CASE STUDY

RESPONSIBLE DIGITAL TRANSFORMATION
THE CASE OF FUNDACIÓN MICROFINANCIERA HERMANDAD DE HONDURAS, OPDF
San Marcos, Ocotepeque, Honduras

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Abreviations

CBS – Core Banking System

SPM – Social Performance Management

FSP – Financial service provider

CNBS – Comisión Nacional de Bancos y Seguros - National Banking and Insurance Commission, Honduran regulatory agency

HDH – Fundación Microfinanciera Hermandad de Honduras, OPDF

MIS – Management Information System

OPD – Organización Privada de Desarrollo - Private Development Organization

OPDF – Organización Privada de Desarrollo Financiera - Private Financial Development Organization

Executive Summary

Digitalization had been underway in Africa for more than a decade but was off to a slow start in Latin America before the pandemic. However, Latin America's stronger commitment to client protection and Social Performance Management (SPM) has led to a greater implementation of responsible digitalization in Latin America than in other regions. Digitalization accelerated sharply in Latin America during the pandemic, when most financial service providers (FSPs) had to quickly adopt digital channels to ensure that clients could continue to access their financial services.

In the Central American region, where the subject of this study, Fundación Microfinanciera Hermandad de Honduras, OPDF (HDH), is located, mobile connectivity is a key facilitator for financial inclusion, economic growth, and social development. For a large part of the population, mobile phones are the main form of access to the Internet, and, therefore, they create important benefits in the area of digital financial services.

On the supply side, this new digital environment is forcing institutions to deeply transform their business models, reinvent themselves, examine themselves internally, change their corporate cultural, and seriously think about their relationship with their clients. Doing these things allows them to achieve a higher impact on productivity, accuracy of information, and improved the customers' experience.

The purpose of this case study is to share the successful experience of HDH[1] during its responsible digital transformation process, through which they reduced processing times for disbursements by 83.3%, increased the average number of clients per loan officer by 24%, decreased the number of client home visits by 75%, and integrated the new application, HDH Móvil, with the institution's management information system (MIS). This investment allowed them to continue offering services without any major interruptions during the pandemic.

We also hope this case study can become an inspiration and a guide for other financial institutions thinking about starting a similar process so that they can positively impact the lives of clients in an efficient and sustainable manner through digital transformation.

[1] Fundación Microfinanciera Hermandad de Honduras, OPDF

Key Indicators

Indicador	Before HDH Móvil (2014)	HDH Móvil (2019)	Today with HDH Móvil (2020)	Variation (%)
Processing time for disbursements (in minutes)	120	30	20	-83.3%
Increase in productivity (# of disbursements)	18,770	29,384	24,037	28.06%
Average number of clients per business advisor	300	372	317	5.6%
Loan processing time for new clients (hours)	240	48	24	-90.0%
Loan processing time for existing clients (hours)	192	12	12	-93.8%
Average portfolio per business advisor	5,715,511	10,304,667	11,230,161	96.4%
Paper reduction (# of sheets)	35	5	5	-85.7%
Number of visits to clients by business advisor (during loan processing)	4	1	1	-75.0%

(*) Indicators for 2019, a normal year, and indicators for 2020 a pandemic year; some indicators decreased due to the pandemic situation, mostly the productivity indicator.

(*) Loan approval used to take 8 days and this was reduced to 12 hours through digital initiatives.

The Genesis of Digital Transformation at Fundación Microfinanciera Hermandad de Honduras

A management-led initiative first generated the ideas and discussions about digital transformation at HDH.[2] In April 2014, senior management convened the business, operations, and IT teams to inform them about senior management's strategic vision to expand and deepen their service to rural areas where most of the institution's customers reside. HDH's goals were to:

- Continue to be leaders in the Western region of Honduras,
- Increase efficiency and productivity in the field,
- Provide better service to customers through the use of innovative technologies, and
- Continue expanding services and assistance in rural areas.

[2] Jackson Argeñal Aguilar, general manager of HDH, OPDF, is an industrial engineer.

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The institution wanted to serve customers in a timely, streamlined, personalized manner adapted to their needs and with optimized operational costs. HDH believed digital financial services could play an important role in financial inclusion, maximizing access to and use of financial products and services, and improving the customer's experience.

HDH, which was already recognized as a leading microfinance institution in Honduras, went through an internal process of reflection with the Board of Directors and Management Team. They recognized that their operational processes included:

- Excessive use of paper;

- Lack of standardization in the use of Excel spreadsheets across branches and the danger of poor use of the data;

- Delayed data entry at branches;

- Transport of physical files to the Head Office to be submitted to loan committees; and

- In general, an inefficient process that resulted in untimely customer response.

