

# Products for low income population

## Banco Davivienda

### Colombia



DAVIVIENDA

# General Facts



Total Population
Banked Population
GDP per Capita

## Colombia

45 million	
16 million	25% → Davivienda: 4 million
USD 5.500	→ USA: USD 48.000 <small>The World Fact book</small>

# Population Distribution by Annual Income

1	USD 0 – 800
2	USD 800 – 3000
3	USD 3000 – 7.500
4	USD 7.500 - 25.000
5	USD 25.000 - 50.000
6	USD + 50.000

15%	-
41%	27%
33%	27%
8%	22%
2%	13%
1%	11%

# Families



 **Colombia**

 **Davivienda**

Single Adults	8.3%	13.75%
Young Couples	6.8%	8.21%
Families with Children under 12 years	25.9%	21.44%
Families with Children from 12 – 18 years	29.6%	27.95%
Families with Children over 18 years	22.2%	22.27%
Golden years	7.4%	6.38%

# Davivienda's History



1972	Founded as a Savings and Loans Institution
1993	Entered into consumer lending
1997	Became a universal bank
2004	Acquisition of a credit card specialized unit (Bansuperior)
2007	Acquisition and merge of Granbanco a corporate bank.
2009	<ul style="list-style-type: none"><li>• Third largest bank in assets</li><li>• 4.2 Million customers</li><li>• 550 Branches</li><li>• 150 Cities</li><li>• 10.000 Employees</li><li>• Service to 1 million low income families</li></ul>

