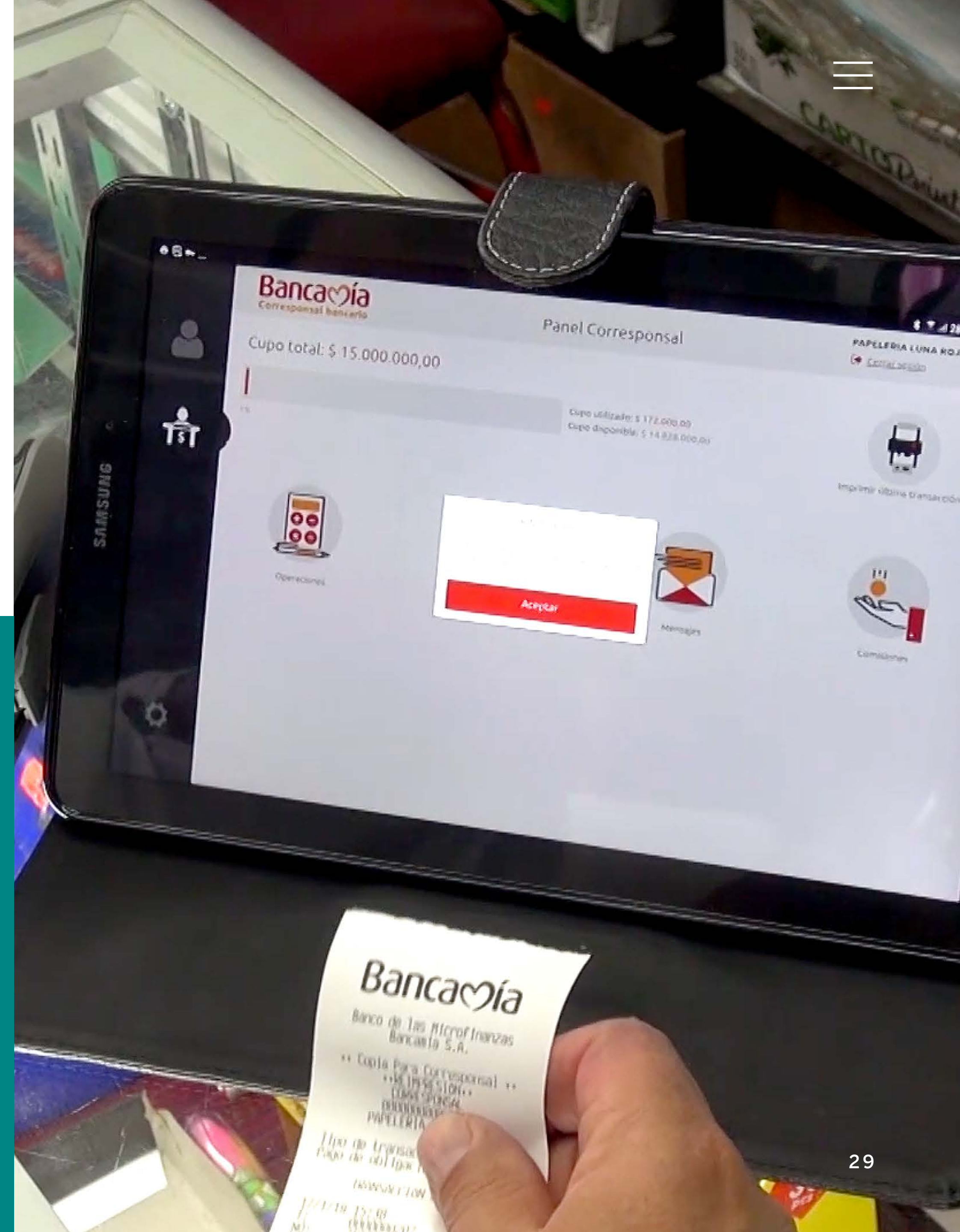
It is increasingly important that high-speed internet should be available and affordable for everyone „

Digital poverty

In Latin America there are still 244 million people without internet access*, a state of affairs that we must make visible and tackle. That is why in 2021 at the Foundation we started to develop the concept of digital poverty, measuring three dimensions: affordability, ability to use and connectivity. The first is concerned with the income required to get network access using devices and paying for connection packages; the second refers to the capability to use technologies (digital literacy); and the third deals with the quantity and quality of internet access.

From this perspective, digitally poor people do not enjoy the information and communication benefits which digital technologies bring. This is due to their scarce resources (demand restriction), lack of knowledge of how to use technological tools (digital illiteracy), or the lack of connectivity points (supply restriction).