For example, loan committees were only held on Saturdays. All staff who were presenting a loan for approval would come to the Head Office with the physical files under their arm. If the application was not approved on that Saturday for some reason, they had to return the next Saturday to submit it again.

As a leading institution, HDH wanted to be among the first to take steps towards a serious and responsible digital transformation. In 2014, they saw the world was changing; many international conferences were discussing digital financial services. They were sure that making this leap in the institution would mean gaining relevance internally (with the teams at the branches) and also externally with the customers, 85% of whom are located in the rural areas of Honduras.

HDH established objectives for its digital transformation including: simplify and speed up customer service, efficient disbursements, and effective recovery operations, all through the appropriate use of the latest generation mobile technology.

Innovation and Development Process: Identifying Objectives and Priorities

For HDH's board of directors and senior management it was very clear from the beginning that they had to put themselves in their customers' shoes in order to design processes and solutions that would improve the customers' experience. For them, a client-centered approach seeks to generate memorable moments for the clients at all points of contact with the institution. For HDH, this meant, among other things:

- Focusing operational parameters on end users,

- Measuring goals on financial return and customer satisfaction,

- Developing tools aimed at better service and streamlining business management processes,

- Establishing guidelines for development and innovation of products and channels, and

- Empowering customers to manage their financial services.

The general manager, those responsible for operations, IT, and several members of the board of directors usually visit the branches and customers in the field to get to know their reality.

This closeness with customers allowed them to know their "pain points". Therefore, these discussions and observing allowed them to learn about the experience of customers and loan officers, which in turn informed their priorities and decisions.

Through focus groups, HDH identified that customers demanded promptness, swiftness, efficient processes, and not having to deal with paperwork. Questions asked to loan officers, who are most in touch with the customers, revealed that customers and potential customers wanted to be served at their own homes or businesses. This is especially important because the majority of customers live in rural areas, where public transport is scarce and expensive for that segment of customers.

The original 2014 vision included functionalities for generating receipts in the field, remittances, and savings; **but based on feedback provided by customers and loan officers, management decided to transform loan processes in the field first, as this was their main product.**

Innovation and Development Process: A Collaborative Process with Technical Leadership

Upon conclusion of their digital strategy and operational plan, HDH launched the implementation of their first digital product. The HDH Móvil model was developed in two phases. The first phase, on which this case study is based, deals with loan applications in the field. The system stores a history of entries, generates printouts, and synchronizes with the MIS online. Launched in April 2014, the pilot phase took five months. The official

launch and roll out of the mobile application happened in 2015. The second phase includes the collections module, the pilot test forwhich was launched in August 2019. Since then, the team has been continuously adjusting and improving the digital system to respond to the needs of the institution and its customers.

HDH's leadership recognized that in order to achieve the development and successful adoption of the new technology, they would have to get users, both internal and external, onboard.

Project leadership included a team of managers from operations, business development, IT, and communications, coordinated by the General Manager. Its approach was to innovate in order to make processes more streamlined and easier for loan officers, and thus customers, to complete.

HDH maintains a customer- centered philosophy, both internally and externally.

The implementation process included three phases, which are described in the chart below.

Project's Implementation Process

① PLANNING Phase	② DEVELOPMENT Phase	③ IMPLEMENTATION Phase and FINAL TESTS
Initial working meeting	**Development in Arkad Server**	**Installation in Hermandad Server**

1. Creation of a timeline (Arkad)
2. Hermandad appoints project liaison staff
3. Coordination of meeting times and locations for teamwork
4. Definition of components, process logic, and interactions with different forms
5. Definition of groups of users, their profiles, and permissions
6. Definition of the Administration Panel's scope
7. Analysis of the current structure of customer profiles in the Hermandad database
8. Purchase of a Tablet for software testing
	1. Construction of logic and database relationships
	2. Design of software graphic interface
	3. Programming of Form System
	4. Integration of the Administrative Panel
	5. Installation of Android Software in Tablets
	6. Test period in development server:
	
	  » Form testing
	  » User permissions testing
	  » Multiple connections testing
	  » Offline synchronization testing and behavior during interruptions
	  » Data update testing
	  » Report generation tests
	  » Log testings
		1. Installation of application in Hermandad production server
		2. Implementation of security certificate in server
		3. Review of operativity in all system functions
		4. System fatigue testing
		5. Creation of profiles for initial users
		6. Installation of Android software in devices (Tablets)
		7. Final tests with all profiles created
		8. Training in the use and reading of Administrative Panel
		9. Distribution of User's Manual for Android software

According to institutional and customer priorities, Phase I would be a mobile system for loan applications. Phase I included:

- Development of the main software to manage forms optimized for viewing on PC and mobile devices.

