



COLOMBIAN BANKING
AND FINANCIAL ENTITIES
ASSOCIATION

ASOBANCARIA

Background,
Nature
and
Scope

Introduction

The Colombian Banking and Financial Entities Association, Asobancaria, created in 1936, is the institution representing the Colombian financial sector, one of the soundest in Latin America.

Asobancaria has led countless actions for the benefit of the sector and the community in general. In its capacity as a citizens' organization, it issues rigorous and objective opinions, contributions and analyses which are renown both nationally and internationally.

Besides representing the sector, Asobancaria is a modern company rendering its specialized services to the financial sector and to other sectors of the economy.

The Association groups all national and foreign Commercial Banks operating in the country, whether government or privately owned; all Housing and Savings Corporations, most of the Financial Corporations (investment banking), special government institutions, and service entities such as General Warehouses, Fiduciary Companies, one Commercial Finance Company, and a Pension and Severance Fund Management Company. Banco de la República, the Colombian Central Bank, holds the status of Honorary Member.

Internationally, Asobancaria actively participates in organizations aimed at promoting the development of financial systems in the region, such as the Latin American Federation of Banks, Felaban, which groups similar banking organizations in Latin America.

Actions as a representative of the financial sector

To a large extent, Asobancaria's work in representing the financial sector relies on the more than 30 technical committees made up of representatives from all its member entities, coordinated by Asobancaria professionals. The committees meet periodically to discuss and analyze matters of interest for the sector. Important developments in the Colombian banking system are a result of the guiding activity of these work groups.

Likewise, many of the technical, economic and legal proposals that Asobancaria puts forward to the Government, the monetary authority and the regulatory and control agencies are also a result of the work of these committees.

The Association permanently undertakes studies on the economy and the financial sector and analyzes matters affecting the nation as a whole.

It also has contributed to the modernization of the country's banking and financial system. For example, in the case of payment instruments, it recently promoted the automation of check clearing processes, the creation of automated clearing houses, the implementation of check truncation and standardization mechanisms, the use of bar codes for collections and the development of the electronic data interchange (EDI) for the financial sector.

Likewise, Asobancaria promoted the creation of the Central Securities Deposit, Deceval, whose objective is to immobilize and dematerialize securities, to increase the efficiency of the securities market and to reduce risks.

Asobancaria promotes an integral risk management culture among financial entities. Its actions in this field have focused on prevention and control of asset laundering activities, management of information and personnel risks and physical security.

In addition, Asobancaria has promoted the voluntary adoption of high ethical business standards and the adoption of rules to standardize common procedures

in the sector (interbank agreements covering client knowledge, check standardization, good banking practices and defense of the financial client).

In 1992, the Association took the initiative of struggling against money laundering through self-regulation mechanisms. As a result, the sector as a whole adopted a series of principles and actions which have allowed it to keep its entities from being used as instruments for the laundering illegal capitals. This initiative was followed by the first official regulation on this matter. Subsequently, Asobancaria prepared a uniform code of conduct which the financial entities all adopted on an individual basis.

The above actions have been supplemented with the adoption of other strategies and actions at the sector level, which have been adopted not only by the member entities but also by other segments of the Colombian financial sector. Such is the case of the training and awareness program against asset laundering implemented by Asobancaria in February of 1997. This project, which is unprecedented in the world, will create awareness among all banking employees (100,000) and will be broadened to cover other sectors of the economy.

Asobancaria has promoted the figure of the ombudsman of the financial entities' customers. This is a self-regulation mechanism permitting a second hearing for customers' claims, for the purpose of obtaining information and solutions to their queries in a concrete, reliable and timely fashion. This figure has placed the Colombian financial sector at the vanguard in Latin America as concerns improved customer practices.

Asobancaria is a company specializing in the rendering of services to the financial and other sectors of the Colombian economy, in the following areas:

CIFIN - FINANCIAL SECTOR INFORMATION CENTER

Its objectives is to supply accurate, timely, and reliable commercial information to financial entities as a key element for loan decision making and for portfolio management.

It updates and manages the business and individual data bases of the clients and users of the financial sector (4,500,000 individuals and corporations) and the background of their relationship with the financial system.

STATISTICS

Asobancaria stores and publishes timely updates of the Colombian financial systems figures, thus providing an important analysis tool for the companies this sector. The statistical bases includes detailed information on the monthly statements of 204 financial entities and also interest rates information.

TRAINING

Asobancaria has a specialized area devoted to high quality programs for sector employees.

The training programs are offered at a national level through Asobancaria's offices located throughout the country. Top level local speakers teach these programs and international experts are often invited to participate.

DOCUMENTATION CENTER

Offers specialized bibliographical and information services. It holds some 2,000 books, 5,000 periodicals and economic news data base comprising some 90,000 items aimed at supporting the work and research of the sector, the financial entities and the public at large.

AGRIBUSINESS CREDIT

Asobancaria offers integral advice to financial entities regarding the adequate management of agriculture and livestock development resources.

GRAPHOLOGY

With the purpose of reducing the risk of fraud, it analyzes and tests the physical and chemical security features of the securities used by the entities of the sector.

Likewise, it performs graphological, graphotechnical and fingerprint analyses of documents requiring verification for possible forgery.

PUBLICATIONS

The Association edits and commercializes periodical publications which express its position and thoughts on economic matters at hand. It also publishes books and documents on topics of interest for banking and financial activities.

PERSONNEL SELECTION

Asobancaria offers the financial sector support and advice in the field of personnel selection, especially verifying family, labor and academic background.

EVENTS

Asobancaria organizes significant annual national and international events including: the Banking and Financial Entities' Convention, the Symposium on Capital Markets, the Risk Management Congress, the National Treasury Congress and the National Banking Technology Congress.

ASOBANCARIA HOUSE

This is the site that Asobancaria has devoted to foster the gathering of employees of the Colombian financial sector, who meet there to discuss academic, social and service matters.

Organizational structure

In addition to its main headquarters in Santafé de Bogotá, the Colombian capital, the Asobancaria has eleven regional units located in the main cities around the country. It also has chapters in Miami and Panama City.

GENERAL MANAGEMENT

Asobancaria has a functional organization, decentralized according to the various service areas, with a simple central organization operating under the guidance of the General Shareholder's Meeting and the Board of Directors.

Each sector grouped by Asobancaria (Commercial Banks, Financial Corporations, Housing and Savings Corporations, General Warehouses and Fiduciary Companies) has a Sector Board devoted to analyzing matters inherent to their sector. This is an important tool for the management of the sector.

CENTRAL ADMINISTRATION

The central administration of Asobancaria is composed of the President, who acts as the organization's political representative and spokesman, and who is the head of the administrative structure, and the Vice-presidents, who are in charge of supporting the administration, coordinating service rendering and managing the relationships with the Government, the financial system and other sectors.

The basic work units operate according to their specialty areas and are grouped under the following management areas:

- Risk Administration
- Agribusiness Credit
- Economic Analysis
- Training

- Documentation Center
- Statistics
- Cifin (Commercial)
- Cifin (Informatics)
- Public Information
- Legal Analysis
- Personnel Selection
- Banking Operations
- Events Organization
- Financial
- Administrative

Asobancaria is supervised through the usual mechanisms, that is, an External Auditor and an Internal Comptroller.



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