Most research has focused on the problem of supply. The solution entails reducing the digital gap (inequalities in access to information and communication technologies) by making the means of transmission -telephones, computers, and internet connections-, available to the population.

Many of the most vulnerable segments of the societies where we operate have lived in communities without reliable internet access, which has imposed considerable social and financial costs on them. The pandemic widened this gap into a deep crisis, since work, education, medical care and many other aspects of daily life increasingly depend on online connectivity. Now, many people run the risk of falling below what could be termed a "digital poverty threshold".

It is increasingly important that high-speed internet should be available and affordable for everyone. Democratization of access to the hardware and software that people need to make the most of internet's possibilities must be promoted. Likewise, it is crucial that the basic tools for this to be possible are provided. As digital access becomes massive and affordable, the development and use of financial services and digital tools for education and healthcare, among other things, can be harnessed, to achieve greater financial inclusion and the expansion of basic services. The challenge is immense, but we are tackling it.

---

* "Rural connectivity in Latin America and the Caribbean. A bridge to sustainable development in a time of pandemic". IDB, IICA, MS et al. 2020.
https://repositorio.iica.int/handle/11324/12896

Remote connectivity on the move

In January 2021, in Financiera Confianza (Peru) and Bancamía (Colombia), we set ourselves the challenge of testing the hypothesis that by means of the internet connection we could promote financial and non-financial inclusion among the population groups currently excluded from these services.

The main purpose of the initiative was to take the connection to remote and rural areas that didn't have internet access (or very low-quality access) with entrepreneurs who needed support. These were areas where the Foundation's entities did not have a physical presence (a branch office or similar) or where there was limited access to financial services. In the case of Colombia, there was also the consideration that the areas chosen should be safe enough to travel or move around there.

When it came to choosing banking correspondents* (BCs), we prioritized the supply points (general trading stores, pharmacies, hardware stores) and informal home-based businesses to which, in the case of Financiera Confianza, we provided mentoring to help with the paperwork - obtaining licences and the Registro Único de Contribuyentes (RUC) [Single Taxpayers' Registration].

As regards our technology needs, we opted for satellite connection with HughesNet, a supplier which operates in both countries (Peru and Colombia), marketing its services using pop-up stands. This entails setting up a stand or folding table on the correspondent's premises and when the loan officer visits the area, two or three times a week, they occupy this space and give advice to entrepreneurs.

---

* A banking correspondent is a third party who establishes a business relationship or links with a credit institution to provide financial services to his/her clients in the name and on behalf of that institution.

The owner of the premises (the banking correspondent) receives a monthly rental payment for the use of the space and for looking after the stand. Their activity may also benefit from this, with increased footfall by more people in their community on their business premises.

In Colombia we set up the pilot project in the middle of June in the communities of Urumita (Guajira Norte) and Illes (Nariño Sur) where, as well as providing financial services, we proposed boosting technological education using digital tools. We made two tablets available for the community on the premises of each correspondent, with a connection and direct access to Bancamía's *Facilitamos su Progreso* [We make your Progress easier] platform. Users who want to can take online

courses and improve their skills on this financial education platform. The correspondents have expressed their satisfaction with this initiative, highlighting that it gives them greater contact with people, recognition in their communities and an increase in the activity of their enterprises.

In Peru we started this pilot phase in May 2021 in four areas: Cahuapanas (Pasco), Villa América (Pasco), Bajo Shambillo (Ucayali) and Bufeo Pozo (Ucayali). Through Agente Confianza Satelital (as the banking correspondent is called) we managed to provide service in rural areas without prior internet access and with populations in a state of vulnerability. We have provided connectivity, reducing transactional costs (savings of USD 10-15 on

transport) and avoiding the need for clients to travel to the branch or to other banking correspondents, whether their own or third parties (journeys that can take up to a day). We have also supported education using Financiera Confianza's group lending app, carrying out training sessions in financial and non-financial education in communities. What's more, we have identified the opportunity of generating a positive impact in healthcare, noticing that some people were making videocalls to healthcare professionals to consult about primary care issues relating to COVID-19, for example.

At the end of 2021, this project had helped over 2,000 people throughout the region and is making the service we provide to our clients

better and more convenient for them. The beneficiaries of these pilot projects agree that they save time and money by not having to go to their nearest branch office, together with the peace of mind that comes with not having to travel carrying cash.

This project will continue to grow, with the satellite connection reaching 40 new points in 2022 in Peru (Financiera Confianza), and 16 in Colombia (Bancamía). Panama (Microserfin) has signed up for this initiative with a pilot project on a remote stretch of the Congo River.