- Development of Android software to send, receive, and edit forms.

- Development of geolocation for loan officers, businesses, and building mapping.

- Integration of a control and security system for mobile devices.

- Form administration software, which has the following options:

  » Creation of multiple forms (loan, surveys, applications, etc.).

  » Sending form data from mobile devices with photos attached.

  » Safeguarding of data even without Internet service by automatically sending the data to the central database when reconnected to the Internet.

- The control and security system for mobile devices has the following options:

  » Geolocation of each device.

  » Operates at 10-second update intervals.

  » Shows data regarding the exact locations, time reports, route reports, device disconnection warnings, and specific alerts.

  » Operates on the device in a hidden manner.

  » Geolocation service operates with a single PIN.

- Installation of software in servers or final operation devices.

- Information security considerations, including data encryption.

In order to ensure user-centered development and implementation, loan officers were involved during the project's development, not only for the pilot test, but long before, in reviewing the functionalities to be developed in the mobile application, in the functional testing, and in the field test.

The pilot test began in San Marcos[3], the oldest branch, and therefore the one with the most senior staff in the institution. The General Manager recommended that the Head Office 's driver be the first one to use the application. And so he was, managing to enter all the information required for a loan application. After that, the person responsible for developing the application and the person responsible for business development went out to the field with two loan officers and the internal auditor so that the process and its respective controls could be validated. **As a regulated entity, HDH had to include in the application the provisions issued by the regulating entity, the National Banking and Insurance Commission (CNBS)**. The first impressions and comments by the customers were also collected.

Surveys were designed so that end users and loan officers could respond with comments, assessing the quality of service and information provided by the mobile application, which allowed HDH to make improvements during the pilot phase.

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[3] San Marcos is a municipality located in the Department of Ocotepeque, Western Honduras. It is also the second most developed city in Ocotepeque.

Once the mobile application was adjusted based on the pilot test's monitoring reports, the use of the application was rolled out gradually, branch by branch, where the person responsible for business development would also convey to the teams at branches the vision for the integration of the mobile app into daily operations.

The project was well socialized across the institution. Advanced training events were held with the participation of technical staff directly involved in the project's Development. General training on the use of the application and its functionalities in the tablets was also provided to loan officers.

The institution always thought about developing an application with friendly, simple, and hassle-free functionalities. After launching the pilot, meetings were held with the loan officers to receive feedback on what was happening in the field. Dynamic guides were designed with protocols to use the application, such as notice review, morning synchronization, key observation points, form updates, and use of the Quick Support remote assistance application. The system has turned out to be so intuitive that branch teams train the new staff without difficulty and most of them have been able to use the system successfully without much support.

It was also important to familiarize customers with the new system and processes. The application allows taking photos of the customer and his/her business or household. At the beginning, customers felt uncomfortable with this aspect. The greatest impact was on customers in the rural areas who, due to their economic conditions, felt uncomfortable about someone taking photos of them at work with the garments they used on the job. To respond to their concerns, HDH drafted a script to standardize the message conveyed by the loan officers, so that they could explain the reasons for this.

Today, the photo taken with the mobile device is used to complete the customer's profile. It prevents fake identities and is useful to remind the branch manager of a customer he/she may already know but does not remember by name. In conclusion, the photo allows for a more personalized assistance and prevents fraud at the same time.

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The Product

HDH Móvil *Dónde tú Estás* The product, which translates to "Right where you are" is a highly customizable mobile operations tool that allows HDH to attend to its customers in the field through the use of mobile devices (tablets) and the Internet. HDH Móvil has a central console for web-based management and operation, which supports the work in both branches and the Head Office. Since it is a custom tool, the institution's main loan policies, regulations, and operating requirements have been included in order to minimize errors in the Core Banking System (CBS), streamlining the institution's administrative and control processes for data entry.

Mobile capture of
service requests

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Android native software
A tablet with Android operating system is used.

ADMINISTRATION PANEL IN LOCAL SERVER

1st **Objective**
To capture loan applications
1 - Tablet with internet connection
2 - Device software
3 - Administrator software
4 - Interface server

Web administration
It will allow the geolocation of each device with a 10-second interval, showing data such as: exact location, route report, time report, device disconnection notice, and specific alerts.

The Samsung – Galaxy 10.1" Tablet was selected as the mobile device for loan officers since the display dimensions and characteristics were optimal. Regulations demand a lot of information, and using a tablet is easier for data entry than a phone.