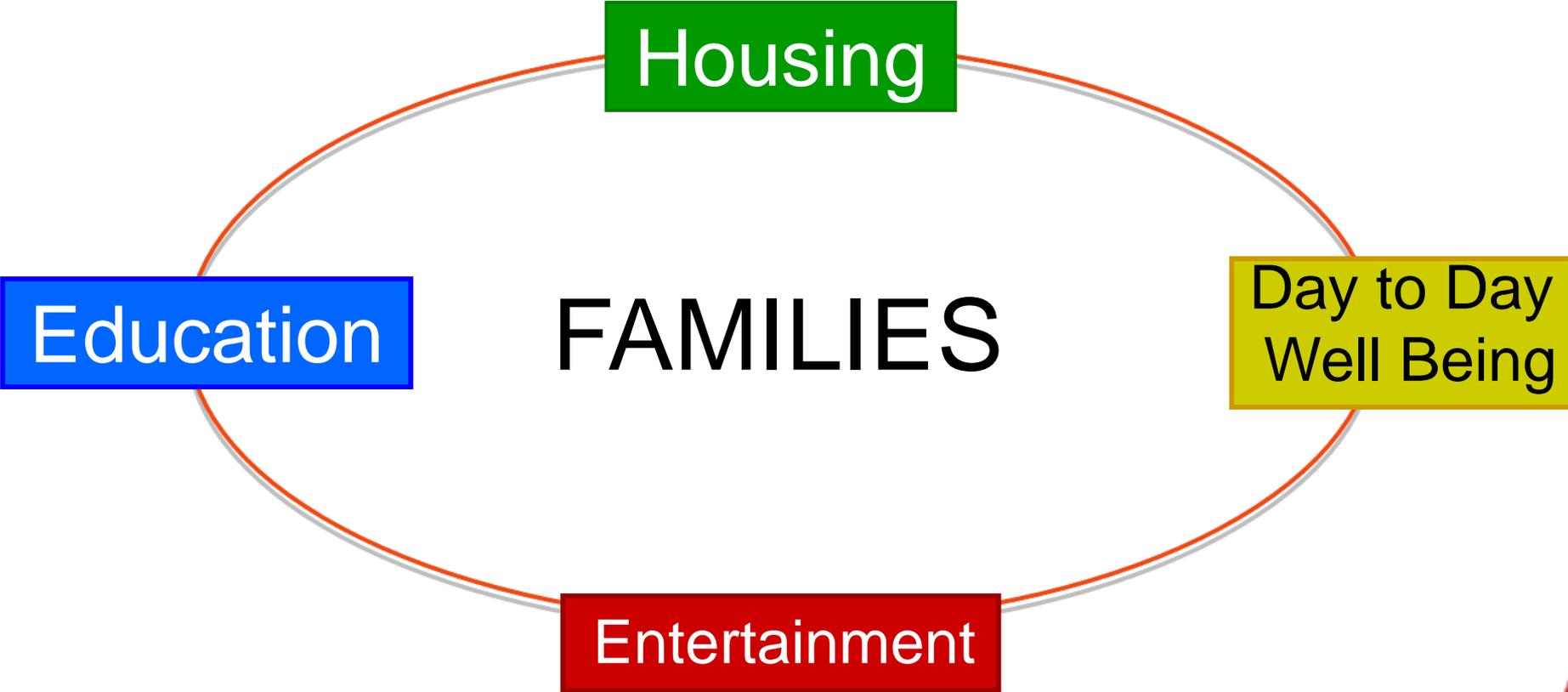
## OUR BRAND: A LITTLE RED HOUSE

Values perceived by our costumers

- Close
- Kind
- Familiar



# Our Offer For Low Income Families



Housing

Education

FAMILIES

Day to Day Well Being

Entertainment

# Housing Loans



Since 1972 we offer - Social Housing loans (VIS): Program developed by the government to fulfill the housing deficit in low income families.

Typical Property Value: **USD 8.000**

Government subsidy: **10%**

Savings: **10%**

% LTV: **80%**

Monthly payment: **USD 30**

Nº of houses financed  
by Davivienda: **250.000**

Non performing loans: **2%**

Avg. annual interest rate: **15%**

Avg. Tenor: **15 years**



**ROE: 25%**



# Children's University Tuition Saving Program

- Professional education is not government provided.
- Private universities tuitions are relatively high to low income families

“Datuturo Educativo” is an investment fund which objective is to save a monthly amount in order to pay for university’s tuition.

Avg. saving goal:	<b>USD 30.000</b>
Monthly payment:	<b>USD 20</b>
Saving period:	<b>??</b>
Avg. investment rate:	<b>8%</b>
<small>(After 3% of fee)</small>	
# of customers:	<b>30.000</b>
<b>ROE: 21%</b>	



# Entertainment



## Retail Stores - Credit Cards

- Offered through retail stores
- Fixed monthly payment (No matter the amount due)

For non – Banked population is an educational product as they always have the same payment

Avg. Credit Line: **USD 200**  
Monthly payment: **USD 10**  
Number of Cards: **250.000**

**ROE: 19%**





## Personal Insurance

Charged to the credit card or automatically debited from payroll accounts

Accidental Insurance	Amount Covered: <b>USD 6.000</b>
	Monthly Payment: <b>USD 0,75</b>

Life Insurance	Amount Covered: <b>USD 10.000</b>
	Monthly Payment: <b>USD 6,67</b>

# Day to Day – Well Being



**Remittances** - Money sent by workers abroad to their families

# Monthly received remittances: **200.000**

Avg. Remittance: **USD 250**

## Payroll accounts

Nº of accounts: **1 million**

Avg. Monthly Payroll payment: **USD 200**

## Government Subsidy Payment Cards

- No account needed
- Cash withdrawals from ATM or Offices in rural areas

Monthly subsidy: **USD 100**

# Strengths



- Infrastructure**
- Electronic channels
  - Geographical coverage

- Operative efficiency**
- Automatic charges / debits
- Cost / control**
- Cross – selling of different products.

- Understanding families cycle**
- Payroll
  - Credit Cards
  - Car Financing
  - Housing Loans
  - Saving / Investment

- Quality of the offer**
- Simple products
  - Customer education

# Challenges



## Risk Mitigation (Credit)

- Payroll automated discounts
- Early collection processes
- Fixed payments
- Low LTV / DTI ratios
- Importance of credit history (Education)

## Government regulations

Interest rate cap

Anti-Money laundering regulations

Regulations regarding customers communications



DAVIVIENDA

Thank you for your  
attention!