Digital channels

This year we continued moving forward with the roll-out and development of our three mobility solutions, allowing us to serve our entrepreneurs in more flexible ways:
/ the Advisor app, with which the network team can help them at home thus cutting out trips to the bank branch
/ the Correspondent app, which enables them to operate with cash near to home
/ the Client app and website, enabling them to do their banking from their mobile phone, obviating unnecessary travel while also giving them real-time information about their products and services.

In 2021 we got the Advisor app up and running in Panama, together with the Client app and website in Dominican Republic and Chile.

We have also incorporated the digital/electronic signature into the credit approval processes in two of our institutions: Fondo Esperanza and Financiera Confianza.

In the case of Peru, the digital signature has been incorporated into the Advisor app's credit process, such that the business flow is digital from beginning to end. This has been welcomed as very intuitive and natural, both for the loan officers and for the entrepreneurs. The latter, once they have received their contract electronically, can sign it in a secure and convenient manner anywhere they like after receiving an alert on their mobile, tablet or computer. To do so, they simply have to identify themselves before proceeding to sign the document.

The digital signature is scheduled to be incorporated in Colombia (Bancamía) and Dominican Republic (Banco Adopem) during 2022.

Status of digital channels

	Colombia Bancamía	Peru Financiera confianza	Dominican Rep. Banco Adopem	Panama Microserfin	Chile Fondo Esperanza
Loan officer app	✓	✓	✓	✓ 2021	✓
Client app/website	✓	✓	✓ 2021		✓ 2021
Digital signature		✓ 2021			✓ 2021
Correspondent app	✓	✓ 2021	✓	✓ 2021	
Satellite correspondent	✓ 2021	✓ 2021			

Corporate channels & remote servicing

Key numbers in 2021

		Bancamía	Financiera Confianza	Banco Adopem	Microserfin	Fondo Esperanza	Total
Loan officer mobile	**Users**	1,378	2,066	572	95	307	**4,418**
	% loans managed by the app	86%	45%	100%	81%	n/a	**68%**
Client mobile	**Users**	261,762	120,511	4,571	n/a	5,542	**392,386**
	Digital onboards		669	Pilot			**669**
	Active users: consultative & operative	48,261	5,873	4,302		5,273	**63,709**
	Total transactions (monthly)	1,500,413					**1,500,413**
	Monetary transactions (monthly average)	41,311	4,127	4,544		n/a	**49,982**
Correspondent mobile	**Correspondents**	600	1,093	200	35	n/a	**1,928**
	Total transactions (year)	571,375	295,932	133,972	7		**1,001,286**
	Total amount trx (USD - year)	42,492,896	23,714,602	8,767,020	708,751		**75,683,271**

		Bancamía	Financiera Confianza	Banco Adopem	Microserfin	Fondo Esperanza	Total
Satellite correspondent	**Satellite correspondents**	2	4				**6**
	New clients	23	504				**527**
	Clients served	152	1,394				**1,546**
	Clients upskilled	72	233				**305**
	Clients with internet	72	597				**669**
	Total monetary trx	248	914				**1,162**
	Total USD disbursed	175,510	3,415,000				**3,590,510**

Digital onboarding & other biometric solutions

Technology has shown us throughout the pandemic that it is not always necessary to be present physically and that we can save entrepreneurs' time by doing things remotely whilst taking health precautions on their behalf by avoiding unnecessary contact.

With this in mind, in 2021 we continued working on the integration of digital onboarding onto the mobile banking app *Bancamóvil* of three institutions: Banco Adopem (Dominican Republic), Financiera Confianza (Peru) and Bancamía (Colombia).

Digital onboarding is based on AI technology. It identifies the client by means of a photo from their identity document and a selfie. We have integrated it into the corporate *Bancamóvil* apps with a single development, but one that is personalized to each country. We have placed particular emphasis on security, conducting successive analyses and tests to avoid cyber risks and identity theft.

We are trying to identify the most appropriate occasions when it should be used, the ones that cause the most friction with the client or which demand greater security, insofar as they are processes that deal with the most sensitive information. We are therefore considering whether to integrate authentication based on voice biometrics as well as facial biometrics, which we already use, and whether to apply other methods that reinforce security even more: single use, tokenized, keys.

Voice biometrics enables clients to be identified in under five seconds in any language, integrating indigenous languages such as Quechua. It could be used, for example, to authorize a password change, transfer money on digital channels or to make a cash withdrawal on a banking correspondent's premises.

Thus, by increasing security and paying attention to the user experience, we have found the delicate balance between these two factors that sometimes seem so hard to reconcile with one another.