The Platform
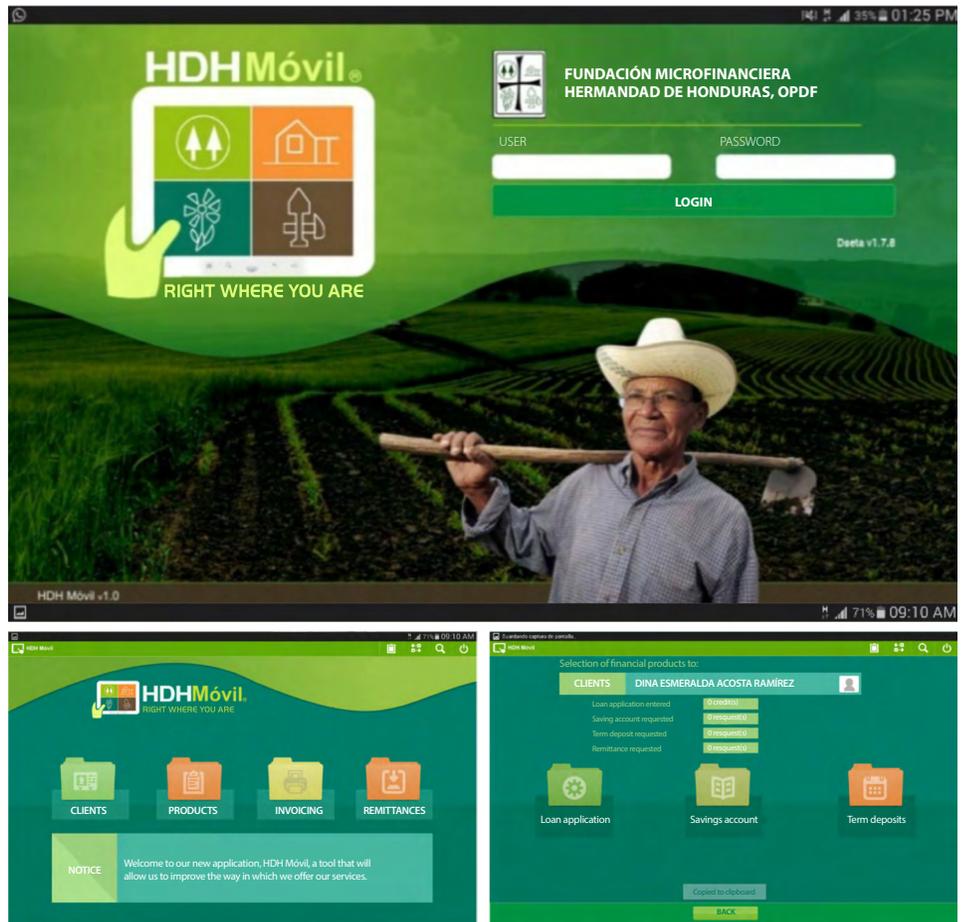
Change Management

The introduction of new technology implied changes in HDH's business processes. From the beginning, the application was integrated into the MIS. In the past, the loan officer used to enter the data at branches, together with the administrative assistant. Today, the loan officer enters the information in the field and the branch head can approve the application online. The loan officer does not need to go to the branch. **Unlimited Tigo and Claro plans were purchased with 30GB data plans per loan officer.** Loan officers take advantage of the internet at coffee shops, customer businesses, and other locations. Although these opportunities are fewer in rural areas, 30GB plans have been enough so far.

HDH Móvil Business Process

01 The loan officer accesses the mobile device through a username and a password, **authenticating and logging in** through the Application Server.

02 Once synchronized, the mobile device has the **customers' information** for the branch he/she belongs to.

03 If dealing with an existing customer, the loan officer **updates the required information**. If dealing with new clients, the loan officer enters all the required information.

04 **Information to be entered** includes customer data, loan application, guarantees, etc.

05 Once data has been entered and stored in the Tablet, data synchronization is performed through an internet connection (3G or WiFi), sending data to the Application Server, and receiving the existing updates from it.

06 The Application Server **processes and classifies data** received from Tablets and, in turn, **synchronizes** them with the ORACLE Database Server of the MIS and vice versa.

07 Processed and updated information remains available for verification through the **Web-based Administrative Panel** where loan applications as well as documents necessary for the approval process are printed and validated.

08 If there is any **inconsistency in the information**, it is reported to the loan officer so that s/he can make the changes through the mobile device and then a new data synchronization is conducted. The process then continues as normal.

09 With the information available in the MIS, **information received from Tablets is verified and validated**, going from temporary data to permanent data.

10 The normal process of **loan disbursement** continues according to established policies.

It is important to point out that the integration of the mobile application into the business model did not result in the dismissal of staff at branches, but rather a reshuffling of their roles and responsibilities. Today, the administrative assistant carries out a dual role involving quality control of the information entered through the tablets and responsibility for the disbursement process, while loan officers can attend to more customers.

Technology has also been leveraged to make processes more accessible. Due to the customer segment the institution serves, many of them are illiterate or have difficulty reading; therefore, the authorization to check with the credit bureau, found in the mobile app, **is read to customers. If the customers agree, they sign a document designed for this purpose**. Next, the photo of the signature is uploaded to the application and the signed document is returned to the customer so that he/she can destroy it.
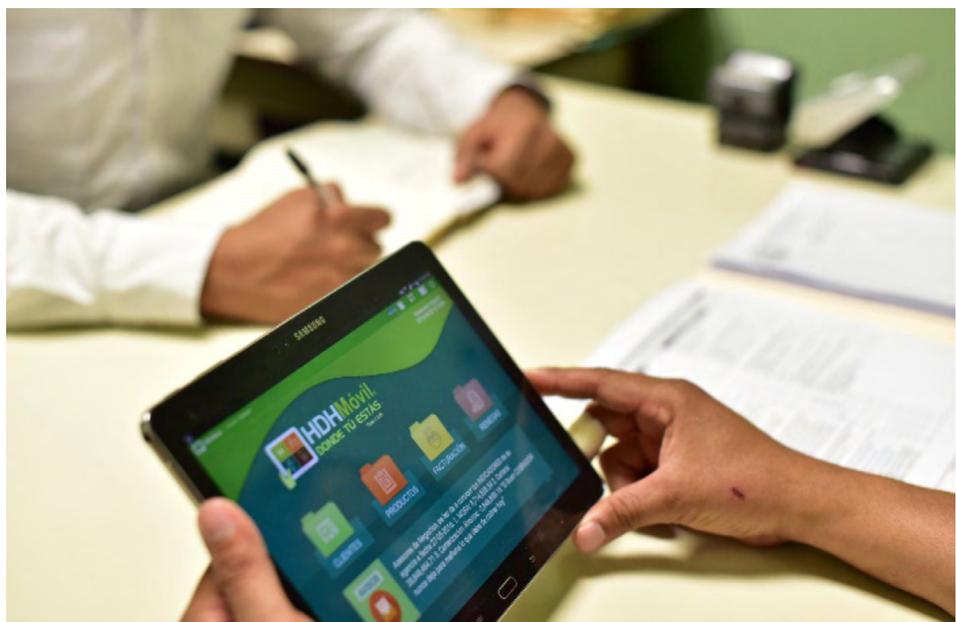
Since this signature is already recorded in the CBS, customers can receive service at the institution's teller windows and agent network, as staff and agents can see the customer's signature from their terminals. At this time, when the customer goes to a branch for a disbursement, he/she must sign the credit application, which is printed at the branches. **The institution is already working on improvements in order to implement new technologies, such as fingerprint readers and a touch pen**[4].

Challenges and Resistance

JJust like any other process of change and innovation, HDH faced some challenges along the way. HDH overcame most of these with a collaborative approach to solving problems, redesigning processes along the way, and sharing the vision and expected outcomes. At the beginning, loan officers thought the devices would be used to control them, as they could be tracked; but after using the application, they saw the on-going benefits it would bring them, including making the most of their time and increased productivity resulting from a well-defined job route. Finally, they also understood that the GPS in the mobile devices could be used to locate the tablet immediately in case of loss. Some other challenges and their solutions are summarized in the table below.

Challenge	Solution
Technical challenges for the staff as they started working with new technology.	Loan officers and branch managers were involved in the testing of the new technology. Training programs were implemented and loan officers were accompanied in the field to understand how the application could be improved.
Change in information management and storage processes when moving from a paper-based environment to electronic files and information.	
Adoption of a new way of working by field staff.	Process redesign and standardization through field follow-up.
Make the new mobile system interact with the core information system and vice versa.	Strengthening cababilities in the IT area and selection of good technology providers as partners. The technological and cybersecurity infrastructure were strengthened.
Operation in areas where there was no internet coverage, mainly rural areas.	All application functionalities are designed to operate online and offline.
Customer resistance (mainly in rural areas) to having their photo taken in their work environment, as they were self-conscious of their economic condition.	Drafting a script to standardize the message given by loan officers so that they could explain the reasons for the photos to customers.

[4] Dual control to prevent identity theft is the customer's signature at bra.

Client Protection

Regarding data storage, everything is stored in the tablet up to the point of approval. In order to guarantee the security of client's information, the loan officer cannot download the tablet's data, as everything is encrypted and the tablets have special software installed that does not allow access to other applications. In the credit module, the loan officer only has access to customers from his/her branch.

When the loan application is sent for approval, information leaves the tablet and reaches the credit committee. Applications are managed in this module (administrative dashboard) according to the appropriate authority level. If an application is not approved and is sent back to the loan officer, he/she can see it again to learn about the reasons for rejection or adjust it if there was a mistake in data entry. Information from the application is sent to an administrative dashboard for review, analysis, and approval. If not approved, it is sometimes returned to the loan officer in the tablet so that s/he can modify it, as if it were a new application.

Rejected applications do not reach the core information system, but the administrator can access them in the administrative dashboard where all applications, whether approved or rejected, are stored.

Results

HDH Móvil *Dónde Tú Estás* has shown encouraging results both for the institution and for customers. The main advantages perceived by the institution are summarized below.

Productivity

1. Online management of the institution's sales force, in addition to daily productivity control.

2. Increase in loan officers' productivity by making it easier for them tobetter analyzethe credit application.

3. Improvement of administrative assistants' productivity at branches by reducing data entry and preparation of information, therfore creatinga significant reduction in paper use.

Processes

1. Loan traceability allows information on the status of each loan application in real time.

2. Automated documentation and customer service in the field results in simplification and streamlining of operational processes.

3. Information flows directly from mobile devices to the MIS, standardizing the information management processes.

4. Reduced congestion in branches through being able to generate applications and resolve requests in the field.

5. Improvement of response times between selling and disbursement – from 7 to 3 days.

6. Online approval with electronic signature.

7. Automated and immediate application of changes to loan policies.

8. The ability to create mass communications about strategies, changes, and processes.

Information

1. Faster generation of information.

2. Complete customer information from the first contact in the field.

3. Creation of an important database of customer information that includes geolocation, signatures, and photos of customers, their businesses, and collateral, among other items.

4. GPS system for enhanced control of collateral.

Other

1. Improvement of institutional reputation with a new standard of customer service "*Donde tú estás*".

2. Increased customer service capacity; attention at their home and/or business.

3. Competitive advantage compared to other financial service providers.

4. Professionalization of loan officers' work.

Key Indicators

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Benefits have been equally important for customers, and these include:

1. Customers no longer have to close their businessesto come to a branch and apply for a loan. The entire application and assessment process can be done from the field.

2. Reduced time in the granting of loans by going from 7 to 2 days on average (new clients) and even hours in other cases (existing clients).

3. Increased customer service capacity for loan officers.

4. Clients are no longer required to provide photocopies of documents for their files. Currently, loan officers digitalize required documents in the field.

5. A single trip to the office is needed at the time of loan disbursement, mostly for people located in villages.

New Applications and Functionalities for Phase 2

All the things that were conceived in 2014 to help with field activities have been implemented. Álvaro Guerra, who is responsible for Business Operations at HDH, remembers that, at the beginning, when he drafted the forms to design the functionalities of the first version of the mobile app, nobody imagined this would become something so big.

He indicated that other employees agree that they still have a lot to take advantage of with regards to the capability of the new technology. The idea is to continue making processes more efficient. They want to use the GPS to understand where the institution's customers are in relation to their loan officers. They want to manage all the products and services provided by the institution with the use of the application and mobile devices in the field.

In recent years, they have developed new functionalities for the mobile app, such as receipt generation in real time, with the printing of a voucher through a Bluetooth printer in order to collect savings in the field.

So far, the following additional applications and functionalities have been developed and launched:

- **HDH MovilCEL App**

  Customers can make inquiries from their cell phones. The following activities are possible: balance inquiry, loan and savings applications, recommend customers for loans, transaction records, notifications, *Aprendamos Finanzas* financial education module, HDH branch search, and air time purchase (Tigo and Claro).

- **Digital Application Files**

  The digital application allows the establishment and standardization of protocols for the use of electronic customer files.

- **Online Loan Approval**

  Approval of loans from a cell phone or tablet is now possible for each of the members of the loan committee, in an independent manner and according to the level of authority granted to each of them.

- **Collections Module**

  This module allows migration from a service model based on manual processes to a more comprehensive model based on client-centered collections. It offers intelligent management of collections, segmentation (by item, zone, and location), comprehensive customer information, printout of proofs of payment, online payment application, management and documentation of commitments, real-time transactions, and transparency for customers. The system suggests customers to loan officers for collection visits and proposes an efficient route.

A network of 22 agents in stores located in the service area was launched to facilitate repayments, deposits, and withdrawals. In addition, fast service points have been created in the 22 branches that work like agents, bringing the number of service points to 44. When the agent network was initially launched, HDH purchased a system that required the entry of a lot of information for each transaction, which not only took a lot of time from the customer and the agent but also created opportunities for errors. In order to correct this problem, HDH designed its own application, which requires a lot less data entry and is more intuitive. They have found that the new technology is easy to understand, especially for children and youth, so they frequently ask customers to come with their children when they receive training on how to use the system for the first time. The training usually does not take more than five minutes.

Digital Services in Times of COVID-19

Like any financial services provider, the pandemic has required adaptation of HDH's services. However, its digital platform has allowed it to continue serving customers during the pandemic without interruptions. Loan officers usually live in the areas they serve and can work from home using their tablets. Customers can access their savings and pay their installments at any of the 22 agents. During the lockdown, even though balances were frozen from mid-March to mid-June 2020, they received many voluntary payments from customers through these points of service. For rural

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areas in which customers did not have access to an agent, loan officers managed to meet customers and receive their payments directly in the field, a process that was

facilitated by the new mobile collections module. Currently, agents in stores cannot handle loan disbursements because these amounts may exceed the cash balance available at stores. Therefore, in order to receive a new loan, customers are served through one of the branch-based agents, HDH Express, which is present in 22 locations. During the pandemic, customers who applied for a new loan, but could not travel, received the cash from their loan officer.

In order to operate according to the new conditions, some adjustments had to be made to the system, such as relaxing certain parameters and increasing tolerance in terms of amounts, number and frequency of transactions, delays, etc. However, the management believes that automatic centralization of data and transaction history gives them enough visibility to monitor activities and control risks effectively.

Lessons Learned and Advice

During an interview, General Manager Jackson Argeñal offered the following advice to those considering the implementation of a system of digital channels and products.

Behavior change

Management believes the pandemic has promoted a change in customer behavior. Since the beginning of the pandemic, they have seen **a 70-percent increase in the use of agents**. They also believe that their investment in the digital platform has given them a competitive advantage and has helped them stabilize their performance during the pandemic. At the beginning of the crisis, they saw a decrease in their portfolio of 5-6%, but they have seen **a 5.5-percent increase compared to the previous year at the end of 2020**.

- **Do not invest in equipment until you have a clear strategy and objectives.** You must be able to answer questions such as: Why digitalization? What do you want to achieve? Where do you want to go?

- **Consider areas where digitalization can add value.** Analyze your processes well. Identify where there are opportunities to create value or minimize pain points both for customers and for the institution. Is there a bottleneck that can be eliminated through digitalization?

- **Start with products or functionalities that respond to the highest priorities of internal and external users.** The involvement of both customers and internal users in the prioritization of attributes and functionalities helps encourage adoption and use of the new technology by both parties.

- **Get ready to adjust policies and processes.** It is difficult to take advantage of the benefits of an agile system with rigid policies. Sometimes it is necessary to reflect upon and revise how changes are managed in the institution in order to make the process more streamlined and responsive.

Keys to HDH's Successful Responsible Digital Transformation

- A clear, shared vision of where they wanted to go.

- Commitment and unconditional support from the Board of Directors for the adoption of a digital transformation strategy.

- Commitment to on-going innovation at all levels of the institution.

- Dynamic decision-making process and adoption of the changes needed based on information management.

- Approval of comprehensive policies aligned with the technological and operational agility achieved.

- Dissemination of vision, objectives, and benefits of transformation at all levels of the institution.

- Collaborative design process through the involvement of internal and external users.

For the entire digital transformation, HDH's guiding light has been value creation for both customers and internal users. This required getting closer to customers in order to learn about their priorities and concerns, and working with them to respond to their needs and solve their problems. This approach of value creation for customers has resulted in a successful and responsible digital transformation.

Acknowledgements

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About SPTF

The Social Performance Task Force (SPTF) is a global non-profit membership organization, with more than 4,500 individual members from all over the world. Its members come from all stakeholder groups in inclusive finance. SPTF has a commitment with these stakeholders to develop and promote social performance management (SPM) standards and good practices in an effort to make financial services safer and more beneficial for clients.

ABOUT FFRI-CAC

"The Responsible Inclusive Finance Facility for Central America and the Caribbean" (RIFF-CAC) is a facility for technical assistance managed by the Social Performance Task Force (SPTF) in coordination with REDCAMIF, the regional microfinance network for Central America and the Spanish-speaking Caribbean. The Facility seeks to strengthen the capacities and practices of inclusive financial services providers in the region through the following activities: training, project co-financing, and resource development. This case was possible thanks to the financial support of RIFF-CAC.

### About Fundación Microfinanciera Hermandad de Honduras, OPDF (HDH)

A private financial development organization regulated by the Honduran National Banking and Insurance Commission, HDH provides financial services to micro and small entrepreneurs, thus contributing to the improvement of their quality of life. HDH emphasizes the use of best practices, support of the financial inclusion process, and a client-centered approach. HDH operates in the western and central regions of the country, where it has a network of 16 branches and 6 express counters the at national level, located in the departments of Ocotepeque, Lempira, Copán, La Paz, Intibucá, Comayagua, Santa Bárbara, and Cortés.

About ARKAD

A creative technology agency working in visual communication, web design, and e-marketing, with more than 20 years of experience in the implementation of state-of-the-art projects in the following areas: web design and development, development of desk applications, development of web applications, printed graphic design, web storage solutions, business mail servers, and management of social network communication campaigns.

HDH Móvil technological process

Internet

Data channel

Wifi or 3G

Tablet

User

Firewall

DMZ Switch

Main Switch

Application server

Production server
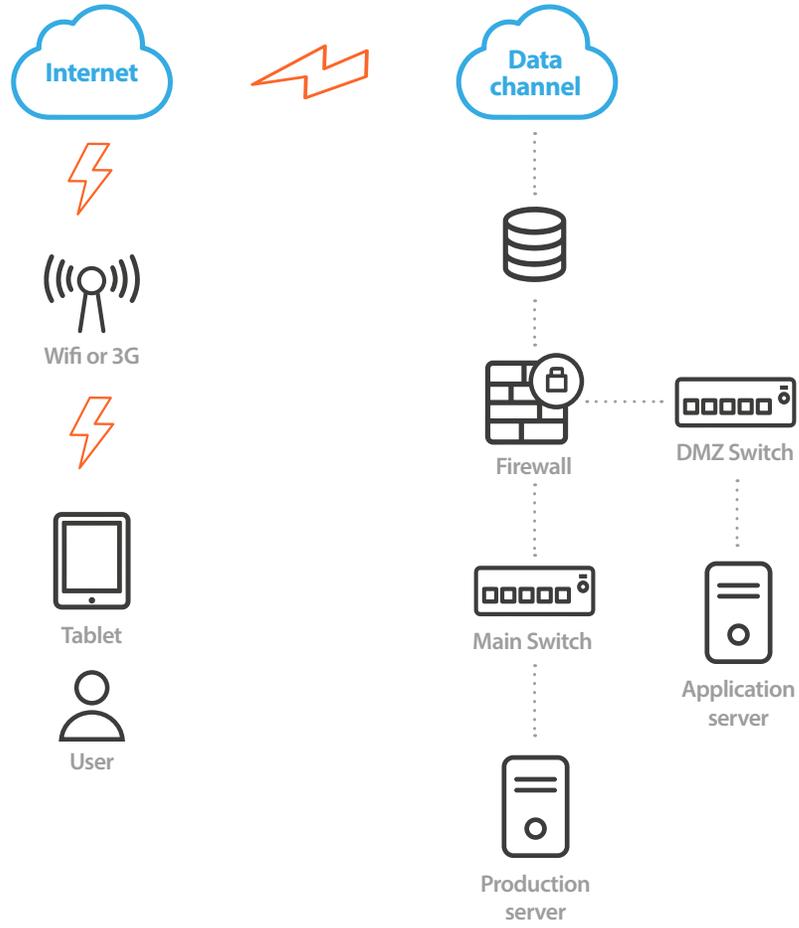
Loan Officer Survey for the Evaluation of HDH Móvil *Dónde Tú Estás*

- We invite you to answer this survey with the purpose of evaluating the quality of service and information provided by the application in the mobile device.

- Answering the satisfaction survey will take you a few minutes and will significantly contribute to the continuous improvement of our processes.

Date: _____   Branch: _____

Indicators:

5. Excellent **4.** Very Good **3.** Good **2.** Fair **1.** Poor

APPLICATION'S FULFILLMENT OF ITS FUNCTIONS	1	2	3	4	5	Not applicable
The application fulfills everything needed to be competitive						
HDH Móvil *Donde tu estas* streamlines the loan documentation process						
Do you think the application has helped in administrative management?						
The tablet, a mobile device, is efficient to cover the activities required						
Evaluate the ASSISTANCE and SERVICE we give at the Headquarters						
What would be your evaluation of the MEETING?						
How would you evaluate Tigo's signal (To SYNCHRONIZE on your work route)?						

QUESTIONS:

1. Please indicate what aspects we can improve in the HDH MOVIL DONDE TU ESTAS application:

2. What current and future needs do you think the institution can meet through the app?

3. We would like to know your evaluation of the TABLET and the APPLICATION, does it meet your expectations?

4. What would you like us to improve in your branch?

5. Do you feel motivated by working at Hermandad de Honduras OPDF?

6. Recommendations that would help us improve?

7. Factors that you think limit the streamlining of loan processes?

8. What products are difficult to sell and why?

9. Specify if the loan office has had SYNCHRONIZATION problems in the field and why?

10. Weaknesses in the credit products?

11. Considerations about working as a team?

ANSWERS: